JOINT TRACY CITY COUNCIL
AND TRACY PUBLIC FINANCING AUTHORITY

REGULAR MEETING AGENDA

Tuesday, April 19, 2022, 7:00 P.M.

Tracy City Hall Chambers, 333 Civic Center Plaza, Tracy

Web Site: www.cityoftracy.org

THIS MEETING WILL BE OPEN TO THE PUBLIC FOR IN-PERSON AND REMOTE PARTICIPATION PURSUANT TO GOVERNMENT CODE SECTION 54953(e).

THIS MEETING WILL BE OPEN TO THE PUBLIC FOR IN-PERSON AND REMOTE PARTICIPATION. IN ACCORDANCE WITH THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH GUIDELINES, UNIVERSAL MASKING IS RECOMMENDED FOR ALL PERSONS REGARDLESS OF VACCINATION STATUS.

MEMBERS OF THE PUBLIC MAY PARTICIPATE REMOTELY IN THE MEETING VIA THE FOLLOWING METHOD:

As always, the public may view the City Council meetings live on the City of Tracy's website at CityofTracy.org or on Comcast Channel 26/AT&T U-verse Channel 99. To view from the City's website, open the "Government" menu at the top of the City's homepage and select "City Council Meeting Videos" under the "City Council" section.

If you only wish to watch the meeting and do not wish to address the Council, the City requests that you stream the meeting through the City's website or watch on Channel 26.

***Remote Public Comment**:*

During the upcoming City Council meeting public comment will be accepted via the options listed below. If you would like to comment remotely, please follow the protocols below:

- *Comments via:*
  - **Online by visiting** https://cityoftracyevents.webex.com and using the following **Event Number: 2556 430 7302** and **Event Password**: TracyCC
  - ***If you would like to participate in the public comment anonymously***, you may submit your comment in WebEx by typing "Anonymous" when prompted to provide a First and Last Name and inserting Anonymous@example.com when prompted to provide an email address.
  - Join by phone by dialing +1-408-418-9388, enter 25564307302 #8722922# Press *3 to raise the hand icon to speak on an item.

- *Protocols for commenting via WebEx:*
  - *If you wish to comment on the "Consent Calendar", "Items from the Audience/Public Comment" or "Regular Agenda" portions of the agenda:*
    - *Listen for the Mayor to open that portion of the agenda for discussion, then raise your hand to speak by clicking on the Hand icon on the Participants panel to the right of your screen.*
    - *If you no longer wish to comment, you may lower your hand by clicking on the Hand icon again.*

Date Posted: April 14, 2022

- *Comments for the "Consent Calendar" "Items from the Agenda/Public Comment" or "Regular Agenda" portions of the agenda will be accepted until the public comment for that item is closed.*

Comments received on Webex outside of the comment periods outlined above will not be included in the record.

Americans With Disabilities Act - The City of Tracy complies with the Americans with Disabilities Act and makes all reasonable accommodations for the disabled to participate in Council meetings. Persons requiring assistance or auxiliary aids should call City Hall (209/831-6105) 24 hours prior to the meeting.

Addressing the Council on Items on the Agenda - The Brown Act provides that every regular Council meeting shall provide an opportunity for the public to address the Council on any item within its jurisdiction before or during the Council's consideration of the item, provided no action shall be taken on any item not on the agenda. To facilitate the orderly process of public comment and to assist the Council to conduct its business as efficiently as possible, members of the public wishing to address the Council are requested to, but not required to, hand a speaker card, which includes the speaker's name or other identifying designation and address to the City Clerk prior to the agenda item being called. Generally, once the City Council begins its consideration of an item, no more speaker cards will be accepted. An individual's failure to present a speaker card or state their name shall not preclude the individual from addressing the Council. Each citizen will be allowed a maximum of five minutes for input or testimony. In the event there are 15 or more individuals wishing to speak regarding any agenda item including the "Items from the Audience/Public Comment" portion of the agenda and regular items, the maximum amount of time allowed per speaker will be three minutes. When speaking under a specific agenda item, each speaker should avoid repetition of the remarks of the prior speakers. To promote time efficiency and an orderly meeting, the Presiding Officer may request that a spokesperson be designated to represent similar views. A designated spokesperson shall have 10 minutes to speak. At the Presiding Officer's discretion, additional time may be granted. The City Clerk shall be the timekeeper.

Consent Calendar - All items listed on the Consent Calendar are considered routine and/or consistent with previous City Council direction. One motion, a second, and a roll call vote may enact the items listed on the Consent Calendar. No separate discussion of Consent Calendar items shall take place unless a member of the City Council, City staff or the public request discussion on a specific item.

Addressing the Council on Items not on the Agenda – The Brown Act prohibits discussion or action on items not on the posted agenda. The City Council's Meeting Protocols and Rules of Procedure provide that in the interest of allowing Council to have adequate time to address the agendized items of business, "Items from the Audience/Public Comment" following the Consent Calendar will be limited to 15-minutes maximum period. "Items from the Audience/Public Comment" listed near the end of the agenda will not have a maximum time limit. A five-minute maximum time limit per speaker will apply to all individuals speaking during "Items from the Audience/Public Comment". For non-agendized items, Council Members may briefly respond to statements made or questions posed by individuals during public comment; ask questions for clarification; direct the individual to the appropriate staff member; or request that the matter be placed on a future agenda or that staff provide additional information to Council. When members of the public address the Council, they should be as specific as possible about their concerns. If several members of the public comment on the same issue an effort should be made to avoid repetition of views already expressed.

Notice - A 90 day limit is set by law for filing challenges in the Superior Court to certain City administrative decisions and orders when those decisions or orders require: (1) a hearing by law, (2) the receipt of evidence, and (3) the exercise of discretion. The 90 day limit begins on the date the decision is final (Code of Civil Procedure Section 1094.6). Further, if you challenge a City Council action in court, you may be limited, by California law, including but not limited to Government Code Section 65009, to raising only those issues you or someone else raised during the public hearing, or raised in written correspondence delivered to the City Council prior to or at the public hearing.

Full copies of the agenda are available on the City's website: *www.cityoftracy.org*

CALL TO ORDER

PLEDGE OF ALLEGIANCE

INVOCATION

ROLL CALL

PRESENTATIONS:

1. Police Swearing In Ceremony
2. Certificates of Recognition – Tracy High Mock Trial County Winners
3. Proclamation - Earth Day
4. Proclamation – National Child Abuse Prevention Month

1. CONSENT CALENDAR

1.A. ADOPTION OF MARCH 22, 2022 SPECIAL MEETING MINUTES, MARCH 29, 2022 SPECIAL MEETING MINUTES, APRIL 5, 2022 CLOSED SESSION AND APRIL 5, 2022 REGULAR MEETING MINUTES

1.B. APPROVE PERMITS FOR THE CONSUMPTION OF ALCOHOLIC BEVERAGES ON CITY STREETS FOR VARIOUS SPECIAL EVENTS OF COMMUNITY-WIDE INTEREST OCCURRING IN 2022

1.C. APPROVE A RESOLUTION AUTHORIZING A FIXED BASED OPERATOR AND LEASED FACILITY AGREEMENT WITH RIYAS ENTERPRISES, LLC AT TRACY MUNICIPAL AIRPORT

1.D. AUTHORIZE AMENDMENTS TO THE CITY'S CLASSIFICATION AND COMPENSATION PLANS, MASTER SALARY SCHEDULE AND POSITION CONTROL ROSTER RELATING TO THE PARKS PROJECT COORDINATOR

1.E. ADOPT A RESOLUTION MAKING FINDINGS AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE CITY COUNCIL AND ALL LEGISLATIVE BODIES OF THE CITY OF TRACY FOR THE PERIOD FROM APRIL 22, 2022 THROUGH MAY 22, 2022 PURSUANT TO THE BROWN ACT

1.F. APPROVAL BY THE TRACY PUBLIC FINANCING AUTHORITY OF A DEBT MANAGEMENT POLICY

1.G. AUTHORIZE THE CITY OF TRACY'S PARTICIPATION IN THE EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA) FOR EMPLOYMENT PRACTICES LIABILITY COVERAGE AND AUTHORIZE SUBMISSION OF APPLICATION TO ERMA

1.H. AUTHORIZE GRANT APPLICATION, ACCEPTANCE AND EXECUTION FOR THE RECYCLED WATER EXPANSION PROJECT

1.I. WAIVE SECOND READING AND ADOPT ORDINANCE 1327, AN ORDINANCE OF THE CITY OF TRACY ADOPTING A MILITARY EQUIPMENT USE POLICY PURSUANT TO CALIFORNIA ASSEMBLY BILL 481

1.J. ADOPT A RESOLUTION AMENDING THE CITY'S OPERATING AND CAPITAL IMPROVEMENT PROJECTS (CIP) BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2022, AS PROPOSED AND AUTHORIZE THE BUDGET OFFICER TO AMEND THE CITY'S POSITION CONTROL ROSTER FOR FY2021-22

1.K. AWARD A CONSTRUCTION CONTRACT TO GRADE TECH, INC. OF SAN RAMON, CALIFORNIA, IN THE AMOUNT OF $1,978,480 FOR THE TEMPORARY EMERGENCY HOUSING PROJECT ON ARBOR AVENUE, DEMOLITION, ROUGH GRADING AND UNDERGROUND UTILITIES CONSTRUCTION PHASE 1, CIP 71112, WITH A NOT-TO-EXCEED BUDGET OF $2,473,100, AND AUTHORIZE THE CITY MANAGER TO APPROVE CHANGE ORDERS UP TO THE CONTINGENCY AMOUNT OF $197,848, IF NEEDED

2. ITEMS FROM THE AUDIENCE

3. REGULAR AGENDA

3.A. RECEIVE A PRESENTATION AND ACCEPT THE CITY-WIDE URBAN FOREST MANAGEMENT PLAN (UFMP)

3.B. WITH RESPECT TO THE PROPOSED FINANCING OF LEGACY FIELDS SPORTS COMPLEX, PHASE 1E:

1) TRACY PUBLIC FINANCING AUTHORITY BOARD OF DIRECTORS ADOPT ARESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF LEASE REVENUE BONDS, AND APPROVING RELATED DOCUMENTS AND ACTIONS

3.C. APPOINT TWO APPLICANTS TO SERVE ON THE TRANSPORTATION ADVISORY COMMISSION

3.D. ADOPT A RESOLUTION AMENDING THE 2022 CALENDAR OF REGULAR TRACY CITY COUNCIL MEETINGS BY REMOVING THE JULY 19, 2022, AND DECEMBER 20, 2022, REGULAR MEETINGS, RESCINDING RESOLUTION 2021-174 AND CANCELLING THE JANUARY 3, 2023 REGULAR CITY COUNCIL MEETING

4. ITEMS FROM THE AUDIENCE

5. STAFF ITEMS

6. COUNCIL ITEMS

7. ADJOURNMENT

TRACY CITY COUNCIL - SPECIAL MEETING MINUTES

March 22, 2022, 6:00 p.m.

Tracy City Hall, 333 Civic Center Plaza, Tracy

1. Mayor Young called the meeting to order at 6:06 p.m.

2. Roll call found Council Members Arriola, Bedolla, Davis, Mayor Pro Tem Vargas and Mayor Young present.

Mayor Young requested a moment of silence for the passing of former Tracy Police Captain, Council Member and Mayor Michael Maciel.

Pastor Tim Heinrich, Crossroads Baptist Church offered an invocation.

3. ITEMS FROM THE AUDIENCE – Robert Tanner stated a previous closed session reportable action regarding the Great Plate indicated staff to confirm completion of what the owners said they have fixed, but there is bid notice to demolish the building. Mr. Tanner stated the reportable action from the last meeting should acknowledge the continuation of the judgement.

   Greg Rubens, Interim City Attorney responded there was no report of action last time because there was no change with Council's direction from what was reported several months ago.

4. CONSENT CALENDAR – Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Davis to adopt the consent calendar. Roll call found all in favor; passed and so ordered.

   4.A ADOPT A RESOLUTION MAKING FINDINGS AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE CITY COUNCIL AND ALL LEGISLATIVE BODIES OF THE CITY OF TRACY FOR THE PERIOD FROM MARCH 22, 2022 THROUGH APRIL 21, 2022 PURSUANT TO THE BROWN ACT – **Resolution 2022-029** approved making findings and authorizing remote teleconference meetings.

5. DISCUSSION ITEMS

   5.A RECEIVE REPORT AND PROVIDE DIRECTION REGARDING THE GENERAL FUND TEN-YEAR FORECAST FOR THE CITY'S GENERAL FUND

   Karin Schnaider, Finance Director provided the staff report and responded to questions.

   Robert Tanner asked if current contracts have a 3% increase going over the year or remain stagnant with no change. Shows a $40 million reduction of sales tax, is it possible that it could be retroactive. Mr. Tanner also asked if the business license is based on the number of employees or one flat fee for all companies.

Council Member Arriola and Mayor Pro Tem Vargas as Fiscal Sustainability Ad Hoc Committee members provided comments regarding the budget process.

Council comments and questions followed.

Ms. Schnaider requested consensus on the revision which is for an additional $2 million for deferred maintenance for next year and additional $2 million to prefund medical retirement and pension.

Council supported the recommendations for General Fund augmentations as noted on Slide 7 of the presentation.

Augmentations
$2 million CalPERS
$2 million Retiree Medical
$5 million Deferred Maintenance
$3 million Program Increase

5.B CONDUCT A CITY COUNCIL WORKSHOP TO REVIEW THE PROPOSED FY 2022-23 CAPITAL BUDGET AND THE PROPOSED FIVE-YEAR FY 2023-2027 CAPITAL IMPROVEMENT PLAN (CIP) OUTLOOK AND PROVIDE FEEDBACK

Felicia Galindo, Budget Officer provided the staff report and answered questions.

Brian MacDonald, Parks and Recreation Director responded to questions regarding the Airport Layout Plan.

Council questions and comments followed.

Dan Evans referred to the section of MacArthur from Schulte to Eleventh Street, that was widened a couple of years ago on MacArthur but stopped short at Schulte and shared his concerns regarding traffic issues in the pickup section for Tracy High - need that section widened, and also the sidewalk. Asked where we stand on prioritizing that and is it something we can move up and get done.

Robert Armijo, City Engineer responded to Mr. Evan's question.

Alice English asked about bike lanes and shared concerns regarding overlays with no markings, the Avenues project traffic lights at Valpico, widening of Corral Hollow funding, need street deferred maintenance now, roads not being repaired and potholes.

Dotty Nygard shared her support for having the BMX park on the list. Ms. Nygard spoke about a section of MacArthur that is very dangerous for bikes as they have to end up sharing the lane with vehicles, needs to be high priority to be addressed, and also need visible signage when sharing the road with cars.

Mitchell Harnett shared he is a cycling advocate who is excited about the cycling community, works with kids from live in low-income housing that work on bikes,

there is so much opportunity with youth and stated the park could be shared with more than BMX, it will be a multipurpose facility for healthy activity.

William Muetzenberg supported a BMX bike park, with more people biking we are investing more time and energy into improving safety and recreation. Left turns are dangerous and suggested consideration of the Dutch junction model where protective bike lanes are interconnected to allow for seamless travel.

Council Member Davis supported the following: Military flag poles, prioritize BMX bike track, hoping to see public art, more garbage cans to keep community clean, poop stations in parks and around the City, graffiti abatement. ADA sidewalks – accessibility, bike lanes, and power cleaning of benches in streets.

Ms. Schnaider distinguished Council Member Davis's asks and where they would be found and why they are not on the list today.

Council Member Arriola supported the following: The permanent shift toward deferred capital would like to split between parks and roads. Would like to focus on completion of construction of Bessie Parkway and would rather prefund now so that as soon as the necessary steps are taken it can be done without returning to Council. Would like to add the addition of General Plan update. Supported Public Art Policy, Tracy War Memorial Flags, bike lanes and other sustainable infrastructure. Related to the bike park, it is $1 million allocating today it is fully funding the project. Suggested some of unfunded projects return to subcommittee to see if there are opportunities to further work on this to make sure we are completing these projects in a timely manner. Clarified to include bike lanes as we create, upgrade or maintain roadways.

Council Member Bedolla supported military flag poles at War Memorial, advancing construction funding for Bessie, signal at Valpico and Corral Hollow, widening of Valpico and Grant Line, overlays on current roads and BMX pump track.

Mayor Pro Tem Vargas supported Council Member Arriola on the capital split and additional funding increase for $4 million for road improvements. Mayor Pro Tem Vargas also supported the following: Completion of construction of Bessie Ave and to prefund that project. Agreed to have a General Plan update and add Airport Master Plan also and use General Fund to pay for that and get grants and reimburse later. Supported creation of a Policy for Public Arts and working with Council Member Davis. Supported memorial flag poles to be done sooner rather than later, bike lanes and accessibility and infrastructure and crosswalks.

Mayor Young supported the following: Flags at the War Memorial, all the unfunded ones go back to the subcommittee to review, Public Art Policy and do as a Council and not a subcommittee, and all the projects presented to Council with the exception of prefunding regarding Bessie. At one of the P3 conference seminars they talked about roads, infrastructure and building, can't build the roads for the next 50 years like you did for past 50 years. As we are doing expansion we need to make sure that we are putting innovative things for the future so we don't have to pull them up again. Communication for community is important when handling roads. Important to roll out communication to our

community and find a way for our community to be able to clearly see what roads and repairs are being done so we are all on the same page. Mayor Pro Tem Vargas supported that request.

Council discussion and clarification continued.

Ms. Schnaider summarized the Council consensus to approve the following:

- Existing list presented
- Bessie Road construction
- Veteran's flag poles
- Funding for General Plan Amendment
- Bring back a Policy for Public Art
- Airport funding with a caveat seek grants first and bring back what needs general funding as quickly as possible
- Road Improvements - $4 million in ongoing funding beginning in 2023/2024 along with a $3 million for parks deferred maintenance

6. Council Items and Comments - Council Member Davis stated she received a desperate call from a resident, there was another fire at El Pescadero Park and asked again if Council would look at 24/7 Police presence at El Pescadero Park until the encampment is cleared. Council Member Bedolla supported the conversation.

Council Member Davis asked for support for a conversation about a transition plan that clears and restores El Pescadero Park and create and implement policies that informs how parks and public spaces may be used so that we are prepared on day one when that facility opens. Mayor Pro Tem Vargas seconded the request and stated we have a plan through the Ad Hoc Committee to do the financing of that and bring it back.

Council Member Davis stated she heard garbage cans and poop stations are operational, so wanted to know if a conversation is coming back to vote on poop stations. That was a conversation she has requested with the former City Manager.

Don Scholl, Public Works Director responded a memo went out recently updating a pilot project bringing some more dog waste stations and trash receptacles to go next to those on certain key areas with a cost of approximately $6,000 for product and installation and $12,000 to service. Staff has six on order for Corral Hollow and 11th Street, can expand that program in some areas, some of those are within underfunded landscape maintenance districts and have to make some choices. Receptacles and poop stations should be coming in early May. Mr. Scholl shared information regarding the receptacles to make them more flexible and usable and stated he would resend out the memo.

Council Member Davis asked about how often the City is power washing streets and benches.

Mr. Scholl explained the City does not power wash streets as we are in a drought and there are restrictions to what we can use the water for. The benches in parks in landscape districts are not power washed as frequently as we like. It becomes a resource issue. Have to be careful how we use the water. Staff has ordered a pressure washer with a heating element and it is intended for increasing our ability to do that and help with graffiti abatement.

Council Member Davis reported on P3C conference in Dallas and hoped for a conversation about public private partnerships so we can get infrastructure and major projects done quicker and have funding more easily available to us for innovative things including workspaces, living spaces, universities, libraries and so on in addition to our infrastructure. Hoping to have conversation about what P3 could mean for our City. Mayor Pro Tem Vargas supported the request.

Council Member Arriola stated he will provide an update on National League of Cities at next meeting.

Mayor Pro Tem Vargas reported on the National League of Cities, stated she supported Council Member Arriola when he presented as key note speaker in one of the seminars and did a fantastic job, and thanked staff for preparing the agenda. Mayor Pro Tem Vargas commended Mayor Young and Council Member Davis for attending P3 conference.

Mayor Pro Tem Vargas spoke about light bulbs out in the string lights in downtown that the City invested in about four years ago, and asked about the protocol to replace the light bulbs. Mayor Pro Tem Vargas confirmed it is our responsibility and initiative. Mr. Rogers responded then we will do it.

Mayor Pro Tem Vargas wanted to support cleanliness stating she is a proponent of having the best streetscape, benches so people can sit down so wanted to support Council Member Davis to see if there are some resources that can be allocated and have a conversation to see how we can improve our cleanliness within town, including benches, and sidewalks. Council previously went to San Diego and they had a heated machine that heats and recycles the water, power washes the sidewalks and benches, with a cost of approximately $75,000. Mayor Pro Tem Vargas encouraged staff to look into that and bring that conversation back. Council Member Davis supported that request.

Council Member Bedolla stated there is an online tool for residents to type in where they live so they can see what work is being done on their road or surrounding areas, expressed support for getting that online as soon as possible. Council Member Arriola supported the request.

Council Member Bedolla referred to a public comment about exploring how bike lanes can work with pedestrians, bikes and automobiles, the Dutch junction method for making left hand turns, is that something the City can incorporate for future planning.

Mayor Young reported on the P3 Conference and stated she will submit her written report in April.

Mr. Rogers reported on the P3 Conference - Advancing capital projects, very confident in near future we are going to see what the P3 can do for City. Made good contacts and had good conversations. City is strategically in good position for a great future.

7. ADJOURNMENT: Time: 9:06 p.m.

ACTION: Motion was made by Council Member Arriola and seconded by Mayor Pro Tem Vargas to adjourn. Roll call vote found all in favor; passed and so ordered.

The agenda was posted at City Hall on March 17, 2022. The above are action minutes.

_____
Mayor

ATTEST:

_____
City Clerk

TRACY CITY COUNCIL - SPECIAL MEETING MINUTES

March 29, 2022, 7:00 p.m.

Tracy City Hall, 333 Civic Center Plaza, Tracy

Mayor Young called the meeting to order at 7:00 p.m.

Mayor Young led the Pledge of Allegiance.

Pastor Tim Heinrich, Crossroads Baptist Church offered the invocation.

Roll call found Council Members Arriola, Bedolla, Davis, Mayor Pro Tem Vargas and Mayor Young present.

Police Chief Sekou Millington swore in Police Officers Joseph Bourassa and Abel Perez-Miranda.

Mayor Young presented Certificates of Appointment to new Measure V Residents' Oversight Committee members Wes Huffman and Jayden Sangha.

Mayor Young presented a Certificate of Reappointment to Board of Appeals member Jerry Yerian.

1. CONSENT CALENDAR – Mayor Pro Tem Vargas acknowledged staff's efforts regarding consent items 1.D, 1.E and 1.F. Mayor Pro Tem Vargas did not require staff reports for the items. Motion was made by Council Member Arriola and seconded by Council Member Davis to adopt the consent calendar. Roll call found all in favor; passed and so ordered.

   1.A ADOPTION OF FEBRUARY 22, 2022 SPECIAL MEETING MINUTES, FEBRUARY 26, 2022 AND FEBRUARY 27, 2022 CLOSED SESSION MINUTES AND MARCH 1, 2022 REGULAR SESSION MINUTES – **Minutes were adopted.**

   1.B RECEIVE AND AUTHORIZE STAFF TO SUBMIT THE ANNUAL PROGRESS REPORT FOR 2021 AND ANNUAL ELEMENT PROGRESS REPORT FOR 2021 TO THE OFFICE OF PLANNING AND RESEARCH AND STATE HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT REGARDING THE IMPLEMENTATION OF THE GENERAL PLAN AND THE HOUSING ELEMENT – **Resolution 2022-030** approved the submittal of the Annual Progress Report for 2021 and Annual Element Progress Report for 2021.

   1.C APPROVE PROPOSALS AND RATES FROM MULTIPLE VENDORS FOR THE SUPPLY OF CERTAIN CHEMICALS FOR THE TREATMENT OF WATER AND WASTEWATER FOR PERIODS OF SIX MONTHS AND ONE YEAR RESPECTIVELY; AND AUTHORIZE THE CITY MANAGER OR HIS/HER DESIGNEE TO NEGOTIATE ONE ADDITIONAL SIX-MONTH TERM EXTENSION FOR THE SUPPLY OF CHEMICALS PRIOR TO EXPIRATION OF THE CONTRACTS WITH SIX-MONTH TERMS– **Resolution 2022-031** approved proposals and rates for multiple vendors for the supply of Chemicals for the treatment of water and wastewater.

1.D AWARD A CONSTRUCTION CONTRACT TO SUAREZ & MUNOZ CONSTRUCTION, INC., OF HAYWARD, CALIFORNIA, IN THE AMOUNT OF $15,257,200 FOR BASE BID AND BID ALTERNATES 1 & 2 FOR THE LEGACY FIELDS SPORTS COMPLEX, PHASE 1E PROJECT CIP 78185, WITH A NOT-TO-EXCEED BUDGET OF $19,071,500, AND AUTHORIZE THE CITY MANAGER TO APPROVE CHANGE ORDERS UP TO THE CONTINGENCY AMOUNT OF $2,288,580, IF NEEDED – **Resolution 2022-032** awarded a Construction Contract to Suarez & Munoz Construction Inc.

1.E APPROVE A FUNDING AGREEMENT WITH LENNAR HOMES OF CALIFORNIA, LLC TO FUND CONSTRUCTION OF TRACY HILLS ZONE 5 PUMP STATION AND ASSOCIATED IMPROVEMENTS (CIP 75163) AT THE JOHN JONES WATER TREATMENT PLANT (JJWTP)– **Resolution 2022-033** approved a Funding Agreement with Lennar Homes.

1.F APPROVE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN SAN JOAQUIN COUNTY AND THE CITY OF TRACY FOR A $3.66 MILLION FUNDING ALLOCATION, APPROVE AN APPROPRIATION TO THE TEMPORARY EMERGENCY HOUSING FACILITY (CIP 71112) TO SUPPORT THE CONSTRUCTION AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE AGREEMENT – **Resolution 2022-034** approved a Memorandum of Understanding between the San Joaquin County and City of Tracy.

2. ITEMS FROM THE AUDIENCE – None

Mayor Young presented Dan Evans with a Certificate of Appointment to the Measure V Residents' Oversight Committee.

3. PUBLIC HEARINGS AND REPORTS

3.A PUBLIC HEARING TO CONSIDER APPROVING A VESTING TENTATIVE SUBDIVISION MAP FOR THE AVENUES NEIGHBORHOOD CONSISTING OF 480 RESIDENTIAL LOTS, A PARK, AND ASSOCIATED ROADS ON APPROXIMATELY 95.83 ACRES, LOCATED SOUTH OF VALPICO ROAD AND APPROXIMATELY 1,500 FEET WEST OF CORRAL HOLLOW ROAD, ASSESSOR'S PARCEL NUMBERS 240-140-49, 240-140-05, 240-700-13, & 240-700-14. THE APPLICANT IS THE SURLAND COMPANIES AND THE PROPERTY OWNER IS GREYSTONE LAND INVESTMENT PARTNERS, LLC. APPLICATION NUMBER TSM21-0001

Council Member Davis announced out of an abundance of caution due to the proximity of her real property she recused herself from the item.

Kimberly Matlock, Assistant Planner provided the staff report and responded to questions.

Robert Armijo, City Engineer continued with the staff report and responded to questions.

Frederik Venter, Kimley-Horn provided a presentation on the traffic study.

Chris Long, Surland Companies stated they were excited to be here to continue implementation of the Ellis Specific Plan. Mr. Long provided information regarding the Avenues Vesting Tentative Subdivision Map and agreed with staff's recommendations.

Les Serpa, Surland Companies provided a handout to Council and spoke about the Avenues Neighborhood Tentative Map, and information regarding infrastructure, storm drain, sanitary sewer, traffic, offsites, and infrastructure contributions.

Steve Herum, Surland Companies Land Use Attorney spoke about the history of the adopted detachment policy and consequences or lack of consequences regarding the Avenues application.

Bryan Wenter, Surland Companies Land Use Attorney spoke about Housing Accountability Act (HAA) and how it applies to the Avenues project.

Council questions followed.

Fire Chief Randall Bradley and Police Chief Sekou Millington responded to questions regarding impacts on public safety.

Karin Schnaider, Finance Director responded to Council questions.

Mayor Young opened the public hearing.

Robert Tanner stated he was surprised the item is being approved without knowing if there is going to be an HOA or CFD. In the outline of development, they have Central Park which is outside of normal park naming rules and would like the City to take that back and go through proper process of naming parks.

Mary Mitracos shared concerns regarding developers naming parks in Tracy and did not understand how staff can be negotiating something that is the prerogative of the residents, something historical and traditional and asked Council to give the naming of parks back to residents where it belongs.

Gurtej Atwal stated the decision should be based on the recommendations of the citizens which is based on contributions and requested Council follow the same guidelines that were used for the Tracy Hills park recently.

Rajdeep Singh stated it is important to give the opportunity to the Tracy residents to nominate the name for the park and understands at the time this parks name was established the current process was not in place but since it is now maybe it can be reconsidered and see what can be done.

Diljwod Singh stated the current name for Central Park was established through an older process and requested a new process which allows residents to suggest park names and be remembered for their contributions and allow for the memories to live on longer.

Alice English shared concerns regarding the traffic study, long overdue traffic lights at Valpico and Corral Hollow, traffic impacts from Parkside to Linne Road, and south Tracy and need the road widened. Ms. English did not agree with the

traffic studies and added traffic light signals are needed on Linne Road and Corral Hollow.

Mayor Young closed the public hearing.

Council questions and comments followed.

Brian MacDonald, Parks and Recreation Director responded to questions.

Greg Rubens, Interim City Attorney responded to questions.

Bill Dean, Interim Development Services Director responded to questions.

Mayor Young announced there were two emails received related to the item from Bryan Wenter, who spoke earlier under the item and Jim Bridges, Superintendent from Jefferson School District regarding approval of the map for the preparation of a school site.

ACTION: Motion was made by Council Member Arriola and seconded by Mayor Young to adopt **Resolution 2022-035** approving a Vesting Tentative Subdivision Map for the Avenues neighborhood consisting of 480 residential lots, a park, and associated roads on approximately 95.83 acres, located south of Valpico Road and approximately 1,500 feet west of Corral Hollow Road, Assessor's Parcel numbers 240-140-49, 240-140-05, 240-700-13, & 240-700-14. The applicant is the Surland Companies and the property owner is Greystone Land Investment Partners, LLC. Application Number TSM21-0001.

Mayor Pro Tem Vargas proposed a separate motion as stated by Council Member Arriola with addition of funding, the income that is being lost in order to make sure the funding is available for the construction of the fire station as stated by the Fire Chief is about $350,000 annual loss and we know that the construction of the Fire Station will be surpassing the estimate. Could be broken down to $729.00 per unit annually that they can contribute to make sure that this subdivision covers their own impact. Asked about adding funding to Conditions of Approval, CFD or direct funding to have the facility need met. Then requested another Condition of Approval to allow the City and citizens to continue participating with the naming of parks adopted in 2017.

Council questions followed.

Mr. Rubens clarified the Park Policy was not agendized, is not a Condition of Approval needed for the project, and the City is limited because of the Housing Accountability Act as to what findings can be made. Once the park is dedicated to the City the process to the renaming in the future can be applied. It is identified as Central Park in the Specific Plan which is a legislative action Council previously took. Mr. Rubens did not know what the actual loss is to the City, if any, from the detachment policy. The record presented by the applicant Tracy Rural is about $800 a year based on existing condition of property. Mr. Rubens clarified in order to impose that condition we do not have the information before Council to know what the loss, if any.

Dan Doporto, Special Counsel clarified the CEQA document focuses on the physical effects of the environment and not intended to address the fiscal effects

of providing services to a community but often times those documents do contain an analysis.

Karin Schnaider, Finance Director provided more information and clarification.

After Ms. Schnaider's comments Mayor Pro Tem Vargas asked for clarification that Council needs to direct staff to do a new study for the future and right now don't have tools to apply to this map and withdrew her motion.

Council comments continued.

Council Member Arriola stated because the Fire Chief and Police Chief were confident there are ways in mitigating these impacts he would proceed in supporting his own motion. Mayor Pro Tem Vargas supported the motion.

Council Member Bedolla went on record that he is concerned that the planned infrastructure improvements don't go far enough to mitigate both for traffic and public safety needs.

Roll call found Council Member Arriola, Mayor Pro Tem Vargas and Mayor Young in favor; passed and so ordered. Council Member Bedolla opposed. Council Member Davis absent.

Council Member Davis returned to the dais at 9:23 p.m.

Mayor Young called for a recess at 9:23 p.m.

Mayor Young reconvened the meeting at 9:30 p.m.

3.B PUBLIC HEARING TO CONSIDER CITY'S RECOMMENDATION FOR AWARD OF LOCAL PRIORITY FUNDING ALLOCATIONS FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIPS PROGRAM FUNDS FOR FISCAL YEAR 2022-2023, APPROPRIATE FUNDS, AND AUTHORIZE THE DEVELOPMENT SERVICES DIRECTOR TO EXECUTE THE FUNDING AGREEMENTS FOR THE PROGRAM

Michael Nimon, Economic Development Manager provided the staff report and responded to questions.

Connie and Doug Diestler, Coalition of Tracy Citizens to Assist the Homeless (CTCAH) provide not only housing case management for homeless and stated there is an immediate need to try and purchase Emerson House in Tracy and be a long-standing thing in the community to rescue people off the streets.

Mayor opened the public hearing.

Mayor closed the public hearing.

There was no public comment.

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Davis to adopt **Resolution 2022-036** awarding, appropriating, and allocating of

local priority funding for Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) Funds for fiscal year 2022-2023. Roll call found all in favor; passed and so ordered.

3.C RECEIVE AN UPDATE ON THE REQUEST FOR PROPOSAL AND DISPOSITION EFFORT FOR THE WESTSIDE MARKET, SELECT THE TOP CANDIDATE, AND AUTHORIZE STAFF TO ENGAGE INTO AN EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT WITH THE TOP CANDIDATE

Michael Nimon, Economic Development Manager provided the staff report.

Richard Berkson, Consultant responded to questions regarding the proposals.

Council questions and comments followed.

Pastor Dwayne White, Mount Carmel Community Church of Tracy shared his concerns about the Request for Proposal process and stated they should have the same opportunity as everyone else as far as religious community. Pastor White added they would restore on their own dime, do not need City subsidy and asked the City to rethink what they are saying.

Brian Pham from proposal #4 stated based on requirement their proposal has the most fit. The point is downtown development, economic growth, job development, creating revenue from apartment units, and creating parking. Mr. Pham explained the five stories in the proposal adding that is flexible.

Dino Margaros stated the proposals were unnamed when presented to the Tracy City Center Association (TCCA) board so they had no idea who the applicants were, and it was clear unanimously with the board what would work downtown. Mr. Margaros stated he was pleased when they found out it was Gill Hospitality and Souza Realty and Development, and shared concerns regarding RGA's for residential.

Robert Tanner confirmed presentations made to TCCA were given without knowing who they were, it was decided two story would work with the Grand Theatre and did not support underground parking. There are a lot of infill projects going on right now begging for RGA's. Will bring in revenue and jobs downtown.

Alice English stated five story building anywhere downtown is a public safety issue. Can't keep kicking the can down the road, it is important for downtown as it needs to thrive and move forward on this. Staff did their homework and this is a good one we are talking about now that will impact Tracy.

Mike Souza, Souza Realty and proponent provided a brief history about the proponent and achievements and experience. One to two story building is on the right scale, have to work out parking. They have the experience, dedication to the community, but they need to have a commitment of an ENRA to make that commitment.

Jivtesh Gill shared his history in Tracy and stated if the vision is for economic development for Council and residents, we have to look through that lens. The

Grand Theatre is an iconic building that should be cherished. Putting a five-story building on a 10,000 square foot lot may not be the best use. They know how to do quality work, get projects finished and will compliment what is happening in the area.

Dan Evans supported proposal #3. Lot of economic uncertainty right now in the market, and workforce hiring issues. If we have folks in the community that are stepping up and willing to put capital interest in the downtown, then it is a good thing.

Don supported proposal #4 adding he lives in Modesto and drives back and forth from the Bay Area and have seen Tracy growing. See number of developments going down to Livermore, Pleasanton, Mountain House and Brentwood. We live in the environment live, work and play so thinking with five story structure it would help. Showed the concept and added they can reduce from five to four stories or lower.

Council comments and questions followed.

Council Members Arriola, Davis and Mayor Pro Tem Vargas favored proposal #3, Council Member Bedolla favored proposal #4 scaled down and Mayor Young favored proposal #1.

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Davis to adopt **Resolution 2022-037** receiving an update on the request for proposal and disposition effort for the Westside Market, selecting the top candidate, and authorizing staff to engage into an Exclusive Negotiating Rights Agreement with Gill Hospitality and Souza Realty & Development with an addition to look into a residential component into the proposal. Roll call found Council Members Arriola, Bedolla, Davis and Mayor Pro Tem Vargas in favor; passed and so ordered. Mayor Young opposed.

3.D RECEIVE THE CITY OF TRACY POLICE DEPARTMENT'S ANNUAL REPORT FOR 2021

Sekou Millington, Police Chief provided the staff report.

Council questions and comments followed.

Robert Tanner hoped Council will speed up the process for a substation in south Tracy and shared concerns regarding getting from north Tracy out to Tracy Hills. The City needs the substation now, hoped for another vehicle and supported the Police Department.

Alice English stated a substation is needed for south Tracy as it has grown so much. Need more vehicles, law enforcement, and motorcycles. Shared concerns regarding speeding throughout Tracy in particular South Tracy. Seven officers in two years is not enough with all the growth. Appreciated reports but is worried about kids on bikes.

William Muetzenberg stated the Democratic Club takes public safety very seriously as a club and are in the process of organizing an informational town hall during the week of April 25, 2022 to learn about how public safety is being

addressed, and invited the Police Chief to attend. Statistics about DUI's and speeding – comes down to walkability to enjoy recreation, how can we expand on uber service, on demand Tracer. Look at engineering streets for public safety. Also on April 1, 2022 the Democratic Club is organizing a vigil to recognize the loss of Justin Peoples and highlight importance of being vigilant and public safety and addressing potential types of motivations in crime.

Council comments continued.

Council received the report.

3.E APPROVE A COMMUNITY BENEFITS AGREEMENT TEMPLATE FOR COMMERCIAL CANNABIS BUSINESSES

Dotty Nygard reminded Council that there has been no untouched industry during COVID and will take a couple of years to recover. Ms. Nygard shared her concerns regarding taxation of cannabis. We are looking for equity and fairness to be good partners. It has been 18 months since their application was submitted and also submitted their CUP in December. Hope the City can come to conclusion soon as they have been paying rent since August on an empty building.

It was Council consensus to move item 3.E to the April 19, 2022 meeting.

4. ITEMS FROM THE AUDIENCE – Alice English announced April 2, 2022 is the United Sikh monthly clean-up and they are joining up with the D.A.R.E. program at Schulte between south Lammers and Corral Hollow.

William Muetzenberg announced a vigil on Friday, April 1, 2022 in front of City Hall at 7:00 p.m. in honor of Justin Peoples and call for an end to race based crimes against people. Also spoke about the need for bike racks.

5. STAFF ITEMS – Michael Rogers, City Manager provided an update on the following actions taken by the City Manager.

- Approved General Services Agreement with Inland Potable Services, Inc. to Provide Inspection and Cleaning Services for Six Potable Water Storage Reservoirs within the City
- Awarded a Construction Contract to DV Electric Co., of San Jose, California for the Improvements at Grant Line Road and MacArthur Drive Intersection Project, CIP 72121
- Awarded a Construction Contact to CVE Contracting Group, Inc. dba Central Valley Environmental of Fresno, California for the 2399 E. Grant Line Road Demolition Project
- Approved a Professional Services Agreement with Harris & Associates, Inc. of Concord, California for a Not-to-Exceed Amount of $83,120 to Provide Professional Engineering Design Services for the Pavement Management System Update, CIP 73179
- Accepted Construction for the Alden Park and Ken Yasui Park Playground Renovation Project, CIP 78173 Construction Completed by Goodland Landscape Construction, Inc. of Tracy, California

- Accepted Offsite Improvements for the Tracy Hills Phase 1A Sewer Lift Station, Constructed by Tracy Phase 1, LLC., Assuming Responsibility for the Future Maintenance and Repair
- Awarded a Construction Contract to United Pavement Maintenance, Inc., of Hughson, California for Sidewalk, Curb, and Gutter Repair FY 21-22 Project, CIP 73180

Mr. Rogers also announced the public comment period is open for the Transportation Master Plan. There is a virtual public meeting on March 30, 2022 at 3:00 p.m. Information regarding the public comment period is on the City's website.

6. COUNCIL ITEMS – Council Member Bedolla shared he will be attending a water education conference on April 1 and April 2, 2022 in the Fresno area.

Mayor Pro Tem Vargas requested support to see about purchasing a property that is up for sale next to the American Legion Hall next to Ritter Park. It is an opportunity for improving the park and could facilitate additional parking needs or community meetings. Council Member Davis supported the request.

Mayor Pro Tem Vargas asked for support for bike racks especially when we are promoting bikes and trails. Council Member Arriola supported the request.

Mayor Pro Tem Vargas asked for hard copy of Transportation Infrastructure Master Plan to make comments and submit to staff. Michael Rogers, City Manager responded he would get copies to all Council.

Mayor Pro Tem Vargas thanked staff for the extra work on the update. Will be attending Central Valley Water Conservation and Recycling Water training on Saturday in Selma.

Mayor Pro Tem Vargas provided an update on Valley Link.

Mayor Pro Tem Vargas requested support to do a study about the implications of detachments. Greg Rubens, Interim City Attorney clarified getting information about the cost or directing us to create a study about the implications of the detachments and how that affects our future developments. Mayor Pro Tem Vargas clarified to evaluate revenues lost in order to figure out how to put in place a mechanism if it is necessary to recover the potential loss of those revenues.

Michael Rogers, City Manager suggested the best approach may be to provide a written report back. What he heard the Finance Director say was it is historically a two-year process and if so will be costly. Would like to get more detail and carve out resources.

Mayor Young stated the Finance Director had said it had been a while since the last one was done and may want to consider doing an update. If it is a two-year process, it probably will be costly.

Mr. Rogers responded it sounds like something we need to do but as we are working on the budget right now it would be prudent to inform you about the cost. We were informed about the amount of time because obviously we would need to carve out the resources to be able to do that. Let us report back information on that and then you can give us direction once we have the details on that item.

Council Member Arriola congratulated Tracy Police and Fire for the Law and Order Awards particularly Police Officer of the Year Scott Criswell and Firefighter of the Year Ryan Gall.

Council Member Arriola provided an update on the National League of Cities trip to Washington and shared that lobbying efforts had to be rescheduled at the last second because the day they were there it was the day Ukraine President Zelensky was being zoomed in to Congress so their meetings with Congress had to be pushed back. It was being live streamed to us as it was being discussed with Congress and the plight of the Ukrainian people is horrific and asked that thoughts and prayers are with those affected by the invasion of the Ukraine and if we have the ability to reach out to the federal legislators to do what they can to resolve these issues.

Council Member Davis thanked Animal Services team and community members who supported for an outstanding fundraiser event they had with Jordan's Way for the cause of supporting the animals and they raised $15,000 and were able to be there and support.

Council Member Davis relayed a commendation received from a community member whose home backs up to El Pescadero Park to Officer Ford and Officer Cockey for listening to him and being compassionate about his frustrations and concerns. One of the officers had told him he could call as many times as he needed to address the issues and noted he called 75 times this year from landline and didn't give a record of how many times he called from his cell phone. Due to increase of Police presence at the park instead of calling 4 to 5 times a day now he is only having to call once a day and he was really grateful that some of the nuisances have been addressed and is encouraged by that. Has lived in that neighborhood for 50 years. Council Member Davis thanked the Police for helping the community members who reside there and deal with that situation daily.

Council Member Davis congratulated the eight Police Officers and Firefighters who were nominated at the Law and Order Awards including some from Tracy Police and South San Joaquin County Fire Authority. A special recognition for CHP Officer Chris Duncan for being selected as Officer of the Year and Defense Logistics Agency Firefighter/Engineer Joseph Guerrero for being selected as Firefighter of the Year.

Council Member Davis asked for support for looking into what other cities are doing regarding vacant commercial buildings specifically what kind of ordinances and policies they have put in place. Have had conversations before with former City Manager and economic team about long term leases that are in place with Savemart and Osh and how we can address that as she is becoming concerned about meeting our economic development goals in retail plazas. Concerned about the RiteAid building and that to be looked into also. Council Member Arriola seconded the request.

Mayor Young congratulated the Law and Order winners and announced the following: Celebration of Life today for Pastor Rev. Zacchaeus Dunham – Agape Baptist Church. On Saturday is a Celebration of Life for former Police Captain and Mayor Michael Maciel at Saint Paul's Lutheran Church. There was a flyer sent earlier today for Saturday, April 2, 2022 from 10:00 a.m. to 4:00 p.m. for a special annual sports day that will be held at the Sikh Temple Tracy on Grant Line Road and is open to the community for trying to get diverse communities together and play different sports together at 16101 West Grant Line Road, Tracy.

7. ADJOURNMENT – Time: 1:08 a.m. Wednesday, March 30, 2022

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Davis to adjourn. Roll call found all in favor; passed and so ordered.

The agenda was posted at City Hall on March 24, 2022. The above are action minutes.

_____
Mayor

ATTEST:

_____
City Clerk

TRACY CITY COUNCIL - SPECIAL MEETING MINUTES

April 5, 2022, 6:00 p.m.

Tracy City Hall, 333 Civic Center Plaza, Tracy

1. Mayor Young called the meeting to order at 6:03 p.m.

2. Roll call found Council Members Arriola, Davis and Mayor Young present. Council Member Bedolla and Mayor Pro Tem Vargas absent from roll call.

3. ITEMS FROM THE AUDIENCE – None

4. Request to Conduct Closed Session

   A. Pursuant to Government Code Section 54956.96:

      i. Receive, discuss and take action on information from South San Joaquin Fire Authority (SSJFA) closed session that has a direct financial or liability implications for local agency member (City of Tracy); Authorized pursuant to Resolution 2021-006 of SSJFA"

   There was no public comment.

ACTION: Motion was made by Council Member Davis and seconded by Council Member Arriola to recess to closed session. Roll call found Council Members Arriola, Davis and Mayor Young in favor; passed and so ordered. Mayor Pro Tem Vargas and Council Member Bedolla absent. Time: 6:06 p.m.

Mayor Pro Tem Vargas arrived at 6:05 p.m.

Council Member Bedolla arrived at 6:07 p.m.

5. Reconvene to Open Session – Time: 7:00 p.m.

6. Report of Final Action – There was no reportable action.

7. Council Items and Comments – Mayor Pro Tem Vargas stated it was brought to her attention that the trees planted in 2019 at Legacy Fields through the Earth Day Program have dried out or are dead, and asked will they be replaced and if so, when. The community worked hard to get grants and donations for those trees and asked what Council can do to assist staff to assure that trees that were planted have the best chance to stay alive. Council Member Arriola seconded.

   Mr. Rogers responded that the Forestry Plan is coming before Council soon and that may be the best way to weigh in on that. That includes a plan to keep trees watered, safe and healthy.

   Mayor Pro Tem Vargas responded she has seen the plan and has seen the preservation of trees included, however is there an opportunity to prevent further loss of trees. In the meantime, to revise the plan.

Mr. Rogers responded that he would consult with staff in regard to the replacement of the trees that have died.

8. Adjournment – Time: 7:05 p.m.

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Arriola to adjourn. Roll call found all in favor; passed and so ordered.

The agenda was posted at City Hall on March 30, 2022. The above are action minutes.

_____
Mayor

ATTEST:

_____
City Clerk

TRACY CITY COUNCIL REGULAR MEETING MINUTES

April 5, 2022, 7:00 p.m.

City Hall, 333 Civic Center Plaza, Tracy *Web Site: www.cityoftracy.org*

Mayor Young called the meeting to order at 7:05 p.m.

Roll call found Council Members Arriola, Bedolla, Davis, Mayor Pro Tem Vargas and Mayor Young present.

Mayor Young led the Pledge of Allegiance.

Rabbi Levi Meijers, Chabad of Tracy Jewish Center offered the invocation.

Michael Rogers, City Manager presented the Employee of the Month Award for April to Eileen Solario, Human Resources.

Mayor Young presented the Volunteer of the Month Proclamation to John Giel.

Mayor Young presented the California's Arts, Culture and Creativity Month Proclamation to Anna Cross, Cultural Arts Manager, Arts Commission Vice Chair Cynthia Reis, and Arts Commissioner Trevor Skinner.

Mayor Young acknowledged the passing of former Mayor Michael Maciel by issuing a proclamation honoring his service to the City of Tracy.

Mayor Young presented Certificates of Appointment to new Planning Commission appointees, Julius Augustus and Nasir Boakye-Boateng.

REGULAR MEETING – 7:00 P.M.

1. CONSENT CALENDAR – Following the removal of consent item 1.C by Michael Rogers, City Manager motion was made by Mayor Pro Tem Vargas and seconded by Council Member Arriola to adopt the consent calendar. Roll call found all in favor; passed and so ordered.

   1.A ADOPTION OF MARCH 29, 2022, CLOSED SESSION MINUTES – **Minutes were adopted.**

   1.B APPROVAL OF STEELCASE FURNITURE FOR THE TRACY TRANSIT STATION AND AUTHORIZATION FOR THE PURCHASE OF FURNITURE FROM ONE WORKPLACE, OF SANTA CLARA, CALIFORNIA, IN AN AMOUNT NOT TO EXCEED $225,000 UNDER THE CALIFORNIA MULTIPLE AWARD SCHEDULES PROGRAM. – **Resolution 2022-038** approved steel case furniture for the Tracy Transit Station and authorizing the purchase from One Workplace of Santa Clara, California

   1.C AWARD A CONSTRUCTION CONTRACT TO GRADE TECH, INC. OF SAN RAMON, CALIFORNIA, IN THE AMOUNT OF $1,978,480 FOR THE TEMPORARY EMERGENCY HOUSING PROJECT ON ARBOR AVENUE,

DEMOLITION, ROUGH GRADING AND UNDERGROUND UTILITIES CONSTRUCTION PHASE 1, CIP 71112, WITH A NOT-TO-EXCEED BUDGET OF $2,473,100, AND AUTHORIZE THE CITY MANAGER TO APPROVE CHANGE ORDERS UP TO THE CONTINGENCY AMOUNT OF $197,848, IF NEEDED – **ITEM WAS PULLED FROM AGENDA**

2. ITEMS FROM THE AUDIENCE – Dottie Nygard shared concerns regarding the current drought situation and asked Council to establish an Environmental Committee, we are facing a critical time, and requested the City share a plan with the community on best possible practices to conserve water. Ms. Nygard invited everyone to Earth Day activities on April 23, 2022.

Mayor Pro Tem Vargas asked when environmental committee would be coming back and requested an update in memo form. Michael Rogers, City Manager responded that there are water items planned for May.

Mayor Young clarified that this was regarding a commission or committee. Mr. Rogers responded that he would provide that information in memo form.

Dan Evans shared concerns about clean up on the drainage canal on Schulte Road stating the debris left is a fire hazard. Mr. Evans thanked Tracy City Center Association for organizing Taps on 10th, thanked the Tracy Sikh Festival organizers, and thanked Tracy Police Department for being visible during downtown activities over the weekend and making citizens feel safe.

Mr. Rogers clarified that there is ongoing clean-up efforts in the drainage ditches. The City is still working with getting trucks to remove debris and stated staff will do better in communicating with the community.

3. REGULAR AGENDA

3.A APPROVE A COMMUNITY BENEFITS AGREEMENT TEMPLATE FOR COMMERCIAL CANNABIS BUSINESSES

Victoria Lombardo, Senior Planner provided the staff report and responded to questions.

Deanna Garcia thanked Council for bringing safe access and use of cannabis to the City of Tracy.

Michelle Trew thanked Council for bringing the item back and shared support for agreement template.

Dotty Nygard asked about a projected timeline of the process and thanked the City for being a progressive community.

Mayor Young asked staff if a timeline can be shared at this time. Ms. Lombardo responded that it is all on a case-by-case basis and the City responds to each application within 30 days.

Council discussion continued.

ACTION: Motion was made by Council Member Arriola and seconded by Council Member Davis to adopt **Resolution 2022-039** approving template for Community Benefits Agreement for Cannabis Businesses. Roll call found Council Members Arriola, Bedolla, Davis and Mayor Young in favor; passed and so ordered. Mayor Pro Tem Vargas opposed; passed and so ordered.

3.B APPROVE AN EMPLOYMENT AGREEMENT BETWEEN BIJAL PATEL AND THE CITY OF TRACY TO SERVE AS CITY ATTORNEY

Kimberly Murdaugh, Director of Human Resources provided the staff report.

There was no public comment.

There were no Council comments.

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Bedolla to adopt **Resolution 2022-040** approving an employment agreement between Bijal Patel and the City of Tracy to server as City Attorney. Roll call found all in favor; passed and so ordered.

3.C CONTINUATION OF THE PUBLIC HEARING TO CONSIDER A PROPOSED INCREASE TO SOLID WASTE RATES AND APPROVAL OF RATE STUDY, DISCUSS OTHER FUNDING OPTIONS, AND ADOPT THE PROPOSED RESOLUTION INCREASING SOLID WASTE RATES AT THE CONCLUSION OF THE PUBLIC HEARING

Connie Vieira, Management Analyst II and Marva Sheehan with HF&H Consultants, LLC. provided the staff report and presentation and responded to questions.

City Council questions and comments followed.

Mayor Young opened the public hearing.

Dotty Nygard shared her concerns for the seniors and fixed-income residents during these trying times, asked about utilizing the cost savings and revenue to offset some of the costs for the residents and requested the City put together a good plan and do its due diligence for a better solution.

Robert Tanner asked why Delta is not offering a 35 gallon can since other cities are doing so.

Raj Singh shared concerns over financial difficulties that all are facing regarding pandemic, rising gas costs.

Karen Moore shared concerns that this is not a well thought out process, if done correctly costs should not be so high and that the disposal company should be prepared with all the needed equipment.

Mayor Young closed the public hearing.

Council questions and comments followed.

Council Member Arriola shared his appreciation to staff, and concerns regarding Option 3 but supported Options 1 and 2 and wanted a parallel education program so that those that are in need get assistance.

Mayor Pro Tem Vargas supported Options 1 and 2 but did not support Option 3. Mayor Pro Tem Vargas asked about apartment complexes.

Council Member Davis supported Options 1, 2 and 5, shared concerns over the rates, and asked about potential application of grants.

Mayor Young shared concerns about container sizes, supported Options 1 and 2 and asked about bulk pick-ups.

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Arriola to adopt **Resolution 2022-041** approving the proposed increase to Solid Waste Rates with the recommendation of Option 1 and 2.

Council Member Arriola requested a friendly amendment to also increase access for low-income program enrollment. Mayor Pro Tem Vargas agreed with the friendly amendment.

Mayor Young clarified that will specify the education. Council Member Arriola seconded specifying the education.

Roll call found Council Members Arriola, Bedolla, Mayor Pro Tem Vargas and Mayor Young in favor; passed and so ordered. Council Member Davis opposed.

Mayor Young requested a recess at 9:53 p.m.

Mayor Young reconvened the meeting at 10:06 p.m.

3.D PUBLIC HEARING TO CONSIDER A TIME EXTENSION OF THE DEVELOPMENT REVIEW PERMIT FOR THE TRACY ASSISTED LIVING AND MEMORY CARE FACILITY (D19-0019) LOCATED ON APPROXIMATELY 2.73 ACRES AT THE NORTHWEST CORNER OF CORRAL HOLLOW ROAD AND ALEGRE DRIVE (2050 W. GRANT LINE ROAD) – THE APPLICANT IS RACHEL MARQUIZ, MEDCORE, LLC, FOR TRACY ASSISTED LIVING, LLC; APPLICATION NUMBER EXT21-0003

Alan Bell, Senior Planner provided the staff report.

Rachel Marquiz, Development Manager from Medcore Partners LLC. representing the owner provided additional information regarding the project and request for extension.

Mayor Young opened the public hearing.

There was no public comment.

Mayor Young closed the public hearing.

Council comments followed.

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Bedolla to adopt **Resolution 2022-042** approving a three-year time extension of the Development Review Permit for Tracy Assisted Living and Memory Care Facility located on approximately 2.73 acres at the Northwest Corner of Corral Hollow Road and Alegre Drive, (2050 W. Grant Line Road, Assessor's Parcel Numbers 238-190-25 and-26) application number EXT21-0003. Roll call found all in favor; passed and so ordered.

3.E WITH RESPECT TO THE PROPOSED FINANCING OF LEGACY FIELDS SPORTS COMPLEX, PHASE 1E:

1. CITY COUNCIL HOLD A PUBLIC HEARING RELATING TO THE ISSUANCE OF LEASE REVENUE BONDS BY THE TRACY PUBLIC FINANCING AUTHORITY
2. CITY COUNCIL ADOPT A RESOLUTION APPROVING THE ISSUANCE OF LEASE REVENUE BONDS BY THE TRACY PUBLIC FINANCING AUTHORITY AND RELATED DOCUMENTS AND ACTIONS
3. TRACY PUBLIC FINANCING AUTHORITY BOARD OF DIRECTORS ADOPT A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF LEASE REVENUE BONDS, AND APPROVING RELATED DOCUMENTS AND ACTION

Karin Schnaider, Finance Director announced due to some noticing that needed to occur we will not be taking action on #3 which will come back to Council on April 19, 2022. Ms. Schnaider provided the staff report.

Mayor Young opened the public hearing.

Robert Tanner asked if the leasing revenue bonds end when Measure V ends or does it continue after.

Mayor Young closed the public hearing.

There were no Council comments.

ACTION: Motion was made by Council Member Arriola and seconded by Mayor Pro Tem Vargas to adopt **Resolution 2022-043** approving documents and actions relating to the issuance and sale of bonds in the Aggregate Principal Amount of Not-To-Exceed $22,000,000 by the Tracy Public Financing Authority to provide financing for public improvements to be owned and operated by the City, approving related documents, and directing related actions. Roll call found all in favor; passed and so ordered.

3.F ADOPT RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF SPECIAL TAX BONDS FOR THE PURPOSE OF FINANCING AUTHORIZED

FACILITIES, AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS

Karin Schnaider, Finance Director provided the staff report.

Mayor Young opened the public hearing.

There was no public comment.

Mayor Young closed the public hearing.

There were no Council comments.

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Bedolla to adopt **Resolution 2022-044** authorizing the issuance and sale of Special Tax Bonds for the purpose of Financing Authorized Facilities and approving and authorizing related documents and actions. Roll call found all in favor; passed and so ordered.

3.G INTRODUCE AN ORDINANCE OF THE CITY OF TRACY ADOPTING A MILITARY EQUIPMENT USE POLICY PURSUANT TO CALIFORNIA ASSEMBLY BILL 481

Sekou Millington, Police Chief provided a brief history regarding the item.

Trevin Freitas, Police Lieutenant provided the staff report.

Mayor Young opened the public hearing.

Robert Tanner urged Council to approve this item.

Mayor Young closed the public hearing.

Council expressed appreciation to Tracy Police Department for sharing information with Council.

Necy Lopez, Deputy City Clerk read the title of proposed ordinance.

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Davis to waive the reading of the full text and introduce **Ordinance 1327** an ordinance of the City of Tracy adopting a Military Equipment Use Policy pursuant to California Assembly Bill 481. Roll call found all in favor; passed and so ordered.

4. ITEMS FROM THE AUDIENCE – There was no public comment.

5. STAFF ITEMS – There were no staff items.

6. COUNCIL ITEMS – Council Member Davis announced the following: Attended an event at the Sikh Temple, also attended the United Sikhs Community clean up and wanted to acknowledge the 5th graders that came out to assist. Taps on 10th and Tower of Power

concert were both great successes. Congratulated Tracy Resident and Gold Star Mom Julia Conover for being honored as Woman of the Year by Assembly Member Carlos Villapudua. Attended California Memorial Monument Fundraiser breakfast raising money to erect a monument to honor veterans. Council Member Davis requested a memo regarding what is happening with construction regarding widening at Linne and Corral Hollow Roads. Mayor Pro Tem Vargas seconded the request.

Council Member Arriola asked for the study of the viability of the Measure W Cannabis Tax reduction for businesses. Mayor Pro Tem Vargas supported the request. Wished everyone a Happy Easter.

Mayor Pro Tem Vargas shared updates on the following: Valley Link, attendance at the Well Water Education for Latino Leaders adding she will share findings with Council and emailed City Manager regarding upcoming bills regarding water, hosted a meeting with Union Pacific Railroad and discussed potential collaboration of resources regarding blight, homelessness, Valley Link, and the Bow Tie. Will be participating at the Delta College annual retreat and Valley Link will participate at Earth Day activities. Requested an ADHOC committee for one year period that focuses on environmental issues. Wished everyone a Happy Easter.

Council Member Bedolla shared his experience and his takeaway from the League of Cities and seminars that shared information on office and retail that is not currently being used and converting that into permanent supportive housing. Had an opportunity to speak with Senator Feinstein's staff and thanked them for the hard work, asked for support on funding for broadband and more reliable water supplies. Council Member Bedolla reported on his attendance at the Well Water Education for Latino Leaders and will be sharing some resources for conservation.

Mayor Young announced the following meetings and special events she has attended: Ribbon cutting event for the Visionary Home Builders affordable housing for Veterans in Stockton, Tracy Chamber hosted the State of the City, attended an Endo-American Federation Unity dinner in Fremont, P3 Conference in Dallas Texas and will share with Council later this week, celebrated the 100th Anniversary for the Kiwanis in Stockton and Celebration of Life for Reverend Dr. Zacchaeus Dunham Jr. Mayor Young also wished everyone a Happy Easter and a safe spring break, and thanked Tracy Police Department for arresting the suspects in the murder of Justin Peoples.

7. ADJOURNMENT – Time: 11:07 p.m.

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Arriola to adjourn. Roll call found all in favor; passed and so ordered.

The above agenda was posted at the Tracy City Hall on March 31, 2022. The above are action minutes. A recording is available at the office of the City Clerk.

_____
Mayor

ATTEST:

_____
City Clerk

April 19, 2022

AGENDA ITEM 1.B

REQUEST

APPROVE PERMITS FOR THE CONSUMPTION OF ALCOHOLIC BEVERAGES ON CITY STREETS FOR VARIOUS SPECIAL EVENTS OF COMMUNITY-WIDE INTEREST OCCURRING IN 2022

EXECUTIVE SUMMARY

The Tracy Municipal Code allows the City Council, by resolution, to issue a permit allowing the consumption of alcohol on public streets and the like at an organized event of community-wide interest. The Parks & Recreation Department is coordinating several requests for alcohol permits in conjunction with community events and is seeking Council approval.

DISCUSSION

Tracy Municipal Code Section 4.12.1190(d) states: "The Council, by resolution, may issue a permit under Chapter 4.40 allowing the consumption of intoxicating beverages on public property at an organized event of community-wide interest. The consumption of intoxicating beverages shall be restricted to the perimeters of the event as described in the permit."

Additionally, Tracy Municipal Code Chapter 4.40 governs special event permits occurring on or within the public right-of-way.

For many years, the City of Tracy has successfully coordinated special community events that have community-wide interest with various local non-profit organizations, including the Tracy Chamber of Commerce (Chamber), Tracy City Center Association (TCCA), Tracy African American Association (TAAA), and South Side Community Organization (SSCO). Many of these events have received City approval for the consumption of alcoholic beverages within the boundary of the events, with most of the approved events taking place within the Downtown Tracy Business District, also known as the downtown TCCA district boundaries.

At the present time, the Parks & Recreation Department is coordinating several requests for alcohol permits to allow alcoholic beverages to be served as a component of the following community events:

- Tracy's Bean Festival hosted by the Chamber.
- Downtown Tracy Wine Stroll, Social on Sunset, and Car Show, hosted by TCCA.
- Juneteenth Event hosted by TAAA.
- September 16th Event hosted by the SSCO; and
- Girls' Night Out – Witches & Broomsticks, Blues, Brews & BBQ, and a series of five Downtown Block Parties hosted by the City of Tracy.

The City and TCCA entered into a Memorandum of Understanding (MOU) on October 7, 2014, providing TCCA exclusive rights for purchase and resale of alcoholic beverages associated with any co-presented or City-sponsored event held within the downtown

TCCA district boundaries, in exchange for a revenue share with the City, under Resolution 2014-166. This MOU was renewed by authority of the City Manager according to the terms of the agreement, effective August 10, 2021. Therefore, for 2022 City events hosted in the downtown area, TCCA is requesting the alcohol permit.

Staff is requesting that City Council approve permits for the consumption of alcohol on City streets for the following special events:

Downtown Block Parties: TCCA has requested a permit to serve alcoholic beverages at the City of Tracy's five (5) block party events on Fridays, May 6, June 10, July 8, August 5, and September 9, 2022, from 6:00 p.m. to 9:00 p.m. on east- and west-bound 6th Street between Central Avenue and D Street and at Front Street Plaza.

Juneteenth Event: TAAA has requested a permit to serve alcoholic beverages at its event on Saturday, June 11, 2022, from 10:00 a.m. to 6:00 p.m., at Lincoln Park located on Easton Avenue between Holly Drive and East Street.

Social at Sunset: TCCA has requested a permit to serve alcoholic beverages at its event on Saturday, July 30, 2022, from 6:00 p.m. to 9:00 p.m., on Central Avenue from 11th Street to 6th Street, on 10th Street from A Street to Central Avenue, and on B Street from Gillett Alley to Grunauer Alley.

Tracy's Bean Festival: Chamber has requested a permit to serve alcoholic beverages at its event on Saturday, August 27, and Sunday, August 28, 2022, from 10:00 a.m. to 6:00 p.m., on Central Avenue from 6th Street to 11th Street and 10th Street from Central Avenue to B Street.

September 16th Event: SSCO has requested a permit to serve alcoholic beverages at its event on Saturday, September 17, 2022, from 11:00 a.m. to 6:00 p.m., at Lincoln Park located on Eaton Avenue between Holly Drive and East Street.

Downtown Tracy Wine Stroll: TCCA has requested a permit to serve alcoholic beverages at its event on Saturday, September 17, 2022, from 5:00 p.m. to 8:00 p.m., on Central Avenue from 11th Street to 6th Street, on 10th Street from A Street to Central Avenue, and on B Street from Gillett Alley to Grunauer Alley.

Blues, Brews and BBQ: TCCA has requested a permit to serve alcoholic beverages at the City of Tracy's event on Saturday, October 1, 2022, from 12:00 p.m. to 6:00 p.m. on east- and west-bound 6th Street between Central Avenue and D Street and at Front Street Plaza.

TCCA Car Show with Clutch Burners: TCCA has requested a permit to serve alcoholic beverages at its event on Saturday, October 8, 2022, from 9:00 a.m. to 1:00 p.m., on Central Avenue from 10th Street to 6th Street to coincide with the Farmers Market.

Girls' Night Out – Witches and Broomsticks: TCCA has requested a permit to serve alcoholic beverages at the City of Tracy's event on Friday, October 21, 2022, from 6:00 p.m. to 10:00 p.m. on east- and west-bound 6th Street between Central Avenue and D Street and at Front Street Plaza.

STRATEGIC PLAN

This agenda item supports the Council's Quality of Life Strategic Priority to provide an outstanding quality of life by enhancing the City's amenities, business mix and services and cultivating connections to promote positive change and progress in our community, and specifically implements the following goal:

Goal 3: Provide City programming and events that bolster quality of life

FISCAL IMPACT

ABC license fees shall be paid by the event hosts. Costs for City of Tracy events are included in each City event budget. Special Events held within the City of Tracy have the opportunity to increase vehicle and pedestrian traffic to local businesses which in turn increase sales tax revenue for the City.

RECOMMENDATION

That the City Council approve permits for the consumption of alcoholic beverages on City streets for various Special Events of community-wide interest occurring in 2022.

Prepared by: Katie Akre, Recreation Program Coordinator

Reviewed by: Thien Nguyen, Recreation Services Supervisor
Jolene Jauregui-Correll, Recreation Services Manager
Brian MacDonald, Parks & Recreation Director
Karin Schnaider, Finance Director
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

RESOLUTION_____

APPROVING PERMITS FOR THE CONSUMPTION OF ALCOHOLIC BEVERAGES ON CITY STREETS FOR VARIOUS SPECIAL EVENTS OF COMMUNITY-WIDE INTEREST OCCURRING IN 2022

WHEREAS, City of Tracy has requested permits to conduct special events in the City of Tracy on May 6, June 10, July 8, August 5, September 9, October 1, and October 21, 2022, that require approval of City Council to permit the consumption of alcoholic beverages in public places; and

WHEREAS, Tracy African American Association (TAAA) has requested a permit to conduct a special event in the City of Tracy on June 11, 2022, that requires approval of City Council to permit the consumption of alcoholic beverages in public spaces; and

WHEREAS, Tracy City Center Association (TCCA) has requested permits to conduct its special events in the City of Tracy on July 30, September 17, and October 8, 2022, that requires approval of City Council to permit the consumption of alcoholic beverages in public places; and

WHEREAS, Tracy Chamber of Commerce has requested a permit to conduct special events in the City of Tracy on August 27, and August 28, 2022, that requires approval of City Council to permit the consumption of alcoholic beverages in public places; and

WHEREAS, The South Side Community Organization has requested a permit to conduct a special event in the City of Tracy on September 17, 2022, that requires approval of City Council to permit the consumption of alcoholic beverages in public places; and

WHEREAS, Subject to City Council approval, the Tracy Municipal Code allows such activities and permits under Section 4.12.1190(d) and Chapter 4.40;

NOW, THEREFORE, BE IT RESOLVED, That City Council approves the issuance of a permit to the Tracy City Center Association, City of Tracy, Tracy Chamber of Commerce, and the South Side Community Organization for the possession and consumption of alcoholic beverages within the boundaries and timeframes of the special events listed above, to be conducted in Lincoln Park and the Downtown Area of Tracy.

* * * * * * * * * * * * * *

The foregoing Resolution _____ was adopted by Tracy City Council on the 19th day of April 2022, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

_____
MAYOR

ATTEST:

_____
CITY CLERK

April 19, 2022

AGENDA ITEM 1.C

REQUEST

APPROVE A RESOLUTION AUTHORIZING A FIXED BASED OPERATOR AND LEASED FACILITY AGREEMENT WITH RIYAS ENTERPRISES, LLC AT TRACY MUNICIPAL AIRPORT

EXECUTIVE SUMMARY

Skyview Aviation, LLC (Skyview), operating as a Specialized Aeronautical Services Operator (SASO), has leased the main hangar and office facility at the Tracy Municipal Airport since January 1, 2007. They perform the following activities: aircraft repair service, sale of used airplanes, cleaning and detailing of aircraft, flight training, rental of aircraft, and operation of specialized commercial flying service. On March 1, 2022, Skyview agreed to sell their business to Riya Enterprise LLC (Riya). The new owners (Riya) of the business are interested in leasing the main hangar and office facility and improving upon the desired aviation services offered at the Tracy Municipal Airport. As Skyview's original agreement requires the execution of a new agreement if the business is sold per Section 25.1 Assignment, a transfer of ownership would not be allowed. Staff has developed a new lease agreement with Riya.

DISCUSSION

There are two types of Operators available at an airport: one for a Fixed Based Operator (FBO) and one for a Specialized Aeronautical Services Operator (SASO). An FBO is a commercial operator who typically offers their customers a wide spectrum of aviation services, including but not limited to, aircraft mechanical and repair services, instructional aircraft and pilot training, charter services, retail product services, pilot lounge, and aircraft leasing, selling, rental and management, and aviation fuel services. A SASO provides their customers with aviation services similar to an FBO but typically excludes aviation fuel services.

Skyview Aviation, LLC, operating as a SASO, has leased the main hangar and office facility at the Tracy Municipal Airport since January 1, 2007. They perform the following activities: aircraft repair service, sale of used airplanes, cleaning and detailing of aircraft, flight training, rental of aircraft, and operation of specialized commercial flying service.

On March 1, 2022, staff was notified that Riya agreed to purchase Skyview Aviation. Riya requested that Skyview remain at the Tracy Municipal Airport due to the high potential for business growth at this facility. Under Skyview's original agreement, a new lease agreement is required for the new business owners to begin operations at the airport. In addition, Riya will potentially construct a new flight school and will be expanding the services Skyview offered, which requires a new lease agreement. Riya has expressed interest in acquiring fuel concessions at a later date, and staff chose to utilize an FBO Lease Agreement that would accommodate that activity as well.

The new agreement consists of:

- Term: April 19, 2022, to April 18, 2042
- Required and permitted activities:
    - Adequate ramp service for general aviation aircraft users, with a qualified attendant available on the ramp upon successful and mutually agreeable transfer of fuel services to the Tenant.
    - Maintenance, repair, and servicing of general aviation aircraft, aircraft engines, and parts.
    - Operation of a flight school with certified flight instructors and aircraft, operation of specialized commercial flying service (aerial survey, photography, and mapping services).
    - Aircraft cleaning and detailing services.
    - Aircraft rental business, sale of used aircraft, including leasing and management.
- Tie Down spaces: Riya will have use of twenty-one (21) tie down spaces to accommodate aircraft used by Flight School and customers requiring maintenance work to be completed.
- Fuel Purchases: Tenant will purchase fuel for the fuel trucks directly from the Airport at the Airport's cost based on Last-In-First-Out (LIFO), Federal excise tax of .194 per gallon of 100LL fuel, plus a fuel flowage fee to be determined of gas sold.

Staff worked with Riya to create a lease that will provide the best opportunity for the business to grow, and the airport to receive increased revenue. Staff is looking forward to a new partnership and will work to keep a strong business relationship between the City and Riya. Once the agreement is executed, Riya will take over all operations at Skyview Aviation while expanding on the Flight School operations and maintenance capabilities.

STRATEGIC PLAN

This agenda item supports the City of Tracy's Quality of Life Strategic Priority, which is to provide an outstanding quality of life by enhancing the City's amenities, business mix and services and cultivating connections to promote positive change and progress in our community.

FISCAL IMPACT

The Lease agreement requires a security deposit of $5,000. Monthly ground rent will consist of:

Monthly Rent

$ 3,000 (beginning on April 1, 2022)

$ 3,000 + CPI Adjustment (beginning on January 1, 2027)

If approved, the ground rent beginning April 19th will be an increase of $128 per month from Skyview's previous agreement. Ground Rent shall be revalued by the

City on the eleventh anniversary of the Commencement Date of this Lease. Ground Rent shall be revalued based upon the fair market rental value of the Premises. This will allow the City to see if the market value of the lease has increased and whether the monthly rate should be raised. For the remainder of the lease agreement, the monthly rent will be the prior year's Ground Rent, increased annually by CPI Adjustment.

In addition to the monthly ground rent, Skyview will pay the Airport $500 per sale of new aircraft. After the initial ten years of the contract have been completed, the Airport shall consider negotiating an additional payment of the Ground Rent, an amount equal to one percent (1%) of the Gross Sales from the operation and management of the Premises.

Both Riya Enterprises and staff see huge growth potential in future revenue for the airport with the additional revenue sources mentioned above as well as the expanded fuel concessions being offered in the future. The revenue will be placed into Revenue - Enterprise Charges for the Airport.

RECOMMENDATION

That the City Council approve a resolution authorizing a fixed based operator and leased facility agreement with Ryas Enterprise LLC, at Tracy Municipal Airport.

Prepared by: Paula Jessup, Airport Manager

Reviewed by: Brian MacDonald, Director of Parks & Recreation
Karin Schnaider, Finance Director
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENTS

Attachment A – Lease Agreement

LEASE BETWEEN
CITY OF TRACY
AND
RIYA ENTERPRISE LLC

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5749 SOUTH TRACY BOULEVARD
TRACY, CALIFORNIA

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EXHIBITS

EXHIBIT A: Floor Plan
EXHIBIT B: Site Plan

1. **PARTIES**

Effective on April 1, 2022, the CITY OF TRACY, a municipal corporation (hereinafter referred to as "**Lessor**"), and RIYA ENTERPRISE LLC, a California corporation (hereinafter referred to as "**Tenant**"), hereby mutually agree and promise as follows:

2. **PURPOSE**

Lessor owns and operates the Tracy Municipal Airport, a public airport located in Tracy, California (hereinafter the "**Airport**"). Tenant desires to lease a hangar facility owned by Lessor and located at the Airport to operate a Full-Service Fixed Base Operation (as defined in Section 9 hereof). The purpose of this Lease is to lease to Tenant the hangar facility shown in Exhibit "A" and the parcel of real property shown generally on the Airport site plan attached hereto as Exhibit "B" pursuant to the terms and conditions set forth herein. Tenant also desires a right of first offer to lease an adjacent 1.60-acre site (hereinafter "**Parcel Two**") that will allow for expansion of Tenant's business. If Tenant exercises the option to lease Parcel Two, the lease of Parcel Two will be coterminous with this Lease.

3. **PREMISES**

For and in consideration of the rent, fees, and faithful performance by Tenant of the terms and conditions and the mutual covenants hereof, Lessor does hereby lease to Tenant, and Tenant hereby leases from Lessor, subject to all easements and encumbrances of record, the hangar facility shown in Exhibit "A" and the parcel of real property descried in Exhibit "B", each of which is attached hereto and made a part hereof (hereinafter referred to as the "**Premises**").

4. **TERM**

This Lease is for a term of twenty (20) years (the "**Term**"), commencing on April 1, 2022 (the "**Commencement Date**") and expiring on March 31, 2042. The Commencement Date is the first day of Year 1 of the Lease.

5. HOLDING OVER

In the event Tenant shall remain in possession of the Premises after the expiration of the Term of this Lease, such holding over shall not be deemed to operate as a renewal or extension of this Lease but shall only create a tenancy from month to month, which may be terminated at any time by Lessor or Tenant upon thirty (30) days written notice. All terms and conditions of this Lease, as modified, shall govern the month-to-month tenancy.

6. GROUND RENT

A. Tenant shall pay ground rent to Lessor as consideration for the use of the Premises as set forth below ("**Ground Rent**") commencing on April 1, 2022. Ground Rent shall be payable in advance and without demand, set off, deduction or counterclaim on or before the tenth day of each month during the Term of this Lease. Ground Rent for any partial month shall be prorated at the rate of 1/30th of the applicable monthly Ground Rent per day. Ground Rent for Year 1 through Year 5 is detailed on the schedule below. Ground Rent for Year 6 and each year thereafter shall be increased by the change in the Consumer Price Index ("**CPI**") as specified in subsection 6B below.

Year	Monthly Ground Rent
1-5	$3,000.00
6-10	Prior year's Ground Rent increased annually by CPI Adjustment, unless CPI Adjustment would result in a Ground Rent decrease (in that instance, Ground Rent will remain the same as the preceding year).
11	Revaluation of Ground Rent per subsection 6C below.
12-20	Prior year's Ground Rent increased annually by CPI Adjustment, unless CPI Adjustment would result in a Ground Rent decrease (in that instance, Ground Rent will remain the same as the preceding year).

B. Consumer Price Index Rent Adjustment.

Effective on the first day of Years 6 through 10 and Years 12 through 20, the Ground Rent shall be adjusted by the change in CPI for the most recent one-year period ending December 31 (the "CPI Adjustment"). CPI, as used herein, shall mean the Consumer Price Index for all Urban Consumers for the West (1982-84 = 100), as published by the Bureau of Labor Statistics of the U.S. Department of Labor, or its successor. At no time will the Ground Rent be decreased by a CPI Adjustment. In the event there is a decrease in the CPI, the Ground Rent for the year in question shall be the same as the Ground Rent for the preceding year.

C. Revaluation of Ground Rent.

Ground Rent shall be revalued by Lessor on the eleventh anniversary of the Commencement Date of this Lease, and thereafter, at the end of each succeeding ten (10) year period of the Lease Term. Ground Rent shall be revalued in 2033 (the "**Revaluation Dates**"). Ground Rent shall be revalued based upon the fair market rental value of the Premises, using the Revaluation Process described in subsection C1 below, provided however, that the revalued Ground Rent shall never be less than the Ground Rent during the preceding year. In other words, in the event there is a decrease in the fair market rental value for the year in question, the revalued Ground Rent shall be the same as the Ground Rent for the preceding year. Prior to each Revaluation Date, Lessor shall initiate a Ground Rent revaluation process (the "**Revaluation Process**") for the determination of Ground Rent for the following period.

(1) Conditions of Revaluation. The revaluation of Ground Rent, including any appraisals prepared as part of the Revaluation Process, shall be conducted under the following conditions:

a) All negotiations and actions taken by Lessor and Tenant under this Section shall be undertaken and conducted by the parties in good faith.

b) If the Revaluation Process is not concluded by the relevant Revaluation Date, the Ground Rent determined by the Revaluation Process described herein shall be retroactive to the Revaluation Date to which the Revaluation Process applies. Tenant shall make any retroactive payments of Ground Rent no later than thirty (30) days following the completion of the Revaluation Process.

c) Except as otherwise provided herein, no waiver by Lessor of any of the provisions of this Section shall be deemed to have been made by Lessor, unless made expressly in writing by the Director of Parks and Recreation and no waiver by Tenant shall be deemed to have been made unless made expressly in writing by the duly authorized agent of Tenant.

d) All time periods specified in this Section shall be counted in calendar days.

(2) Revaluation Process. The Revaluation Process shall consist of the following:

a) The Lessor shall make an initial determination of the amount of the Ground Rent revaluation ("**Lessor Revaluation**") and shall notify Tenant in writing of the amount of the new monthly Ground Rent ("**Revaluation Notice**").

b) If Tenant disagrees with the Lessor Revaluation, Tenant must provide Lessor with a written dispute of the amount of the Lessor Revaluation ("**Tenant Dispute**"). The Tenant Dispute must be in writing and delivered to the Director of Parks and Recreation no later than twenty-one (21) days after the Revaluation Notice is mailed to Tenant ("**Dispute Period**"). In the event Tenant does not provide a Tenant Dispute to Lessor within the Dispute Period, the Lessor Revaluation shall

automatically be deemed to be accepted by Tenant, Tenant shall be deemed to have waived the right to contest the amount of the Lessor Revaluation, and the new Ground Rent, as initially determined by the Lessor, shall become effective on the applicable Revaluation Date and the Revaluation Process shall be concluded.

c) If Tenant delivers a Tenant Dispute to the Lessor within the Dispute Period, Lessor and Tenant shall have twenty-one (21) days following Lessor's receipt of the Tenant Dispute to attempt to establish a new Ground Rent by negotiation ("**Rent Negotiation Period**"). The Rent Negotiation Period may not be extended beyond the initial twenty-one (21) day period except by mutual written agreement of the Tenant and the Director of Parks and Recreation.

d) If Lessor and Tenant are unable to agree upon a new Ground Rent during the Rent Negotiation Period, including any agreed upon written extension thereof, then Lessor and Tenant shall each appoint an appraiser to appraise the fair market value of the Premises and provide written notice to the other identifying that party's appraiser. The appointment of the appraiser shall be made and notice of the appointment shall be given to the other party not less than twenty-one (21) days after the end of the Rent Negotiation Period, including any agreed-upon extension thereof, (the **"Selection Period**"). Each appraiser shall be a Member of the Appraisal Institute ("**MAI**") and have current aviation appraisal experience in appraising property in the geographic real estate market where the Premises is situated. Each party shall be responsible for paying the fees and costs of the appraiser it has selected.

In the event that Tenant does not appoint an appraiser and provide Lessor with written notice of the appointment within the Selection Period: A) the initial Lessor Revaluation shall automatically be deemed to be accepted by Tenant; B) the new monthly Ground Rent, as initially determined by the Lessor Revaluation, shall become effective on the applicable Revaluation Date; C) Tenant shall be deemed to have waived the right to further contest the amount of the Lessor Revaluation by arbitration or in any other manner; and D) the Revaluation Process shall be concluded.

In the event that Lessor does not appoint an appraiser and provide Tenant with written notice of the appointment within the Selection Period specified in this Section above: A) the new monthly Ground Rent shall be the Ground Rent as determined by Tenant's appraiser, or as determined in the preceding revaluation of Ground Rent, whichever is greater; B) such new monthly Ground Rent shall become effective on the applicable Revaluation Date; C) Lessor shall be deemed to have waived the right to contest the amount of the new monthly Ground Rent by arbitration or in any other manner; and D) the Revaluation Process shall be concluded.

e) If Lessor and Tenant each properly appoint an appraiser during the Selection Period, the issue of the Ground Rent revaluation shall be submitted to the two appraisers to each make an independent determination of the fair market value of the Premises. Each appraisal must be completed, and a copy of the appraisal report delivered to the other party no later than sixty

(60) days from the date of each respective appraiser's appointment unless otherwise extended by the mutual agreement of Lessor and Tenant.

f) Upon completion of both above appraisals, Lessor and Tenant shall make a final attempt to establish a new monthly Ground Rent by negotiation. If Lessor and Tenant cannot agree on a revaluation of the monthly Ground Rent, either Lessor or Tenant may declare an impasse in the negotiations by providing written notice of the impasse to the other party. The written notice of impasse (referred to hereinafter as the "**Final Proposal**") shall include all of the following information: A) a statement that the declaring party has determined that negotiations have reached an impasse; B) the declaring party's final proposed Ground Rent revaluation figure; C) a statement that the recipient has ten (10) days to either give written acceptance of the amount of the Ground Rent revaluation specified in the Final Proposal or deliver a counter-final proposal ("**Counter-Final Proposal**") to the declaring party; and D) any other supplementary information as the declaring party deems appropriate. The party upon whom the Final Proposal is served shall then have ten (10) days following receipt of the Final Proposal to either accept the Final Proposal or to reject the Final Proposal and deliver a Counter-Final Proposal to the declaring party.

g) If neither the Final Proposal nor the Counter-Final Proposal is accepted, not later than thirty-five (35) days after delivery of the Final Proposal, the parties shall jointly select an arbitrator who shall make a binding determination as to which proposal is the closest to the actual fair market value of the land

underlying the Premises. If the parties cannot agree on an arbitrator within fifteen (15) days from rejection of the Final Proposal and the Counter-Final Proposal either party may submit the matter to the American Arbitration Association, or another professional arbitration firm as agreed in writing by both parties, for the immediate selection of an arbitrator.

The arbitrator shall be an MAI and have current aviation appraisal experience in appraising property in the geographic real estate market where the Premises is situated. The arbitrator shall conduct the arbitration under the provisions of the commercial arbitration rules of the American Arbitration Association. The arbitration shall be conducted in San Joaquin County, California unless the parties agree in writing to another location. The arbitrator shall not have the right to combine, average, or otherwise modify the proposals, but shall select from among them. The arbitrator shall have no power to modify the provisions of this Lease. The arbitrator's decision shall be binding on all parties and shall apply retroactively to the Revaluation Date. The arbitrator's decision shall be subject to challenge only 1) on the grounds set forth in California Code of Civil Procedure section 1286.2, or 2) based upon the arbitrator's incorrect application of the substantive laws of California.

7. **PERCENTAGE AND OTHER ADDITIONAL RENT**

Lessor shall consider negotiating an additional payment of the Ground Rent, an amount equal to one percent (1%) of the Gross Sales (as defined below) from the operation and management of the Premises ("**Percentage Rent**") **after the initial ten years of the contract have been completed**. Percentage Rent shall be paid no later than the 10th of the month for the previous month's Gross Sales.

A. Gross Sales. The term "**Gross Sales**" means the gross revenue (without any deductions, and subject only to the below exceptions) from any activity conducted on the Premises, including all sales made and all cash and credit revenue of Tenant including finance charges to customers, and in the case of sale by credit, whether or not the payment is actually made, at, in, on or from the Premises; all fees or other consideration paid to Tenant for services performed, including but not limited to, rental or other payments from a renter.

B. Exceptions to Gross Sales. The following are the only exceptions to the term "Gross Sales":

(1) Sales, excise, and gross receipt taxes which must be accounted for by Tenant to any governmental agency.

(2) Receipts from the wholesale sale of parts and accessories wherein Tenant receives from the purchaser a valid resale certificate as required by the Board of Equalization of the State of California, in connection with such sale; provided, however, this exception shall apply to only those wholesale sales which do not exceed 50% of the gross sales of parts and accessories.

(3) Receipts from the sale of each new aircraft. However, Tenant shall pay Lessor a flat fee of $500.00 per sale of new aircraft.

(4) Revenue against which Tenant later provides a credit for or returns to suppliers or manufacturers.

(5) Amounts received by Tenant for settlement of any claims for loss or damage to products purchased by Tenant.

(6) Deposits received for and paid to any State recycling fund; and

(7) All Fuel Flowage Fees.

C. Fuel Flowage Fees. In the instance that the Lessor is not the sole provider of fuel concessions, within seven (7) days after the beginning each month, Tenant shall pay to Lessor a fuel flowage fee, less taxes, for the preceding quarter of $0.08 per gallon ("**Fuel Flowage Fee**"). The Fuel Flowage Fee shall be reviewed and may be

revised by Lessor every fifth (5th) year. Lessor shall give notice to Tenant in writing of any revised Fuel Flowage Fee, which shall be effective the month after such notice is given. It is understood that any Fuel Flowage Fee schedule shall apply uniformly to all Tracy Municipal Airport Fixed Base Operators at the time of the 5-year revision.

D. Records to Be Maintained. Tenant shall record all sales or other transactions, whether cash or credit, and shall keep full and accurate books of account and records in accordance with generally accepted accounting principles consistently applied, including without limitation, a sales journal general ledger, and all bank account statements showing deposits of Gross Sales revenue. In addition, Tenant shall keep all cash register receipts regarding Gross Sales, credits, refunds, and other pertinent transactions, as well as record of any other exclusions or deductions from Gross Sales.

E. Statement of Gross Sales and Percentage Rent Review. Tenant shall furnish to Lessor a written statement of monthly Gross Receipts ("**Statements of Gross Receipts**") within thirty (30) days after the close of each calendar quarter

F. Certified Annual Statement. Within one hundred twenty (120) days following the close of Tenant's fiscal year, and within one hundred twenty (120) days following the termination of this Lease, Tenant shall deliver to Lessor an annual statement of Gross Receipts, certified as being correct by an authorized accounting officer of the Tenant ("**Certified Annual Statement**").

G. Inspection of Records. Lessor shall have the right to inspect the books and records of Tenant from which any Statement of Gross Receipts is prepared at any reasonable time upon request. For this purpose, Tenant shall keep for a period of five (5) years after submission to Lessor of any such statement, all of Tenant's records, books, accounts, and other data pertaining or necessary to the verification of Gross Receipts as defined herein, and shall, upon request, make the same available to Lessor and/or Lessor's auditor, representative or agent for examination at any time during said five (5) year period. Failure to keep, maintain and make

available, the records, books, accounts, and other data as required by this section shall constitute a default of this Lease.

H. Audits. Lessor, at its sole cost and expense, may engage the services of an independent certified public accountant to audit and verify the accuracy of Tenant's records, books, and accounts including the Certified Annual Statement. In the event the audit shows that an additional amount of Percentage Rent is due and payable to Lessor, Tenant shall make such payment within seven (7) days to Lessor. If the audit shows that there has been an overpayment of Percentage Rent, Lessor shall, at the sole option of Lessor, promptly repay to Tenant the amount of such overpayment or credit same to any future rent due Lessor by Tenant. If the audit shows a discrepancy that is greater than five percent (5%) of the Percentage Rent paid to Lessor, Tenant shall pay for the audit.

I. Additional Rent. In addition to Ground Rent, Percentage Rent, and Fuel Flowage Fees Tenant shall pay, as additional rent all other charges, costs and fees required to be paid pursuant to the provisions of this Lease (such amounts, "Additional Rent", and together with Ground Rent, Percentage Rent and Fuel Flowage Fees, "Rent").

8. ADDITIONAL PAYMENT PROVISIONS

A. Late Payments. In the event Tenant fails to pay Lessor any amount due under this Lease within five (5) days after such amount is due, Tenant shall pay to Lessor a late charge of One Hundred and No/100 Dollars ($100) per occurrence, plus interest on said unpaid balance at a rate of ten percent (10%) annually (.83% per month), from the date said payment was due and payable until paid in full. Tenant shall pay said late charge on or before the next installment of Ground Rent is due. Lessor and Tenant hereby agree that it is and will be impracticable and extremely difficult to ascertain and fix Lessor's actual damages from any late payments and, thus, that Tenant shall pay as liquidated damages to Lessor the late charge specified in this Section, which is the result of the parties' reasonable endeavor to estimate fair average compensation therefor.

B. Form and Place of Payment. All Rents and fees shall be paid by business check, bill pay, or electronic payments made payable to the City of Tracy and must be received on or before the date due at the City of Tracy Finance Office, 333 Civic Center Plaza, Tracy, California 95376.

C. Returned Checks. If a check written by Tenant is returned for insufficient funds, Lessor may impose a reasonable service charge in addition to any charges imposed by the bank. Lessor may require Tenant to pay Rent by certified check or money order if Tenant's bank or banks have returned one or more personal checks in a twelve (12) month period.

D. Security Deposit. Upon execution of this Lease, Tenant shall pay to Lessor the sum of $5,000.00 as security ("**Security Deposit**") for the faithful performance of the terms, covenants, and conditions of this Lease. If Tenant is in default of this Lease, Lessor may in its sole discretion, use the Security Deposit, or any portion of it, to cure the default or compensate Lessor for damages sustained by Lessor resulting from Tenant's default. Upon demand by Lessor, Tenant shall immediately pay to Lessor a sum equal to the portion of the Security Deposit expended or applied by Lessor as provided in this subsection to maintain the Security Deposit in the sum initially deposited. Upon final accounting by Lessor, any balance of said deposit shall be refunded to Tenant, without interest

9. USE OF PREMISES

The Premises shall be used for the operation of a "Full-Service Fixed Base Operation" and for no other purpose. For purposes of this Lease, a "Full-Service Fixed Base Operation" is defined as a major airport aviation business granted the privilege of providing a wide range of aviation related sales and services to the general aviation public, as well as the obligation to provide several basic services necessary to support general aviation aircraft users. The minimum level of services a full-service fixed base operator will be obligated to provide are listed in subsection 9A. below, and the permitted services a full-service fixed base operator may offer for sale are listed in subsection 9B. below.

A. Minimum Services Required. In the conduct of the Full-Service Fixed Base Operation hereunder, Tenant shall provide, or cause to be provided by others, the following services for both general aviation aircraft:

1) Tie-down space for general aviation aircraft, both itinerant and local.
2) Adequate ramp service for general aviation aircraft users, with a qualified attendant available on the ramp upon successful and mutually agreeable transfer of fuel services to the Tenant.
3) Sale of oils and lubricants of the kind customarily sold to general aviation users.
4) Maintenance, repair, and servicing of general aviation aircraft, aircraft engines, and parts.
5) Maintenance of an adequate inventory of the necessary aircraft parts and accessories to maintain, repair, and service general aviation aircraft.
6) Operation of a flight school with certified flight instructors and aircraft.
7) Operation of specialized commercial flying service (aerial survey, photography, and mapping services).
8) Aircraft cleaning and detailing services.
9) Aircraft rental business.
10) Sale of used aircraft, including leasing and management.
11) Sales and services of miscellaneous aviation related equipment and services; and
12) Office Rental.

B. Services Conditionally Permitted on the Premises. Tenant may, at its option, and only upon the prior written notification to the Airport Manager and/or the Director of Parks and Recreation and subject to such conditions as the Director of Parks and Recreation shall impose, offer additional services, or cause additional services to be provided by others, of the type frequently provided by the full-service fixed base operators, including, but not limited to:

(1) Sale of new aircraft, including leasing and management.

(2) Sale of all fuel.

(3) Hangar rental.

(4) Operation of non-scheduled air taxi and charter transportation of passengers.

(5) Rental car operations.

(6) Food and beverage concession; and

(7) Operation of specialized aircraft repair services (paint shop, radio, propellers, instruments, and accessories).

C. Aviation Fuel. Tenant will be allowed to operate fuel trucks containing aviation fuel for use only in conjunction with the FAA Flight Training and aircraft operated by Skyview out of the facility. Such operation is permitted if Tenant is following all required licenses, permits, and applicable regulations. Tenant shall provide the Airport with a copy of applicable insurance relating to the fuel trucks showing the City of Tracy as an additional insured. Tenant will purchase fuel for the fuel trucks directly from the Airport at the Airport's cost based on Last-In-First-Out (LIFO), Federal excise tax of .194 per gallon of 100LL fuel, plus a fuel flowage fee to be determined of gas sold. Payment for the fuel shall be remitted to the City of Tracy Finance Department within ten (10) days of receiving the fuel. Unless otherwise provided herein, Tenant shall otherwise have no right to offer for sale, store, sell, or deliver any other aviation fuels or propellants from the Airport-owned fueling concession, on the facility or at the Airport.

D. Apron Area. Tenant, upon approval of the Airport Manager, has the right to temporary use of a portion of the "Apron area", designated on Exhibit "B" in red and yellow. Tenant may use the designated Apron area for the temporary storage of up to four fifty-three foot long or shorter cargo containers on the surface of the Apron area in the yellow area only. Any Aircraft under the control of Tenant positioned on the Apron area enclosed in red area in Exhibit "B" will only be done

on a temporary basis except for Aircraft owned or operated by Tenant as part of the Flight School. Tenant is not allowed to lease, rent, or otherwise permit any portion of the Apron area to be used by any third party or for any other purpose without the express written consent of the Airport Manager. Tenant's use of the designated area shall not: (i) obstruct or impede the normal movement of aircraft in the vicinity of the Facility, Fuel Island, or (ii) prevent convenient access to the office area or restrooms of the Airport by customers or visitors. Trailers, RVs, and personal motor vehicles are not allowed within the designated areas. These areas are depicted on Exhibit "B".

Tenant has the right to use the first two rows of designated Tie-Downs as shown in the Apron area of Exhibit "B", which include twenty-one spaces within the red area. Additional Tie-Down spaces may be available at the consent of the Airport Manager. Tie-Downs will provide sufficient space to store aircraft and maneuver such aircraft into and out of each Tie-Down space, that are within the weight restrictions of the Airport. The Lessor reserves the right to modify, upon ten days' notice, the location of the Tie-Downs due to construction, maintenance, or for reasonable cause. The designated Tie-Downs may be used by Tenant only for the storage of aircraft owned or operated by Tenant, or temporary storage of aircraft under control of Tenant. Tenant is not allowed to lease, rent, or otherwise permit any designated Tie-Downs to be used by any third party or for any other purpose without the express written consent of the Airport Manager.

Tenant may, but is not required to, collect, and retain daily tie-down fees charged to operators of transient aircraft desiring overnight tie-downs at the Airport in the Transient Parking Area only. Daily tie-down fees shall not exceed $15 per 24-hour period. Transient aircraft do not include any aircraft being left for more than fourteen days in any calendar month as the operators of such aircraft must obtain a Tie-Down Rental Agreement from the Lessor.

E. Limitations. The provisions of this Section 9 shall not be construed to authorize Tenant to conduct any business or other activity at the Airport not included in this section.

10. RENTAL OPERATIONS

Tenant may sublease or rent hangar space on the Leased Premises in accordance with reasonable rules and regulations adopted from time to time by the Airport, including but not limited to the following:

A. All hangar rental agreements shall be subject to the terms and conditions of, and be subordinate to, this Lease. Each hangar subleased rental agreement shall be a standard form approved in advance in writing by the Director of Parks and Recreation and shall be for a term no greater than the term of this Lease.

B. To the extent that Tenant engages in the rental of hangar space, Tenant or its authorized representative shall be available during normal business hours, either at the Airport or by telephone/facsimile to discuss rental terms and to conduct business.

C. On or before January 10th of each calendar year, Tenant shall deliver to Lessor a copy of any new, revised, or extended rental agreements entered into by Tenant in the past twelve-month period, which rental agreements shall contain the name, address, and telephone number of the renter, the identification and make of all the renter's hangered aircraft, and any other information that Lessor from time to time may require.

D. Commencing on April 1, 2022, and annually thereafter, Tenant shall provide the Airport Manager with an updated "Premises Occupancy and Active Demand List" for based aircraft and identifying the aircraft type and number.

E. Tenant is responsible for all materials stored in the hangars, whether said materials are stored by Tenant or by Tenant's agents, employees, or renters. The Airport Manager shall have the right to determine, in his or her sole reasonable discretion, what items may be stored in the hangar. Tenant shall

inspect all hangar space no less than once each year to determine if materials that violate any applicable codes, or that have not been authorized by the Airport Manager, are being stored in the hangar space, and shall require the immediate removal of such materials. Tenant shall terminate the rental agreements of those renters who have not removed such materials within ten (10) days following Tenant's notice to remove such materials.

11. CONDITION OF PREMISES

Except as otherwise expressly stated in this Lease, Lessor hereby lets, demises and leases, and Tenant takes the Premises in an "as is" physical condition with no warranty, express or implied, on the part of Lessor as to the condition of any existing improvements, the condition of the soil or the geology of the soil.

Tenant may use, at its sole expense, an existing temporary portable classroom building unit for the purpose of conducting flight school training within the yellow area indicated in Exhibit "B" attached hereto provided the following conditions are met:

A. Building location shall be in conformance with the current Airport Layout Plan.

B. All appropriate building permits for the temporary portable building shall be obtained.

C. If a new flight school is built, Tenant agrees, at Lessor's sole option, to either 1) remove the temporary portable building from the Airport property at Tenant's sole expense; 2) keep for other purposes; or 3) to allow the Lessor to take ownership of the temporary portable building at a reasonable cost.

D. In exchange for Lessor allowing the temporary classroom use, Tenant agrees to clean and service the restroom facility located in the adjacent park to Lessor's standards. In the event a new flight school is built with restrooms, the responsibility of cleaning and servicing the restroom facility

in the park will revert to the Lessor.

12. SITE IMPROVEMENTS

A. Tenant shall work with the Airport Manager on any property improvement plans ("**Improvement Plan**"). The Improvement Plan will consist of possible timelines and estimates. The Improvement Plan may include, but is not limited to the following:

(1) Interior and exterior building improvements including doors, signage, painting, flooring, fixtures (i.e., lights, toilets, and sinks), etc.

(2) Replacement of asphalt and cut and repair any concrete features in the parking lot per Lessor's standards; and

(3) Repair, replace, and upgrade HVAC, plumbing, and electrical system.

All upgrades in the Improvement Plan must comply with current building codes, the building entrance, and at least one restroom must comply with current Americans with Disabilities Act ("ADA") standards.

The Airport Manager will meet with Tenant on all Airport Improvement Projects that could possibly impact Tenant's business in advance so that a workable solution can be met.

B. Plans and Lessor's Approval. Tenant shall obtain the Airport Manager's and Director of Parks and Recreation's written approval of all plans and specifications (together "**Plans**") for buildings, paving, landscaping, or other improvements before any improvements may be commenced. All Improvements shall conform with any and all general requirements of Lessor and shall be constructed or installed in conformance with the Plans, and all applicable statutes, ordinances, building codes, Tracy Municipal Airport Policy and Standards for Development, and rules and regulations of Lessor, and such other authorities as may have jurisdiction over the Premises or Tenant's operations thereon, including, but not limited to, the City of Tracy

Building Safety and Inspection Department, City of Tracy Planning Department, City of Tracy Community Development, and the Federal Aviation Administration.

Tenant shall be solely responsible for obtaining all necessary permits and approvals, and for paying all fees required for said construction. Lessor's approval of Tenant's Plans shall not constitute a representation or warranty as to such conformity and responsibility shall always remain with Tenant.

C. Performance and Payment Bonds. Not less than ten (10) working days before the commencement of construction of the Improvements, Tenant shall, at its sole cost and expense, furnish to Lessor a payment bond from a surety company licensed to transact business in the State of California, or other type of security satisfactory to the Lessor, with Tenant's contractor or contractors as principals, in the penalty sum of one hundred percent (100%) of the total estimated cost of the construction contract or contracts for the Improvements and other necessary appurtenances specified herein, guaranteeing the payment of all labor, materials, provisions, supplies and equipment used in, upon, for or about the performance of said construction work or labor done thereon of any kind whatsoever and protecting the Lessor from any liability, losses, or damages arising therefrom. Simultaneously, Tenant shall also provide Lessor a surety bond of a surety company licensed to transact business in the State of California, or other type of security satisfactory to Lessor, with Tenant's contractor or contractors as principals, in an amount equal to one hundred percent (100%) of the total estimated amount of the construction contract or contracts for the Improvements, guaranteeing faithful performance of such construction contract or contracts. Said bonds or other security shall be in a form acceptable to Lessor and shall name Lessor as oblige and any bond shall comply with the requirements of California Civil Code Section 3248.

D. Inspection and Acceptance. Tenant shall be responsible for obtaining any necessary permits from all City of Tracy departments having jurisdiction over the Airport, including but not limited to, the Building Safety and Inspection Department, the Community Development Department, Public Works Department, and all other agencies having jurisdiction over the Airport. All Improvements, including but not limited to buildings, on the Premises shall be subject to inspection, testing, and acceptance in accordance with applicable law by the Building Safety and Inspection Department and the FAA. Nothing in this Lease shall be construed as approval by Lessor or any other governmental entity acting in its or their governmental capacity of the Improvements or to release Tenant from any governmental application, review, or requirement.

E. No Warranties. The inspection, testing, and acceptance by Tenant under this section or any other section of this Lease, of any plans submitted by or acts performed by Lessor shall not constitute a warranty by Lessor and shall not relieve Tenant of its obligation to fulfill the provisions of this Lease and of the Plans as approved by Lessor, nor shall Lessor be thereby estopped from exercising any of its remedies provided at law or equity or under this Lease.

F. Engineering. Lessor shall furnish Tenant with control information required for ground and pavement elevations, specifications for earthwork, pavement, and drainage. Tenant shall be responsible for all other engineering work and the accuracy thereof. Any material deviations from the approved Plans must have prior written approval by the Lessor.

G. Utilities. Upon the prior written approval of the Director of Parks and Recreation, Tenant may install any utilities on the Premises at its own cost and expense and shall pay all connection, inspection, and service fees in connection therewith.

H. Signs. Tenant may erect signs and advertising media and place the same upon the improvements in accordance with FAA and Tracy Municipal

Airport Policy and Standards for Development, after obtaining the written approval of the Airport Manager and Director of Parks and Recreation and/or of any other public agency having jurisdiction.

13. **UTILITY OBLIGATIONS**

Tenant shall pay on Tenant's own account all utilities used or consumed on the Premises, including, but not limited to gas, water, electricity, garbage disposal, storm and sanitary sewer services, janitorial services, and telephone services.

In the event Lessor, or any utility company, requires that any existing or new overhead distribution system be installed underground, Tenant shall, at its own cost and expense, provide all necessary facility changes on the Premises, to receive such service.

14. **ALTERATIONS AND ADDITIONS**

Tenant shall not make any alterations, erect any additional structures, or make any improvements (including site improvements pursuant to Section 12 hereof) on the Premises without prior written consent of the Airport Manager and the Director of Parks and Recreation. In the event Tenant makes alterations or constructs additions that violate the conditions contained in this Lease or without the prior written consent specified above, at the Director of Parks and Recreation's sole discretion, Tenant shall remove those alterations and/or additions at Tenant's sole cost and expense.

If Tenant makes any alterations, erects any additional structures, or makes any additional improvements to the Premises as provided in this Section, Tenant may not commence construction until Tenant has provided Lessor ten (10) days advance written notice thereof. In addition, a Notice of Lessor Non-Responsibility shall be posted and recorded by Tenant during construction in accordance with Civil Code Sections 3094 and 3129. A copy of the notice shall be mailed to Lessor upon filing with the County Recorder.

Any such alterations, additions, or improvements made shall remain on and be surrendered with the Premises upon expiration or termination of the Lease, except as otherwise provided in Section 28.

15. MAINTENANCE, REPAIR, AND STORAGE

A. Tenant shall, at its sole cost and expense throughout the term of this Lease, maintain the Premises and all improvements thereon, including, but not limited to, interior structures, business signs, utility lines, routine drainage and sewage line maintenance, environmental control equipment, as well as any irrigation systems and landscaping in future development areas, in a normal operation ~~first-class~~ condition. All maintenance, repairs, and replacements shall be of a quality substantially equal to the original material and workmanship and consistent with approved plans. Lessor shall be the sole reasonable judge of the maintenance standards required.

Tenant shall perform all maintenance and repairs in compliance with, and all maintenance and repairs necessary to comply with, all applicable statutes, ordinances, resolutions, regulations, orders, and policies now in existence or adopted from time to time by the United States, the State of California, the City of Tracy, and other government agencies with jurisdiction over the Airport.

The Lessor will be responsible for any Lessor-owned or installed intrusion and fire detection systems, the roof, any structural components, and any Lessor-owned electrical, plumbing and telecommunications systems, including any meters. Structural components will include exterior walls, hangar doors, exterior locks, concrete floor in maintenance hangar, and windows. The driveway, parking area, and concrete access will be maintained by the Lessor following Lessor's standards. At the Lessor's

earliest convenience, an electronic gate will be installed at the main entrance replacing the existing gate infrastructure per FAA and Lessor's standards.

B. No materials, supplies, products, equipment, or other personal property, except for assembled aircraft or otherwise for said Tenant's business needs and ramp equipment and vehicles in regular use, shall be stored or permitted to remain on any portion of the Premises outside of buildings or structures without the prior written consent of the Airport Manager. Tenant shall store personal property items, supplies, materials, and combustibles inside the buildings in a safe, neat, and sanitary manner.

C. Tenant shall provide or cause to be provided adequate enclosures, screened areas and/or suitable covered metal receptacles within the Premises for the short-term accumulation and storage of solid waste, such as rubbish, trash, garbage, sludge, discarded machinery or parts and any other solid industrial wastes. Such enclosures and/or screened areas shall be designed in such a way as to prevent odors, fumes, attraction of pests, and dispersal of wastes due to wind or water runoff and shall be serviced frequently by qualified waste removal and disposal services.

16. LAWFUL CONDUCT

Tenant shall obey and observe, and shall ensure that all persons entering upon the Premises obey and observe, all the terms and conditions of this Lease and all statutes, ordinances, resolutions, regulations, orders, and policies now in existence or adopted from time to time by the United States, (including, but not limited to, the Federal Aviation Administration) the State of California, the San Joaquin County of Government, the Central Valley Regional Water Quality Control Board, and any other government agencies with jurisdiction over the Airport (collectively, the "**Applicable Laws**") including, but not limited to, Applicable Laws concerning health, safety, fire, accessibility, police, and the environment.

Tenant shall be responsible for paying all fines and penalties levied by any government agency for any violation of an Applicable Law associated with activities on the Premises.

17. **WASTE, QUIET CONDUCT, NUISANCE, POLLUTION**

A. Tenant shall not commit, or suffer to be committed, any waste upon the Premises or any nuisance or other act or thing that may disturb the quiet enjoyment of the use of Tracy Municipal Airport or surrounding property.

B. Tenant shall provide, as necessary, a separate drainage, collection, and/or separation system to ensure that no untreated liquid waste from any type of operation, including aircraft cleaning and oil change operations, will enter the Airport storm drainage or sanitary system.

C. Tenant shall not permit any activity on the Premises that directly or indirectly produces unlawful amounts or levels of air pollution (e.g., gases, particulate matter, odors, fumes, smoke, dust), water pollution, noise, glare, heat emissions, electronic or radio interference with navigational and communication facilities for the operation of the Airport and for its use by aircraft, trash or refuse accumulation, vibration, prop-wash, jet blast, or any other activity that is hazardous or dangerous by reason or risk of explosion, fire, or harmful emissions.

18. **HAZARDOUS MATERIALS**

Tenant shall comply with the requirements of the San Joaquin County Hazardous Materials Permit. Tenant shall prepare and maintain a written Spill Prevention Contingency and Control Plan. The Plan shall be subject to approval by the Fire Chief of the South San Joaquin County Fire Authority. The approved Plan shall be kept current, and a copy of the most current version shall be submitted to the Airport Manager to be kept on file. Tenant shall be liable to, and indemnify, defend, and hold harmless, the Lessor for all leaks, spills, or other damage that may result through the Tenant's handling and dispensing of Hazardous Materials.

A. Definition of Hazardous Material. As used in this Lease, the term "Hazardous Materials" shall mean any hazardous or toxic substance, hazardous or radioactive material, or hazardous waste, pollutant or contaminant at any concentration that is or becomes regulated by the United States, the State of California, or any local government authority having jurisdiction over the Premises. Hazardous Materials include, but are not limited to, the following: (1) Any "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste," as defined in Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health & Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (2) any "hazardous substance" as that term is defined in Section 25316 of the California Health & Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (3) any material or substance listed as a chemical known to cause cancer or reproductive toxicity pursuant to Section 6380 of the California Labor Code, Division 5, Part 1, Chapter 2.5 (Hazardous Substances Information and Training Act); (4) any "hazardous waste" as that term is defined in the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903); (5) any "hazardous substance" as that term is defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601); (6) any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material, or substance, within the meaning of any other applicable federal, state, or local statute, ordinance, resolution, regulation, order, policy, or requirement, including consent decrees and administrative orders imposing liability or standards of conduct concerning any hazardous, dangerous, or toxic waste, substance, or material, now or hereafter in effect; (7) any petroleum product; (8) any radioactive material, including any "source material", "special nuclear material", or "byproduct material" as defined in 42 U.S.C. Section

2011 et seq.; (9) any asbestos in any form or condition; and (10) any polychlorinated biphenyls (PCBs) and any substances or any compounds containing PCBs.

B. Use of Hazardous Materials. Tenant shall not cause or permit any Hazardous Material, as defined in this Section, to be generated, brought onto, stored, used, emitted, released, discharged or disposed of in, on, under, or about the Premises by Tenant or its officers, employees, agents, contractors, renters, guests or invitees, except for limited quantities of (1) standard office and janitorial supplies containing chemicals categorized as Hazardous Materials; (2) motor oils, hydraulic fluids, fuel and other materials commonly used in aircraft storage and fueling facilities; (3) such other Hazardous Materials as are approved in advance in writing by Lessor.

C. Notification to the Airport Manager. If, during term of this Lease, Tenant becomes aware of (a) any actual or threatened release of any Hazardous Materials on, under, or about the Premises; or (b) any inquiry, investigation, proceeding, or claim by any government agency or other person regarding the presence of Hazardous Material on, under, or about the Premises, Tenant shall (1) immediately provide verbal notification to the Airport Manager, and (2) provide written notification of such release or investigation to the Airport Manager within twenty-four (24) hours after learning of it. In the event Tenant receives any claims, notices of violation, reports, or other writings concerning the aforementioned release or investigation, Tenant shall furnish copies of all such materials to Lessor no later than the business day following Tenant's receipt thereof.

Notification to the Airport Manager under this Section does not relieve Tenant of any obligation to notify any governmental agency under any Applicable Law.

D. Indemnification. Tenant shall, at Tenant's sole expense and with legal counsel reasonably acceptable to Lessor, indemnify, protect, defend, and hold harmless Lessor and Lessor's officers, employees, agents, and contractors from and against any and all demands, losses, claims, costs, suits, liability and expenses (including without limitation, attorneys' fees and consultant fees), arising out of or relating to the violation of any law regulating or the use, handling, generation, emission, release, discharge, storage or disposal of any Hazardous Materials (such as those laws listed in this Section 18) ("**Environmental Laws**") by Tenant or Tenant's officers, employees, agents, contractors, renters, guests or invitees. This indemnification applies whether or not any government agency has issued a cleanup order. Losses, claims, costs, suits, liability, and expenses covered by this indemnification provision include, but are not limited to: (1) Losses attributable to diminution in the value of the Premises; (2) loss or restriction of use of rentable space on the Premises; (3) adverse effect on the marketing of any rental space on the Premises; and (4) penalties and fines levied by, and remedial or enforcement actions of any kind issued by any regulatory agency (including but not limited to the costs of any required testing, remediation, repair, removal, cleanup or detoxification of the Premises and surrounding properties).

This indemnification clause shall survive any expiration or termination of this Lease.

19. STORMWATER DISCHARGE

Tenant shall ensure that no pollution or Hazardous Materials of any type will be discharged into the stormwater system at the Airport and shall be held responsible for any such discharge by Tenant or by any of Tenant's officers, employees, agents, contractors, renters, guests, or invitees during the entire term of this Lease. Any fine or cost of remedial action required of Lessor, by any agency or agencies having jurisdiction thereover, because of actions on or discharges from the Premises, will

be charged to Tenant, and Tenant shall immediately reimburse Lessor for these costs upon demand. In addition, any discharge of pollutants or Hazardous Materials, as defined herein, on or from the Premises shall be considered a default of this Lease and shall be grounds for its termination.

20. RULES AND REGULATIONS

Tenant agrees to observe and obey all policies, rules, and regulations promulgated and enforced by Lessor and any other governmental entity having jurisdiction over Tracy Municipal Airport.

21. NOISE ORDINANCE

Tenant shall abide by all conditions of City Airport Ordinances, as amended, or any other rules or ordinances relating to noise standards at the Airport, as may be approved from time to time by the City of Tracy City Council. Tenant will provide quarterly noise abatement training to pilots of aircraft based on the Premises.

22. SECURITY

Lessor shall have no obligation to provide security to the Premises. Tenant shall provide, through the use of buildings, structures, walls, fences, gates, and similar barriers, or a combination thereof, positive uninterrupted on-site security through onsite employees during business hours and electronic monitoring devices at all times for the prevention of unauthorized pedestrian and vehicular access to the aircraft operating area by way of the Premises. Direct or indirect points of entry to the aircraft operating area to accommodate authorized individuals and authorized vehicles shall be controlled by Tenant in compliance with FAA and Airport security requirements. Tenant shall also provide security for onsite facilities, such as vehicular parking lots, aircraft tie down aprons, buildings, hangars, fuel storage areas and shops. Tenant shall provide adequate lighting to provide for all-night illumination of the perimeter of all buildings on the Premises, including, aprons, aircraft tie down areas, vehicular parking lots and pedestrian walkways surrounding the Premises. If at any time during the term of this Lease additional security requirements are imposed on the Airport by the FAA or any other agency having

jurisdiction over the Airport, Tenant shall comply with said security requirements on the Premises at Tenant's sole expense. If Airport is fined by FAA for a security violation caused by Tenant, Tenant shall immediately reimburse Lessor upon demand.

Tenant also agrees to ensure the Airport's main access gate located on Tracy Boulevard is opened at the beginning of each business day and closed at the end of each business day. If a maintenance issue should arise with the main access gate, the Airport Manager is to be called immediately. Tenant may, at its option, extend the hours of any business day providing that Tenant's staff is available during those extended hours to provide an appropriate level of customer service to airport visitors entering the facility. Tenant shall develop positive key control and Apron access procedures for its staff and customers while at Tenant's premises and comply with the pertinent reporting requirements to the FAA, the Department of Homeland Security and law enforcement agencies.

Tenant shall ensure that gates allowing access onto the Apron area are not left open unless always staffed. When opening a gate for deliveries, the gate shall be immediately closed upon entrance or exit of the delivery vehicle.

23. HOLD HARMLESS AND INDEMNIFICATION

Tenant shall defend, hold harmless, and indemnify the indemnitees from the liabilities as defined in this section:

A. The indemnitees benefited and protected by this promise are Lessor, its governing body, elective and appointive boards, commissions, officers, employees, representatives, and agents.

B. The liabilities protected against are any liability or claim for damage of any kind allegedly suffered, incurred, or threatened because of an Act (as such term is defined below), and including but not limited to, personal injury, death, property damage, inverse condemnation claims of third parties or any

combination of these, and including the defense of any suits or actions at law or equity concerning these.

C. An "Act" shall be defined as any act, intentional or negligent, or omission by Tenant, its agents, representatives, invitees, or contractors in connection with the occupancy and use of the Premises by Tenant, its shareholders, or any renter or assignee, or the matters covered by this Lease, or claimed to be attributable to Tenant, its subcontractors, or any officers, agents, renters, assignees, employees, or one or more of them; but not any act by Lessor or its governing body, elective and appointive board, commissions, officers, employees, representatives, and agents;

D. Non-conditions: The promise and agreement in this Section are not conditioned or dependent on whether Tenant or Lessor has prepared, supplied, or approved any plans or specifications in connection with work performed pursuant to Section 12 and Section 14. hereof, or has insurance or other indemnification covering any of these matters.

24. INSURANCE

Tenant shall procure and maintain, at its own cost and expense, always during the term of this Lease, the following policies issued by insurance companies authorized to do business in California, with a financial rating of at least an A-status (unless otherwise stated below) as rated in the most recent edition of Best's Insurance Reports:

A. Commercial General Liability and Property Damage Insurance: Tenant shall obtain and maintain, owner, landlord, and tenant Commercial General Liability Insurance with a financial rating of at least an A- or P status (pooled insurance coverage) covering and insuring all parties hereto (including City of Tracy and its officers, agents, and employees as additional insureds under the policy or policies) with a minimum combined single limit coverage of Two Million and No/100 Dollars ($2,000,000) for all damages due to bodily injury, sickness or disease, or death to any person and damage to property,

including the loss of use thereof, arising out of each accident or occurrence arising out of ownership, maintenance, or use of the Premises and all operations necessary or incidental thereto.

B. Fire Insurance: Tenant shall insure for fire and extended coverage risks all personal property, improvements, and alterations in, on, or about the Premises. Such insurance shall be in an amount equal to one hundred percent (100%) of insurable, full replacement value of any improvements located thereon, and shall include vandalism and malicious mischief endorsements. Said fire insurance policies shall contain loss payable endorsements in favor of the parties as their respective interests may appear hereunder. Lessor and its officers, agents, and employees shall be named as additional insureds in such policy or policies.

C. Casualties: In the event of damage to or destruction of any buildings or other improvements on the Premises ("**Insured Improvements**") in excess of twenty-five percent (25%) of the then replacement value of such Insured Improvements, Tenant shall determine whether to repair or replace the Insured Improvements. If Tenant determines to repair or replace the Insured Improvements, the proceeds of any insurance policy paid on account of such damage or destruction shall first be applied to the cost of repairing or replacing the Insured Improvements. If Tenant determines not to repair or replace the Insured Improvements, Tenant may terminate this Lease upon written notice to Lessor within thirty (30) days of such damage or destruction.

If any Improvements erected on the Premises are damaged or destroyed as a result of any uninsurable cause or risk at the time of destruction, in the amount of at least twenty five percent (25%) of the replacement cost of all Improvements, Tenant shall have the option to either terminate this Lease or to replace and rebuild the Improvements, so they are in substantially the same

condition as they were in immediately before such damage or destruction. Tenant shall give written notice of its election to Lessor within forty-five (45) days of the date of the loss or destruction of the Improvements. If Tenant elects to terminate this Lease, this Lease shall terminate.

Tenant shall have one hundred eighty (180) days to commence repair or restoration of the Improvements and shall diligently pursue the completion of such Improvements.

D. Worker's Compensation. Tenant shall obtain workers' compensation insurance as required by law, covering all employees of Tenant, and said insurance shall be kept in force during the entire term of this Lease.

E. Form of Policies. All policies of insurance required by this Section shall be in such standard form and written by such qualified insurance companies as shall be satisfactory to Lessor. Evidence of such insurance shall be provided by Tenant by filing with Lessor a copy of the policy and policies, together with a duly executed certificate of insurance to the effect that the insurance required by this Lease is extended in favor and consistent with the terms set forth herein. All such certificates shall require a separate Additional Insured Endorsement stating that "City of Tracy, its officers, agents, and employees" are named as additional insureds under such policy or policies. Said policy or policies or certificates shall contain a provision that written notice of policy lapses, cancellation or any changes thereto shall be delivered to Lessor no fewer than thirty (30) days in advance of the effective date thereof.

1. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to Tenant and Leased facility or the general aggregate limit shall be twice the required occurrence limit. Coverage shall include but not be limited to blanket contractual; products/completed operations; hangar-keepers' liability, and broad form Property damage.

F. Other Insurance Provision. The general liability policy is to contain, or be endorsed to contain, the following provisions:

1. The Lessor, its officers, elected and appointed officials, employees, agents, and volunteers are to be covered as additional insureds as respects: liability arising out of premises owned, occupied, or used by Tenant. The coverage shall contain no special limitations on the scope of protection afforded to the Lessor, its officers, elected and appointed officials, employees, agents, or volunteers.
2. Tenant's insurance coverage shall be primary insurance as respects the Lessor, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the Lessor, its officers, officials, employees, agents, or volunteers shall be excess of Tenant's insurance and shall not contribute with it.
3. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Lessor, its officers, officials, employees, agents, or volunteers.
4. Coverage shall state that Tenant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
5. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty days prior written notice by certified mail, return receipt requested, has been given to the Lessor by the carrier.

G. Verification of Coverage. Tenant shall furnish a copy of these requirements to Tenant's insurance agent. The agent shall furnish the Airport Manager with certificate(s) of insurance and original endorsements evidencing coverage required by this clause. By sending the requisite documents, the agent is certifying Tenant maintains the appropriate coverage. The documents are to

be signed by a person authorized by that insurer to bind coverage and endorse policies on its behalf. All documents are to be received by the Airport Manager before Tenant takes possession or begins work on the Premises. The Lessor may for any reason require Tenant to provide complete, certified copies of all required insurance policies affecting the coverage required by these specifications no more frequently than reasonable to verify insurance coverage. Tenant, or its insurance agent, shall furnish the Lessor with evidence of insurance thirty days prior to expiration of the current certificate(s), and direct those to:

CITY OF TRACY
Parks and Recreation Department
333 Civic Center Plaza
Tracy, CA 95376
Attn: Executive Assistant

I. Notice. Tenant shall give Lessor prompt and timely notice of any claim or suit of which it has knowledge, and which could in any way directly, contingently, or otherwise affect either Tenant or Lessor or both, and both Tenant and Lessor shall have the right to participate in the defense of such claim or suit to the extent of its respective interest.

25. TAXES

Tenant agrees to pay before delinquency all taxes (including, but not limited to, possessory interest tax and federal excise tax), assessments, license fees, and other charges which are levied and assessed upon Tenant's interest in the Premises, or upon Tenant's personal property installed or located in or on the Premises, by City of Tracy or other legally authorized governmental authority. Tenant may pay any taxes and assessments under protest, without liability, cost, or expense to the Lessor, to contest the amount in good faith.

26. INSPECTION, ACCESS, AND NOTICE

Insofar as the same may be necessary for the protection of Lessor's rights, Lessor and its agents shall at all times have the right to go upon and inspect the Premises

and any and every building, structure, or improvement erected or constructed or in the course of being erected or constructed, repaired, added to, rebuilt, or restored thereon. Lessor shall also have the right to serve or to post and to keep posted on the Premises, or on any part thereof, any notice permitted by law or this Lease, including but not limited to a notice pursuant to Section 3094 of the Civil Code. Lessor shall not be liable in any manner for any inconvenience, disturbance, loss of business, or other damage arising out of Lessor's entry on the Premises as allowed in this Section. Lessor shall conduct its activities as allowed in this Section in a manner that will cause the least possible inconvenience, annoyance, or disturbance to Tenant, and shall not materially interfere with access to or use of the Premises. Tenant shall provide an access gate through the Premises for emergency vehicles if need be.

27. **ASSIGNMENT AND ENCUMBRANCES**

Tenant shall not voluntarily assign or encumber its interest in this Lease or in the Premises or allow any other person or entity (except Tenant's authorized representatives) to occupy or use all or any part of the Premises, without first obtaining Lessor's written consent, which will not be unreasonably withheld. Any encumbrance without Lessor's consent shall be voidable and, at Lessor's election shall constitute a default. Any consent to an assignment or encumbrance shall not constitute a further waiver of the provisions of this Section.

If Tenant is a corporation, any (i) dissolution, merger, consolidation, or other reorganization of Tenant, or (ii) the sale or other transfer of a controlling percentage of the capital stock of Tenant, or (iii) the sale of fifty percent (50%) of the value of the assets of Tenant, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than fifty percent (50%) of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

If Tenant is in default of monetary obligations to Lessor pursuant to this Lease, Tenant immediately and irrevocably assigns to Lessor, as security for Tenant's monetary obligations under this Lease, all rent from any subletting of all or part of the Premises as permitted by this Lease, or a receiver for Tenant appointed on Lessor's application, may collect such rent, and apply it toward Tenant's obligations under this Lease.

28. SURRENDER OF POSSESSION

A. Title to Improvements. Title to all improvements constructed upon the Premises, including all alterations or additions thereto, shall remain in Tenant until the expiration, cancellation, or other earlier termination of this Lease. Upon such expiration, cancellation or other earlier termination of this Lease, title to said improvements shall automatically vest in the Lessor and, except as otherwise provided herein, said improvements shall remain upon and be surrendered with the Premises as part thereof.

If Lessor does not desire title to said improvements, Tenant shall, upon written notice by Lessor, and at Tenant's sole cost and expense, return the Premises to Lessor clear of any or all improvements, above or below ground level, constructed by Tenant, and identified in such notice. Tenant shall complete its removal of such improvements at its expense within one hundred twenty (120) days of the effective date of such notice. If Tenant fails to remove the improvements, Lessor may remove them at Tenant's expense, and Tenant shall immediately reimburse to Lessor, in full, all of Lessor's costs and expenses incurred in removing those improvements upon written demand by Lessor.

B. Personal Property. Title to personal property belonging to Tenant shall always during the term of this Lease remain in Tenant, and Tenant shall have the right at any time to remove any or all personal property of any kind and nature whatsoever that Tenant may have placed or installed upon the Premises,

provided that upon any such removal, Tenant shall repair, at its sole cost and expense, any damage resulting therefrom and leave the Premises in a clean and neat condition.

1. Alterations and Additions. If Tenant fails to remove its personal property from the Premises within sixty (60) days after expiration, cancellation, or termination of this Lease, said property may be removed by Lessor at Tenant's expense, by use of the Security Deposit, as provided in Section 8.
2. Additional Payment Provisions. If Lessor's cost to remove Tenant's personal property exceeds the amount of the Security Deposit, then Tenant shall reimburse Lessor the difference between Lessor's cost and the amount of the Security Deposit, immediately upon Lessor's written demand.

C. Expiration or termination of Lease. Upon expiration or within thirty (30) days after cancellation or termination of this Lease, Tenant shall surrender to Lessor the Premises and all improvements including alterations and additions, in good condition, except for those improvements, alterations and additions that Tenant has the obligation to remove under the provisions of this Section and Section 14.

D. Indemnity. If Tenant fails to surrender the Premises to Lessor on expiration or within thirty (30) days after cancellation or termination of this Lease, Tenant shall defend, indemnify, and hold Lessor harmless from all claims, liability, costs, and damages resulting from Tenant's failure to surrender the Premises, including, without limitation, claims made by a succeeding tenant or renter.

29. DEFAULT

The occurrence of any of the following shall constitute a default (a **"Default"**) by Tenant:

(1) Failure by Tenant to pay any Rent or other charges when due if the failure continues for thirty (30) days after notice has been given to Tenant.

(2) Tenant abandons the Premises through its failure to occupy and operate the Premises for ninety (90) days.

(3) Tenant shall become insolvent, file a voluntary petition in bankruptcy or an involuntary petition in bankruptcy is filed against Tenant, or Tenant shall lose possession of the Premises, or any portion thereof, by virtue of any attachment, execution, or receivership, and such insolvency, bankruptcy proceedings or loss of possession is not terminated in Tenant's favor within sixty (60) days thereafter.

(4) Tenant makes a general assignment for the benefit of creditors.

(5) Failure to comply with any of the provisions of Section 33. Non-Discrimination.

(6) Any act, condition, event, or failure of performance constituting a Default under any other provision of this Lease; and

(7) Notwithstanding the foregoing, failure to perform any other provision of this Lease, if the failure to perform is not cured within thirty (30) days after written notice has been given to Tenant. If, in Lessor's reasonable judgment, the Default cannot reasonably be cured within thirty (30) days, Tenant shall not be in Default of this lease if Tenant commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the Default. Safety hazards must be cured immediately.

30. LESSOR'S REMEDIES

Lessor shall have the following remedies upon the occurrence of a Default. These remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law.

A. Lessor may terminate this Lease and Tenant's right to possession of the Premises at any time. No act by Lessor other than giving written notice to Tenant shall terminate this Lease. Acts of maintenance, efforts to re-let the Premises, or the appointment of a receiver on Lessor's initiative to protect

Lessor's interest under this Lease shall not constitute a termination of Tenant's right to possession. Upon termination of this Lease, Lessor has the right to recover from Tenant:

(1) All unpaid Rent and fees accrued until the payment of such amounts, plus interest accrued thereon at a rate of ten percent (10%) per annum or the maximum rate permitted by law, whichever is greater (the "Default Interest Rate").

(2) An amount equal to (a) the unpaid Rent and fees that would have been earned after the date of termination of this Lease until Tenant shall have paid any and all amounts due hereunder, less (b) the amount of the loss of Rent and fees that Tenant proves could have been reasonably avoided any such amount to accrue interest at the Default Interest Rate from the date this Lease is terminated until Tenant shall have paid any and all amounts due hereunder.

(3) An amount equal to the unpaid Rent and fees for the balance of the Term after Tenant shall have paid all amounts due hereunder, less the amount of the loss of Rent and fees that Tenant proves could have been reasonably avoided any such amount to be discounted at the discount rate of the Federal Reserve Bank of San Francisco at the time such determination, plus one percent (1%); and

(4) Any other amount, including without limitation, attorneys' fees, and court costs, necessary to compensate Lessor for all detriment proximately caused by Tenant's Default.

B. Lessor, at any time after the occurrence of a Default, can cure the Default at Tenant's cost, provided Lessor has given Tenant thirty (30) days' notice and Tenant has failed to cure such Default within such thirty (30) days, or, if the Default is of such a nature that it cannot be cured within such thirty (30) day period and fails to pursue such cure diligently to completion. If Lessor at any time, by reason of Tenant's Default, pays any sum to cure the Default or does

any act that requires the payment of any sum, the sum paid by Lessor shall be due from Tenant to Lessor within thirty (30) days from the time the sum is paid, upon notice given by Lessor to Tenant, and if paid by Tenant at a later date, shall bear interest at the rate of ten percent (10%) per annum or the maximum rate permitted by law, whichever is greater, from the date the sum is paid by Lessor until Lessor is completely reimbursed by Tenant. Such sum, together with interest accrued thereon, shall be paid by Tenant as Additional Rent.

In the event of Default by Tenant in connection with the construction of the Improvements pursuant to Section 12. Site Improvements, Lessor may exercise its rights as an oblige against the surety company on the performance bond required by Subsection 12C. Performance and Payment Bonds and may take such steps as are necessary to cause the cure of said Default by the principal, the surety company, or others.

31. CONDEMNATION

If any part of the Premises shall be taken as a result of the exercise of the power of eminent domain or be conveyed to any entity having such power under threat of exercise thereof (both such actions being hereinafter referred to as "**Condemnation**") this Lease shall automatically terminate as to the portion of the Premises subject to Condemnation as of the date physical possession of such portion is taken by condemner. The value of any damages to the remainder of the Premises sustained by the Tenant and or Lessor as a result of said Condemnation action shall be determined by a court of law or by negotiation and agreement with the condemner.

If the remaining part of the Premises will not be reasonably suitable for the use described in Section 9 hereof, this Lease may be terminated by either Lessor or Tenant, at any time by written notice within thirty (30) days after the date possession of the condemned portion is taken by condemner. If the remaining part of the Premises will be reasonably suitable for the operation of the business described in

Section 9, this Lease shall continue in full force and effect as to such remaining part. If this Lease is not so terminated, as of the date of such Condemnation, the Ground Rent shall continue to be the rate then in effect per square foot per year pursuant to Section 6 hereof, but the total number of square feet shall be reduced by the number of square feet of the Premises taken and the Rent shall reflect such reduction.

In the event that all or any part of the Premises shall be taken by eminent domain or conveyed in lieu thereof, both parties shall have the right to pursue a condemnation award against the condemning agency, with the Tenant being entitled to any award for lost business, moving expenses and the depreciated value of any fixtures or property improvements installed by the Tenant and the Lessor being entitled to all other amounts awarded, including but not limited to, all amounts awarded for land value. No claim made by or payment to the Tenant shall diminish or otherwise adversely affect the Lessor's award. Provided that Lessor is not the condemning agency, Tenant shall neither have nor make any claim against Lessor for any loss, damage or other matter arising out of said condemnation.

32. **CANCELLATION BY LESSOR**

If at any time ten (10) years or more after the Commencement Date of this Lease, Lessor requires the Premises for purposes other than a Full-Service Fixed Base Operation, Lessor shall have the right to cancel this Lease and to acquire full title, control, and possession of said Premises and all Improvements thereon by giving one (1) year's written notice to Tenant of the effective date of such cancellation. In the event of such cancellation, Lessor and Tenant shall attempt by negotiation to fix the value of Tenant's remaining interest in the Premises and the Improvements thereon, as well as the fair market value of the Tenant's business located on the Premises (considering gross and net annual revenue generated by the business), and any other factors that might be used in making such a determination. If diligent and good faith negotiations fail to establish an agreement on the amount of compensation to be paid to Tenant, either Lessor or Tenant may give written notice

("**Appraisal Notice**") to the other, declaring an end to negotiations and requiring the amount of compensation to be paid to Tenant to be determined by the appraisal method set forth in this Section 35. The appraisal method shall be as follows: two qualified and licensed business and real estate appraisers shall be selected, one by Lessor and one by Tenant. Each appraiser shall be a member of the American Institute of Real Estate Appraisers, have the designation of MAI, and have current aviation appraisal experience in appraising property in the geographic real estate market where the Premises is situated. Lessor and Tenant shall each appoint one appraiser within fifteen (15) days of the Appraisal Notice, and the name of the appraiser so appointed shall be given to the other party. If either Lessor or Tenant defaults in the appointment of an appraiser within said fifteen (15) days, the appraisers elected by the non-defaulting party shall name a second appraiser. Upon completion of appointment, said appraisers shall proceed to determine the then-existing the fair market rental value of Tenant's interest in the Premises within forty-five (45) days. Such determination of value shall be binding on both Lessor and Tenant.

In the event said appraisers cannot agree upon fair market value within forty-five (45) days, they will mutually appoint a third appraiser who shall be a member of the American Institute of Real Estate Appraisers, have the designation of MAI and have current aviation appraisal experience in appraising property in the geographic real estate market where the Premises is situated. Said third appraiser shall be appointed within fifteen (15) days of the expiration of forty-five (45) day appraisal period. If a third appraiser is not selected within said fifteen (15) day period, a third appraiser shall be selected by a presiding judge of the San Joaquin County Superior Court. Within thirty (30) days of selection of the third appraiser, the first two appraisers shall inform both parties in writing of their fair market value determination. Upon completion of the appointment, said third appraiser shall proceed to determine the fair market rental value for in accordance with the foregoing standard within forty-

five (45) days. The determination made by the third appraiser shall be binding upon Lessor and Tenant. Each party shall bear the expense of the appraiser so appointed by that party (or the appraiser selected for such party by the other party in the event one party fails to timely select an appraiser), and one-half the expense of the third appraiser if appointed. In determining the then existing fair market value of the Tenant's interest in the Premises, the appraisers shall consider the remaining term of the Lease and any other factors then currently in use for standard real estate appraisals as fixed by a Member of the Appraisal Institute. Such determination of value shall be binding on both Lessor and Tenant.

For the purposes of this Section 35., the value of Tenant's interest in the Premises shall include but is not limited to (a) the fair market value of this Lease, valued without the Improvements on the Premises, and valued as if the Lease were not to be canceled, ~~and~~ (b) the fair market value of Tenant's Improvements were they to remain on the Premises, and (c) the fair market value of Tenant's business located on the Premises. Consideration shall also be given to the Lessor's current pro rata interest in the Improvements as described in Section 24. (C) Casualties Tenant shall be entitled to payment of the amount fixed by the above appraisal method as of the date Lessor acquires full title, control, and possession of the Premises. Tenant shall have no right to recover the value of its Improvements if the Lease is terminated as the result of Tenant's default or for any reason other than as specified in this Section 35.

33. NON-DISCRIMINATION

A. Tenant hereby covenants and agrees that in the event facilities are constructed, maintained, or otherwise operated on the Premises for a purpose for which a United States Department of Transportation ("**DOT**") program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all requirements imposed pursuant to Title

49, Code of Federal Regulations ("**CFR**"), Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

B. Tenant hereby covenants and agrees that (1) no person shall be excluded from participation in, denied the benefits of, or be otherwise subjected to, discrimination in the use of the Premises on the grounds of race, color, sex, or national origin, (2) that in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination on the grounds of race, color, sex, or national origin, and (3) that Tenant shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, CFR, Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation, , and as said Regulations may be amended.

C. In the event of a breach of any of the above non-discrimination covenants, Lessor shall have the right to terminate this Lease and to re-enter and repossess the Premises and the facilities thereon and hold the same as if this Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including the expiration of any appeal rights.

D. Tenant shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service, provided that Tenant may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

E. Noncompliance with Subsection (D) above shall constitute a material breach thereof and, in the event of such noncompliance, Lessor shall have the right to terminate this Lease without liability therefor or, at the election of Lessor

or the United States, either or both governments shall have the right to judicially enforce the provisions of Subsection (D).

F. Lessor agrees that it shall insert the above subsections A through E in any lease agreement by which Lessor grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Premises.

G. Lessor assures that it will undertake an Affirmative Action program as such term is defined and required by 14 CFR Part 152, Subpart E ("**Subpart E**") to ensure that no person shall on the grounds of race, creed, color, national origin, or sex, be excluded from participating in any employment activities covered by Subpart E. Tenant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by Subpart E. Tenant assures that it will require that its covered suborganizations provide assurances to Tenant that they similarly will undertake Affirmative Action programs, and that they will require assurances from their suborganizations, as required by Subpart E, to undertake the same effort.

34. OPERATION OF AIRPORT BY LESSOR

A. Aviation Hazards. Lessor reserves the right to take any reasonable action it considers necessary to protect the aerial approaches of the Airport against obstructions, together with the right to prevent Tenant from erecting, or permitting to be erected, any building or other structure on the Premises which, in the opinion of the Lessor or the Federal Aviation Administration, would limit the usefulness of the Airport or constitute a hazard to aircraft.

B. Navigational Aids. Lessor reserves the right during the term of this Lease or any renewal and/or extension hereof to install air navigational aids including lighting, in, on, over, under, and across the Premises. In the exercise of any of the rights hereof, Lessor agrees to give Tenant no less than ninety (90) days written notice of its intention to install such air navigational aids.

35. AIRPORT USE AND DEVELOPMENT

A. Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Tenant and without interference or hindrance.

B. Lessor reserves the right, but shall not be obligated to Tenant, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities at the Airport, together with the right to direct and control all activities of Tenant in this regard.

C. This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States, including but not limited to the Federal Aviation Administration, relative to the development, operation, and maintenance of the Airport.

D. There is hereby reserved to Lessor, its successors, and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through said airspace or landing at, taking off from, or operation at the Airport.

36. DEVELOPMENT OF PREMISES

A. Tenant shall comply with the notification and review requirements covered by 14 CFR Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

B. Tenant shall not erect nor permit the erection of any structure or object or permit the growth of any tree on the Premises without approval from Airport Manager. In the event the aforesaid covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or

object and cut the offending tree, all of which shall be at Tenant's sole cost and expense.

C. Tenant shall not make use of or develop the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the sole cost and expense of Tenant.

D. Nothing herein shall be construed to grant or authorize the granting of an exclusive right within the meaning of 49 U.S.C. § 40103.

E. This Lease and all its provisions shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation, and taking over of the Airport by the United States during a time of war or national emergency.

37. INSTRUMENT OF TRANSFER

This Lease shall be subordinate and subject to the provisions and requirements of the Instrument of Transfer by and between the United States and Lessor dated the 6th day of June 1946, and recorded in Book 1124, at page 418 of the Official Records of the County of San Joaquin, State of California.

38. CHOICE OF LAW

This Lease shall be interpreted and enforced under the laws of the State of California, with venue in the Superior Court of San Joaquin County, California. In any lawsuit, claim or legal proceedings arising out of this Agreement, the prevailing party will be entitled to reimbursement from the other party all reasonable attorney's fees and costs that it has incurred.

39. NOTICES

All notices to be given under this Lease, or otherwise, may be served by enclosing same in a sealed envelope addressed to the party intended to receive the same, at its address set forth herein, and deposited in the United States Post Office as certified mail with postage prepaid. When so given, such notice shall be effective from the

date of the mailing of the same. For the purposes thereof, unless otherwise provided in writing by the parties hereto, the address of Lessor, and the proper party to receive any such notices on its behalf is:

City of Tracy	Tenant:
Director of Parks and Recreation	Riya Enterprise LLC
333 Civic Center Plaza	5749 South Tracy Blvd.
Tracy, CA 95376	Tracy, CA 95377
Attn: Airport Manager	

40. **TIME IS OF THE ESSENCE** Time is of the essence for each provision of this Lease.

41. **BINDING ON SUCCESSORS**

The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all the parties hereto.

42. **INVALID PROVISIONS; SEVERABILITY**

It is expressly understood and agreed by and between the parties hereto that in the event any covenant, condition or provision contained herein is held to be invalid by a court of competent jurisdiction, such invalidity shall not invalidate any other covenant, condition or provision of this Lease, provided, however, that the invalidity of any such covenant, condition or provision does not materially prejudice either Lessor or Tenant in their respective rights and obligations contained in the valid covenants, conditions and provisions of this Lease.

43. **PROVISIONS**

All provisions, whether covenants or conditions, on the part of Tenant and/or Lessor shall be deemed to be both covenants and conditions.

44. **ENTIRE AGREEMENT**

This Lease and all exhibits referred to in this Lease constitute the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed and supersedes all prior or contemporaneous understandings or agreements

of the parties. No alterations, amendments or variations of this Lease shall be valid unless they are in writing and signed by Lessor and Tenant.

45. CUMULATIVE RIGHTS AND REMEDIES

The rights and remedies with respect to any of the terms and conditions of this Lease shall be cumulative and not exclusive and shall be in addition to all other rights and remedies at law or in equity. Each right or remedy shall be construed to give it the fullest effect allowed in law.

46. NO THIRD-PARTY BENEFICIARIES

Nothing in this Agreement, express or implied, is intended to confer on any person, other than Lessor and Tenant, and their respective successors-in-interest, any rights, or remedies under or by reason of this Lease.

47. NO CONTINUING WAIVER

The waiver by Lessor of any breach of any of the terms or conditions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach of the same or of any other terms or conditions of this Lease. The receipt by Lessor of any Rent with knowledge of the breach of any term or condition of this Lease shall not be deemed to be a waiver by Lessor unless such waiver is specifically expressed in writing by the Director of Parks and Recreation. No payment by Tenant or receipt by Lessor of a lesser amount than specified in this Lease shall be deemed to be other than a payment on account of such Rent and shall not be deemed a waiver of notice of termination and of forfeiture of this Lease.

48. COVENANT AGAINST LIENS

Neither Tenant nor Lessor shall permit any mechanic's, materialman's, or other lien against the Premises, or the property of which the Premises forms a part, in connection with any labor, materials, or services furnished or claimed to have been furnished. If any such lien shall be filed against the Premises, or property of which the Premises forms a part, the party charged with causing the lien will cause the same to be discharged, provided however, that either party may contest any such lien, so long as the enforcement thereof is stayed.

49. LEASE COUNTERPARTS

This Lease may be executed in one or more counterparts, each of which shall be deemed a duplicate original, but all of which together shall constitute one and the same instrument.

50. HEADINGS AND CAPTIONS

The section headings and captions of this Lease are, and the arrangement of this instrument is, for the sole convenience of the parties to this Lease. The section headings, captions, and arrangement of this instrument do not in any way affect, limit, amplify or modify the terms and provisions of this Lease. The Lease shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. The parties to this Lease and their counsel have read and reviewed this Lease and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Lease.

51. **SIGNATURES**

LESSOR

CITY OF TRACY

a municipal corporation

By_____

Michael Rogers

City Manager

TENANT

Riya Enterprise LLC

By_____

Jay Vyas, President

Riya Enterprise, LLC

By_____

Pankajkumar Vaghji Chaudhari

Chief Financial Officer

Riya Enterprise, LLC

RECOMMENDED FOR APPROVAL:

By_____

Director of Parks and Recreation

APPROVED AS TO FORM:

City Attorney

By_____

RESOLUTION _____

AUTHORIZING A FIXED BASED OPERATOR AND LEASED FACILITY AGREEMENT WITH RIYAS ENTERPRISES, LLC AT TRACY MUNICIPAL AIRPORT

WHEREAS, Skyview Aviation, LLC (Skyview), operating as a Specialized Aeronautical Services Operator (SASO), has leased the main hangar and office facility at the Tracy Municipal Airport since January 1, 2007; and

WHEREAS, They perform the following activities: aircraft repair service, sale of used airplanes, cleaning and detailing of aircraft, flight training, rental of aircraft, and operation of specialized commercial flying service; and

WHEREAS, On March 1, 2022, Skyview agreed to sell their business to Riya Enterprise LLC (Riya); and

WHEREAS, The City requires an agreement between a business entity and the City to lease the hangar and office facility at Tracy Municipal Airport and provide commercial aeronautical services at the Airport, as well as Skyview's original agreement requires the execution of a new agreement if the business is sold; and

WHEREAS, the FBO Lease Agreement will accommodate any and all services provided by the new owners with a twenty (20) year term; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council hereby approve the resolution authorizing a fixed based operator and leased facility agreement with Riyas Enterprises, LLC at Tracy Municipal Airport.

* * * * * * * * * * * *

The foregoing Resolution 2022-____was adopted by the Tracy City Council on the 19th day of April 2022, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

_____
MAYOR

ATTEST:

_____
CITY CLERK

April 19, 2022

AGENDA ITEM 1.D

REQUEST

AUTHORIZE AMENDMENTS TO THE CITY'S CLASSIFICATION AND COMPENSATION PLANS, MASTER SALARY SCHEDULE AND POSITION CONTROL ROSTER RELATING TO THE PARKS PROJECT COORDINATOR

EXECUTIVE SUMMARY

The City's Classification and Compensation Plans and Master Salary Schedule contain the job descriptions and classifications of all City personnel, as well as salary ranges. This report recommends the establishment of a new Parks Project Coordinator classification, amending the City's Classification and Compensation Plan and Master Salary Schedule to establish the salary range for the new classification and authorize the Budget Officer to amend the City's Position Control Roster for FY 2021-22 to reflect the addition of the position.

DISCUSSION

Periodically, the Human Resources Department receives requests to review existing classification specifications or to develop new classification specifications in order to allow for changes that have occurred in areas such as job responsibilities, organizational structure, education, experience, and/or service needs.

The Parks Planning and Development Division is in need of project support to address the increased volume of work. In addition to the five Measure V projects (the Aquatics Center, Legacy Fields Phase 1E, Nature Park Phase 1 Design, Ritter Family Ball Park Design and the Multi-Gen Rec Center), there are several smaller projects that are in the queue. The aforementioned large projects have a dollar value of over $120M and require most, if not all, of the Parks Planning and Development Manager's time and does not allow the manager to focus on details of day to day operations of this critical division. The current demand in this division has created a backlog of smaller projects that will continue to grow if staffing levels do not increase.

Staff recommends creating the position of Parks Project Coordinator to support the Parks Planning and Development Manager. The Coordinator will absorb some of the functions currently being performed by the Parks Planning and Development Manager including the following: identifying and applying for grants, grant management, attendance at technical meetings, providing support for small park and streetscape maintenance projects, conducting request-for-proposals and bidding of small jobs, working with Parks Maintenance on landscape beautification projects (non CIP), plan check review, investigating field problems affecting the public and providing customer service and public outreach. The position will work independently and exercise significant independent judgment and initiative.

The Parks Project Coordinator will conduct a significant portion of the groundwork for projects to allow the manager to provide necessary assistance to the Director of Parks and Recreation. Currently, the Director of Parks and Recreation is providing hands-on support to this division in order to keep projects moving forward causing an impact to workload in the

Director's office. Adding a highly skilled position to support this division will have a positive impact and provide necessary resources to allow the manager to focus on moving projects forward at a quicker pace.

Staff recommends the monthly salary range for the Parks Project Coordinator at $7,257 - $8,822 per month. The salary range recommendation was determined by a survey of comparable agencies with consideration of internal equities of similar classifications. The Public Employees' Retirement Law governs the California Public Employees Retirement System (CalPERS) codified in Title 2 of the California Code of Regulations. Section 570.5 of the California Code of Regulations requires City Council approve the rate of pay or classification titles in a publicly available pay schedule for employees who are members of CalPERS. Under the City's Personnel Rules (Section 3.1.6), the City Council must approve the Classification and Compensation Plans and any amendments to said plans. State law requires that Council approve a Master Salary Schedule reflecting the salaries of all personnel.

In addition, staff provided the assigned bargaining unit with the proposed job description and salary range and the bargaining unit agreed with the recommendation.

STRATEGIC PLAN

This agenda item supports the City's Governance Strategy and Business Plan, and specifically implements the following goals and objectives:

Governance Strategy

Goal 1: Further develop an organization to attract, motivate, develop, and retain a high-quality, engaged, high-performing, and informed workforce.

Objective 1b: Affirm organizational values.

FISCAL IMPACT

Funding for this position will come from Measure V funds. The annual cost will be $186,992 which includes salary and benefits.

RECOMMENDATION

That the City Council, by resolution, authorize the Director of Human Resources to amend the City's Classification and Compensation Plans and Master Salary Schedule to reflect the changes described to establish the Parks Project Coordinator, and authorize the Budget Officer to amend the position control roster to add the position.

Prepared by: JoAnn Weberg, Human Resources Manager

Reviewed by: Kimberly Murdaugh, Director of Human Resources
Brian MacDonald, Director of Parks and Recreation
Karin Schnaider, Director of Finance
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENTS:

A – Master Salary Schedule Effective 4/19/22
B – Parks Project Coordinator Job Description

City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
4112	Account Clerk	TTSSEA	A	2,113.20	4,578.60	54,943.20	26.4150
			B	2,218.87	4,807.55	57,690.62	27.7359
			C	2,329.81	5,047.92	60,575.06	29.1226
			D	2,446.30	5,300.32	63,603.80	30.5788
			E	2,568.62	5,565.34	66,784.12	32.1078
3106	Accountant*	TMMBU	A	3,322.47	7,198.69	86,384.22	41.5309
			B	3,488.59	7,558.61	90,703.34	43.6074
			C	3,663.02	7,936.54	95,238.52	45.7878
			D	3,846.16	8,333.35	100,000.16	48.0770
			E	4,038.47	8,750.02	105,000.22	50.4809
2520	Accounting Manager*	CONF	A	4,803.16	10,406.85	124,882.16	60.0395
			B	5,043.31	10,927.17	131,126.06	63.0414
			C	5,295.49	11,473.56	137,682.74	66.1936
			D	5,560.26	12,047.23	144,566.76	69.5033
			E	5,838.29	12,649.63	151,795.54	72.9786
4201	Accounting Technician	TTSSEA	A	2,598.83	5,630.80	67,569.58	32.4854
			B	2,728.79	5,912.38	70,948.54	34.1099
			C	2,865.21	6,207.96	74,495.46	35.8151
			D	3,008.49	6,518.40	78,220.74	37.6061
			E	3,158.92	6,844.33	82,131.92	39.4865
4102	Administrative Assistant	TTSSEA	A	2,103.86	4,558.36	54,700.36	26.2983
			B	2,209.04	4,786.25	57,435.04	27.6130
			C	2,319.50	5,025.58	60,307.00	28.9938
			D	2,435.47	5,276.85	63,322.22	30.4434
			E	2,557.23	5,540.67	66,487.98	31.9654
8102	Administrative Assistant - Confidential	CONF	A	2,156.03	4,671.40	56,056.78	26.9504
			B	2,263.82	4,904.94	58,859.32	28.2978
			C	2,377.01	5,150.19	61,802.26	29.7126
			D	2,495.87	5,407.72	64,892.62	31.1984
			E	2,620.66	5,678.10	68,137.16	32.7583
4107	Administrative Technician	TTSSEA	A	2,598.83	5,630.80	67,569.58	32.4854
			B	2,728.79	5,912.38	70,948.54	34.1099
			C	2,865.21	6,207.96	74,495.46	35.8151
			D	3,008.49	6,518.40	78,220.74	37.6061
			E	3,158.92	6,844.33	82,131.92	39.4865
3510	Airport Manager*	TMMBU	A	3,372.56	7,307.21	87,686.56	42.1570
			B	3,541.17	7,672.54	92,070.42	44.2646
			C	3,718.23	8,056.17	96,673.98	46.4779
			D	3,904.14	8,458.97	101,507.64	48.8018
			E	4,099.34	8,881.90	106,582.84	51.2418
5522	Animal Services Aide	TEAMSTERS	A	1,442.09	3,124.53	37,494.34	18.0261
			B	1,514.19	3,280.75	39,368.94	18.9274
			C	1,589.92	3,444.83	41,337.92	19.8740
			D	1,669.41	3,617.06	43,404.66	20.8676
			E	1,752.87	3,797.89	45,574.62	21.9109
3620	Animal Services Manager*	TMMBU	A	3,622.85	7,849.51	94,194.10	45.2856
			B	3,804.00	8,242.00	98,904.00	47.5500
			C	3,994.20	8,654.10	103,849.20	49.9275
			D	4,193.90	9,086.78	109,041.40	52.4238
			E	4,403.60	9,541.13	114,493.60	55.0450
5521	Animal Services Officer I	TEAMSTERS	A	2,007.11	4,348.74	52,184.86	25.0889
			B	2,107.44	4,566.12	54,793.44	26.3430
			C	2,212.80	4,794.40	57,532.80	27.6600
			D	2,323.44	5,034.12	60,409.44	29.0430
			E	2,439.63	5,285.87	63,430.38	30.4954
5523	Animal Services Officer II	TEAMSTERS	A	2,203.63	4,774.53	57,294.38	27.5454
			B	2,313.81	5,013.26	60,159.06	28.9226
			C	2,429.51	5,263.94	63,167.26	30.3689
			D	2,550.98	5,527.12	66,325.48	31.8873
			E	2,678.55	5,803.53	69,642.30	33.4819
3621	Animal Services Supervisor	TMMBU	A	2,684.44	5,816.29	69,795.44	33.5555
		NON EXEMP1	B	2,818.66	6,107.10	73,285.16	35.2333
			C	2,959.58	6,412.42	76,949.08	36.9948
			D	3,107.56	6,733.05	80,796.56	38.8445
			E	3,262.94	7,069.70	84,836.44	40.7868

Employees marked with an * (asterisk) are salaried

City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
2573	Assistant City Attorney*	CONF	A	6,114.64	13,248.39	158,980.64	76.4330
			B	6,420.36	13,910.78	166,929.36	80.2545
			C	6,741.38	14,606.32	175,275.88	84.2673
			D	7,078.45	15,336.64	184,039.70	88.4806
			E	7,432.36	16,103.45	193,241.36	92.9045
1502	Assistant City Manager*	DH	Min	8,906.68	19,297.81	231,573.68	111.3335
			Max	9,552.29	20,696.63	248,359.56	119.4036
2682	Assistant Director DES*	CONF	A	5,839.85	12,653.01	151,836.10	72.9981
			B	6,131.84	13,285.65	159,427.84	76.6480
			C	6,438.43	13,949.93	167,399.18	80.4804
			D	6,760.34	14,647.40	175,768.84	84.5043
			E	7,098.36	15,379.78	184,557.36	88.7295
2681	Assistant Director DES/City Engineer*	CONF	A	6,118.28	13,256.27	159,075.28	76.4785
			B	6,424.19	13,919.08	167,028.94	80.3024
			C	6,745.41	14,615.06	175,380.66	84.3176
			D	7,082.67	15,345.79	184,149.42	88.5334
			E	7,436.83	16,113.13	193,357.58	92.9604
3302	Assistant Engineer*	TMMBU	A	3,473.35	7,525.59	90,307.10	43.4169
			B	3,646.99	7,901.81	94,821.74	45.5874
			C	3,829.35	8,296.93	99,563.10	47.8669
			D	4,020.82	8,711.78	104,541.32	50.2603
			E	4,221.86	9,147.36	109,768.36	52.7733
5232	Assistant Planner	TEAMSTERS	A	2,883.29	6,247.13	74,965.54	36.0411
			B	3,027.46	6,559.50	78,713.96	37.8433
			C	3,178.83	6,887.47	82,649.58	39.7354
			D	3,337.77	7,231.84	86,782.02	41.7221
			E	3,504.66	7,593.43	91,121.16	43.8083
2580	Assistant to the City Manager*	CONF	A	4,803.16	10,406.85	124,882.16	60.0395
			B	5,043.31	10,927.17	131,126.06	63.0414
			C	5,295.49	11,473.56	137,682.74	66.1936
			D	5,560.26	12,047.23	144,566.76	69.5033
			E	5,838.29	12,649.63	151,795.54	72.9786
3333	Associate Engineer*	TMMBU	A	3,901.95	8,454.23	101,450.70	48.7744
			B	4,097.03	8,876.90	106,522.78	51.2129
			C	4,301.90	9,320.78	111,849.40	53.7738
			D	4,516.98	9,786.79	117,441.48	56.4623
			E	4,742.83	10,276.13	123,313.58	59.2854
3303	Associate Civil Engineer*	TMMBU	A	3,901.95	8,454.23	101,450.70	48.7744
			B	4,097.03	8,876.90	106,522.78	51.2129
			C	4,301.90	9,320.78	111,849.40	53.7738
			D	4,516.98	9,786.79	117,441.48	56.4623
			E	4,742.83	10,276.13	123,313.58	59.2854
3202	Associate Planner*	TMMBU	A	3,302.14	7,154.64	85,855.64	41.2768
			B	3,467.24	7,512.35	90,148.24	43.3405
			C	3,640.60	7,887.97	94,655.60	45.5075
			D	3,822.63	8,282.37	99,388.38	47.7829
			E	4,013.78	8,696.52	104,358.28	50.1723

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City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
4451	Box Office Assistant	TTSSEA	A	1,894.94	4,105.70	49,268.44	23.6868
			B	1,989.70	4,311.02	51,732.20	24.8713
			C	2,089.18	4,526.56	54,318.68	26.1148
			D	2,193.63	4,752.87	57,034.38	27.4204
			E	2,303.34	4,990.57	59,886.84	28.7918
4455	Box Office Coordinator	TTSSEA	A	2,505.31	5,428.17	65,138.06	31.3164
			B	2,630.59	5,699.61	68,395.34	32.8824
			C	2,762.11	5,984.57	71,814.86	34.5264
			D	2,900.21	6,283.79	75,405.46	36.2526
			E	3,045.22	6,597.98	79,175.72	38.0653
3104	Budget Officer*	CONF	A	4,436.85	9,613.18	115,358.10	55.4606
			B	4,658.69	10,093.83	121,125.94	58.2336
			C	4,891.62	10,598.51	127,182.12	61.1453
			D	5,136.21	11,128.46	133,541.46	64.2026
			E	5,393.03	11,684.90	140,218.78	67.4129
5211	Building Inspector I	TEAMSTERS	A	2,587.46	5,606.16	67,273.96	32.3433
			B	2,716.83	5,886.47	70,637.58	33.9604
			C	2,852.67	6,180.79	74,169.42	35.6584
			D	2,995.31	6,489.84	77,878.06	37.4414
			E	3,145.07	6,814.32	81,771.82	39.3134
5212	Building	TEAMSTERS	A	3,304.61	7,159.99	85,919.86	41.3076
			B	3,469.85	7,518.01	90,216.10	43.3731
			C	3,643.33	7,893.88	94,726.58	45.5416
			D	3,825.50	8,288.58	99,463.00	47.8188
			E	4,016.76	8,702.98	104,435.76	50.2095
5320	Building Maintenance Worker I	TEAMSTERS	A	2,196.09	4,758.20	57,098.34	27.4511
			B	2,305.90	4,996.12	59,953.40	28.8238
			C	2,421.20	5,245.93	62,951.20	30.2650
			D	2,542.26	5,508.23	66,098.76	31.7783
			E	2,669.38	5,783.66	69,403.88	33.3673
5321	Building Maintenance Worker II	TEAMSTERS	A	2,311.68	5,008.64	60,103.68	28.8960
			B	2,427.27	5,259.09	63,109.02	30.3409
			C	2,548.63	5,522.03	66,264.38	31.8579
			D	2,676.06	5,798.13	69,577.56	33.4508
			E	2,809.87	6,088.05	73,056.62	35.1234
3341	Building Official*	TMMBU	A	5,005.29	10,844.80	130,137.54	62.5661
			B	5,255.54	11,387.00	136,644.04	65.6943
			C	5,518.33	11,956.38	143,476.58	68.9791
			D	5,794.24	12,554.19	150,650.24	72.4280
			E	6,083.96	13,181.91	158,182.96	76.0495
4501	Building Permit Technician I	TTSSEA	A	2,399.55	5,199.03	62,388.30	29.9944
			B	2,519.54	5,459.00	65,508.04	31.4943
			C	2,645.50	5,731.92	68,783.00	33.0688
			D	2,777.79	6,018.55	72,222.54	34.7224
			E	2,916.68	6,319.47	75,833.68	36.4585
4502	Building Permit Technician II	TTSSEA	A	2,525.84	5,472.65	65,671.84	31.5730
			B	2,652.15	5,746.33	68,955.90	33.1519
			C	2,784.75	6,033.63	72,403.50	34.8094
			D	2,923.99	6,335.31	76,023.74	36.5499
			E	3,070.19	6,652.08	79,824.94	38.3774

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City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
1506	City Attorney*	CONTRACT		9,270.00	20,085.00	241,020.00	115.8750
3110	City Clerk*	TMMBU	A	4,447.17	9,635.54	115,626.42	55.5896
			B	4,669.54	10,117.34	121,408.04	58.3693
			C	4,903.01	10,623.19	127,478.26	61.2876
			D	5,148.16	11,154.35	133,852.16	64.3520
			E	5,405.56	11,712.05	140,544.56	67.5695
1102	City Council Member*			432.00	936.00	11,232.00	
1501	City Manager*	CONTRACT		10,094.00	21,870.33	262,444.00	126.1750
1112	City Treasurer*			496.16	1,075.01	12,900.16	
9107	Clerical	LS	A				15.0000
			B				15.7500
			C				16.5400
			D				17.3600
			E				18.2300
3155	Code Compliance Analyst*	TMMBU	A	3,502.59	7,588.95	91,067.34	43.7824
			B	3,677.72	7,968.39	95,620.72	45.9715
			C	3,861.60	8,366.80	100,401.60	48.2700
			D	4,054.69	8,785.16	105,421.94	50.6836
			E	4,257.43	9,224.43	110,693.18	53.2179
5202	Code Enforcement Officer	TEAMSTERS	A	2,672.81	5,791.09	69,493.06	33.4101
			B	2,806.44	6,080.62	72,967.44	35.0805
			C	2,946.77	6,384.67	76,616.02	36.8346
			D	3,094.10	6,703.88	80,446.60	38.6763
			E	3,248.81	7,039.09	84,469.06	40.6101
3315	Community Preservation Manager*	TMMBU	A	3,901.95	8,454.23	101,450.70	48.7744
			B	4,097.03	8,876.90	106,522.78	51.2129
			C	4,301.90	9,320.78	111,849.40	53.7738
			D	4,516.98	9,786.79	117,441.48	56.4623
			E	4,742.83	10,276.13	123,313.58	59.2854
5513	Community Services Officer	TEAMSTERS	A	2,333.87	5,056.72	60,680.62	29.1734
			B	2,450.57	5,309.57	63,714.82	30.6321
			C	2,573.07	5,574.99	66,899.82	32.1634
			D	2,701.74	5,853.77	70,245.24	33.7718
			E	2,836.84	6,146.49	73,757.84	35.4605
5222	Construction Inspector I	TEAMSTERS	A	2,999.35	6,498.59	77,983.10	37.4919
			B	3,149.34	6,823.57	81,882.84	39.3668
			C	3,306.79	7,164.71	85,976.54	41.3349
			D	3,472.13	7,522.95	90,275.38	43.4016
			E	3,645.76	7,899.15	94,789.76	45.5720
5223	Construction Inspector II	TEAMSTERS	A	3,149.15	6,823.16	81,877.90	39.3644
			B	3,306.60	7,164.30	85,971.60	41.3325
			C	3,471.93	7,522.52	90,270.18	43.3991
			D	3,645.55	7,898.69	94,784.30	45.5694
			E	3,827.82	8,293.61	99,523.32	47.8478
4605	Crime Analyst	TTSSEA	A	2,835.37	6,143.30	73,719.62	35.4421
			B	2,977.14	6,450.47	77,405.64	37.2143
			C	3,126.01	6,773.02	81,276.26	39.0751
			D	3,282.31	7,111.67	85,340.06	41.0289
			E	3,446.41	7,467.22	89,606.66	43.0801
5514	Crime Prevention Specialist	TEAMSTERS	A	2,417.53	5,237.98	62,855.78	30.2191
			B	2,538.44	5,499.95	65,999.44	31.7305
			C	2,665.36	5,774.95	69,299.36	33.3170
			D	2,798.60	6,063.63	72,763.60	34.9825
			E	2,938.53	6,366.82	76,401.78	36.7316
3622	Crime Scene Property Unit Supervisor	TMMBU	A	2,746.55	5,950.86	71,410.30	34.3319
		Non-Exempt	B	2,883.87	6,248.39	74,980.62	36.0484
			C	3,028.05	6,560.78	78,729.30	37.8506
			D	3,179.45	6,888.81	82,665.70	39.7431
			E	3,338.42	7,233.24	86,798.92	41.7303
5517	Crime Scene Technician	TEAMSTERS	A	2,618.18	5,672.72	68,072.68	32.7273
			B	2,749.07	5,956.32	71,475.82	34.3634
			C	2,886.53	6,254.15	75,049.78	36.0816
			D	3,030.86	6,566.86	78,802.36	37.8858
			E	3,182.41	6,895.22	82,742.66	39.7801
1108	Cultural Arts Commissioner			Stipend of $50.00 per meeting			

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City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
3162	Cultural Arts Division Manager*	TMMBU	A	4,686.93	10,155.02	121,860.18	58.5866
			B	4,921.28	10,662.77	127,953.28	61.5160
			C	5,167.35	11,195.93	134,351.10	64.5919
			D	5,425.70	11,755.68	141,068.20	67.8213
			E	5,696.98	12,343.46	148,121.48	71.2123
4459	Cultural Arts Program Coordinator	TTSSEA	A	2,505.31	5,428.17	65,138.06	31.3164
			B	2,630.59	5,699.61	68,395.34	32.8824
			C	2,762.11	5,984.57	71,814.86	34.5264
			D	2,900.21	6,283.79	75,405.46	36.2526
			E	3,045.22	6,597.98	79,175.72	38.0653
3524	Cultural Arts Supervisor*	TMMBU	A	3,622.85	7,849.51	94,194.10	45.2856
			B	3,804.00	8,242.00	98,904.00	47.5500
			C	3,994.20	8,654.10	103,849.20	49.9275
			D	4,193.90	9,086.78	109,041.40	52.4238
			E	4,403.60	9,541.13	114,493.60	55.0450
4461	Cultural Arts Technical Coordinator	TTSSEA	A	2,103.86	4,558.36	54,700.36	26.2983
			B	2,209.04	4,786.25	57,435.04	27.6130
			C	2,319.50	5,025.58	60,307.00	28.9938
			D	2,435.47	5,276.85	63,322.22	30.4434
			E	2,557.23	5,540.67	66,487.98	31.9654
3523	Cultural Arts Technical Supervisor*	TMMBU	A	3,007.51	6,516.27	78,195.26	37.5939
			B	3,157.90	6,842.12	82,105.40	39.4738
			C	3,315.79	7,184.21	86,210.54	41.4474
			D	3,481.58	7,543.42	90,521.08	43.5198
			E	3,655.67	7,920.62	95,047.42	45.6959
9552	D.A.R.E Officer	LS	A				36.3700
			B				38.1900
			C				40.1000
			D				42.1000
			E				44.2100
2571	Deputy City Attorney I*	CONF	A	4,800.76	10,401.65	124,819.76	60.0095
			B	5,040.80	10,921.73	131,060.80	63.0100
			C	5,292.84	11,467.82	137,613.84	66.1605
			D	5,557.49	12,041.23	144,494.74	69.4686
			E	5,835.35	12,643.26	151,719.10	72.9419
2572	Deputy City Attorney II*	CONF	A	5,280.84	11,441.82	137,301.84	66.0105
			B	5,544.89	12,013.93	144,167.14	69.3111
			C	5,822.14	12,614.64	151,375.64	72.7768
			D	6,113.25	13,245.38	158,944.50	76.4156
			E	6,418.90	13,907.62	166,891.40	80.2363
4116	Deputy City Clerk	TTSSEA	A	2,791.45	6,048.14	72,577.70	34.8931
			B	2,931.03	6,350.57	76,206.78	36.6379
			C	3,077.57	6,668.07	80,016.82	38.4696
			D	3,231.47	7,001.52	84,018.22	40.3934
			E	3,393.03	7,351.57	88,218.78	42.4129

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City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
1515	Director of Development Services *	DH	Min	7,145.51	15,481.95	185,783.36	89.3189
			Max	8,683.90	18,815.12	225,781.42	108.5488
1522	Director of Finance*	DH	Min	6,666.78	14,444.69	173,336.23	83.3348
			Max	8,096.98	17,543.47	210,521.59	101.2123
1518	Director of Human Resources*	DH	Min	6,666.78	14,444.69	173,336.23	83.3348
			Max	8,096.98	17,543.46	210,521.54	101.2123
1516	Director of Parks and Recreation*	DH	Min	6,666.78	14,444.69	173,336.23	83.3348
			Max	8,096.98	17,543.46	210,521.54	101.2123
1512	Director of Public Works*	DH	Min	6,666.78	14,444.69	173,336.23	83.3348
			Max	8,096.98	17,543.46	210,521.54	101.2123
1520	Director of Utilities*	DH	Min	7,145.51	15,481.95	185,783.36	89.3189
			Max	8,683.90	18,815.12	225,781.42	108.5488
3208	Economic Development Mgmt Analyst I*	TMMBU	A	3,045.81	6,599.26	79,191.06	38.0726
			B	3,198.09	6,929.20	83,150.34	39.9761
			C	3,358.00	7,275.67	87,308.00	41.9750
			D	3,525.89	7,639.43	91,673.14	44.0736
			E	3,702.19	8,021.41	96,256.94	46.2774
3209	Economic Development Mgmt Analyst II*	TMMBU	A	3,502.59	7,588.95	91,067.34	43.7824
			B	3,677.72	7,968.39	95,620.72	45.9715
			C	3,861.60	8,366.80	100,401.60	48.2700
			D	4,054.69	8,785.16	105,421.94	50.6836
			E	4,257.43	9,224.43	110,693.18	53.2179
3207	Economic Development Manager*	TMMBU	A	4,329.49	9,380.56	112,566.74	54.1186
			B	4,545.96	9,849.58	118,194.96	56.8245
			C	4,773.26	10,342.06	124,104.76	59.6658
			D	5,011.92	10,859.16	130,309.92	62.6490
			E	5,262.51	11,402.11	136,825.26	65.7814
5325	Electrician	TEAMSTERS	A	3,317.38	7,187.66	86,251.88	41.4673
			B	3,483.26	7,547.06	90,564.76	43.5408
			C	3,657.44	7,924.45	95,093.44	45.7180
			D	3,840.29	8,320.63	99,847.54	48.0036
			E	4,032.31	8,736.67	104,840.06	50.4039
5221	Engineering Technician I	TEAMSTERS	A	2,640.32	5,720.69	68,648.32	33.0040
			B	2,772.33	6,006.72	72,080.58	34.6541
			C	2,910.94	6,307.04	75,684.44	36.3868
			D	3,056.49	6,622.40	79,468.74	38.2061
			E	3,209.33	6,953.55	83,442.58	40.1166
5225	Engineering Technician II	TEAMSTERS	A	2,772.34	6,006.74	72,080.84	34.6543
			B	2,910.96	6,307.08	75,684.96	36.3870
			C	3,056.51	6,622.44	79,469.26	38.2064
			D	3,209.36	6,953.61	83,443.36	40.1170
			E	3,369.79	7,301.21	87,614.54	42.1224
3412	Environmental Compliance Analyst	TMMBU	A	3,045.81	6,599.26	79,191.06	38.0726
		Non-Exempt	B	3,198.09	6,929.20	83,150.34	39.9761
			C	3,358.00	7,275.67	87,308.00	41.9750
			D	3,525.89	7,639.43	91,673.14	44.0736
			E	3,702.19	8,021.41	96,256.94	46.2774
5424	Environmental Compliance Technician	TEAMSTERS	A	2,197.75	4,761.79	57,141.50	27.4719
			B	2,307.65	4,999.91	59,998.90	28.8456
			C	2,423.01	5,249.86	62,998.26	30.2876
			D	2,544.16	5,512.35	66,148.16	31.8020
			E	2,671.40	5,788.03	69,456.40	33.3925

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City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
5313	Equipment Mechanic I	TEAMSTERS	A	2,426.53	5,257.48	63,089.78	30.3316
			B	2,547.85	5,520.34	66,244.10	31.8481
			C	2,675.24	5,796.35	69,556.24	33.4405
			D	2,809.00	6,086.17	73,034.00	35.1125
			E	2,949.45	6,390.48	76,685.70	36.8681
5314	Equipment Mechanic II	TEAMSTERS	A	2,547.84	5,520.32	66,243.84	31.8480
			B	2,675.24	5,796.35	69,556.24	33.4405
			C	2,808.99	6,086.15	73,033.74	35.1124
			D	2,949.45	6,390.48	76,685.70	36.8681
			E	3,096.91	6,709.97	80,519.66	38.7114
4108	Executive Assistant	TTSSEA	A	2,559.25	5,545.04	66,540.50	31.9906
			B	2,687.21	5,822.29	69,867.46	33.5901
			C	2,821.57	6,113.40	73,360.82	35.2696
			D	2,962.66	6,419.10	77,029.16	37.0333
			E	3,110.79	6,740.05	80,880.54	38.8849
8108	Executive Assistant - Confidential	CONF	A	2,622.72	5,682.56	68,190.72	32.7840
			B	2,753.86	5,966.70	71,600.36	34.4233
			C	2,891.55	6,265.03	75,180.30	36.1444
			D	3,036.12	6,578.26	78,939.12	37.9515
			E	3,187.93	6,907.18	82,886.18	39.8491
2581	Executive Assistant to City Manager	CONF	A	2,995.32	6,489.86	77,878.32	37.4415
			B	3,145.08	6,814.34	81,772.08	39.3135
			C	3,302.33	7,155.05	85,860.58	41.2791
			D	3,467.46	7,512.83	90,153.96	43.3433
			E	3,640.82	7,888.44	94,661.32	45.5103
9635	Facility Attendant	LS	A				19.8000
			B				20.7900
			C				21.8300
			D				22.9200
			E				24.0700
3404	Fleet Supervisor*	TMMBU	A	3,372.56	7,307.21	87,686.56	42.1570
			B	3,541.17	7,672.54	92,070.42	44.2646
			C	3,718.23	8,056.17	96,673.98	46.4779
			D	3,904.14	8,458.97	101,507.64	48.8018
			E	4,099.34	8,881.90	106,582.84	51.2418
3120	GIS Analyst *	TMMBU	A	3,502.59	7,588.95	91,067.34	43.7824
			B	3,677.72	7,968.39	95,620.72	45.9715
			C	3,861.60	8,366.80	100,401.60	48.2700
			D	4,054.69	8,785.16	105,421.94	50.6836
			E	4,257.43	9,224.43	110,693.18	53.2179

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City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
4206	GIS Technician	TTSSEA	A	2,835.37	6,143.30	73,719.62	35.4421
			B	2,977.14	6,450.47	77,405.64	37.2143
			C	3,126.01	6,773.02	81,276.26	39.0751
			D	3,282.31	7,111.67	85,340.06	41.0289
			E	3,446.41	7,467.22	89,606.66	43.0801
3215	Homeless Services Manager*	TMMBU	A	4,329.49	9,380.56	112,566.74	54.1186
			B	4,545.96	9,849.58	118,194.96	56.8245
			C	4,773.26	10,342.06	124,104.76	59.6658
			D	5,011.92	10,859.16	130,309.92	62.6490
			E	5,262.51	11,402.11	136,825.26	65.7814
2511	Human Resources Analyst I*	CONF	A	3,121.35	6,762.93	81,155.10	39.0169
			B	3,277.42	7,101.08	85,212.92	40.9678
			C	3,441.27	7,456.09	89,473.02	43.0159
			D	3,613.34	7,828.90	93,946.84	45.1668
			E	3,794.01	8,220.36	98,644.26	47.4251
2512	Human Resources Analyst II*	CONF	A	3,589.45	7,777.14	93,325.70	44.8681
			B	3,768.92	8,165.99	97,991.92	47.1115
			C	3,957.36	8,574.28	102,891.36	49.4670
			D	4,155.24	9,003.02	108,036.24	51.9405
			E	4,363.01	9,453.19	113,438.26	54.5376
2562	Human Resources Manager*	CONF	A	4,803.16	10,406.85	124,882.16	60.0395
			B	5,043.31	10,927.17	131,126.06	63.0414
			C	5,295.49	11,473.56	137,682.74	66.1936
			D	5,560.26	12,047.23	144,566.76	69.5033
			E	5,838.29	12,649.63	151,795.54	72.9786
4301	Human Resources Technician	CONF	A	2,663.29	5,770.46	69,245.54	33.2911
			B	2,796.46	6,059.00	72,707.96	34.9558
			C	2,936.28	6,361.94	76,343.28	36.7035
			D	3,083.10	6,680.05	80,160.60	38.5388
			E	3,237.25	7,014.04	84,168.50	40.4656
4204	Information Systems Technician I	TTSSEA	A	2,465.55	5,342.03	64,104.30	30.8194
			B	2,588.83	5,609.13	67,309.58	32.3604
			C	2,718.28	5,889.61	70,675.28	33.9785
			D	2,854.19	6,184.08	74,208.94	35.6774
			E	2,996.90	6,493.28	77,919.40	37.4613
4205	Information Systems Technician II	TTSSEA	A	2,835.37	6,143.30	73,719.62	35.4421
			B	2,977.14	6,450.47	77,405.64	37.2143
			C	3,126.01	6,773.02	81,276.26	39.0751
			D	3,282.31	7,111.67	85,340.06	41.0289
			E	3,446.41	7,467.22	89,606.66	43.0801
2553	Information Technology Manager*	CONF	A	4,803.16	10,406.85	124,882.16	60.0395
			B	5,043.31	10,927.17	131,126.06	63.0414
			C	5,295.49	11,473.56	137,682.74	66.1936
			D	5,560.26	12,047.23	144,566.76	69.5033
			E	5,838.29	12,649.63	151,795.54	72.9786

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City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
3111	Information Technology Specialist*	TMMBU	A	3,402.46	7,372.00	88,463.96	42.5308
			B	3,572.60	7,740.63	92,887.60	44.6575
			C	3,751.22	8,127.64	97,531.72	46.8903
			D	3,938.77	8,534.00	102,408.02	49.2346
			E	4,135.71	8,960.71	107,528.46	51.6964
5413	Instrumentation Technician	TEAMSTERS	A	3,080.01	6,673.36	80,080.26	38.5001
			B	3,234.01	7,007.02	84,084.26	40.4251
			C	3,395.72	7,357.39	88,288.72	42.4465
			D	3,565.49	7,725.23	92,702.74	44.5686
			E	3,743.77	8,111.50	97,338.02	46.7971
9108	Intern-Generalist	LS	A				20.5500
			B				21.5800
			C				22.6600
			D				23.7900
			E				24.9800
5224	Junior Engineer	TEAMSTERS	A	3,049.14	6,606.47	79,277.64	38.1143
			B	3,201.59	6,936.78	83,241.34	40.0199
			C	3,361.66	7,283.60	87,403.16	42.0208
			D	3,529.75	7,647.79	91,773.50	44.1219
			E	3,706.24	8,030.19	96,362.24	46.3280
5423	Laboratory Quality Assurance Officer*	TMMBU	A	2,829.70	6,131.02	73,572.20	35.3713
			B	2,971.20	6,437.60	77,251.20	37.1400
			C	3,119.76	6,759.48	81,113.76	38.9970
			D	3,275.74	70,974.37	851,692.40	40.9468
			E	3,439.53	7,452.32	89,427.78	42.9941
5421	Laboratory Technician I	TEAMSTERS	A	2,395.98	5,191.29	62,295.48	29.9498
			B	2,515.76	5,450.81	65,409.76	31.4470
			C	2,641.57	5,723.40	68,680.82	33.0196
			D	2,773.64	6,009.55	72,114.64	34.6705
			E	2,912.31	6,310.01	75,720.06	36.4039
5422	Laboratory Technician II	TEAMSTERS	A	2,504.04	5,425.42	65,105.04	31.3005
			B	2,629.24	5,696.69	68,360.24	32.8655
			C	2,760.71	5,981.54	71,778.46	34.5089
			D	2,898.74	6,280.60	75,367.24	36.2343
			E	3,043.67	6,594.62	79,135.42	38.0459
3508	Landscape Architect*	TMMBU	A	3,852.85	8,347.84	100,174.10	48.1606
			B	4,045.49	8,765.23	105,182.74	50.5686
			C	4,247.76	9,203.48	110,441.76	53.0970
			D	4,460.15	9,663.66	115,963.90	55.7519
			E	4,683.17	10,146.87	121,762.42	58.5396
4109	Legal Secretary	CONF	A	2,860.68	6,198.14	74,377.68	35.7585
			B	3,003.71	6,508.04	78,096.46	37.5464
			C	3,153.90	6,833.45	82,001.40	39.4238
			D	3,311.60	7,175.13	86,101.60	41.3950
			E	3,477.18	7,533.89	90,406.68	43.4648

Employees marked with an * (asterisk) are salaried

City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
9636	Lifeguard	LS	A				15.0000
			B				15.7500
			C				16.5400
			D				17.3600
			E				18.2300
9303	Maintenance Aide	LS	A				17.4500
			B				18.3200
			C				19.2300
			D				20.1900
			E				21.2000
5301	Maintenance Worker I	TEAMSTERS	A	1,786.00	3,869.67	46,436.00	22.3250
			B	1,875.31	4,063.17	48,758.06	23.4414
			C	1,969.07	4,266.32	51,195.82	24.6134
			D	2,067.52	4,479.63	53,755.52	25.8440
			E	2,170.90	4,703.62	56,443.40	27.1363
5303	Maintenance Worker II	TEAMSTERS	A	2,268.56	4,915.21	58,982.56	28.3570
			B	2,381.99	5,160.98	61,931.74	29.7749
			C	2,501.08	5,419.01	65,028.08	31.2635
			D	2,626.13	5,689.95	68,279.38	32.8266
			E	2,757.43	5,974.43	71,693.18	34.4679
3151	Management Analyst I*	TMMBU	A	3,045.81	6,599.26	79,191.06	38.0726
			B	3,198.09	6,929.20	83,150.34	39.9761
			C	3,358.00	7,275.67	87,308.00	41.9750
			D	3,525.89	7,639.43	91,673.14	44.0736
			E	3,702.19	8,021.41	96,256.94	46.2774
3152	Management Analyst II*	TMMBU	A	3,502.59	7,588.95	91,067.34	43.7824
			B	3,677.72	7,968.39	95,620.72	45.9715
			C	3,861.60	8,366.80	100,401.60	48.2700
			D	4,054.69	8,785.16	105,421.94	50.6836
			E	4,257.43	9,224.43	110,693.18	53.2179
1101	Mayor*			478.15	1,036.00	12,432.00	
3527	Media Services Supervisor	TMMBU	A	3,007.51	6,516.27	78,195.26	37.5939
		Non-Exempt	B	3,157.90	6,842.12	82,105.40	39.4738
			C	3,315.79	7,184.21	86,210.54	41.4474
			D	3,481.58	7,543.42	90,521.08	43.5198
			E	3,655.67	7,920.62	95,047.42	45.6959
5531	Meter Reader	TEAMSTERS	A	1,547.54	3,353.00	40,236.04	19.3443
			B	1,624.91	3,520.64	42,247.66	20.3114
			C	1,706.16	3,696.68	44,360.16	21.3270
			D	1,791.46	3,881.50	46,577.96	22.3933
			E	1,881.04	4,075.59	48,907.04	23.5130
4212	Multimedia Communications Assistant	TTSSEA	A	2,103.86	4,558.36	54,700.36	26.2983
			B	2,209.04	4,786.25	57,435.04	27.6130
			C	2,319.50	5,025.58	60,307.00	28.9938
			D	2,435.47	5,276.85	63,322.22	30.4434
			E	2,557.23	5,540.67	66,487.98	31.9654

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City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
4210	Multimedia Communications Coordinator	TTSSEA	A	2,505.31	5,428.17	65,138.06	31.3164
			B	2,630.59	5,699.61	68,395.34	32.8824
			C	2,762.11	5,984.57	71,814.86	34.5264
			D	2,900.21	6,283.79	75,405.46	36.2526
			E	3,045.22	6,597.98	79,175.72	38.0653
4105	Office Assistant	TTSSEA	A	1,722.68	3,732.47	44,789.68	21.5335
			B	1,808.80	3,919.07	47,028.80	22.6100
			C	1,899.25	4,115.04	49,380.50	23.7406
			D	1,994.22	4,320.81	51,849.72	24.9278
			E	2,093.93	4,536.85	54,442.18	26.1741
1107	Parks Commissioner			Stipend of $50.00 per meeting			
3509	Parks Planning & Development Manager*	TMMBU	A	3,852.85	8,347.84	100,174.10	48.1606
			B	4,045.49	8,765.23	105,182.74	50.5686
			C	4,247.76	9,203.48	110,441.76	53.0970
			D	4,460.15	9,663.66	115,963.90	55.7519
			E	4,683.17	10,146.87	121,762.42	58.5396
3507	Parks Project Coordinator*	TMMBU	A	3,349.82	7,257.95	87,095.32	
			B	3,517.31	7,620.84	91,450.06	
			C	3,693.18	8,001.89	96,022.68	
			D	3,877.84	8,401.98	100,823.84	
			E	4,071.73	8,822.08	105,864.98	
3306	Plan Check Engineer*	TMMBU	A	4,690.57	10,162.90	121,954.82	58.6321
			B	4,925.10	10,671.05	128,052.60	61.5638
			C	5,171.36	11,204.61	134,455.36	64.6420
			D	5,429.93	11,764.85	141,178.18	67.8741
			E	5,701.43	12,353.10	148,237.18	71.2679
5214	Plan Examiner I	TEAMSTERS	A	3,225.31	6,988.17	83,858.06	40.3164
			B	3,386.61	7,337.66	88,051.86	42.3326
			C	3,555.93	7,704.52	92,454.18	44.4491
			D	3,733.71	8,089.71	97,076.46	46.6714
			E	3,920.42	8,494.24	101,930.92	49.0053
5215	Plan Examiner II	TEAMSTERS	A	3,395.07	7,355.99	88,271.82	42.4384
			B	3,564.85	7,723.84	92,686.10	44.5606
			C	3,743.08	8,110.01	97,320.08	46.7885
			D	3,930.22	8,515.48	102,185.72	49.1278
			E	4,126.76	8,941.31	107,295.76	51.5845
1106	Planning Commissioner			Stipend of $50.00 per meeting			
4506	Planning Technician	TTSSEA	A	2,598.83	5,630.80	67,569.58	32.4854
			B	2,728.79	5,912.38	70,948.54	34.1099
			C	2,865.21	6,207.96	74,495.46	35.8151
			D	3,008.49	6,518.40	78,220.74	37.6061
			E	3,158.92	6,844.33	82,131.92	39.4865
6212	Police Captain*	TPMA	A	5,903.58	12,791.09	153,493.08	73.7948
			B	6,198.77	13,430.67	161,168.02	77.4846
			C	6,508.69	14,102.16	169,225.94	81.3586
			D	6,834.13	14,807.28	177,687.38	85.4266
			E	7,175.87	15,547.72	186,572.62	89.6984
1513	Police Chief*	DH	Min	7,591.04	16,447.26	197,367.07	94.8880
			Max	9,226.99	19,991.81	239,901.77	115.3374
4603	Police Community Relations Coordinator	TTSSEA	A	2,505.31	5,428.17	65,138.06	31.3164
			B	2,630.59	5,699.61	68,395.34	32.8824
			C	2,762.11	5,984.57	71,814.86	34.5264
			D	2,900.21	6,283.79	75,405.46	36.2526
			E	3,045.22	6,597.98	79,175.72	38.0653
6103	Police Corporal	TPOA	A	3,752.19	8,129.75	97,556.94	46.9024
			B	3,939.82	8,536.28	102,435.32	49.2478
			C	4,136.81	8,963.09	107,557.06	51.7101
			D	4,343.66	9,411.26	112,935.16	54.2958
			E	4,560.84	9,881.82	118,581.84	27.0105

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City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
9501	Police Intern/Parking Enforcement	LS	A				19.5000
	Officer		B				20.4800
			C				21.5000
			D				22.5700
			E				23.7000
6211	Police Lieutenant*	TPMA	A	5,109.41	11,070.39	132,844.66	63.8676
			B	5,364.87	11,623.89	139,486.62	67.0609
			C	5,633.13	12,205.12	146,461.38	70.4141
			D	5,914.78	12,815.36	153,784.28	73.9348
			E	6,210.51	13,456.11	161,473.26	77.6314
6102	Police Officer	TPOA	A	3,411.09	7,390.70	88,688.34	42.6386
			B	3,581.64	7,760.22	93,122.64	44.7705
			C	3,760.73	8,148.25	97,778.98	47.0091
			D	3,948.79	8,555.71	102,668.54	49.3599
			E	4,146.22	8,983.48	107,801.72	51.8278
9517	Police Range Master	LS	A				31.1700
			B				32.7300
			C				34.3600
			D				36.0800
			E				37.8800
4103	Police Records Assistant I	TTSSEA	A	2,135.53	4,626.98	55,523.78	26.6941
			B	2,242.32	4,858.36	58,300.32	28.0290
			C	2,354.45	5,101.31	61,215.70	29.4306
			D	2,472.15	5,356.33	64,275.90	30.9019
			E	2,595.76	5,624.15	67,489.76	32.4470
4104	Police Records Assistant II	TTSSEA	A	2,242.29	4,858.30	58,299.54	28.0286
			B	2,354.43	5,101.27	61,215.18	29.4304
			C	2,472.12	5,356.26	64,275.12	30.9015
			D	2,595.73	5,624.08	67,488.98	32.4466
			E	2,725.52	5,905.29	70,863.52	34.0690

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City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
3626	Police Records Supervisor*	TMMBU	A	3,060.95	6,632.06	79,584.70	38.2619
			B	3,214.01	6,963.69	83,564.26	40.1751
			C	3,374.70	7,311.85	87,742.20	42.1838
			D	3,543.45	7,677.48	92,129.70	44.2931
			E	3,720.60	8,061.30	96,735.60	46.5075
9551	Police Reserve	LS	A				40.5500
6105	Police Sergeant	TPOA	A	4,110.56	8,906.21	106,874.56	51.3820
			B	4,316.11	9,351.57	112,218.86	53.9492
			C	4,531.92	9,819.16	117,829.92	56.6468
			D	4,758.51	10,310.11	123,721.26	59.4791
			E	4,996.44	10,825.62	129,907.44	62.4531
2712	Police Support Operations Manager*	CONF	A	5,436.48	11,779.04	141,348.48	67.9560
			B	5,708.31	12,368.01	148,416.06	71.3539
			C	5,993.71	12,986.37	155,836.46	74.9214
			D	6,293.39	13,635.68	163,628.14	78.6674
			E	6,608.07	14,317.49	171,809.82	82.6009
4701	Police Support Services Technician	TTSSEA	A	2,598.83	5,630.80	67,569.58	32.4854
			B	2,728.79	5,912.38	70,948.54	34.1099
			C	2,865.21	6,207.96	74,495.46	35.8151
			D	3,008.49	6,518.40	78,220.74	37.6061
			E	3,158.92	6,844.33	82,131.92	39.4865
6101	Police Trainee (Non-Sworn)	TPOA	A	2,966.07	6,426.48	77,117.82	37.0759
9638	Pool Manager	LS	A				21.3100
			B				22.3800
			C				23.4900
			D				24.6700
			E				25.9000
9533	Professional Standards Officer	LS	A				51.9500
			B				54.5500
			C				57.2800
			D				60.1400
			E				63.1500
9110	Program Assistant	LS	Min				15.0000
			Max				25.8200
9231	Project Specialist I	LS	Min				15.0000
			Max				50.0100
9232	Project Specialist II	LS	Min				50.0200
			Max				140.9900
5518	Property and Evidence Technician	TEAMSTERS	A	2,303.09	4,990.03	59,880.34	28.7886
			B	2,418.23	5,239.50	62,873.98	30.2279
			C	2,539.16	5,501.51	66,018.16	31.7395
			D	2,666.12	5,776.59	69,319.12	33.3265
			E	2,799.41	6,065.39	72,784.66	34.9926

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City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
2585	Public Information Officer*	CONF	A	3,589.45	7,777.14	93,325.70	44.8681
			B	3,768.92	8,165.99	97,991.92	47.1115
			C	3,957.36	8,574.28	102,891.36	49.4670
			D	4,155.24	9,003.02	108,036.24	51.9405
			E	4,363.01	9,453.19	113,438.26	54.5376
3623	Public Safety Dispatch Supervisor*	TMMBU	A	3,248.37	7,038.14	84,457.62	40.6046
			B	3,410.78	7,390.02	88,680.28	42.6348
			C	3,581.33	7,759.55	93,114.58	44.7666
			D	3,760.39	8,147.51	97,770.14	47.0049
			E	3,948.42	8,554.91	102,658.92	49.3553
5502	Public Safety Dispatcher I	TEAMSTERS	A	2,660.74	5,764.94	69,179.24	33.2593
			B	2,793.76	6,053.15	72,637.76	34.9220
			C	2,933.45	6,355.81	76,269.70	36.6681
			D	3,080.12	6,673.59	80,083.12	38.5015
			E	3,234.15	7,007.33	84,087.90	40.4269
5503	Public Safety Dispatcher II	TEAMSTERS	A	2,919.04	6,324.59	75,895.04	36.4880
			B	3,064.98	6,640.79	79,689.48	38.3123
			C	3,218.24	6,972.85	83,674.24	40.2280
			D	3,379.15	7,321.49	87,857.90	42.2394
			E	3,548.11	7,687.57	92,250.86	44.3514
9512	Public Safety Dispatcher II - Per Diem	LS	A				33.1100
			B				34.7700
			C				36.5100
			D				38.3300
			E				40.2500
3401	Public Works Superintendent*	TMMBU	A	4,047.63	8,769.87	105,238.38	50.5954
			B	4,250.02	9,208.38	110,500.52	53.1253
			C	4,462.52	9,668.79	116,025.52	55.7815
			D	4,685.65	10,152.24	121,826.90	58.5706
			E	4,919.92	10,659.83	127,917.92	61.4990
3405	Public Works Supervisor*	TMMBU	A	3,372.56	7,307.21	87,686.56	42.1570
			B	3,541.17	7,672.54	92,070.42	44.2646
			C	3,718.23	8,056.17	96,673.98	46.4779
			D	3,904.14	8,458.97	101,507.64	48.8018
			E	4,099.34	8,881.90	106,582.84	51.2418
9631	Recreation Leader I	LS	A				15.0000
			B				15.7500
			C				16.5400
			D				17.3600
			E				18.2300
9632	Recreation Leader II	LS	A				18.7900
			B				19.7300
			C				20.7200
			D				21.7500
			E				22.8400

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Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
9633	Recreation Leader III	LS	A				21.3100
			B				22.3800
			C				23.4900
			D				24.6900
			E				25.9000
4401	Recreation Program Coordinator	TTSSEA	A	2,505.31	5,428.17	65,138.06	31.3164
			B	2,630.59	5,699.61	68,395.34	32.8824
			C	2,762.11	5,984.57	71,814.86	34.5264
			D	2,900.21	6,283.79	75,405.46	36.2526
			E	3,045.22	6,597.98	79,175.72	38.0653
3513	Recreation Services Manager*	TMMBU	A	3,985.11	8,634.41	103,612.86	49.8139
			B	4,184.38	9,066.16	108,793.88	52.3048
			C	4,393.59	9,519.45	114,233.34	54.9199
			D	4,613.28	9,995.44	119,945.28	57.6660
			E	4,843.94	10,495.20	125,942.44	60.5493
3505	Recreation Services Supervisor*	TMMBU	A	3,622.84	7,849.49	94,193.84	45.2855
			B	3,803.99	8,241.98	98,903.74	47.5499
			C	3,994.19	8,654.08	103,848.94	49.9274
			D	4,193.89	9,086.76	109,041.14	52.4236
			E	4,403.58	9,541.09	114,493.08	55.0448
9626	Recreation Specialized Instructor	LS	Min				15.0000
			Max				53.2100
4113	Senior Account Clerk	TTSSEA	A	2,329.23	5,046.67	60,559.98	29.1154
			B	2,445.69	5,299.00	63,587.94	30.5711
			C	2,567.98	5,563.96	66,767.48	32.0998
			D	2,696.39	5,842.18	70,106.14	33.7049
			E	2,831.19	6,134.25	73,610.94	35.3899
3105	Senior Accountant*	TMMBU	A	3,764.80	8,157.07	97,884.80	47.0600
			B	3,953.05	8,564.94	102,779.30	49.4131
			C	4,150.70	8,993.18	107,918.20	51.8838
			D	4,358.24	9,442.85	113,314.24	54.4780
			E	4,576.16	9,915.01	118,980.16	57.2020
4202	Senior Accounting Technician	TTSSEA	A	3,020.32	6,544.03	78,528.32	37.7540
			B	3,171.34	6,871.24	82,454.84	39.6418
			C	3,329.92	7,214.83	86,577.92	41.6240
			D	3,496.42	7,575.58	90,906.92	43.7053
			E	3,671.25	7,954.38	95,452.50	45.8906
5323	Senior Building Maintenance Worker	TEAMSTERS	A	2,560.67	5,548.12	66,577.42	32.0084
			B	2,688.69	5,825.50	69,905.94	33.6086
			C	2,823.12	6,116.76	73,401.12	35.2890
			D	2,964.29	6,422.63	77,071.54	37.0536
			E	3,112.52	6,743.79	80,925.52	38.9065
3304	Senior Civil Engineer*	TMMBU	A	4,690.70	10,163.18	121,958.20	58.6338
			B	4,925.23	10,671.33	128,055.98	61.5654
			C	5,171.50	11,204.92	134,459.00	64.6438
			D	5,430.08	11,765.17	141,182.08	67.8760
			E	5,701.58	12,353.42	148,241.08	71.2698

Employees marked with an * (asterisk) are salaried

City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
5315	Senior Equipment Mechanic	TEAMSTERS	A	2,675.25	5,796.38	69,556.50	33.4406
			B	2,809.00	6,086.17	73,034.00	35.1125
			C	2,949.46	6,390.50	76,685.96	36.8683
			D	3,096.92	6,709.99	80,519.92	38.7115
			E	3,251.77	7,045.50	84,546.02	40.6471
4208	Senior Information Systems Technician	TTSSEA	A	3,118.90	6,757.62	81,091.40	38.9863
			B	3,274.85	7,095.51	85,146.10	40.9356
			C	3,438.60	7,450.30	89,403.60	42.9825
			D	3,610.53	7,822.82	93,873.78	45.1316
			E	3,791.05	8,213.94	98,567.30	47.3881
9637	Senior Lifeguard	LS	A				18.7900
			B				19.7300
			C				20.7200
			D				21.7500
			E				22.8400
5305	Senior Maintenance Worker	TEAMSTERS	A	2,497.45	5,411.14	64,933.70	31.2181
			B	2,622.30	5,681.65	68,179.80	32.7788
			C	2,753.42	5,965.74	71,588.92	34.4178
			D	2,891.10	6,264.05	75,168.60	36.1388
			E	3,035.64	6,577.22	78,926.64	37.9455
3203	Senior Planner*	TMMBU	A	4,021.02	8,712.21	104,546.52	50.2628
			B	4,222.07	9,147.82	109,773.82	52.7759
			C	4,433.18	9,605.22	115,262.68	55.4148
			D	4,654.84	10,085.49	121,025.84	58.1855
			E	4,887.58	10,589.76	127,077.08	61.0948
4410	Senior Police Records Assistant	TTSSEA	A	2,466.52	5,344.13	64,129.52	30.8315
			B	2,589.87	5,611.39	67,336.62	32.3734
			C	2,719.33	5,891.88	70,702.58	33.9916
			D	2,855.30	6,186.48	74,237.80	35.6913
			E	2,998.07	6,495.82	77,949.82	37.4759
5504	Senior Public Safety Dispatcher	TEAMSTERS	A	3,064.98	6,640.79	79,689.48	38.3123
			B	3,218.24	6,972.85	83,674.24	40.2280
			C	3,379.15	7,321.49	87,857.90	42.2394
			D	3,548.11	7,687.57	92,250.86	44.3514
			E	3,725.53	8,071.98	96,863.78	46.5691
5356	Senior Utilities Worker	TEAMSTERS	A	2,622.79	5,682.71	68,192.54	32.7849
			B	2,753.81	5,966.59	71,599.06	34.4226
			C	2,891.42	6,264.74	75,176.92	36.1428
			D	3,036.44	6,578.95	78,947.44	37.9555
			E	3,187.23	6,905.67	82,867.98	39.8404
3343	Supervising Building Inspector*	TMMBU	A	3,852.85	8,347.84	100,174.10	48.1606
			B	4,045.49	8,765.23	105,182.74	50.5686
			C	4,247.76	9,203.48	110,441.76	53.0970
			D	4,460.15	9,663.66	115,963.90	55.7519
			E	4,683.17	10,146.87	121,762.42	58.5396

Employees marked with an * (asterisk) are salaried

City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
3345	Supervising Construction Inspector	TMMBU	A	3,752.51	8,130.44	97,565.26	46.9064
		Non-Exempt	B	3,940.14	8,536.97	102,443.64	49.2518
			C	4,137.15	8,963.83	107,565.90	51.7144
			D	4,343.99	9,411.98	112,943.74	54.2999
			E	4,561.19	9,882.58	118,590.94	57.0149
3117	System Administrator*	TMMBU	A	3,502.59	7,588.95	91,067.34	43.7824
			B	3,677.72	7,968.39	95,620.72	45.9715
			C	3,861.60	8,366.80	100,401.60	48.2700
			D	4,054.69	8,785.16	105,421.94	50.6836
			E	4,257.43	9,224.43	110,693.18	53.2179
9361	Theatre Technician	LS	A				29.7100
			B				31.1900
			C				32.7500
			D				34.3900
			E				36.1100
4420	Transit Coordinator	TTSSEA	A	2,505.31	5,428.17	65,138.06	31.3164
			B	2,630.59	5,699.61	68,395.34	32.8824
			C	2,762.11	5,984.57	71,814.86	34.5264
			D	2,900.21	6,283.79	75,405.46	36.2526
			E	3,045.22	6,597.98	79,175.72	38.0653
3515	Transit Manager*	TMMBU	A	3,901.95	8,454.23	101,450.70	48.7744
			B	4,097.03	8,876.90	106,522.78	51.2129
			C	4,301.90	9,320.78	111,849.40	53.7738
			D	4,516.98	9,786.79	117,441.48	56.4623
			E	4,742.83	10,276.13	123,313.58	59.2854
1109	Transportation Commissioner			Stipend of $50.00 per meeting			
3424	Utilities Laboratory Superintendent*	TMMBU	A	4,047.63	8,769.87	105,238.38	50.5954
			B	4,250.02	9,208.38	110,500.52	53.1253
			C	4,462.52	9,668.79	116,025.52	55.7815
			D	4,685.65	10,152.24	121,826.90	58.5706
			E	4,919.92	10,659.83	127,917.92	61.4990
5350	Utilities Worker I	TEAMSTERS	A	1,874.60	4,061.63	48,739.60	23.4325
			B	1,968.54	4,265.17	51,182.04	24.6068
			C	2,066.59	4,477.61	53,731.34	25.8324
			D	2,170.42	4,702.58	56,430.92	27.1303
			E	2,280.01	4,940.02	59,280.26	28.5001
5353	Utilities Worker II	TEAMSTERS	A	2,381.36	5,159.61	61,915.36	29.7670
			B	2,500.84	5,418.49	65,021.84	31.2605
			C	2,625.26	5,688.06	68,256.76	32.8158
			D	2,757.10	5,973.72	71,684.60	34.4638
			E	2,894.71	6,271.87	75,262.46	36.1839
3403	Utility Line Maintenance Superintendent*	TMMBU	A	4,124.00	8,935.33	107,224.00	51.5500
			B	4,330.18	9,382.06	112,584.68	54.1273
			C	4,546.70	9,851.18	118,214.20	56.8338
			D	4,774.03	10,343.73	124,124.78	59.6754
			E	5,012.73	10,860.92	130,330.98	62.6591

Employees marked with an * (asterisk) are salaried

City of Tracy
Master Salary Schedule

Class Code	Position Title	Unit	Step	Bi-Weekly Salary	Monthly Salary	Annual Salary	Hourly Rate
3423	Utility Maintenance Superintendent*	TMMBU	A	4,200.33	9,100.72	109,208.58	52.5041
			B	4,410.34	9,555.74	114,668.84	55.1293
			C	4,630.85	10,033.51	120,402.10	57.8856
			D	4,862.40	10,535.20	126,422.40	60.7800
			E	5,105.51	11,061.94	132,743.26	63.8189
3410	Utility Maintenance Supervisor*	TMMBU	A	3,500.26	7,583.90	91,006.76	43.7533
			B	3,675.28	7,963.11	95,557.28	45.9410
			C	3,859.04	8,361.25	100,335.04	48.2380
			D	4,052.00	8,779.33	105,352.00	50.6500
			E	4,254.60	9,218.30	110,619.60	53.1825
5411	Utility Mechanic I	TEAMSTERS	A	2,805.51	6,078.61	72,943.26	35.0689
			B	2,945.79	6,382.55	76,590.54	36.8224
			C	3,093.07	6,701.65	80,419.82	38.6634
			D	3,247.73	7,036.75	84,440.98	40.5966
			E	3,410.11	7,388.57	88,662.86	42.6264
5412	Utility Mechanic II	TEAMSTERS	A	2,875.63	6,230.53	74,766.38	35.9454
			B	3,019.42	6,542.08	78,504.92	37.7428
			C	3,170.39	6,869.18	82,430.14	39.6299
			D	3,328.90	7,212.62	86,551.40	41.6113
			E	3,495.35	7,573.26	90,879.10	43.6919
5404	Utility Operator	TEAMSTERS	A	3,362.14	7,284.64	87,415.64	42.0268
			B	3,530.21	7,648.79	91,785.46	44.1276
			C	3,706.74	8,031.27	96,375.24	46.3343
			D	3,892.08	8,432.84	101,194.08	48.6510
			E	4,086.68	8,854.47	106,253.68	51.0835
3422	Wastewater Operations Superintendent*	TMMBU	A	4,200.33	9,100.72	109,208.58	52.5041
			B	4,410.34	9,555.74	114,668.84	55.1293
			C	4,630.85	10,033.51	120,402.10	57.8856
			D	4,862.40	10,535.20	126,422.40	60.7800
			E	5,105.51	11,061.94	132,743.26	63.8189
5405	Wastewater Treatment Plant Operator I	TEAMSTERS	A	2,658.93	5,761.02	69,132.18	33.2366
			B	2,791.86	6,049.03	72,588.36	34.8983
			C	2,931.46	6,351.50	76,217.96	36.6433
			D	3,078.04	6,669.09	80,029.04	38.4755
			E	3,231.95	7,002.56	84,030.70	40.3994
5406	Wastewater Treatment Plant Operator II	TEAMSTERS	A	2,798.88	6,064.24	72,770.88	34.9860
			B	2,938.80	6,367.40	76,408.80	36.7350
			C	3,085.75	6,685.79	80,229.50	38.5719
			D	3,240.05	7,020.11	84,241.30	40.5006
			E	3,402.06	7,371.13	88,453.56	42.5258
5407	Wastewater Treatment Plant Operator III	TEAMSTERS	A	2,946.19	6,383.41	76,600.94	36.8274
			B	3,093.47	6,702.52	80,430.22	38.6684
			C	3,248.16	7,037.68	84,452.16	40.6020
			D	3,410.58	7,389.59	88,675.08	42.6323
			E	3,581.11	7,759.07	93,108.86	44.7639

Employees marked with an * (asterisk) are salaried

April 2022
FLSA: Exempt
CLASS CODE: 3507
BARGAINING UNIT: TMMBU

PARKS PROJECT COORDINATOR

DEFINITION

Under general direction, coordinates and manages activities related to the design, construction and renovation of the parks, sports fields, street landscapes and related recreational facilities, including the Parks Capital Improvement Plan and related capital projects; ensures compliance with environmental regulations and City development standards; performs a variety of technical level tasks relative to assigned area of responsibility; and provides complex staff assistance to the higher level manager.

SUPERVISION RECEIVED AND EXERCISED

Receives general direction from assigned supervisory or management staff. May exercise direct and general supervision over assigned staff.

CLASS CHARACTERISTICS

This is a management classification responsible for coordinating activities related to the design, construction, and renovation of parks, sports fields, street landscapes and related recreational facilities. Responsibilities include management and coordination of a variety of projects pertaining to park and recreational facility planning, maintenance and construction including the Parks Capital Improvement Plan. Incumbents serve as a technical and professional resource. Performance of the work requires the use of independence, initiative, and discretion within established guidelines.

EXAMPLES OF TYPICAL JOB FUNCTIONS (Illustrative Only)

Management reserves the right to add, modify, change, or rescind the work assignments of different positions and to make reasonable accommodations so that qualified employees can perform the essential functions of the job.

- Coordinate and assist with park and landscape development projects including media contact/interaction, administration of contracts with consultants/contractors, management of outside consultants in the preparation of construction documents and cost estimates; assist with administration of construction projects, including project budgets, permitting and field inspections.
- Prepare and manage federal, state, and county grant applications for assigned projects.
- Attend, prepare and present staff reports and informational items to City Council, Parks Commission, Planning Commission, and other commissions and boards as assigned.
- Coordinate and conduct public and internal meetings regarding the design and development of new/renovated parks, sports and recreational facilities; respond to complaints.
- Plan review of projects from Development Services and Public Works Departments as they related to parks, streetscapes and recreation facilities.
- Plan review of municipal landscape and irrigation projects prepared by outside consultants.
- Design and inspect playground equipment for compliance with safety and accessibility requirements, including ADA requirements.
- Provide technical input, including cost estimates, for the preparation of operational and capital improvement budgets; assist with administration of budgets for assigned area.
- Use and provide technical assistance with a variety of computer aided design and graphic design software (i.e. AutoCAD, Adobe Suite, Sketchup, etc.) to design/refine designs of construction projects, including the preparation of professional construction documents and conceptual plans.
- Assist with Capital Improvement Program needs for the department and develop recommendations.

- Research and prepare technical and administrative reports.
- Inspect City, developer and commercial landscape installations to ensure compliance.
- Performs other related duties as assigned.

QUALIFICATIONS

Knowledge of:

- Organization and management practices as applied to the development, analysis, and evaluation of programs, policies, and operational needs of the assigned area of responsibility.
- Principles and practices of park, sports and recreational facility, and landscape design, architecture, construction, maintenance and horticulture related to park and landscape planning and design and related recreational uses.
- Principles and utilization of architecture tools, templates, scales and graphics.
- Principles and practices of project management of large scale projects including managing timelines, monitoring and administering project budgets, and developing and delivering progress reports to governing bodies, management, and other stakeholders.
- Pertinent local, State and Federal rules, regulations, and laws.
- Principles and practices of employee supervision, including work planning, assignment review and evaluation, discipline, and the training of staff in work procedures.
- Techniques for providing a high level of customer service by effectively dealing with the public, vendors, contractors, and City staff.
- The structure and content of the English language, including the meaning and spelling of words, rules of composition, and grammar.
- Modern equipment and communication tools used for business functions and program, project, and task coordination.
- Computers and software programs to conduct, compile, and/or generate documentation.

Ability to:

- Provide administrative, management, and technical support for the Parks Planning and Development program.
- Organize and assisting with Parks Planning and Development operations.
- Conduct studies, prepare and present complex technical reports.
- Analyze problems, identify alternative solutions, and make recommendations in support of goals.
- Assist with preparation and administration of a budget.
- Understand, interpret, and apply all pertinent laws, codes, regulations, policies and procedures, and standards relevant to work performed.
- Effectively represent the department and the City in meetings with individuals; governmental agencies; community groups; various business, professional, and regulatory organizations.
- Learn and understand the organization and operation of the City and of outside agencies as necessary to assume assigned responsibilities.
- Independently organize work, set priorities, meet critical deadlines, and follow-up on assignments.
- Effectively use computer systems, software applications, and modern business equipment to perform a variety of work tasks.
- Communicate clearly and concisely, both orally and in writing, using appropriate English grammar and syntax.
- Use tact, initiative, prudence, and independent judgment within general policy, procedural, and legal guidelines.
- Establish, maintain, and foster positive and effective working relationships with those contacted in the course of work.

Education and Experience:
Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:

Equivalent to a bachelor's degree in landscape architecture, parks and recreation administration, ornamental or environmental horticulture, public administration, community development or related field and two (2) years of increasingly responsible experience in capital improvement program management including planning, design and development of parks and recreation facilities, streetscapes, and/or landscape contruction.

Licenses and Certifications:

- Possession of, or the ability to obtain, a valid Class C California driver's license upon appointment.
- Possession of valid registration as a Landscape Architect with the State of California and a Landscape Designer certificate are highly desirable.
- Possession of a valid Certified Playground Safety Inspector (CPSI) Certification is highly desirable.
- May be required to complete National Incident Management System (NIMS) Training.

PHYSICAL DEMANDS

Must possess mobility to work in a standard office setting and use standard office equipment, including a computer, and to operate a motor vehicle to visit various City and meeting sites; vision to read printed materials and a computer screen; and hearing and speech to communicate in person and over the telephone. Standing in and walking between work areas is frequently required. Finger dexterity is needed to access, enter, and retrieve data using a computer keyboard or calculator and to operate standard office equipment. Positions in this classification frequently bend, stoop, kneel, and reach to perform assigned duties, as well as push and pull drawers open and closed to retrieve and file information. Employees must possess the ability to lift, carry, push, and pull materials and objects up to 25 pounds with the use of proper equipment.

ENVIRONMENTAL CONDITIONS

Employees predominately work in an office environment with moderate noise levels, controlled temperature conditions, and no direct exposure to hazardous physical substances. Employees may work in the field and occasionally be exposed to loud noise levels, cold and hot temperatures, inclement weather conditions, road hazards, vibration, mechanical and/or electrical hazards, and hazardous chemical substances and fumes. Employees may interact with members of the public or with staff under emotionally stressful conditions while interpreting and enforcing departmental policies and procedures.

DISASTER SERVICE WORKER

All City of Tracy employees are, by State and Federal law, Disaster Service Workers. The roles and responsibilities for Disaster Service Workers are authorized by the California Emergency Services Act and are defined in the California Labor Code. In the event of a declaration of emergency, any employee of the City may be assigned to perform activities which promote the protection of public health and safety or the preservation of lives and property. Such assignments may require service at locations, times, and under conditions that are significantly different than the normal work assignments and may continue into the recovery phase of the emergency. If a "Local Emergency" is declared during the employee's shift, employees will be expected to remain at work to respond to the emergency needs of the community. If a "Local Emergency" is declared outside of the employee's shift, employees must make every effort to contact their direct supervisor or department head to obtain reporting instructions as Disaster Service Workers

RESOLUTION 2022 - _____

AUTHORIZE AMENDMENTS TO THE CITY'S CLASSIFICATION AND COMPENSATION PLANS, MASTER SALARY SCHEDULE AND POSITION CONTROL ROSTER RELATING TO THE PARKS PROJECT COORDINATOR

WHEREAS, The City has established Classification and Compensation Plans and Master Salary Schedule detailing all job classifications and salary ranges, and

WHEREAS, The City has completed classification reviews to establish a new class specification and salary range, and

WHEREAS, The Budget Officer manages the City's Position Control Roster, and

WHEREAS, It is necessary to amend the City's Classification and Compensation Plans, Master Salary Schedule, and Position Control Roster effective April 19, 2022, as follows:

- Parks Project Coordinator: $7,257 - $8,822 per month.

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Tracy hereby authorizes the Director of Human Resources to amend the City's Classification, Compensation Plan and Master Salary Schedule, and the Budget Officer amend the Position Control Roster to establish one new classification specification, salary range and one allocation for Parks Project Coordinator.

* * * * * * * * * * * * *

The foregoing Resolution 2022-_____ was adopted by the Tracy City Council on the 19th day of April, 2022 by the following votes:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ATTEST: _____
MAYOR

_____
CITY CLERK

April 19, 2022

AGENDA ITEM 1.E

REQUEST

ADOPT A RESOLUTION MAKING FINDINGS AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE CITY COUNCIL AND ALL LEGISLATIVE BODIES OF THE CITY OF TRACY FOR THE PERIOD FROM APRIL 22, 2022 THROUGH MAY 22, 2022 PURSUANT TO THE BROWN ACT

EXECUTIVE SUMMARY

During the City Council meeting on March 22, 2022, Council adopted Resolution No. 2022-029, which made findings and authorized remote teleconference meetings of the City Council and all legislative bodies of the City of Tracy, including Boards and Commissions, for the period from March 22, 2022, to April 21, 2022. In order to maintain compliance with Section 54953(e) of the Ralph M. Brown Act (Gov. Code section 54950 – 54963) which allows the continued use of teleconferencing, Council must make the required findings and re-authorize remote teleconferencing meetings of the legislative bodies for the City of Tracy.

This item requests that the City Council approve this proposed action for continued compliance with the Brown Act.

DISCUSSION

On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which among other things rescinded his prior Executive Order N-29-20 and set a date of October 1, 2021, for public agencies to transition back to public meetings held in full compliance with the Brown Act.

As the Delta variant has surged in California, the Legislature took action to extend the COVID-19 exceptions to the Brown Act's teleconference requirements, subject to some additional safeguards. On September 16, 2021, Governor Newsom signed Assembly Bill 361, to allow a local agency to use teleconferencing if certain circumstances exist without complying with the Brown Act's traditional agenda posting, physical access, and quorum requirements for teleconferencing provisions (Attachment A).

The goal of AB 361 is "to improve and enhance public access to local agency meetings during the COVID-19 pandemic and future applicable emergencies, by allowing broader access through teleconferencing options" consistent with Executive Order N-29-20. The bill contains an urgency clause, which made the bill effective upon signing with a sunset date of January 1, 2024.

The new Section 54953(e)(1) of the Brown Act, as amended by AB 361, allows legislative bodies to continue to meet via teleconference without complying with the Brown Act's teleconferencing requirements, but only during a state of emergency

proclaimed by the Governor, in which, 1) state or local health officials have imposed or recommended measures to promote social distancing, or 2) the legislative body has determined by majority vote that meeting in person would present an imminent risk to the health or safety of the attendees.

A local agency that holds a meeting under these circumstances would be required by AB 361 to follow the steps listed below, in addition to giving notice of the meeting and posting agendas as required under the Brown Act. These additional requirements are intended to protect the public's right to participate in the meetings of local agency legislative bodies.

Pursuant to AB 361 local agencies are required to do all of the following in addition to meeting notice requirements under the Brown Act:

- Allow the public to access the meeting and require that the agenda provide an opportunity for the public to directly address the legislative body pursuant to the Brown Act's other teleconferencing provisions.
- In each instance when the local agency provides notice of the teleconferenced meeting or posts its agenda, give notice for how the public can access the meeting and provide public comment.
- Identify and include in the agenda an opportunity for all persons to attend via a call-in or an internet-based service option; the legislative body needs not provide a physical location for the public to attend or provide comments.
- Conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the public.
- Stop the meeting until public access is restored in the event of a service disruption that either prevents the local agency from broadcasting the meeting to the public using the call-in or internet-based service option or is within the local agency's control and prevents the public from submitting public comments (any actions taken during such a service disruption can be challenged under the Brown Act's existing challenge provisions).
- Not require comments be submitted in advance (though the legislative body may provide that as an option) and provide the opportunity to comment in real-time.
- Provide adequate time for public comment, either by establishing a timed public comment period or by allowing a reasonable amount of time to comment.
- If the legislative body uses a third-party website or platform to host the teleconference, and the third-party service requires users to register to participate, the legislative body must provide adequate time during the comment period for users to register and may not close the registration comment period until the comment period has elapsed.

AB 361 also provides that, if the state of emergency remains active for more than 30 days, a local agency must make the following findings by majority vote every 30 days to continue using the bill's exemption to the Brown Act teleconferencing rules.

While the City Council and all of the City's Boards and Commissions are currently meeting in person, making the required findings provides the City Council and Board and Commission members with the flexibility to participate via teleconference in meetings in the event of potential COVID-19 exposure or COVID-19 related concerns. If Council approves the proposed resolution, staff will present a staff report to Council every thirty days to verify that the circumstances continue to exist.

STRATEGIC PLAN

This agenda item relates to the City Council's Strategic Priorities in the area of Public Safety (Goal #1 Support COVID-19 Public Health Recovery).

FISCAL IMPACT

There is no fiscal impact related to this agenda item.

RECOMMENDATION

Staff recommends that Council adopt a resolution making findings and re-authorizing remote teleconference meetings of all legislative bodies of the City of Tracy for the period of April 22, 2022, to May 22, 2022, pursuant to the Brown Act.

Prepared by: Nancy Ashjian, Assistant City Attorney

Reviewed by: Adrianne Richardson, City Clerk
Karin Schnaider, Finance Director
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENTS

A – Assembly Bill 361

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL

Assembly Bill No. 361

CHAPTER 165

An act to add and repeal Section 89305.6 of the Education Code, and to amend, repeal, and add Section 54953 of, and to add and repeal Section 11133 of, the Government Code, relating to open meetings, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 16, 2021. Filed with Secretary of State September 16, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

AB 361, Robert Rivas. Open meetings: state and local agencies: teleconferences.

(1) Existing law, the Ralph M. Brown Act requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. The act contains specified provisions regarding the timelines for posting an agenda and providing for the ability of the public to directly address the legislative body on any item of interest to the public. The act generally requires all regular and special meetings of the legislative body be held within the boundaries of the territory over which the local agency exercises jurisdiction, subject to certain exceptions. The act allows for meetings to occur via teleconferencing subject to certain requirements, particularly that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined. The act authorizes the district attorney or any interested person, subject to certain provisions, to commence an action by mandamus or injunction for the purpose of obtaining a judicial determination that specified actions taken by a legislative body are null and void.

Existing law, the California Emergency Services Act, authorizes the Governor, or the Director of Emergency Services when the governor is inaccessible, to proclaim a state of emergency under specified circumstances.

Executive Order No. N-29-20 suspends the Ralph M. Brown Act's requirements for teleconferencing during the COVID-19 pandemic provided that notice and accessibility requirements are met, the public members are allowed to observe and address the legislative body at the meeting, and that a legislative body of a local agency has a procedure for receiving and swiftly

resolving requests for reasonable accommodation for individuals with disabilities, as specified.

This bill, until January 1, 2024, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting during a declared state of emergency, as that term is defined, when state or local health officials have imposed or recommended measures to promote social distancing, during a proclaimed state of emergency held for the purpose of determining, by majority vote, whether meeting in person would present imminent risks to the health or safety of attendees, and during a proclaimed state of emergency when the legislative body has determined that meeting in person would present imminent risks to the health or safety of attendees, as provided.

This bill would require legislative bodies that hold teleconferenced meetings under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option, and to conduct the meeting in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body. The bill would require the legislative body to take no further action on agenda items when there is a disruption which prevents the public agency from broadcasting the meeting, or in the event of a disruption within the local agency's control which prevents members of the public from offering public comments, until public access is restored. The bill would specify that actions taken during the disruption are subject to challenge proceedings, as specified.

This bill would prohibit the legislative body from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time. The bill would prohibit the legislative body from closing the public comment period and the opportunity to register to provide public comment, until the public comment period has elapsed or until a reasonable amount of time has elapsed, as specified. When there is a continuing state of emergency, or when state or local officials have imposed or recommended measures to promote social distancing, the bill would require a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting pursuant to these provisions, and to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures.

Existing law prohibits a legislative body from requiring, as a condition to attend a meeting, a person to register the person's name, or to provide other information, or to fulfill any condition precedent to the person's attendance.

This bill would exclude from that prohibition, a registration requirement imposed by a third-party internet website or other online platform not under the control of the legislative body.

(2) Existing law, the Bagley-Keene Open Meeting Act, requires, with specified exceptions, that all meetings of a state body be open and public and all persons be permitted to attend any meeting of a state body. The act requires at least one member of the state body to be physically present at the location specified in the notice of the meeting.

The Governor's Executive Order No. N-29-20 suspends the requirements of the Bagley-Keene Open Meeting Act for teleconferencing during the COVID-19 pandemic, provided that notice and accessibility requirements are met, the public members are allowed to observe and address the state body at the meeting, and that a state body has a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, as specified.

This bill, until January 31, 2022, would authorize, subject to specified notice and accessibility requirements, a state body to hold public meetings through teleconferencing and to make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the state body. With respect to a state body holding a public meeting pursuant to these provisions, the bill would suspend certain requirements of existing law, including the requirements that each teleconference location be accessible to the public and that members of the public be able to address the state body at each teleconference location. Under the bill, a state body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically would satisfy any requirement that the state body allow members of the public to attend the meeting and offer public comment. The bill would require that each state body that holds a meeting through teleconferencing provide notice of the meeting, and post the agenda, as provided. The bill would urge state bodies utilizing these teleconferencing procedures in the bill to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to existing law, as provided.

(3) Existing law establishes the various campuses of the California State University under the administration of the Trustees of the California State University, and authorizes the establishment of student body organizations in connection with the operations of California State University campuses.

The Gloria Romero Open Meetings Act of 2000 generally requires a legislative body, as defined, of a student body organization to conduct its business in a meeting that is open and public. The act authorizes the legislative body to use teleconferencing, as defined, for the benefit of the public and the legislative body in connection with any meeting or proceeding authorized by law.

This bill, until January 31, 2022, would authorize, subject to specified notice and accessibility requirements, a legislative body, as defined for purposes of the act, to hold public meetings through teleconferencing and

to make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the legislative body. With respect to a legislative body holding a public meeting pursuant to these provisions, the bill would suspend certain requirements of existing law, including the requirements that each teleconference location be accessible to the public and that members of the public be able to address the legislative body at each teleconference location. Under the bill, a legislative body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically would satisfy any requirement that the legislative body allow members of the public to attend the meeting and offer public comment. The bill would require that each legislative body that holds a meeting through teleconferencing provide notice of the meeting, and post the agenda, as provided. The bill would urge legislative bodies utilizing these teleconferencing procedures in the bill to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to existing law, as provided.

(4) This bill would declare the Legislature's intent, consistent with the Governor's Executive Order No. N-29-20, to improve and enhance public access to state and local agency meetings during the COVID-19 pandemic and future emergencies by allowing broader access through teleconferencing options.

(5) This bill would incorporate additional changes to Section 54953 of the Government Code proposed by AB 339 to be operative only if this bill and AB 339 are enacted and this bill is enacted last.

(6) The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

(7) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(8) This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 89305.6 is added to the Education Code, to read:

89305.6. (a) Notwithstanding any other provision of this article, and subject to the notice and accessibility requirements in subdivisions (d) and (e), a legislative body may hold public meetings through teleconferencing

and make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the legislative body.

(b) (1) For a legislative body holding a public meeting through teleconferencing pursuant to this section, all requirements in this article requiring the physical presence of members, the clerk or other personnel of the legislative body, or the public, as a condition of participation in or quorum for a public meeting, are hereby suspended.

(2) For a legislative body holding a public meeting through teleconferencing pursuant to this section, all of the following requirements in this article are suspended:

(A) Each teleconference location from which a member will be participating in a public meeting or proceeding be identified in the notice and agenda of the public meeting or proceeding.

(B) Each teleconference location be accessible to the public.

(C) Members of the public may address the legislative body at each teleconference conference location.

(D) Post agendas at all teleconference locations.

(E) At least one member of the legislative body be physically present at the location specified in the notice of the meeting.

(c) A legislative body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with the notice and accessibility requirements in subdivisions (d) and (e), shall have satisfied any requirement that the legislative body allow members of the public to attend the meeting and offer public comment. A legislative body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

(d) If a legislative body holds a meeting through teleconferencing pursuant to this section and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the legislative body shall also do both of the following:

(1) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), and resolving any doubt whatsoever in favor of accessibility.

(2) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to paragraph (2) of subdivision (e).

(e) Except to the extent this section provides otherwise, each legislative body that holds a meeting through teleconferencing pursuant to this section shall do both of the following:

(1) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by this article, and using the means otherwise prescribed by this article, as applicable.

(2) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in the means of public observation and comment, or any instance prior to the effective date of this section in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of the means of public observation and comment, a legislative body may satisfy this requirement by advertising the means of public observation and comment using the most rapid means of communication available at the time. Advertising the means of public observation and comment using the most rapid means of communication available at the time shall include, but need not be limited to, posting such means on the legislative body's internet website.

(f) All legislative bodies utilizing the teleconferencing procedures in this section are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the otherwise applicable provisions of this article, in order to maximize transparency and provide the public access to legislative body meetings.

(g) This section shall remain in effect only until January 31, 2022, and as of that date is repealed.

SEC. 2. Section 11133 is added to the Government Code, to read:

11133. (a) Notwithstanding any other provision of this article, and subject to the notice and accessibility requirements in subdivisions (d) and (e), a state body may hold public meetings through teleconferencing and make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the state body.

(b) (1) For a state body holding a public meeting through teleconferencing pursuant to this section, all requirements in this article requiring the physical presence of members, the clerk or other personnel of the state body, or the public, as a condition of participation in or quorum for a public meeting, are hereby suspended.

(2) For a state body holding a public meeting through teleconferencing pursuant to this section, all of the following requirements in this article are suspended:

(A) Each teleconference location from which a member will be participating in a public meeting or proceeding be identified in the notice and agenda of the public meeting or proceeding.

(B) Each teleconference location be accessible to the public.

(C) Members of the public may address the state body at each teleconference conference location.

(D) Post agendas at all teleconference locations.

(E) At least one member of the state body be physically present at the location specified in the notice of the meeting.

(c) A state body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically

or otherwise electronically, consistent with the notice and accessibility requirements in subdivisions (d) and (e), shall have satisfied any requirement that the state body allow members of the public to attend the meeting and offer public comment. A state body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

(d) If a state body holds a meeting through teleconferencing pursuant to this section and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the state body shall also do both of the following:

(1) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), and resolving any doubt whatsoever in favor of accessibility.

(2) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to paragraph (2) of subdivision (e).

(e) Except to the extent this section provides otherwise, each state body that holds a meeting through teleconferencing pursuant to this section shall do both of the following:

(1) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by this article, and using the means otherwise prescribed by this article, as applicable.

(2) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in the means of public observation and comment, or any instance prior to the effective date of this section in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of the means of public observation and comment, a state body may satisfy this requirement by advertising the means of public observation and comment using the most rapid means of communication available at the time. Advertising the means of public observation and comment using the most rapid means of communication available at the time shall include, but need not be limited to, posting such means on the state body's internet website.

(f) All state bodies utilizing the teleconferencing procedures in this section are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the otherwise applicable provisions of this article, in order to maximize transparency and provide the public access to state body meetings.

(g) This section shall remain in effect only until January 31, 2022, and as of that date is repealed.

SEC. 3. Section 54953 of the Government Code is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, "teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) A local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(B) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(C) The legislative body shall conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body of a local agency.

(D) In the event of a disruption which prevents the public agency from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control which prevents members of the public from offering public comments using the call-in option or internet-based service option, the body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption which prevents the public agency from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(G) (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

(4) For the purposes of this subdivision, "state of emergency" means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(f) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 3.1. Section 54953 of the Government Code is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency in person, except as otherwise provided in this chapter. Local agencies shall conduct meetings subject to this chapter consistent with applicable state and federal civil rights laws, including, but not limited to, any applicable language access and other nondiscrimination obligations.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body

shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, "teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter

2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) A local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(B) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3. In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(C) The legislative body shall conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body of a local agency.

(D) In the event of a disruption which prevents the public agency from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control which prevents members of the public from offering public comments using the call-in option or internet-based service option, the body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption which prevents the public agency from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for

the public to address the legislative body and offer comment in real time. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(G) (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

(4) For the purposes of this subdivision, "state of emergency" means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(f) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 4. Section 54953 is added to the Government Code, to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting

of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, "teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting,

members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) This section shall become operative January 1, 2024.

SEC. 4.1. Section 54953 is added to the Government Code, to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, in person except as otherwise provided in this chapter. Local agencies shall conduct meetings subject to this chapter consistent with applicable state and federal civil rights laws, including, but not limited to, any applicable language access and other nondiscrimination obligations.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the

legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, "teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint

powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) This section shall become operative January 1, 2024.

SEC. 5. Sections 3.1 and 4.1 of this bill incorporate amendments to Section 54953 of the Government Code proposed by both this bill and Assembly Bill 339. Those sections of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2022, but this bill becomes operative first, (2) each bill amends Section 54953 of the Government Code, and (3) this bill is enacted after Assembly Bill 339, in which case Section 54953 of the Government Code, as amended by Sections 3 and 4 of this bill, shall remain operative only until the operative date of Assembly Bill 339, at which time Sections 3.1 and 4.1 of this bill shall become operative.

SEC. 6. It is the intent of the Legislature in enacting this act to improve and enhance public access to state and local agency meetings during the COVID-19 pandemic and future applicable emergencies, by allowing broader access through teleconferencing options consistent with the Governor's Executive Order No. N-29-20 dated March 17, 2020, permitting expanded use of teleconferencing during the COVID-19 pandemic.

SEC. 7. The Legislature finds and declares that Sections 3 and 4 of this act, which amend, repeal, and add Section 54953 of the Government Code, further, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

This act is necessary to ensure minimum standards for public participation and notice requirements allowing for greater public participation in teleconference meetings during applicable emergencies.

SEC. 8. (a) The Legislature finds and declares that during the COVID-19 public health emergency, certain requirements of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code) were suspended by Executive Order N-29-20. Audio and video teleconference were widely used to conduct public meetings in lieu of physical location meetings, and public meetings conducted by teleconference during the COVID-19 public health emergency have been productive, have increased public participation by all members of the public regardless of their location in the state and ability to travel to physical meeting locations, have protected the health and safety of civil servants and the public, and have reduced travel costs incurred by members of state bodies and reduced work hours spent traveling to and from meetings.

(b) The Legislature finds and declares that Section 1 of this act, which adds and repeals Section 89305.6 of the Education Code, Section 2 of this act, which adds and repeals Section 11133 of the Government Code, and Sections 3 and 4 of this act, which amend, repeal, and add Section 54953 of the Government Code, all increase and potentially limit the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

(1) By removing the requirement that public meetings be conducted at a primary physical location with a quorum of members present, this act protects the health and safety of civil servants and the public and does not preference the experience of members of the public who might be able to attend a meeting in a physical location over members of the public who cannot travel or attend that meeting in a physical location.

(2) By removing the requirement for agendas to be placed at the location of each public official participating in a public meeting remotely, including from the member's private home or hotel room, this act protects the personal, private information of public officials and their families while preserving the public's right to access information concerning the conduct of the people's business.

SEC. 9. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that state and local agencies can continue holding public meetings while providing essential services like water, power, and fire protection to their constituents during public health, wildfire, or other states of emergencies, it is necessary that this act take effect immediately.

O

RESOLUTION _____

MAKING FINDINGS AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE CITY COUNCIL AND ALL LEGISLATIVE BODIES OF THE CITY OF TRACY FOR THE PERIOD OF APRIL 22, 2022, TO MAY 22, 2022, PURSUANT TO THE BROWN ACT

WHEREAS, The City of Tracy is committed to preserving and nurturing public access and participation in meetings of the City Council; and

WHEREAS, All meetings of the City of Tracy's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code section 54950 – 54963), so that any member of the public may attend, participate, and watch the City's legislative bodies conduct their business; and

WHEREAS, A required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of a condition of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, A proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the City's boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, Imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, On March 17, 2020, the City Council of the City of Tracy ratified the declaration of an emergency by the City Manager due to COVID-19 in accordance with Chapter 3.26 of the Tracy Municipal Code; and

WHEREAS, As a condition of extending the use of the provisions found in section 54953(e), the City Council must reconsider the circumstances of the state of emergency that exists in the City, every thirty days; and

WHEREAS, The City Council previously adopted a Resolution No. 2021-147 on October 19, 2021, finding that the requisite conditions exist for the legislative bodies of the City of Tracy to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, The City Council does hereby find that COVID-19 has caused, and will continue to cause, conditions of peril to the safety of persons within the City that are likely to be beyond the control of services, personnel, equipment, and facilities of the City, and desires to affirm a local emergency exists and re-ratify the proclamation of a state of emergency by the Governor of the State of California; and

WHEREAS, As a consequence of the COVID-19 emergency persisting, the City Council does hereby find that all legislative bodies of the City of Tracy, including the City Council, Council ad hoc and subcommittees, and Boards and Commissions, shall continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall continue to

comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

NOW, THEREFORE, BE IT RESOLVED, as follows:
Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution as findings of this City Council by this reference.

Section 2. Findings. The City Council hereby finds that due to COVID-19, including the Delta variant, holding City Council and other legislative body meetings in person will present imminent risk to the health and safety of attendees.

Section 3. Remote Teleconference Meetings. The City Council, including Council subcommittees, and all Boards and Commissions of the City of Tracy are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act for the period of April 22, 2022 through May 22, 2022.

The foregoing Resolution 2022-_____ was passed and adopted by the City Council of the City of Tracy on the 19th day of April 2022, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

_____
MAYOR

ATTEST:

_____
CITY CLERK

April 19, 2022

AGENDA ITEM 1.F

REQUEST

APPROVAL BY THE TRACY PUBLIC FINANCING AUTHORITY OF A DEBT MANAGEMENT POLICY

EXECUTIVE SUMMARY

The City of Tracy (the "City") and the Tracy Industrial Development Authority (the "Industrial Development Authority") are parties to a First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018, pursuant to which the Tracy Public Financing Authority (the "Authority") was established as a joint exercise of powers authority under the Joint Exercise of Powers Act (Government Code §6500 et seq.) (the "Joint Powers Law") for the purpose of providing assistance to the City and the Industrial Development Authority with their financing programs, and for any other purposes authorized under Article 4 of the Joint Powers Law.

Pursuant to Senate Bill 1029 ("SB 1029"), which was signed by the California Governor on September 12, 2016, California public agencies that issue debt must adopt debt management policies that include at least the following:

(1) The purposes for which the debt proceeds may be used.
(2) The types of debt that may be issued.
(3) The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
(4) Policy goals related to the issuer's planning goals and objectives.
(5) The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

The proposed Debt Management Policy reflects the fact that the purpose of the Authority is to provide assistance to the City and the Industrial Development Authority with their financing programs, and that the Authority is unlikely to undertake an independent financing program.

In response to SB 1029 and in order to adhere to sound financial management practices, Staff recommends that the Board of Directors approve the Debt Management Policy.

DISCUSSION

JOINT POWERS AUTHORITIES

The Joint Powers Law authorizes two or more public agencies by agreement to jointly exercise any power common to the contracting parties and to provide for the creation of an agency or entity that is separate from the parties to the agreement and is responsible for the administration of the agreement.

TRACY PUBLIC FINANCING AUTHORITY

The City and the Industrial Development Authority established the Authority to provide assistance with their financing programs, such as the proposed lease financing for Legacy Fields Phase 1E.

REQUESTED ACTIONS

Staff recommends that the Board of Directors approve the Debt Management Policy in order to comply with Senate Bill 1029.

STRATEGIC PLAN

Adoption of the proposed policy supports Goal 2 of the Council's Strategic Plan: Ensure Short and Long-term fiscal health and Goal 3: Increase Public Awareness around City finances and other civic matters.

FISCAL IMPACT

There is no increased cost to the General Fund from this action. The City already pays the modest expenses associated with the Joint Powers Authority.

RECOMMENDATION

That the Board of Directors approve the Debt Management Policy.

Prepared by: Karin Schnaider, Finance Director
Christopher Lynch, Jones Hall

Reviewed by: Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENTS

A: A Resolution of the Tracy Public Financing Authority Approving a Debt Management Policy

ATTACHMENT A

TRACY PUBLIC FINANCING AUTHORITY
RESOLUTION NO. 2022-___

A RESOLUTION OF THE TRACY PUBLIC FINANCING AUTHORITY
APPROVING A DEBT MANAGEMENT POLICY

WHEREAS, the City of Tracy (the "City") and the Tracy Industrial Development Authority (the "Industrial Development Authority") are parties to a First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018, pursuant to which the Tracy Public Financing Authority (the "Authority") was established as a joint exercise of powers authority under the Joint Exercise of Powers Act (Government Code §6500 et seq.) (the "Joint Powers Law") for the purpose of providing assistance to the City and the Industrial Development Authority with their financing programs, and for any other purposes authorized under Article 4 of the Joint Powers Law; and

WHEREAS, pursuant to Senate Bill 1029 ("SB 1029"), which was signed by the California Governor on September 12, 2016, California public agencies that issue debt must adopt debt management policies that meet certain criteria; and

WHEREAS, in response to SB 1029 and in order to adhere to sound financial management practices, the Board of Directors of the Authority wishes to adopt and maintain a debt management policy; and

WHEREAS, there has been presented to this meeting a debt management policy (the "Policy"), which Policy is attached to this Resolution as Appendix A;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. **Recitals**. The foregoing recitals are true and correct and the Board of Directors hereby so finds and determines.

2. **Approval of Policy**. The Board of Directors hereby approves and adopts the Policy as the debt management policy for the Authority.

3. **Effective Date**. This Resolution shall take effect immediately upon its passage and adoption.

* * * * * * * * * * *

The foregoing Resolution _____ was adopted by the Board of Directors of the Tracy Public Financing Authority on the __th day of _____, 2022, by the following vote:

AYES: BOARD MEMBERS:
NOES: BOARD MEMBERS:
ABSENT: BOARD MEMBERS:
ABSTAIN: BOARD MEMBERS:

_____
CHAIR

ATTEST:

_____
SECRETARY

APPENDIX A

DEBT MANAGEMENT POLICY

DEBT MANAGEMENT POLICY

The City of Tracy (the "City") and the Tracy Industrial Development Authority (the "Industrial Development Authority") are parties to a First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018 (the "Agreement"), pursuant to which the Tracy Public Financing Authority (the "Authority") was established as a joint exercise of powers authority under the Joint Exercise of Powers Act (Government Code §6500 et seq.) (the "Act") for the purpose of providing assistance to the City and the Industrial Development Authority with their financing programs, and for any other purposes authorized under Article 4 of the Joint Powers Law (the "Bond Law").

This Debt Management Policy (the "Debt Policy") was approved by the Authority's Board of Directors on April 19, 2022. The Debt Policy may be amended by the Board of Directors as it deems appropriate from time to time in the prudent management of the debt of the Authority. The Board of Directors may approve debt that is not consistent with this Debt Policy without amending this Debt Policy, and such approval shall constitute a waiver of this Debt Policy.

1. Definitions

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

"Act" means the Joint Exercise of Powers Act, Chapter 5 of Division 7 of Title 1 of the California Government Code, commencing with Section 6500.

"Agreement" means the First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018, by and between the City and the Industrial Development Authority, as the same may be amended from time to time.

"Authority" means the Tracy Public Financing Authority, a public entity organized and existing pursuant to the Agreement and the Act.

"Board" or "Board of Directors" means the Authority's Board of Directors.

"Bond Issuance Policy" means the Authority's Bond Issuance Policy, dated August 26, 2016, as the same may be amended from time to time.

"City" means the City of Tracy.

"Debt Policy" means this Debt Management Policy, as it may be amended from time to time.

"Industrial Development Authority" means the Tracy Industrial Development Authority.

"State" means the State of California.

2. Findings

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the Authority. The Authority hereby recognizes that a prudent debt policy is required in order to:

(a) Maintain the Authority's sound financial position.

(b) Ensure that the Authority has the flexibility to provide assistance to the City and the Industrial Development Authority with their financing programs.

(c) Protect the Authority's creditworthiness and exposure to financial and legal liabilities.

3. Purposes of Debt

Debt financings are appropriate to assist the City or the Industrial Development Authority in their financing needs.

Debt financings must satisfy the following requirements:

(a) The issuance of the debt must comply with the Agreement, the Act and any other applicable state and federal law.

(b) The debt must be approved by the Board.

4. Types of Debt

(a) The following types of debt are allowable under this Debt Policy:

(i) conduit revenue bonds or notes

(ii) general obligation bonds

(iii) bond or grant anticipation notes

(iv) leases, lease revenue bonds, installment sale or purchase agreements, certificates of participation and lease-purchase transactions

(v) revenue bonds

(vi) tax and revenue anticipation notes

(vii) land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes, including PACE financings

(viii) tax increment financing to the extent permitted under state law

(ix) enterprise bonds or notes (such as debt payable from water, wastewater, electric or stormwater enterprise revenues)

(x) any other type of debt permitted under the Agreement and authorized by the Act or other applicable law.

(b) For purposes of this section, the term "bonds" may include notes, warrants, leases, installment purchase agreements, certificates of participation, financing agreements or any other evidence of an obligation to pay or repay money.

(c) The Authority may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

5. Relationship of Debt to Capital Improvement Program and Budget

Because the Authority's purpose is to provide assistance to the City and the Industrial Development Authority with their financing programs, the Authority typically does not have capital improvement plans or budgets. The Authority expects the City and the Industrial Development Authority to analyze debt issues for consistency with their capital improvement programs or budgets. Therefore, any consideration of the consistency of proposed debt to capital improvement programs or budgets shall only apply if the Authority has such a program or budget in effect, and then such consideration shall be taken by the Board on a case by case basis.

6. Policy Goals Related to Planning Goals and Objectives

The Authority expects the City and the Industrial Development Authority to engage in long-term financial planning, maintenance of appropriate reserves levels and employment of prudent practices in governance, management and budget administration. The Authority expects to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the City's or the Industrial Development Authority's capital improvement plans or budgets.

7. Internal Control Procedures

The Authority expects the City and the Industrial Development Authority to implement internal control procedures to ensure that the proceeds of any debt issued by the Authority will be directed to the intended use.

April 19, 2022

AGENDA ITEM 1.G

REQUEST

AUTHORIZE THE CITY OF TRACY'S PARTICIPATION IN THE EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA) FOR EMPLOYMENT PRACTICES LIABILITY COVERAGE AND AUTHORIZE SUBMISSION OF APPLICATION TO ERMA

EXECUTIVE SUMMARY

The City of Tracy is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA), which provides several self-insured and group purchased programs to its members, including third-party coverage for general liability, property insurance, auto physical damage, workers' compensation, crime insurance and cyber security. Individually, members of the CSJVRMA can apply for risk sharing coverage from Employment Risk Management Authority (ERMA), which is a statewide joint powers authority designed to provide broad coverage and tailored loss prevention services to reduce employment practices liability exposure. The City of Tracy desires to become a participating member and apply for coverage from ERMA. To be considered by the ERMA Board of Directors, the City is required to submit a Council Resolution authorizing participation in ERMA along with the ERMA liability application and intent to participate form. If approved by the ERMA Board, the City would join as an underlying member of CSJVRMA.

DISCUSSION

Employment Risk Management Authority (ERMA) is a self-insured joint powers authority which began providing coverage and loss prevention services to California public agencies in 1999. ERMA was originally formed to provide Employment Practices Liability (EPL) coverage for government entities unable to secure coverage at a competitive cost through the commercial insurance marketplace. This statewide joint powers authority provides broad coverage and loss prevention services to reduce employment practices liability exposure.

ERMA is comprised of approximately 250 public entities who risk-share up to $1 million against potentially unlawful employment practices and discrimination claims. As a member of the CSJVRMA, participation in ERMA will also provide excess coverage up to $2 million. ERMA is the first and only statewide risk-sharing program exclusively providing employment practices liability (EPL) coverage. ERMA tailors loss prevention services to minimize members' EPL exposures through innovative training, education and comprehensive claims management. In addition to reducing risk exposure, the City's membership in ERMA provides additional valuable benefits:

Some of ERMA's program highlights include:

- Delivery of Live and Online Training: Mandated sexual harassment compliant training and other relevant employment-related topics
- Attorney Hotline: Access to one of ERMA's strategic partner law firms (Liebert Cassidy Whitmore & Jackson Lewis)

- Investigation & Claim Support: Support provided by a list of approved investigator panel members and defense panel members at a reduced hourly fee in addition to a dedicated Litigation Manager

The City of Tracy desires to become a participating member of the Employment Risk Management Authority, to enhance loss prevention efforts and further reduce employment practices liability exposure. ERMA members are initially required to enroll for a minimum of three years and approval of this action will allow the City to submit an application to participate in ERMA effective July 1, 2022.

STRATEGIC PLAN

This agenda item supports the City's Governance Strategy Priority:

Governance Strategy

Purpose: To enhance fiscal stability, retain and attract new talent, improve the use of technology, and enhance transparency for the betterment for the Tracy community.

FISCAL IMPACT

The annual premium for this coverage is $270,300, which is an increase to the City's plan premium. Funding for the premium is paid through internal service charges to all funds and will be reflected as an augmentation in the FY 2022-23 Risk Management fund budget.

RECOMMENDATION

That the City Council, by resolution, authorize participation in Employment Risk Management Authority (ERMA) effective July 1, 2022 and authorize submission of application to ERMA.

Prepared by: Kimberly Murdaugh, Director of Human Resources

Reviewed by: Karin Schnaider, Director of Finance
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENTS:

A – ERMA Liability Application
B – Intent to Participate Form

ATTACHMENT A

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA) LIABILITY COVERAGE APPLICATION FOR PROSPECTIVE MEMBERS OF A PARTICIPATING JOINT POWERS AUTHORITY

If completed electronically, this application will adjust to allow space for any answers. If not completed electronically, then additional sheets may be needed.

ENTITY NAME: City of Tracy Date: Revised 3/31/2022

EMPLOYMENT PRACTICES INFORMATION

A.	**Policies and Procedures**				
	1.	Does the Entity have written personnel policies and procedures?			☒ Yes ☐ No
	2.	Does the Entity distribute the manual/rules to all employees?			☒ Yes ☐ No
	3.	Does the Entity have employees sign an acknowledgement form indicating they have read and understood the above-referenced policies?			☒ Yes ☐ No
	4.	Are the following policies or procedures included in the manual? Check all that apply:			
		☒ Hiring	☒ Termination	☒ Suspension	
		☒ Medical Leave	☒ Unpaid Leave	☒ Grievance Procedures	
		☒ Drug & Alcohol Testing	☒ Discipline	☒ Attendance	
		☒ Family Medical Leave Act	☒ Anti-Harassment Policies		
		☒ Written Job Description for all Positions	☒ Workplace Violence Policies		
		☒ Annual Written Performance Evaluations for all Employees ☒ Employee Hotline/Complaint Procedure			
	5.	Do the policies/rules include all protected categories under the Fair Employment and Housing Act (FEHA), Ca. Gov't. Code section 12940)?			☒ Yes ☐ No
	6.	Does the Entity have legal counsel regularly review the manual/rules?			☒ Yes ☐ No
	7.	Have the above-referenced policies been updated within the past five years?			☐ Yes ☒ No Not all policies updated
		If no, when was the manual or rules last reviewed? Personnel Rules - 2009 Polices/Procedures - 2019/20			
	8.	Were the above-referenced policies formally approved and adopted by council/governing board?			☐ Yes ☒ No
	9.	Does the Entity have legal counsel to provide advice regarding disciplinary matters?			☒ Yes ☐ No
	10.	Does the entity have an orientation program for all employees that addresses workplace conduct, EPL policies and practices, and grievance procedures?			☒ Yes ☐ No
		If you answered no to any of the above, please use this space to provide more information: Policies and procedures are reviewed and approved by the City Manager and City Attorney.			

B.	**Employee Information**					
	1.	Number of Full Time Employees: 408				
	2.	Number of Part time Employees: 77				
	3.	For each of the past five years, what has been your annual percentage turnover rate of employees?				
		2021 14.5%	2020 10.8 %	2019 12.9%	2018 12 %	2017 15.7%
	4.	How many involuntary employment terminations have occurred in the past three years?				
		2021 8	2020 4	2019 5		

		Involuntary employment termination with respect to this questionnaire means notification to an employee that such employee will no longer be employed whether such notification is effective immediately or in the future. Involuntary employment termination shall also include actual or alleged constructive discharge.	
	5.	Percentage of Employees with salaries less than $100,000 % 61.19	Should = 100%
	6.	Percentage of Employees with salaries greater than $100,000 % 38.81	

C.	**Employment Practices Claims Handling**		
	1.	Who in the Entity has been designated to handle claims? Director of Human Resources	
	2.	(a) With respect to oral or written claims, do you have a written procedure for obtaining information and conducting required follow up on the claim? (b) Do you require written claims for EEO-related complaints?	☒ Yes ☐ No ☐ Yes ☒ No
		If yes to 2(a), describe the policy and procedure for receiving, reviewing, and responding to claims: Policy attached.	
	3.	Does the Employment Claims handler coordinate with the Workers' Compensation Administrator on all claims involving actual or potential industrial injuries? ☒ Yes ☐ No	
	4.	Has your entity received any claim in the previous 7 completed fiscal years, including the partial current fiscal year, (including but not limited to Tort Claim, any and all claims filed with the DFEH, EEOC, Department of Labor or Federal Department of Justice, any civil lawsuit or other written claim) alleging the following?	
		(a) Allegations of discrimination or harassment under FEHA, Title VII or any other federal or state law relating to discrimination based on race, sex, religion, disability, national origin, marital status, age, sexual orientation, retaliation or any other protected legal status;	☐ Yes ☒ No
		(b) Allegations of retaliation relating to an Employee engaging in protected activity involving any EEO-related complaint, protected leave status, worker's compensation claim, or any other protected activity or status;	☒ Yes ☐ No
		(c) Actual or alleged constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful, or in breach of an implied employment contract or breach of the covenant of good faith and fair dealing in the employment contract;	☒ Yes ☐ No
		(d) Allegations of negligent or wrongful evaluation, wrongful demotion, wrongful discipline, failure to promote, failure to grant tenure, or wrongful deprivation of career opportunity;	☐ Yes ☒ No
		(e) Allegations of misrepresentation or defamation made by an *Employee* which arise from an employment decision to hire, fire, promote, demote or discipline;	☐ Yes ☒ No
		(f) Allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an *Employee* which arise from an employment decision to hire, fire, promote, demote or discipline;	☐ Yes ☒ No
		(g) Allegations of false imprisonment, detention, or malicious prosecution made by an *Employee* which arise from an employment decision to hire, fire, promote, demote or discipline;	☐ Yes ☒ No

		(h) Allegations of libel, slander, defamation of character, invasion of privacy made by an *Employee* which arise from an employment decision to hire, fire, promote, demote or discipline; and	☐ Yes ☒ No
		(i) Other personal injury allegations made by an *Employee* which arise from an employment decision to hire, fire, promote, demote or discipline.	☐ Yes ☒ No
	If the answer is yes to any of the above, please attach a listing of the loss(es) showing a full description of each claim, including the date filed, the substance of the allegations, the disposition of the claim, and any monetary amounts paid in connection with the claim.		

D.	**Employment Practices Risk Management**		
	1.	Does the applicant have a Human Resources or Personnel Department?	☒ Yes ☐ No
		If no, please describe handling of this function:	
	2.	Do you have any established set of grievance or complaint procedures as an effective means of resolving disputes prior to litigation?	☒ Yes ☐ No
	3.	Do you anticipate any "layoffs" during the next 24 months?	☐ Yes ☒ No
		If yes, please provide details.	
	4.	Have you had any "layoffs" in the past 36 months?	☐ Yes ☒ No
		If yes, please provide details.	
	5.	Is your entity in full compliance with the training requirements set forth in AB 1825, SB 1343 and SB 778?	☒ Yes ☐ No
		If no, please explain.	
	6.	Briefly describe the procedure for maintaining AB 1825 and SB 1343 training records: Employee attends training, signs acknowledgment form and training/form is tracked in VectorSolutions.	
	7.	Does your entity provide SB 1343 training?	☒ Yes ☐ No
	8.	Are elected or appointed officials trained on the entity's policy regarding harassment, discrimination, and retaliation?	☒ Yes ☐ No

E.	**DESIRED SELF-INSURED RETENTION**						
☐ $25K	☐ $50K	☐ $75K	☒ $100K	☐ $250K	☐ $350K	☐ $500K

Please attach the following:

- ***EPL individual loss information (including Date of Loss and total incurred) for the previous 7 completed fiscal years, including the partial current fiscal year;***
- ***Payroll information for the previous 7 completed calendar years;***
- ***Completed resolution authorizing participation in ERMA;***
- ***Completed intent to participate; and***
- ***Most Recent Financial Audit.***

The undersigned declares that no fact, circumstance, or situation indicating the probability of a claim or action is now known to any person proposed for this coverage; and it is agreed by all concerned that if there be knowledge of any such fact, circumstance or situation, any claim or action subsequently emanating therefrom shall be excluded from coverage under the coverage for herewith being applied. The undersigned being authorized by, and acting on behalf of, the applicant and all persons or concerns seeking coverage, has read and understands this application, and declares all statements set forth herein are true, complete, and accurate, and include all material information.

The undersigned further declares and represents that any occurrence taking place prior to the inception of the coverage for which is being applied, which may render inaccurate, untrue or incomplete any statement made herein will immediately be reported in writing to ERMA. The undersigned acknowledges and agrees that the submission and ERMA's receipt of such report, prior to the inception of the coverage for which being applied, is a condition precedent to coverage.

The undersigned acknowledges:

(1) ERMA does not require the submittal of the aforementioned policies and procedures. ERMA does, however, rely on the information provided by the applicant in review of the application and the undersigned, therefore, declares and represents that the policies and procedures as represented above are the current policies and procedures of the entity.

(2) ERMA's Board of Directors may recommend a risk assessment of any new member within 60 days of joining ERMA and/or a higher self-insured retention from what was requested, if an application for membership is approved.

The undersigned further acknowledges and agrees this application contains requests for information and requests for data on a range of exposures, but such requests do not imply that coverage is afforded in the program for which is being applied.

City of Tracy
_____
Agency or Entity Name

Kimberly Murdaugh
_____
Applicant's Name (please print)

Director of Human Resources
_____
Title

Kimberly Murdaugh Digitally signed by Kimberly Murdaugh
Date: 2022.04.04 10:45:11 -07'00'
_____
Applicant's Signature

3/31/22
_____ **Date**

Employment Risk Management Authority (ERMA)

Intent to Participate

Entity or JPA Name: CSJVRMA

Contact Person: Kimberly Murdaugh, Director of Human Resources

Mailing Address: City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

Telephone: (209) 831-6161 FAX: (209) 831-6165 E-mail: kimberly.murdaugh@cityoftracy.org

Please check the appropriate box(s):

☒ Having received an indication for membership participation in the ERMA program, we agree to participate effective 7/1/2022, ~~2021~~ 2022, at the following retention level.

☐ $25K $50K ☐ $75K ☒ $100K ☐ $250K ☐ $350K ☐ $500K

☐ We are presently unable to commit to program participation but would appreciate receiving additional information concerning ERMA. Please provide us with: _____

Signature of representative authorized to bind the entity or JPA:

Please return this form to:

Sedgwick
1750 Creekside Oaks Drive, #200, Sacramento, CA 95833
Attention: Jennifer Jobe, Executive Director
jennifer.jobe@sedgwick.com
FAX: (916) 244-1199

RESOLUTION 2022 - _____

RESOLUTION AUTHORIZING THE CITY OF TRACY'S PARTICIPATION IN THE EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA) FOR EMPLOYMENT PRACTICES LIABILITY COVERAGE AND AUTHORIZE SUBMISSION OF APPLICATION TO ERMA

WHEREAS, the City of Tracy wishes to obtain Employment Practices Liability coverage; and

WHEREAS, the Employment Risk Management Authority (ERMA) is a self-insured joint powers authority created for the sole purpose of providing Employment Practices Liability Coverage. ERMA is comprised of various public entities who risk share up to $1 million against potentially unlawful employment practices and discrimination claims; and

WHEREAS, ERMA was formed primarily due to the fact that government entities have not historically been able to secure Employment Practices Liability (EPL) coverage at a competitive cost through the commercial insurance marketplace; and

WHEREAS, ERMA has met all of the high professional standards established by the California Association of Joint Powers Authorities (CAJPA) in the areas of governance, finance, claims control, safety and loss control and ERMA is fully accredited by CAJPA. CAJPA's accreditation process requires reviews by independent consultants in the areas of accounting, claims adjusting, and actuarial analysis; and

WHEREAS, ERMA provides services to both Joint Powers Insurance Authorities and individual public entities; and

WHEREAS, the City of Tracy has determined that it is in the best interest to become a member of ERMA for the purpose of obtaining Employment Practices Liability coverage; and

WHEREAS, ERMA requires the City of Tracy to pass a resolution expressing the desire and commitment of the City of Tracy's participation in ERMA, which requires a three-year minimum participation period. The City of Tracy also understands our entity will be bound by the provisions in the ERMA Joint Powers Agreement just as though it were fully set forth and incorporated herein whether our entity had signed it individually or through an underlying Joint Powers Insurance Authority.

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Tracy approves application submission and participation in ERMA; and

FUTHER, BE IT RESOLVED, That the City Council of the City of Tracy is hereby authorized to take any and all actions necessary to implement the foregoing resolution.

* * * * * * * * * * * * *

The foregoing Resolution 2022-_____ was adopted by the Tracy City Council on the 19th day of April, 2022 by the following votes:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ATTEST: _____
MAYOR

_____
CITY CLERK

April 19, 2022

AGENDA ITEM 1.H

REQUEST

AUTHORIZE GRANT APPLICATION, ACCEPTANCE AND EXECUTION FOR THE RECYCLED WATER EXPANSION PROJECT

EXECUTIVE SUMMARY

The Department of Water Resources (DWR) awarded a grant to the City of Tracy for the Recycled Water Expansion project in the amount of $20 million from the State's second phase of funding through the Urban and Multibenefit Drought Relief Grant Program. The City Council is requested to authorize the grant application, acceptance, and execution of this grant for City's Recycled Water Expansion Project.

DISCUSSION

On March 23, 2022, the State of California Department of Water Resources awarded a $20 million grant to the City of Tracy for expanding the recycled water network in the City. The Grant program is designed to provide financial assistance to projects throughout the state that tackle drought impacts on human health and safety, protect fish and wildlife resources and support other public benefits, such as ecosystem improvements. Of the $180 million in funding, half will support various types of water supply projects, such as Tracy's recycled water project. With over $1.4 billion in requests for projects, the grant process was extremely competitive. Multiple cities and water districts competed for grant funding from the States Phase 2 Urban and Multibenefit Drought Relief Grant Program. While the majority of the grant recipients received grants up to the amount of $5 million, the City of Tracy was the biggest recipient.

The $20 million grant is awarded to the City's Recycled Water Expansion Project, CIP 74167. Total cost of this project is estimated at $22 million. The City will fund $2 million to this project from the Tracy Infrastructure Master Plan (TIMP) fees. The project's scope of work mainly includes construction of a pump station and pipelines, including miscellaneous improvements to the recycled water distribution network.

The City completed a portion of recycled water improvements a year ago from another grant funded project that totaled $24 million. Both grants were applied for by the Utilities Department and the new grant funding will be used to expand the existing recycled water infrastructure enabling the City to reduce its reliance on use of potable water for landscape irrigation purposes. These two grants will assist the City in achieving more sustainable sources of water in the City's diversified water portfolio.

FISCAL IMPACT

The Grant award in the amount of $20 million is for the City's Recycled Water Expansion Project, CIP 74167. The City's matching funds in the amount of $2 million will be provided from the Tracy (TIMP) fees collected from the new developments. The total cost of this project is estimated at $22 million.

STRATEGIC PLAN

This agenda item supports the Council strategy for quality of life by providing more diversified and sustainable water sources for residents of the City.

RECOMMENDATION

That City Council of the City of Tracy hereby authorize the grant application, acceptance, and execution for the Recycled Water Expansion Project.

Prepared by: Kul Sharma, Director of Utilities

Reviewed by: Karin Schnaider, Finance Director
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

RESOLUTION 2022-_____

AUTHORIZE GRANT APPLICATION, ACCEPTANCE AND EXECUTION FOR THE RECYCLED WATER EXPANSION PROJECT

WHEREAS, the City of Tracy proposes to implement the Recycled Water Expansion Project CIP 74167, and

WHEREAS, the City of Tracy has legal authority and is authorized to enter into a funding agreement with the State of California, and

WHEREAS, the City of Tracy intends to apply for grant funding from the California Department of Water Resources for the Recycled Water Expansion Project, and

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

1. That pursuant and subject to all of the terms and provisions of Budget Act of 2021 (Stats. 2021, ch.240, § 80), the City of Tracy City Manager, or designee is hereby authorized and directed to prepare and file an application for funding with the Department of Water Resources and take such other actions necessary or appropriate to obtain grant funding.

2. The City of Tracy City Manager, or designee is hereby authorized and directed to execute the funding agreement with the Department of Water Resources and any amendments thereto.

3. The City of Tracy City Manager, or designee is hereby authorized and directed to submit any required documents, invoices, and reports required to obtain grant funding.

* * * * * * * * * * * * * *

The foregoing Resolution 2022-_____ was adopted by the Tracy City Council on April 19, 2022, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

_____
MAYOR

ATTEST:

_____
CITY CLERK

April 19, 2022

AGENDA ITEM 1.I

REQUEST

WAIVE SECOND READING AND ADOPT ORDINANCE 1327, AN ORDINANCE OF THE CITY OF TRACY ADOPTING A MILITARY EQUIPMENT USE POLICY PURSUANT TO CALIFORNIA ASSEMBLY BILL 481

EXECUTIVE SUMMARY

Ordinance 1327 was introduced at the regular Council meeting held on April 5, 2022. Ordinance 1327 is before Council for adoption.

DISCUSSION

California Assembly Bill 481 (AB 481 or "the Bill"), codified by Government Code sections 7070 through 7075, requires a law enforcement agency (LEA) to implement a "military equipment" use policy (the Policy) and obtain approval of the Policy from the applicable governing body by ordinance (the Ordinance) prior to the LEA funding, acquiring, or using "military equipment."

The use of the "military equipment" as defined by AB 481 by LEAs came, in part, from the need to have equipment which could help ensure the safety of the community and officers with the prevalence of crimes such as robberies and active shooter events being committed with firearms, especially high-powered firearms such as assault rifles. This in part, became a reason why many LEAs started deploying patrol rifles with patrol officers and LEAs began purchasing armored rescue vehicles. As examples with these two pieces of equipment, LEAs now have a rifle capable of dealing with heavily armed individuals and a rescue vehicle which allows officers to approach dangerous situations in a safer manner and a vehicle capable of evacuating community members should the need arise.

Another example is the use of non-weaponized Unmanned Aerial Systems (UAS). These systems are significantly cheaper to purchase, operate and maintain and they perform many of the same duties of traditional police helicopters such as overhead intelligence of active events. TPD adheres to strict compliance with Federal Aviation Administration privacy standards when deploying a UAS.

AB 481 states the governing body shall only approve a military equipment use policy if:

1. The military equipment is necessary because there is no reasonable alternative that can achieve the same objective of officer and civilian safety;
2. The proposed military equipment use policy will safeguard the public's welfare, safety, civil rights, and civil liberties;
3. If purchasing the equipment, the equipment is reasonably cost effective compared to available alternatives that can achieve the same objective of officer and civilian safety;

4. Prior military equipment use complied with the military equipment use policy that was in effect at the time, or if prior uses did not comply with the accompanying military equipment use policy, corrective action has been taken to remedy nonconforming uses and ensure future compliance.

All the equipment identified within TPD Policy 708 meets the above-stated criteria. There are no reasonable alternatives to achieve the same objective and the equipment increases community safety and helps protect civil rights and civil liberties by helping limit the potential for significant uses of force. The equipment is cost effective compared to other reasonable alternatives. However, much of the equipment does not have alternatives which accomplish the same objective.

Proposed Ordinance 1327 was introduced at the regular Council meeting held on April 5, 2022, to approve the adoption of a policy allowing the use of military equipment pursuant to California Assembly Bill 481. Proposed Ordinance 1327 is before Council for adoption.

STRATEGIC PLAN

This agenda item relates to the Council's Strategic Plans for Public Safety.

FISCAL IMPACT

None. All equipment has already been purchased and is maintained with the existing general fund budget allocations.

RECOMMENDATION

Staff recommends that Council waive the full reading of the text and adopt Ordinance1327, adopting a military equipment use policy pursuant to California Assembly Bill 481.

Prepared by: Necy Lopez, Deputy City Clerk

Reviewed by: Adrianne Richardson, City Clerk
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENTS:

Attachment A: Military Equipment Use Policy

Military Equipment

708.1 PURPOSE AND SCOPE

The purpose of this policy is to provide guidelines for the approval, acquisition, and reporting requirements of military equipment (Government Code § 7070; Government Code § 7071; Government Code § 7072).

708.1.1 DEFINITIONS

Definitions related to this policy include (Government Code § 7070):

Governing body – The elected or appointed body that oversees the Department.

Military equipment – Includes but is not limited to the following:

- Unmanned, remotely piloted, powered aerial or ground vehicles.
- Mine-resistant ambush-protected (MRAP) vehicles or armored personnel carriers.
- High mobility multipurpose wheeled vehicles (HMMWV), two-and-one-half-ton trucks, five-ton trucks, or wheeled vehicles that have a breaching or entry apparatus attached.
- Tracked armored vehicles that provide ballistic protection to their occupants.
- Command and control vehicles that are either built or modified to facilitate the operational control and direction of public safety units.
- Weaponized aircraft, vessels, or vehicles of any kind.
- Battering rams, slugs, and breaching apparatuses that are explosive in nature. This does not include a handheld, one-person ram.
- Firearms and ammunition of .50 caliber or greater, excluding standard-issue shotguns and standard-issue shotgun ammunition.
- Specialized firearms and ammunition of less than .50 caliber, including firearms and accessories identified as assault weapons in Penal Code § 30510 and Penal Code § 30515, with the exception of standard-issue firearms.
- Any firearm or firearm accessory that is designed to launch explosive projectiles.
- Noise-flash diversionary devices and explosive breaching tools.
- Munitions containing tear gas or OC, excluding standard, service-issued handheld pepper spray.
- TASER® Shockwave, microwave weapons, water cannons, and long-range acoustic devices (LRADs).
- Kinetic energy weapons and munitions.
- Any other equipment as determined by a governing body or a state agency to require additional oversight.

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708.2 POLICY

It is the policy of the Tracy Police Department that members of this department comply with the provisions of Government Code § 7071 with respect to military equipment.

708.3 MILITARY EQUIPMENT COORDINATOR

The Chief of Police should designate a member of this department to act as the military equipment coordinator. The Professional Standards and Training Lieutenant is designated as the coordinator. The responsibilities of the military equipment coordinator include but are not limited to:

(a) Acting as liaison to the governing body for matters related to the requirements of this policy.

(b) Identifying department equipment that qualifies as military equipment in the current possession of the Department, or the equipment the Department intends to acquire that requires approval by the governing body.

(c) Conducting an inventory of all military equipment at least annually.

(d) Collaborating with any allied agency that may use military equipment within the jurisdiction of Tracy Police Department (Government Code § 7071).

(e) Preparing for, scheduling, and coordinating the annual community engagement meeting to include:

1. Publicizing the details of the meeting.
2. Preparing for public questions regarding the department's funding, acquisition, and use of equipment.

(f) Preparing the annual military equipment report for submission to the Chief of Police and ensuring that the report is made available on the department website (Government Code § 7072).

(g) Establishing the procedure for a person to register a complaint or concern, or how that person may submit a question about the use of a type of military equipment, and how the Department will respond in a timely manner.

708.4 MILITARY EQUIPMENT INVENTORY

The following constitutes a list of qualifying equipment for the Department:

1. Mobile Incident Command Post (CP): A vehicle used as a mobile office that provides shelter, access to Department computer systems, and restrooms.

(a) Description, quantity, capabilities, and purchase cost: LDV USA (Custom Build) vehicle, cost: $ 369,045.00 using a grant from the Office of Homeland Security in 2006, quantity: (1). The CP can be utilized for operations involving the Crisis Response Unit (CRU), critical incident management, preplanned large events, searching for missing persons, natural disasters, and community events.

(b) Purpose: Used during specific circumstances such as a critical incident, large events, natural disasters, or community events.

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(c) Authorized Use: Only staff trained in the deployment and operations consistent with policy, law, and training are authorized to operate the CP. Staff must also obtain a Class B drivers' license from the California Department of Motor Vehicles (DMV). The CP is authorized for use during but not limited to critical incidents, emergencies, community events, and natural disasters.

(d) Lifespan: 20 years on chassis and vehicle structure. IT systems currently outdated.

(e) Fiscal Impact: Annual maintenance cost is approximately $4,000.

(f) Training: The driver/operator shall receive training in the safe handling of the vehicle and obtain and maintain a class B license from the California DMV.

(g) Legal and Procedural Rules: It is the policy of this Department to use the CP for official law enforcement purposes in compliance with California state law and the policies of the Tracy Police Department.

2. Armored Vehicle: Commercially produced wheeled vehicle armored vehicle utilized for law enforcement purposes.

(a) Description, quantity, capabilities, and purchase cost: LENCO BEARCAT is an armored rescue vehicle that seats 10-12 personnel with open floor plan that allows for rescue
of down personnel. It can stop various projectiles, which provides greater safety to citizens and officers beyond the protection level of shield and personal body armor, quantity: 1, cost: $281,000; $181,000 from general fund and $100,000 from COPS grant in 2012.

(b) Purpose: Used in response to critical incidents to enhance officer and community safety. In addition, allows for scene containment, stabilization to assist in resolving incidents and as a rescue vehicle to evacuate officers and community members from potential harm.

(c) Authorized Use: The use of armored vehicles shall only be authorized by a sworn supervisor, watch commander, or incident / tactical commander. Armored vehicles shall be used by only officers trained in its deployment and in a manner consistent with training and Department policy.

(d) Lifespan: 25 years.

(e) Fiscal Impact: Annual maintenance cost is approximately $3,500.

(f) Training: All drivers must be attend a department orientation training. No special license is required by California DMV.

(g) Legal and Procedural Rules: It is the policy of this Department to utilize armored vehicles only for legitimate law enforcement purposes and in a manner consistent with State and Federal law.

3. Transport Vehicle: Commercially produced wheeled van utilized for law enforcement purposes.

(a) Description, quantity, capabilities, and purchase cost: 2017 LDV Freightliner transport vehicle, quantity: 1, used to transport personnel and equipment to active scenes where the Crisis Response Unit is deployed and often deployed along with the LENCO

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BEARCAT' cost: $206,000 ($140,000 from State COPS Grant / $66,000 from Asset Forfeiture) in 2016.

(b) Purpose: Used in response to critical incident to transport personnel and equipment to critical incidents to enhance officer and community safety; often deployed with the LENCO BEARCAT.

(c) Authorized Use: The use of the transport vehicle shall only be authorized by a sworn supervisor, watch commander, or incident / tactical commander. Armored vehicles shall be used by only officers trained in its deployment and in a manner consistent with training and Department policy.

(d) Lifespan: 25 years.

(e) Fiscal Impact: Annual maintenance cost is $3,500.00.

(f) Training: All drivers must be attend a department orientation training. No special license is required by California DMV.

(g) Legal and Procedural Rules: It is the policy of this Department to utilize the vehicle only for legitimate law enforcement purposes and in a manner consistent with State and Federal law.

4. Unmanned Aerial System (UAS): An unmanned aircraft and associated equipment necessary to control it remotely.

(a) Description, quantity, capabilities, and purchase cost:

1. DJI Mavic 2 Enterprise Advanced 909 grams, quantity 7; M2EA thermal camera, M2EA Visual Camera, spotlight, strobe with a flight time of approx. 28 minutes. Cost: $6,240 / each.
2. DJI Mini 2 249 grams, quantity: 4, 1/2" CMOS Visual Camera 12mp 4k video with a flight time of approx. 30 minutes. Cost: $599 / each.
3. DJI Mavic Air 570 grams, quantity: 2; 1/2" CMOS visual camera 48mp 4k video with a flight time of approx. 34 minutes. Cost: $988 / each.

(b) Purpose: To be deployed when its view would assist officers or incident commanders with the following situations, which include but are not limited to:

1. major collision investigations.
2. search for missing persons.
3. natural disaster management.
4. crime scene photography.
5. SWAT, tactical or other public safety and life preservation missions.
6. In response to specific requests from local, state or federal fire authorities for fire response and/or prevention.

(c) Authorized Use: Only assigned operators who have completed the required training shall be permitted to operate any UAS during approved missions.

(d) Lifespan: 5 - 10 years.

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(e) Fiscal Impact: Annual maintenance and battery replacement expected to be $4,000 - $6,000.

(f) Training: All Department UAS operators are licensed by the Federal Aviation Administration for UAS operation. In addition, each operator must attend ongoing department training.

(g) Legal and Procedural Rules: Use is established under Tracy Police Department policy 610, FAA Regulation 14 CFR Part 107, It is the policy of the Tracy Police Department to utilize UAS only for official law enforcement purposes, and in a manner that respects the privacy of our community, pursuant to State and Federal law.

5. Robots: A remotely controlled unmanned machine that operates on the ground which is utilized to enhance the safety of the community and officers.

(a) Description, quantity, capabilities, and purchase cost: AVATAR Tactical Robot; quantity 1; enhances the compatibilities of teh Crisis Response Unit by allowing to quickly and safely inspect dangerous situations without sending personnel. AVATAR has live feed video and audio with the capability to record; cost: $ 15,132.

(b) Purpose: Used remotely to gain visual and audio access to clear areas in high risk situations.

(c) Authorized Use: Used by trained members of the Crisis Response Unit.

(d) Lifespan: 8 - 10 years.

(e) Fiscal Impact: Annual maintenance cost of between $500.

(f) Training: Training conducted internally by the Crisis Response Unit.

(g) Legal and Procedural Rules: It is the policy of the Tracy Police Department to utilize the robot for official law enforcement purposes and in a manner that reflect the privacy of the community pursuant to Federal and State law.

6. Less Lethal Shotguns / Breaching Shotguns / 40MM Launchers and Munitions: These systems deploy less-lethal impact projectiles and breaching rounds.

(a) Description, quantity, capabilities, and purchase cost:

1. Shotguns and 40MM Launchers:

(a) Less-Lethal Remington 870 Shotgun: quantity 23; The Remington 870 Less Lethal Shotgun is used to deploy the less lethal 12-gauge Super-Sock Beanbag Round up to a distance of 75 feet. The range of the weapon; system helps to maintain space between officers and a suspect reducing the immediacy of the threat which is a principle of De-escalation; cost $425/each.

(b) Breaching Remington 870 Shotgun: quantity 2; This weapon allows for breachers to safely utilize shotgun breaching rounds in order to destroy deadbolts, locks, and hinges. The stand-off device that is attached to the end of the barrel allows for positive placement of the shotgun into the correct position and vents gases to prevent overpressure. cost $425/each.

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(c) 40MM Defense Technology Launcher (single shot); quantity 7; The 40MM Single Launcher is a single shot launcher. It will fire standard 40mm less-lethal ammunition up to 4..8 inches in length. It will launch a 40MM less lethal round up to 131 feet; cost: $1000/each.

(d) 40MM Defense Technology Multi-Launcher; quantity 2; The 40MM Tactical 4-Shot Launcher is low-profile and lightweight, providing multi-shot capability in an easy to carry launcher; cost $2,000 / each.

2. Munitions:

(a) CTS 12-Gauge Super-Sock beanbag round, cost: $5, quantity: 2000. A less lethal 2.4-inch 12-gauge shotgun round firing a ballistic fiber bag filled with 40 grams of lead shot at a velocity of 270-290 feet per second (FPS). CTS Super-Sock rounds are discharged from a dedicated 12-gauge shotgun that is distinguishable by an orange butt stock and fore grip. This round provides accurate and effective performance
when fired from the approved distance of not fewer than five (5) feet. The maximum effective range of this munition is up to 75 feet from the target

(b) Royal Arms TESAR #1 orange cap 275 grain copper frangible breaching round; fired from a dedicated breaching shotgun and is used to destroy deadbolts, locks, and hinges; quantity 150; cost: $125 per box of 25 rounds.

(c) Royal Arms TESAR #2 black cap 425 grain copper frangible breaching round; fired from a dedicated breaching shotgun and is used to destroy deadbolts, locks, and hinges; quantity 150; cost: $125 per box of 25 rounds.

(d) Royal Arms TESAR #4 yellow cap 750 grain copper frangible breaching round; fired from a dedicated breaching shotgun and is used to destroy deadbolts, locks, and hinges; quantity 100; cost: $125 per box of 25 rounds.

(e) CTS 4557 40MM sponge round, fired from 40MM launcher, quantity 150; the 4557 sponge round is a smokeless, spin stabilized round, 4" long intended to deliver a less-lethal blunt trauma effect; cost $20/per round.

(b) Purpose: To increase opportunities to utilize de-escalation and in an effort to reduce lethal force within law enforcement. To be used in efforts to resolve dynamic incidents where deadly force is not authorized or otherwise undesirable.

(c) Authorized Use: Situations for use of the less lethal weapon systems may include, but are not limited to:

1. Self-destructive, dangerous and/or combative individuals.
2. Riot/crowd control and civil unrest incidents.
3. Circumstances where a tactical advantage can be obtained.
4. Potentially vicious animals.

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5. Training exercises or approved demonstrations

(d) Lifespan: 25 + years for launchers and shotguns. 5 years for munitions.

(e) Fiscal Impact: Annual maintenance of approx. $25-$50 per shotgun and 40MM Launcher. munitions replenished as necessary based on usage and lifespan.

(f) Training: Requires a 4 hours less lethal course by a certified instructor. The 4 hours course is required to be completed annually to maintain certification; the course is reviewed and updated annually to ensure compliance with current law and procedures.

(g) Legal and Procedural Rules: Use of less-lethal shotguns and 40MM launchers is established under policy sections 300 - Use of Force and 303 - Control Devices and Techniques. It is the policy of the Tracy Police Department to utilize less-lethal equipment only for official law enforcement purposes and consistent with State and Federal law regarding use of force.

7. Distraction Devices: A device used to distract potentially dangerous persons.

(a) Description, quantity, capabilities, and purchase cost:

1. Combined Tactical Systems, 7290-9 Flash-Bang, cost: $52, quantity: 50. A non-bursting, non-fragmenting multi-bang device that produces a thunderous bang with an intense bright light. Ideal for distracting dangerous suspects during assaults, hostage rescue, room entry or other high-risk arrest situations.

2. Combined Tactical Systems, 7290M Mini Flash-Bang, cost: $55, quantity: 75. The 7290M Flash-Bang exhibits all the same attributes of its larger counterpart but in a smaller and lighter package. Weighing in at 15 ounces the new 7290M is approximately 30% lighter than the 7290 but still has the same 175db output of the 7290 and produces 6-8 million candelas of light.

(b) Purpose: A distraction device is ideal for distracting dangerous suspects during assaults, hostage rescue, room entry or other high-risk arrest situations. To produce atmospheric overpressure and brilliant white light and, as a result, can cause short-term (6 - 8 seconds) physiological/psychological sensory deprivation to give officers a tactical advantage.

(c) Authorized Use: Diversionary Devices shall only be used:

1. By officers who have been trained in their proper use.

2. In hostage and barricaded subject situations.

3. In high risk warrant (search/arrest) services where there may be extreme hazards to officers.

4. During other high-risk situations where their use would enhance officer safety.

5. During training exercises.

(d) Lifespan: 5 years from date of shipment.

(e) Fiscal Impact: No annual maintenance. Cost is associated with replacement after use.

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(f) Training: Prior to use, officers must attend diversionary device training that is conducted by certified instructors.

(g) Legal and Procedural Rules: Use is established under Crisis Response Unit Operational Manual. It is the policy of the Tracy Police Department to utilize diversion devices only for official law enforcement purposes, and pursuant to State and Federal law regarding the use of force.

8. Rifles: Firearms which are shoulder fired having long spiraled rifling within the barrel intended to improve the accuracy of the rifle.

(a) Description, quantity, capabilities, and purchase cost:

1. AR-15/M-4 Platform:

(a) Colt; AR-15 standard rifle with 16" barrel, quantity 84; standard issue rifle which fires a .223 caliber cartridge providing more powerful round than a stand issue handgun with greater accuracy; cost: $1,100/each.

(b) Sionics; AR-15 custom rifle with 11.5" barrel; quantity 11; standard issue rifle which fires a .223 caliber cartridge providing more powerful round than a stand issue handgun with greater accuracy. It is a short-barreled rifle which allows a a trained officer better control inside of structures; cost $1,100/each.

(c) Sons of Liberty; M4-89 custom rifle with 11.5" barrel; quantity 24; standard issue rifle which fires a .223 caliber cartridge providing more powerful round than a stand issue handgun with greater accuracy; cost $1,350/ each.

2. Precision Rifles:

(a) Accuracy International AT .308 caliber bolt action rifle; quantity 4; rifle chambered in .308 caliber. The rifle is primarily used in over watch in critical incidents and other high-risk tactical situations such as hostage rescue and search warrant service, Cost $4,000 / each.

(b) Rock River Arms LAR-8 .308 caliber semi-automatic rifle; quantity 2; rifle chambered in .308 caliber. The rifle is primarily used in over watch in critical incidents and other high-risk tactical situations such as hostage rescue and search warrant service, Cost $2,000 / each.

3. Ammunition:

(a) Speer Gold Dot .223 caliber 62 grain rifle round, quantity 125 cases (500 rounds per case); cost: $285 per case.

(b) Hornaday A-Max .308 caliber 168 grain rifle round, quantity 5 cases (500 rounds per case); cost: $400 per case.

(c) Hornaday Bonded .308 caliber 165 grain rifles round, quantity 5 cases (500 rounds per case); cost: $400 per case.

(b) Purpose: To be used as precision weapons to address a threat with more precision and/or at greater distances than a handgun.

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(c) Authorized Use: Only members who have attended a POST certified course are authorized to use a rifle. Tracy Police Department provides this training to all sworn peace officers.

(d) Lifespan: 15 years.

(e) Fiscal Impact: annual maintenance of approx. $50-100 per rifle.

(f) Training: Prior to using a rifle, officers must be certified by POST instructors in the operation of the rifle. Additionally, all members that operate any rifle are required to pass a range qualification two
times a year.

(g) Legal and Procedural Rules: Use of rifles is established under policy sections 300 - Use of Force, 306 - Firearms, and 419 - Patrol Rifles. It is the policy of the Tracy Police Department to utilize rifles only for official law enforcement purposes and consistent with State and Federal law regarding use of force.

9. Chemical Agent and Smoke Canisters: Canister which contain chemical agents that are released when deployed.

(a) Description, quantity, capabilities, and purchase cost:

1. Remington 870 shotgun dedicated to launch CS; quantity 2; specialized Remington 870 shotgun with th dedicated launching cup for the purpose of launching CS cannisters; cost: $425/each. A 1210,12 gauge launching cartridge is used to deploy the CS cannisters. The launching cartridge is designed to propel the CS cannister further than could be thrown by hand.

2. CTS 5230B - CS Baffled canister grenade, pyro, low flame potential; quantity 100; The 5230B pyrotechnic grenade is designed for indoor use delivering a maximum amount of irritant smoke throughout multiple rooms with minimal risk of fire; cost: $37/each.

3. Defense Technology Spede-Heat Continuous Discharge Grenade, CS; quantity 50; The Spede-Heat CS Grenade is a high-volume continuous burn device. It expels its payload in approx. 30 - 4- seconds. The payload is discharged through four gas ports on the top of the canister, three on the side, and one on the bottom. The canister holds approx. 81.2 grams of CS; cost $25/each.

4. Defense Technology Flameless TRI-CHAMBER CS Grenade, #1032; quantity 50; The design of the Tri-Chamber Flameless CS Grenade allows the contents to burn within an internal can and disperse the agent safely with reduced risk of fire. The grenade is designed primarily for indoor tactical situations to detect and/or dislodge a barricaded subject. This grenade will deliver approximately.70 oz. of agent during its 20-25 seconds burn time. The Tri-Chamber Flameless Grenade can be used in crowd control as well as tactical deployment situations by Law Enforcement and Corrections but was designed with the barricade situation in mind. Its applications in tactical situations are primarily to detect and/or dislodge barricaded subjects. The purpose of the Tri-Chamber Flameless Grenade is to minimize the risks to all parties through pain compliance, temporary discomfort, and/or incapacitation of potentially violent or dangerous subjects. The Tri-

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Chamber Flameless Grenade provides the option of delivering a pyrotechnic chemical device indoors, maximizing the chemicals' effectiveness via heat and vaporization, while minimizing or negatin the chance of fire to the structure; cost $25/each.

5. Defense Technology Ferret 40MM Liquid Barricade Penetrator Round, CS; quantity 100; The Ferret 40mm Round is non-burning and suitable for indoor use. Used primarily by tactical teams, it is designed to penetrate barriers, such as windows, hollow core doors, wallboard and thin plywood. Upon impacting the barrier, the nose cone ruptures and instantaneously delivers a small chemical payload inside of a structure or vehicle. In a tactical deployment situation, the 40mm Ferret is primarily used to dislodge barricaded subjects from confined areas. Its purpose is to minimize the risks to all parties through pain compliance, temporary discomfort and/or incapacitation of potentially violent or dangerous subjects; cost: $23/each.
6. Defense Technology OC Aerosol Grenade 1.3% Fogger, 6oz; quantity 25; The 6 oz. OC Aerosol Grenade will delivery its payload of 1.3% MC% OC in 20-25 seconds. This is a anatomized mist which enhances the pungent 1.3% OC formulation. Ideal for area denial areas like attics, garages, etc. This device has minimum clean up. The canister may also be hand held to direct the spray pattern. This product is designed to provide room clearing ability with minimum clear up requirements; cost: $ 17/each.
7. Defense Technology Maximum HC Smoke Military-Style Canister; quantity 25; The Military-Style Maximum Smoke Grenade comes from the Defense Technology® #3 smoke grenade. It is a slow burning, high volume, continuous discharge grenade designed for outdoor use in crowd management situations. Emits grey-white smoke only for approximately 1.5 to 2 minutes; cost: $30/each.
8. Defense Technology CS HAN-BALL Grenade; quantity 50; The Han-Ball™ CS Grenade is an outdoor use grenade expelling its payload in approximately 15-20 seconds. The rubber ball round has an over all size of 4.8 in. tall, including the fuze head, and 3.1 in. diameter. This launchable grenade holds approximately 1.6 oz. of active agent which is expelled through three ports around the equator of the ball. Due the intense heat generated by this grenade, it should not be used inside a building or near flammable material; cost: $45/each.
9. Golden Eagle Fogger Series 4 CS/OC Fogger; quantity 1; dispenses CS or OC efficiently in riotous situations. Utilizes Pepper Fog CS irritant and Pepper Fog OC; quantity 4 quarts each; cost $60 per quart.

(b) Purpose: To safely resolve critical situations high risk operations. These are necessary because there are no reasonable alternatives that can achieve the same objective of officer and civilian safety and will safeguard the public's welfare.

(c) Authorized Use: To limit the escalation of conflict where employment of lethal force is prohibited or undesirable. Situations for use of the less lethal weapon systems may include, but are not limited to:

1. Self-destructive, dangerous and/or combative individuals.

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2. Riot/crowd control and civil unrest incidents.
3. Circumstances where a tactical advantage can be obtained.
4. Potentially vicious animals.
5. Training exercises or approved demonstrations.

(d) Lifespan: 25 + years for breaching shotguns and 5 years for other materials.

(e) Fiscal Impact: Annual maintenance and replacement is approx. $2,500.

(f) Training: All staff utilzing the equipment must be training by a POST certified chemical agent instructor.

(g) Legal and Procedural Rules: The use of items is established by Department policy and the Crisis Response Unit Operational Manual.Tracy Police Department to utilize rifles only for official law enforcement purposes and consistent with State and Federal law regarding use of force.

708.4.1 MAINTENANCE OF SUPPLY LEVELS

The Department, by authorization of the Chief of Police is authorized to purchase equipment and associated and munitions approved by Council pursuant to this policy as long as it does not go beyond the scope of capabilities currently approved. The Department is authorized to maintain adequate levels of approved munitions, replace defective equipment, and increase quantities of approved equipment as needed to meet operational and safety needs of the Department and community. All purchases shall follow pre-established purchasing guidelines of the City of Tracy.

Purchase of equipment does not have to be the exact make and model listed however, they shall not exceed to capabilities and intended use as described and approved within this policy.

Example(s)

1. An increase in allocated positions by City Council may make necessary the purchase of additional equipment and munitions for both operational and training needs.
2. A manufacturer may stop making a specific model of a product, or that item may become difficult to obtain due to supply chain issues and it may become necessary to locate and purchase a similar product to maintain operation capabilities.
3. An approved military equipment program, may need to expand for operational needs (ex: increase the number of UAS in deployment, or purchase of additional less lethal shotguns).

It is the stated purpose of this policy section not exceed the scope of City Council approval and any increases in quantity shall be reported to City Council as part of the annual report for Military Equipment.

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708.4.2 MILITARY EQUIPMENT USE REPORTING REQUIREMENTS
All military equipment and munitions approved for use by this policy, when deployed in the field shall be documented and reported in PlanIt by the supervisor by the end of their assigned shift using the form titled "AB 481". The patrol Watch Commander shall conduct a weekly audit ensure the deployment data is being properly reported.

The Crisis Response Unit shall document the military equipment deployment as part of their after action report and the Team Leader, or designee shall enter the information into PlanIt using the form titled "AB 481". The Tactical Commander shall conduct a quarterly audit to the date is being property reported.

As part of the annual reporting requirement, the Professional Standards and Training Division shall complete a report to be submitted to City Council in a regular meeting.

As it relates to this policy, the term deployed means to have been utilized it response to a real world incident whether or not the equipment was

708.5 APPROVAL

The Chief of Police or the authorized designee shall obtain approval from the governing body by way of an ordinance adopting the military equipment policy. As part of the approval process, the Chief of Police or the authorized designee shall ensure the proposed military equipment policy is submitted to the governing body and is available on the department website at least 30 days prior to any public hearing concerning the military equipment at issue (Government Code § 7071). The military equipment policy must be approved by the governing body prior to engaging in any of the following (Government Code § 7071):

(a) Requesting military equipment made available pursuant to 10 USC § 2576a.

(b) Seeking funds for military equipment, including but not limited to applying for a grant, soliciting or accepting private, local, state, or federal funds, in-kind donations, or other donations or transfers.

(c) Acquiring military equipment either permanently or temporarily, including by borrowing or leasing.

(d) Collaborating with another law enforcement agency in the deployment or other use of military equipment within the jurisdiction of this department.

(e) Using any new or existing military equipment for a purpose, in a manner, or by a person not previously approved by the governing body.

(f) Soliciting or responding to a proposal for, or entering into an agreement with, any other person or entity to seek funds for, apply to receive, acquire, use, or collaborate in the use of military equipment.

(g) Acquiring military equipment through any means not provided above.

708.6 COORDINATION WITH OTHER JURISDICTIONS

Military equipment used by any member of this Department shall be approved for use and in accordance with this Department policy. Military equipment used by other jurisdictions that are

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providing mutual aid to this Department, or otherwise engaged in law enforcement operations in this jurisdiction, shall comply with their respective military equipment use policies.

708.7 ANNUAL REPORT

Upon approval of a military equipment policy, the Chief of Police or the authorized designee should submit a military equipment report to the governing body for each type of military equipment approved within one year of approval, and annually thereafter for as long as the military equipment is available for use (Government Code § 7072).

The Chief of Police or the authorized designee should also make each annual military equipment report publicly available on the department website for as long as the military equipment is available for use. The report shall include all information required by Government Code § 7072 for the preceding calendar year for each type of military equipment in department inventory.

708.8 COMMUNITY ENGAGEMENT

Within 30 days of submitting and publicly releasing the annual report, the Department shall hold at least one well-publicized and conveniently located community engagement meeting, at which the Department should discuss the report and respond to public questions regarding the funding, acquisition, or use of military equipment.

Any member of the public can register a question or concern regarding military equipment by contacting the Professional Standards and Training Division by email at PROFESSIONALSTANDARDS@TRACYPD.COM or by telephone at (209) 831-6559.

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ORDINANCE 1327

AN ORDINANCE OF THE CITY OF TRACY ADOPTING A MILITARY EQUIPMENT USE POLICY PURSUANT TO CALIFORNIA ASSEMBLY BILL 481

WHEREAS, on September 30, 2021, Governor Gavin Newsom signed into law California Assembly Bill 481 (AB 481), regarding the use of military equipment by law enforcement agencies, and

WHEREAS, AB 481, codified by California Government Code section 7070 through 7075, requires that all law enforcement agencies obtain approval from the applicable governing body, by ordinance, adopting a military equipment use policy prior to taking certain actions relating to the funding, acquisition, or use of military equipment, and

WHEREAS, Government Code section 7070 defines the term “military equipment”, and

WHEREAS, the proposed military equipment policy is found within the Tracy Police Department Military Equipment Use Policy (Lexipol Policy #708), and

WHEREAS, AB 481 requires that the law enforcement agency make the military equipment use policy available on the law enforcement agency’s website at least 30 days prior to the public hearing relating to the adoption of the military use equipment policy, and

WHEREAS, the Tracy Police Department Military Equipment Use Policy was published on the Tracy Police Department’s internet website on March 4, 2022, at least 30 days before the public hearing, and

WHEREAS, the Tracy Police Department Military Equipment Use Policy meets the requirements of Government Code section 7070, subdivision (d).

NOW THEREFORE, the City Council of the City of Tracy does ordain as follows:

SECTION 1: The City Council hereby determines the following:

A. The military equipment identified in the Tracy Police Department’s Military Equipment Use Policy (Lexipol Policy #708) is necessary because there are no reasonable alternatives that can achieve the same objectives of officer and civilian safety;

B. Tracy Police Department’s Military Equipment Use Policy (Lexipol Policy #708) will safeguard the public’s welfare, safety, civil rights, and civil liberties;

C. Prior military equipment use complied with the military equipment use policy that was in effect at the time; and

D. Tracy Police Department’s Military Equipment Use Policy (Lexipol Policy #708) is hereby approved and adopted.

SECTION 2: If any provision or the application of this Ordinance is for any reason held to be unconstitutional, invalid, or otherwise unenforceable, such decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have adopted each subsection or provision of this Ordinance irrespective

of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance enforced.

SECTION 3: This Ordinance shall take effect thirty (30) days after its final passage and adoption.

SECTION 4: This Ordinance shall either (1) be published once in a newspaper of general circulation, within 15 days after its final adoption, or (2) be published in summary form and posted in the City Clerk's office at least five days before the ordinance is adopted and within 15 days after adoption, with the names of the Council Members voting for and against the ordinance. (Gov't. Code §36933.)

* *

The foregoing Ordinance 1327 was introduced at a regular meeting of the Tracy City Council on the 5th day of April, 2022, and finally adopted on the _____ day of _____, 2022, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

_____
MAYOR

ATTEST:

_____
CITY CLERK

April 19, 2022

AGENDA ITEM 1.J

REQUEST

ADOPT A RESOLUTION AMENDING THE CITY'S OPERATING AND CAPITAL IMPROVEMENT PROJECTS (CIP) BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2022, AS PROPOSED AND AUTHORIZE THE BUDGET OFFICER TO AMEND THE CITY'S POSITION CONTROL ROSTER FOR FY2021-22

EXECUTIVE SUMMARY

On May 18, 2021, Council adopted the FY 2021-22 Operating and Capital Budget. This report provides an update of the City's current financial performance, for Third Quarter (Q3), through March 31, 2022. This financial summary identifies Q3 General Fund revenue and expenditure actuals and encumbrances, minor amendments to the FY 2021-22 budget, and provides an update of current Capital Improvement Projects (CIPs).

DISCUSSION

Quarterly, staff prepares a report to the City Council on the year-to-date revenues and expenditures as compared to the amended budget as of March 31, 2022 (Third Quarter-Q3). For comparison, FY 2020-21 Q3 actuals are also provided.

FY 2021-22 General Fund Budget to Actuals

As of March 31, 2022, the General Fund expenditures are approximately 48% of the approved operating budget. General Fund revenues collected in Q3 (as of March 31, 2022), reflect approximately 65% of estimated revenues. City revenues tend to lag a quarter behind, and many revenues will appear low or zero as a result. For example, General Fund revenues in Property Tax, as well as VLF/Property Tax, are distributed in December and April and will appear in the second and fourth quarter reports. The City's Sales Tax are one-quarter in arrears and will appear after the second quarter, and first quarter collections represent advances from the State based on prior year collections, not necessarily actual collection by the State. General Fund revenues in Franchise Fees and Business Licensees are typically reported in the third and fourth quarter of the fiscal calendar.

REVENUES (in thousands)	FY 20/21 Q3	FY 21/22 Adopted	FY 21/22 Amended	FY 21/22 Q3	% of Budget
Property Tax	$ 14,458	$ 28,114	$ 28,114	$ 15,548	55.30%
Sales Tax	16,676	29,222	54,222	37,582	69.31%
Sales Tax Measure V	7,634	12,000	14,000	8,982	64.16%
Other Taxes	1,491	2,370	2,720	1,725	63.41%
Other Revenues	11,416	26,132	18,700	13,236	70.78%
TOTAL REVENUES	**$ 51,675**	**$ 97,838**	**$ 117,756**	**$ 77,073**	65.45%
EXPENDITURES (in thousands)					% of Budget
Personnel	$ 42,516	$ 43,993	$ 47,966	$ 33,060	68.92%
Purchased Services and Supplies	8,557	30,739	34,610	10,855	31.37% 0.00%
Utilities	1,348	2,168	2,171	1,488	68.52%
Capital	-	-	752	31	0.00%
Debt	-	-	-	-	0.00%
Net Transfers In/(Out)	-	15,714	19,420	4,185	21.55%
TOTAL EXPENDITURES	**$ 52,421**	**$ 92,614**	**$ 104,919**	**$ 49,619**	47.29%
Total Change in Net Position	**$ (746)**	**$ 5,224**	**$ 12,837**	**$ 27,454**	

2021-22 Third Quarter (Q3) Operating Budget Augmentations

The following table is a summary of all recommended Q3 budget augmentations for FY 2021-22. They are listed by department, with General Fund totals separated, and categorized as one time or on-going expenses.

Department	Description	General Fund	Other Fund	One Time	On Going
City Manager	Vehicle (1)		$ 30,000	$ 30,000	
Development Services	Staff (2), Vehicles (3)		473,600	128,500	345,100
Economic Development	Contract Services	152,000		152,000	
Police	Vehicles (2), Equipment, Contract Services	362,000		260,000	102,000
Public Works	Vehicles (3), Equipment, Contract Services	1,343,700	577,200	1,263,700	657,200
	Total:	$1,857,700	$1,080,800	$1,834,200	$1,104,300

General Fund Non-Personnel Augmentations: The General Fund's non-personnel budget requires an amendment of $1,705,700.

Department	Description	Funding Source	One Time	On Going
Economic Development	Contract Services	General Fund	$152,000	
Police	Vehicles (2), Equipment	General Fund	$260,000	$102,000
Public Works	Vehicles (3), Equipment, Contracted Services	General Fund	$1,028,700	$315,000
			$1,440,700	$417,000
			Total:	**$1,857,700**

Due to the limited supply of vehicles and extensive wait times, staff is recommending augmenting budget to purchase ahead for FY2022-23.

Public Works - Council has requested that additional dog waste bag dispenser units and garbage cans be installed, serviced, and cleaned throughout the City. Included in their request is the purchase of approximately 100 complete units (dispenser and accompanying receptacle) to be installed at various locations, along with a recycling steam cleaning machine. Public Works is also requesting an additional vehicle and thermoplastic machine to further maintain street markings, such as green bikeways.

Staff is making the following personnel recommendations for additional appropriations, position changes and authorize the Budget Officer to make the changes to the position control roster for FY2021-22:

Other Fund Personnel Augmentations

Development Services – Construction Management is requesting to add (2) Construction Inspectors. This will increase the level of service to the community and will reduce the use of contract services. These positions will be funded through charges for services and capital improvement projects.

Other Funds Personnel Costs

Department	Description	Funding Source	One Time	On Going
Development Services	Construction Inspectors (2)	Engineering		$345,100
Development Services	New Inspector - Equipment	Engineering	$3,500	
Development Services	New Inspector - Vehicles	Engineering	$90,000	
			$93,500	$345,100
			Total:	**$438,600**

Other Fund Non-Personnel Augmentations

Department	Description	Funding Source	One Time	On Going
City Manager's Office	Vehicle for Homeless Manager	ARPA	$30,000	
Development Services	Vehicle (1)	Engineering	$35,000	
Public Works	Contracted Services	Landscape Maintenance Districts		$142,200
Public Works	Contracted Services	Solid Waste	$235,000	
Public Works	Fuel Cost Increase	Central Garage		$200,000
			$300,000	$342,200
			Total:	**$642,200**

Non-Budgetary-Personnel Amendments:

Staff is making the following recommendations to amend FY2021-22 Position Control Roster; however, the requests do not require a budget augmentation:

(2) Utility Worker I/II – Public Works is requesting to delete (2) Meter Reader positions and re-allocate funding to add (2) Utility Workers I/II to the Utilities Maintenance Division. This item does not require a budget augmentation.

FY 2021-22 Third Quarter (Q3) Capital Improvement Project (CIP) Augmentations

Staff is making the following recommendations for increased appropriations for current CIPs, and are summarized in the following table:

NEW APPROPRIATIONS		
CIP	**Amount**	**Fund**
73109-I-205/Chrisman Interchange	$1,000,000	363 - TIMP Traffic
76086-Citywide Drainage Master Plan Update	$ 175,000	362 – TIMP Storm Drain

Note: Over the last year, the City, like the rest of the State and Nation, is facing steep increases in construction costs. Engineering, as well as our developers, are experiencing a 20% or more increase over their estimates.

STRATEGIC PLAN

This agenda item addresses Goal 2 of the Governance Strategy to ensure continued fiscal sustainability through financial and budgetary stewardship.

FISCAL IMPACT

Quarterly, staff prepares a report to the City Council on the year-to-date revenues and expenditures as compared to the amended budget as of March 31, 2022 (Third Quarter Q3). Staff is recommending minor amendments to the City Operating and Capital Budget for FY 2021-22. The FY 2021-22 proposed budget appropriations of $4.1 million from all funding sources.

SUMMARY OF NEW BUDGET AUGMENTATIONS FOR QUARTER THREE (Q3) FY 2021-22

Department	General Fund	Other Fund	One Time	On Going
City Manager		$ 30,000	$ 30,000	
Development Services		$ 473,600	$ 128,500	$ 345,100
Economic Development	$ 152,000		$ 152,000	
Police	$ 362,000		$ 260,000	$ 102,000
Public Works	$ 1,343,700	$ 577,200	$ 1,263,700	$ 657,200
Total:	$ 1,857,700	$ 1,080,800	$ 1,834,200	$ 1,104,300

NEW APPROPRIATIONS		
CIP	**Amount**	**Fund**
73109-I-205/Chrisman Interchange	$1,000,000	363 - TIMP Traffic
76086-Citywide Drainage Master Plan Update	$ 175,000	362 – TIMP Storm Drain

RECOMMENDATION

The City Council, by resolution, adopt the Amended Operating and Capital Improvement Projects (CIP) Budget for Fiscal Year 2021-22.

Prepared by: Felicia Galindo, Budget Officer

Reviewed by: Karin Schnaider, Finance Director
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENTS

Attachment A – FY2021-22 Q3 CIP Budget Update

Attachment A

GENERAL GOVERNMENT PUBLIC SAFETY PROJECT BUDGET UPDATE
FY2021-22 Q3

CIP	Expenses	Budget	% Budget Expensed	Planning	Design	Construction	Close out
ACTIVE PROJECTS							
71027-Retrofit Water Tower 6th St	$ 5,632	$ 210,000	3%	X			
71078-New Radio Tower - Station 96	$ 28,905	$ 118,080	24%	X			
71107-Public Facilities Master Plan Update	$ 401,291	$ 500,000	80%	X			
71108-Public Safety Master Plan Update	$ 191,139	$ 250,000	76%	X			
71109-Fire Training Tower Site	$ 110,238	$ 450,000	24%		X		
71110-Multipurpose Reality Based Training Facility	$ 255,420	$ 400,000	64%	X			
71111-Grand Theater Repair	$ 370,794	$ 421,000	88%		X		
71112-Temporary Emergency Housing	$ 54,338	$ 100,000	54%		X		
71113-Station 91 Renovations	$ 120,376	$ 365,000	33%		X		
71114-PD Communications Software	$ 166,342	$ 167,000	100%				X
71116-El Pescadero Park Wall Extension	$ 15,898	$ 200,000	8%		X		

TRAFFIC SAFETY PROJECT BUDGET UPDATE
FY2021-22 Q3

CIP	Expenses	Budget	% Budget Expensed	Planning	Design	Construction	Close out
ACTIVE PROJECTS							
72095-Traffic Signal - Corral Hollow & Valpico	$ 214,519	$ 300,000	72%		X		
72098-Adaptive Traffic System - 11th Street	$ 45,446	$ 801,413	6%		X		
72104-Intersection Improvements - Corral Hollow & Linne	$ 156,111	$ 925,000	17%		X		
72113-Adaptive Traffic System - Corral Hollow Road	$ 80,421	$ 977,250	8%		X		
72116-Crosswalk Safety Enhancement on 11th St at F St	$ 11,837	$ 280,000	4%	X			
72117-Traffic Cameras Repair/Replacement	$ 518	$ 50,000	1%	X			
72118-Upgrade & Maintenance of Traffic Management Center Software	$ 723	$ 140,000	1%		X		
72119-Local Roadway Safety Plan	$ 79,544	$ 80,000	99%	X			
72121-IS Imp Grant Line & MacArthur	$ 10,648	$ 118,440	9%				
72122-Holly Drive Pedestrian & Bikeway Improvements	$ -	$ 105,000	0%				
72123-Adaptive Traffic Signal System - Grant Line Road	$ -	$ 1,015,000	0%				
72124-Temporary TS at CH & Valpico	$ 1,879	$ 275,000	1%				

STREETS AND HIGHWAYS PROJECT BUDGET UPDATE
FY2021-22 Q3

CIP	Expenses	Budget	% Budget Expensed	Planning	Design	Construction	Close out
ACTIVE PROJECTS							
73084-New Interchange - I-205 & Lammers Road - Ph I, EIR Study	$ 712,895	$ 1,008,000	71%	X			
73103-Widening - Corral Hollow, 11th to Schulte	$ 191,438	$ 740,829	26%	X			
73109-I-205 at Chrisman Road Interchange	$ 121,597	$ 696,290	17%		X		
73144-Widening - Corral Hollow, Linne to Old Schulte	$ 1,967,134	$ 6,111,938	32%		X		
73146-I-205/Mountain House Overcrossing	$ 2,044,555	$ 5,611,631	36%		X		
73147-I-580/Mountain House Overcrossing	$ 1,376,434	$ 36,377,000	4%		X		
73148-Bridge Widening Over Delta Mendota Canal on Mountain House Parkway	$ 17,938	$ 101,205	18%	X			
73149-Bridge Widening Over California Aqueduct on Mountain House Parkway	$ 10,858	$ 101,716	11%	X			
73150-Bridge Widening Over Delta Mendota Canal on Old Schulte Road	$ 25,786	$ 121,547	21%	X			
73161-Reconstruction - Corral Hollow Road from Linne to I-580	$ 1,012,887	$ 2,210,231	46%		X		
73166-Street Patch & Overlay Program FY19	$ 1,569,182	$ 3,224,190	49%				X
73171-West Street Sidewalk Gap Closure Project	$ 40,123	$ 305,000	13%		X		
73173-Transportation Master Plan	$ 565,623	$ 800,000	71%		X		
73175-Tracy Boulevard Sidewalk	$ 23,367	$ 724,581	3%		X		
73176-Street Patch & Overlay Program FY20	$ 756,570	$ 2,175,000	35%		X		
73177-ADA Accessibility Improvements	$ 44,760	$ 430,000	10%		X		
73178-Overlay Program FY21	$ 225,903	$ 3,961,862	6%		X		
73179-Pavement Management System Update	$ 9,419	$ 125,000	8%	X			
73180-Sidewalk, Curb, and Gutter Repair FY 21-22	$ 26,998	$ 350,000	8%		X		
73181-Asphalt Concrete Pedestrian Path Installation on Lammers Road	$ -	$ 80,581	0%	X			
73183-Pavement Rehabilitation Project FY 21-22	$ 51,201	$ 2,530,445	2%	X			
73184-Slurry Seal FY21-22	$ 3,485	$ 600,000	1%	X			
73185-ADA Space Downtown	$ -	$ 35,000	0%	X			

STREETS AND HIGHWAYS PROJECT BUDGET UPDATE
FY2021-22 Q3

NEW APPROPRIATIONS		
CIP	**Amount**	**Fund**
73109-I-205 at Chrisman Road Interchange	$ 1,000,000	363 - TIMP Traffic

WASTEWATER IMPROVEMENTS PROJECT BUDGET UPDATE

FY2021-22 Q3

CIP	Expenses	Budget	% Budget Expensed	Planning	Design	Construction	Close out
ACTIVE PROJECTS							
74083-New Outfall Pipeline WW Treatment Plant- Larch Road & Holly Drive	$ 23,706,007	$ 39,900,000	59%			X	
74084-WW Line Upgrades - East Side Sewer mains on Grant Line Rd	$ 34,987	$ 756,000	5%		X		
74107-Wastewater Treatment Plant Expansion - Phase 2	$ 18,498,590	$ 31,000,000	60%		X		
74159-Wastewater Master Plan Update	$ 514,611	$ 781,200	66%	X			
74162-Lincoln Avenue Sewer Connection	$ -	$ 200,000	0%				
74163-Lincoln Blvd Sewer Main & Lateral Replacement	$ 6,108	$ 320,000	2%				
74164-Primary Clarifier Effluent Pumping System	$ -	$ 450,000	0%				
74165-Sewer Capacity Upgrade	$ -	$ 3,000,000	0%				

WATER IMPROVEMENTS PROJECT BUDGET UPDATE

FY2021-22 Q3

CIP	Expenses	Budget	% Budget Expensed	Planning	Design	Construction	Close out
ACTIVE PROJECTS							
75130-SCADA Replacement	$ 425,000	$ 675,000	63%				X
75153-Luis Manner Well Rehab	$ 753,419	$ 964,973	78%			X	
75155-Up Flow Clarifier Rehab	$ -	$ 400,000					
75156-WTP UV Upgrade	$ 263,161	$ 400,000	66%		X		
75159-Water Master Plan Update	$ 439,021	$ 659,767	67%	X			
75160-Water Lines Lammers Rd	$ 401,384	$ 4,800,000	8%		X		
75161-HACH WIMS ESMT Report Auto Generator	$ -	$ 120,000	0%	X			
75162-Well Improvements	$ 220,221	$ 1,500,000	15%	X			
75163-Tracy Hills Zone 5 Water Booster Station	$ 540	$ 3,800,000	0%	X			

DRAINAGE IMPROVEMENTS PROJECT BUDGET UPDATE
FY2021-22 Q3

CIP	Expenses	Budget	% Budget Expensed	Planning	Design	Construction	Close out
ACTIVE PROJECTS							
76059-South MacArthur, Ph 2-From Northern Boundary of Elissagaray Ranch to Connection at Eastside Channel	$ 53,377	$ 554,007	9.6%		X		
76086-Storm Drain Master Plan Update	$ 855,136	$ 728,070	117.5%	X			
76087-Eastside Channel Lining from Grant Line Road to MacArthur	$ -	$ 2,500,000	0.0%	X			

NEW APPROPRIATIONS		
CIP	**Amount**	**Fund**
76086-Storm Drain Master Plan Update	$ 175,000	362 - TIMP Storm Drain

AIRPORT TRANSIT PROJECT BUDGET UPDATE
FY2021-22 Q3

CIP	Expenses	Budget	% Budget Expensed	Planning	Design	Construction	Close out
ACTIVE PROJECTS							
77564-Transit Station Security Cameras	$ 10,424	$ 140,000	7.4%	X			
77583-Airport Layout Plan/Geospatial Info	$ 121,345	$ 227,937	53.2%	X			
77584-Transit Station Rehab	$ 1,191,663	$ 1,424,000	83.7%		X		
77585-Tracer Bus Stop Improvements	$ -	$ 500,000	0.0%				
77586-Transit Maintenance & Storage Yard (Land Acquisition)	$ -	$ 1,000,000	0.0%				
77587-ITS infrastructure Planning & Construction	$ -	$ 1,400,000	0.0%				

COMPLETED PROJECTS							
CIP	**Expenses**	**Budget**					
77582-Airport RDA Improvements	$ 1,276,204	$ 1,502,717	84.9%				X

PARKS RECREATION IMPROVEMENTS PROJECT BUDGET UPDATE

FY2021-22 Q3

CIP	Expenses	Budget	% Budget Expensed	Planning	Design	Construction	Close out
ACTIVE PROJECTS							
78054-Aquatics Center	$ 1,322,813	$ 65,000,000	2.0%	X			
78170-Gretchen Tally Park Phase III	$ 686,430	$ 3,600,000	19.1%		X		
78171-Bikeways Master Plan Update	$ 100,001	$ 100,000	100.0%	X			
78178-Multi-Generational Recreation Center	$ 3,461,852	$ 40,000,000	8.7%	X			
78179-Parks Master Plan Update	$ 294,190	$ 426,000	69.1%	X			
78183-Bikeways Improvements	$ 88,309	$ 155,000	57.0%		X		
78184-Hoyt Park - Per Capita Improvements	$ 89,090	$ 234,065	38.1%		X		
78185-Legacy Field Site Phase 1E	$ 18,451,822	$ 21,000,000	87.9%			X	

RESOLUTION 2022-

AMENDING THE CITY'S OPERATING AND CAPITAL IMPROVEMENT PROJECTS (CIP) BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2022, AS PROPOSED

WHEREAS, The City Council, on May 18, 2021, adopted the FY 2021-22 Operating and Capital Budget for the City of Tracy, and

WHEREAS, Based upon a review of revenues and expenditures, the City Manager has prepared and proposed additional amendments to the FY 2021-22 budget, and

WHEREAS, The City Council has considered information related to these matters, as presented at a public meeting of the City Council, including any supporting documents and reports by City staff, and any information provided during that public meeting, and

WHEREAS, The City Council has reviewed the level of budgeting control needed by the City Manager to ensure efficiency in managing the operations of the City, including the authorization of budget transfers between funds;

NOW, THEREFORE, BE IT RESOLVED, the City Council of the City of Tracy hereby adopts the Amended Operating and Capital Improvement Projects (CIP) Budget for Fiscal Year 2021-22 as evidenced by the attached summary of FY2021-22 Revised General Fund Budget.
.

* * * * * * * * * * *

The foregoing Resolution 2022- was passed and adopted by the Tracy City Council on the 19th day of April, 2022, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

_____
MAYOR

ATTEST:

_____
CITY CLERK

Less Transfers (in thousands)	**2020/2021 (Actuals)**	**2021/2022 (adopted)**	**2021/22 (amended as Q3)**
GENERAL FUND	104,743	89,856	117,757
DEVELOPMENT SERVICES	11,203	11,751	17,049
SCFA	10	9,419	9,419
GAS TAX	3,834	4,172	3,167
SPECIAL REVENUE	9,684	5,069	32,977
GEN FUND CAPITAL	78	0	0
CAPITAL	33,008	497	35,910
DEBT	2,918	4,524	4,524
INTERNAL SERVICES FUND	13,386	14,107	16,425
WASTEWATER	17,331	15,289	16,086
WATER	25,206	21,252	23,010
SOLID WASTE	24,284	22,115	22,115
STORM DRAIN	4,321	729	729
AIRPORT	1,194	943	954
TRANSIT	8,122	5,611	5,611
Total Revenue	**259,322**	**205,334**	**305,733**
GENERAL FUND	75,571	76,900	85,499
DEVELOPMENT SERVICES	12,025	13,760	17,135
SCFA	23,520	25,148	26,049
GAS TAX	4,061	4,136	8,379
SPECIAL REVENUE	6,619	26,821	48,356
GEN FUND CAPITAL	903	17,400	30,079
CAPITAL	8,930	3,861	35,069
DEBT	4,241	4,198	4,198
INTERNAL SERVICES FUND	18,352	15,282	18,826
WASTEWATER	38,369	47,365	82,221
WATER	23,190	20,544	24,719
SOLID WASTE	24,992	24,523	25,640
STORM DRAIN	2,261	705	739
AIRPORT	1,751	788	1,240
TRANSIT	8,128	7,017	8,431
Total Expenses	**252,913**	**288,448**	**416,580**
Surplus/(Deficit)	6,409	(83,114)	(110,847)

**Includes increases/decreases for Non-General Fund revenues and expenditures*

Exhibit A

SUMMARY OF NEW BUDGET AUGMENTATIONS FOR FY 2021-22

Department	Description	General Fund	Other Fund	One Time	On Going
Economic Development	Banner Replacements	$ 40,000		$ 40,000	
Public Works	Ballistic Panels for New PD Vehicles, Repair Costs, Garage, PD & City Hall, Landscape Maintenance Contract		378,095	60,000	318,095
Public Works	Emergency Net Repair at Sports Complex	65,000		65,000	
	Total:	$ 105,000	$ 378,095	$ 165,000	$ 318,095

CIP	Amount	Fund
71116-El Pescadero Park Wall Extension	$200,000	301 - General Projects
73171-West Street Sidewalk Gap Closure Project	$ 55,000	245 - Gas Tax
73173-Transportation Master Plan	$100,000	363 - TIMP Traffic
73177-ADA Accessibility Improvements	$100,000	245 - Gas Tax
73178-Overlay Program FY21	$450,000	242 - Measure K
73178-Overlay Program FY21	$450,000	245 - Gas Tax
73178-Overlay Program FY21	$200,000	248 - SB1
73179-Pavement Management System Update	$ 75,000	245 - Gas Tax
73180-Sidewalk, Curb, and Gutter Repair FY 21-22	$100,000	245 - Gas Tax

April 19, 2022

AGENDA ITEM 1.K

REQUEST

AWARD A CONSTRUCTION CONTRACT TO GRADE TECH, INC. OF SAN RAMON, CALIFORNIA, IN THE AMOUNT OF $1,978,480 FOR THE TEMPORARY EMERGENCY HOUSING PROJECT ON ARBOR AVENUE, DEMOLITION, ROUGH GRADING AND UNDERGROUND UTILITIES CONSTRUCTION PHASE 1, CIP 71112, WITH A NOT-TO-EXCEED BUDGET OF $2,473,100, AND AUTHORIZE THE CITY MANAGER TO APPROVE CHANGE ORDERS UP TO THE CONTINGENCY AMOUNT OF $197,848, IF NEEDED

EXECUTIVE SUMMARY

City staff requests that City Council award a construction contract for the Temporary Emergency Housing Project on Arbor Avenue, Demolition, Rough Grading and Underground Utilities Construction Phase 1 ("Project") in the amount of $1,978,480 to Grade Tech, Inc. with a not-to-exceed budget of $2,473,188 and authorize the City Manager to approve change orders up to the Contingency Amount of $197,848, if needed.

DISCUSSION

On September 1, 2020, Council authorized the creation of a Capital Improvement Project (CIP) for the Temporary Emergency Housing Project on Arbor Avenue, CIP 71112 (Project), to create a safe and dignified facility for residents experiencing homelessness.

In order to expedite the beginning of work, the project construction work was divided into a preliminary phase (Phase 1) of demolition, rough grading and installation of underground utilities, design work that City staff could prepare in house, and a secondary phase (Phase 2) of full site construction and development that required the work of the design consultant, The KPA Group, LLC (Consultant).

Phase 1 of the Project was advertised for competitive bids on December 17, 2021 and December 24, 2021. Bids were received and publicly opened via online video conference call at 2:00 p.m. on Wednesday, January 19, 2022, with the following results:

Contractor	Base Bid
Grade Tech, Inc.	1,978,480

Bid analysis indicates that the lowest monetary bid is responsive and the bidder, Grade Tech, Inc. of San Ramon, California, is responsible. The bidder has the appropriate contractor's license in active standing with the State of California and has completed similar projects.

Although only a single bid was received, rebidding the project would not guarantee a reduction in the overall project cost due to the current demand for construction services and it is not anticipated that the demand for construction work will decrease in the near future.

The total estimated cost of this Project, if awarded to the lowest bidder, is as follows:

Construction Bid	$1,978,480
Construction Management (10%)	$197,848
Design Support During Construction (5%)	$98,924
Contingency (10%)	$197,848
Total Project Construction Cost	**$2,473,100**

Tracy Municipal Code Section 2.20.090(b) authorizes the City Manager to approve change orders up to the contingency amount approved by Council. City staff recommends the contingency amount for this project to be $197,848, which is 10% of the construction contract cost.

STRATEGIC PLAN

This agenda item supports the City of Tracy's Quality of Life Strategic Priority.

FISCAL IMPACT

The estimated project cost is $2,473,188 and will be funded by CIP 71112 Temporary Emergency Housing Project on Arbor Avenue. CIP 71112 has a current available budget of $3,390,316 as follows:

Fund	**Budget**	**Expense**	**Balance**
252 - ARPA	$ 3,109,000	$ 42,748	$ 3,066,252
261 - Grant	$ 329,400	$ 50,999	$ 278,402
268 - CDBG	$ 100,000	$ 54,338	$ 45,662
282 - Housing Successor	$ 690,000	$ 690,000	$ -
		Total Balance	$ 3,390,316

RECOMMENDATION

That City Council, by resolution, award a construction contract to Grade Tech, Inc. of San Ramon, California, in the amount of $1,978,480 for the Temporary Emergency Housing Project on Arbor Avenue, Phase 1 Demolition, Rough Grading and Underground Utilities, CIP 71112, with a not-to-exceed budget of $2,473,100 for design support, award of contract, construction management, and contingency, and authorize the City Manager to approve change orders up to the specified project contingency amount of $197,848, if needed.

Prepared by: Ilene Macintire, PE, Senior Civil Engineer

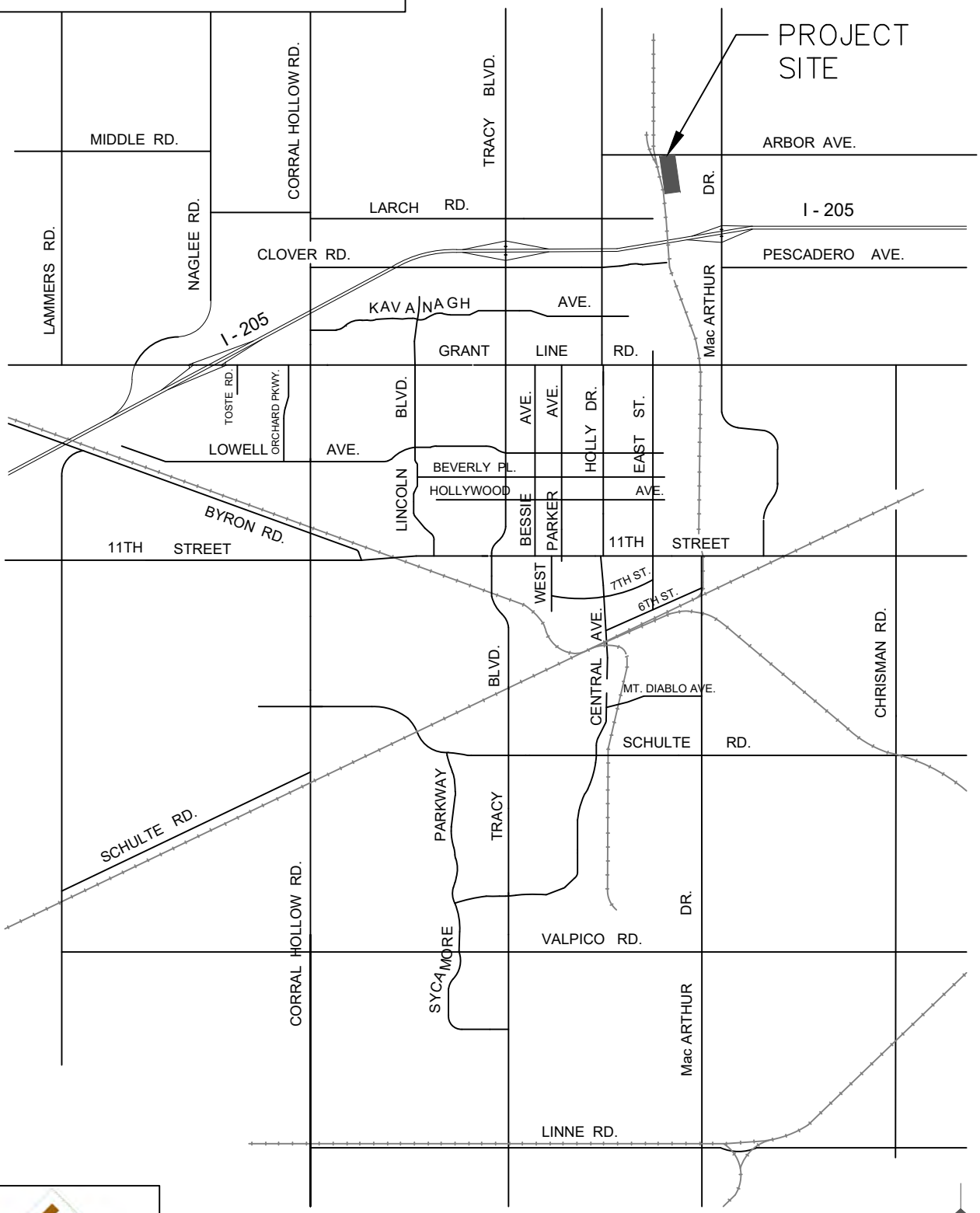
Reviewed by: Robert Armijo, PE, City Engineer/Assistant Development Services Director
Karin Schnaider, Finance Director
William Dean, Interim Development Services Director
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENTS

Attachment A – Location Map

CITY OF TRACY



TEMPORARY EMERGENCY HOUSING PROJECT
ON ARBOR AVENUE
CIP #71112

LOCATION MAP

NOT TO SCALE

RESOLUTION 2022-_____

AWARDING A CONSTRUCTION CONTRACT TO GRADE TECH, INC. OF SAN RAMON, CALIFORNIA, IN THE AMOUNT OF $1,978,480 FOR THE TEMPORARY EMERGENCY HOUSING PROJECT ON ARBOR AVENUE, DEMOLITION, ROUGH GRADING AND UNDERGROUND UTILITIES CONSTRUCTION PHASE 1, CIP 71112, WITH A NOT-TO-EXCEED BUDGET OF $2,473,100, AND AUTHORIZING THE CITY MANAGER TO APPROVE CHANGE ORDERS UP TO THE CONTINGENCY AMOUNT OF $197,848, IF NEEDED

WHEREAS, The Temporary Emergency Housing Project on Arbor Avenue, CIP 71112, is an approved project, and

WHEREAS, The first phase of the project was advertised for competitive bids on December 17, 2021, and December 24, 2021. One (1) bid were received and publicly opened via Tele-Conference at 2:00 p.m., on January 19, 2022 with the following results:

Contractor	**Base Bid**
Grade Tech, Inc. of San Ramon, CA	$1,978,480

WHEREAS, Grade Tech, Inc. of San Ramon, California was the apparent low bidder, and

WHEREAS, The bid analysis indicates their bid is “responsive” and the bidder is “responsible,” and

WHEREAS, Tracy Municipal Code Section 2.20.090(b) authorizes the City Manager to approve change orders up to the contingency amount approved by City Council, and

WHEREAS, The recommended contingency amount for this project is $$197,848, or 10% of the contract, and

WHEREAS, The City Council has authorized a not to exceed budget for CIP of $1,144,522; including design, award of contract, construction management, and contingency;

Construction Bid	$1,978,480
Construction Management (10%)	$197,848
Design Support During Construction (5%)	$98,924
Contingency @ 10%	$197,848
Total Project Cost	**$2,473,100**

NOW, THEREFORE BE IT RESOLVED, That the City Council of the City of Tracy hereby awards a construction contract to Grade Tech, Inc, of San Ramon, California in the amount of $1,978,480 for the Temporary Emergency Housing Project on Arbor Avenue, Demolition, Rough Grading and Underground Utilities Construction Phase 1, CIP 71112, with a not-to-exceed budget of $2,473,100 and authorizes the City Manager to approve change orders up to the contingency amount of $197,848, if needed.

* * * * * * * * * * * * *

The foregoing Resolution 2022-_____ was adopted by the Tracy City Council on the 19th day of April 2022, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

_____
MAYOR

ATTEST:

_____
CITY CLERK

April 19, 2022

AGENDA ITEM 3.A

REQUEST

RECEIVE A PRESENTATION AND ACCEPT THE CITY-WIDE URBAN FOREST MANAGEMENT PLAN (UFMP)

EXECUTIVE SUMMARY

The City of Tracy was awarded a Cal Fire Urban Forestry California Climate Investment Grant in June of 2017. The primary goals of this grant were to fund the planting of hundreds of trees throughout the community, and to formalize the City's commitment to its urban forest through the development of an Urban Forest Management Plan (UFMP). The purpose of the UFMP is to provide an outline for managing, enhancing, and growing Tracy's community tree resource over the next 20 years and beyond by establishing best management practices and guidelines for sustainable development of the City's urban forest.

DISCUSSION

The City of Tracy was awarded a Cal Fire Urban Forestry California Climate Investment Grant in June of 2017. This grant included funding for the development of an Urban Forest Management Plan (UFMP). The Public Works Department subsequently conducted an RFP process for a consultant to prepare the UFMP. Council approved the award of a contract to Davey Resource Group (DRG) on May 1, 2018 (Reso #: 2018-074).

During the development of the UFMP, DRG and City staff performed a full assessment of the City's Urban Forest including key areas such as the current inventory of over 35,000 City trees, an urban forest canopy cover analysis, City policies and ordinances, storm water management, and ways in which to improve species diversity within Tracy's urban forest. A community meeting and other outreach efforts such as interviews including residents and stakeholders were conducted. Participants were able to share their opinions and interests when it comes to Tracy's Urban Forest and provided input into what was included in the UFMP. During the three Arbor Day events hosted during the three-year grant period, the City was able to further engage residents, provide educational information, and gather feedback.

The UFMP helps build a vision for the City's urban forest. It provides a myriad of benefits to the community as it provides an ecological approach to the long-term health of trees in the Tracy community and a greater understanding of the many positive effects of trees on the lives of Tracy residents, businesses, and visitors. The UFMP identifies best management practices that support tree health, improve the environmental impacts of the community's urban forest, aide in creating a sustainable urban forest, enhance property values, and increases community wellbeing and safety.

The information in the UFMP provides a basis for developing community goals and urban forest policies and establishes benchmarks for measuring the success of long-term planning objectives. It is a supporting reference for other documents such as the Parks, Recreation and Trails Master Plan. The UFMP nurtures an ethic of stewardship among all members of the community and provides a valuable framework that will guide the management of the City's urban forest well into the future.

Due to the COVID-19 pandemic, its impacts on operations, and the restrictions associated with it, there was a significant reduction in capacity to meet and present the findings of the Urban Forestry Master Plan once the draft UFMP was completed. On March 4, 2021, the Public Works Department presented the UFMP to the City's Parks and Community Services Commission. The Commission and the public were able to provide feedback and ask questions about the UFMP. The Commission then recommended the UFMP move forward for presentation to Council. The UFMP was placed on the Council agenda for October 19, 2021. However, the day before this meeting, one of our internal reviewing partners expressed hesitancy about several items within the UFMP, and the item was pulled from the agenda. Those concerns have since been addressed and are incorporated in the UFMP.

FISCAL IMPACT

There was no fiscal impact to the General Fund. The UFMP was funded through the Cal Fire Urban Forestry California Climate Investment Grant.

STRATEGIC PLAN

This agenda item supports the City Council's Quality of Life Strategic Priority, which is to provide an outstanding quality of life by enhancing the City's amenities, business mix and services, and cultivating connections to promote positive change and progress in our community.

RECOMMENDATION

Staff recommends the Council review and accept the Urban Forest Management Plan.

Prepared by: David Murphy, Public Works Superintendent

Reviewed by: John Newman, Public Works Superintendent
Don Scholl, Director of Public Works
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENT

Attachment A – Tracy Urban Forest Management Plan

City of Tracy

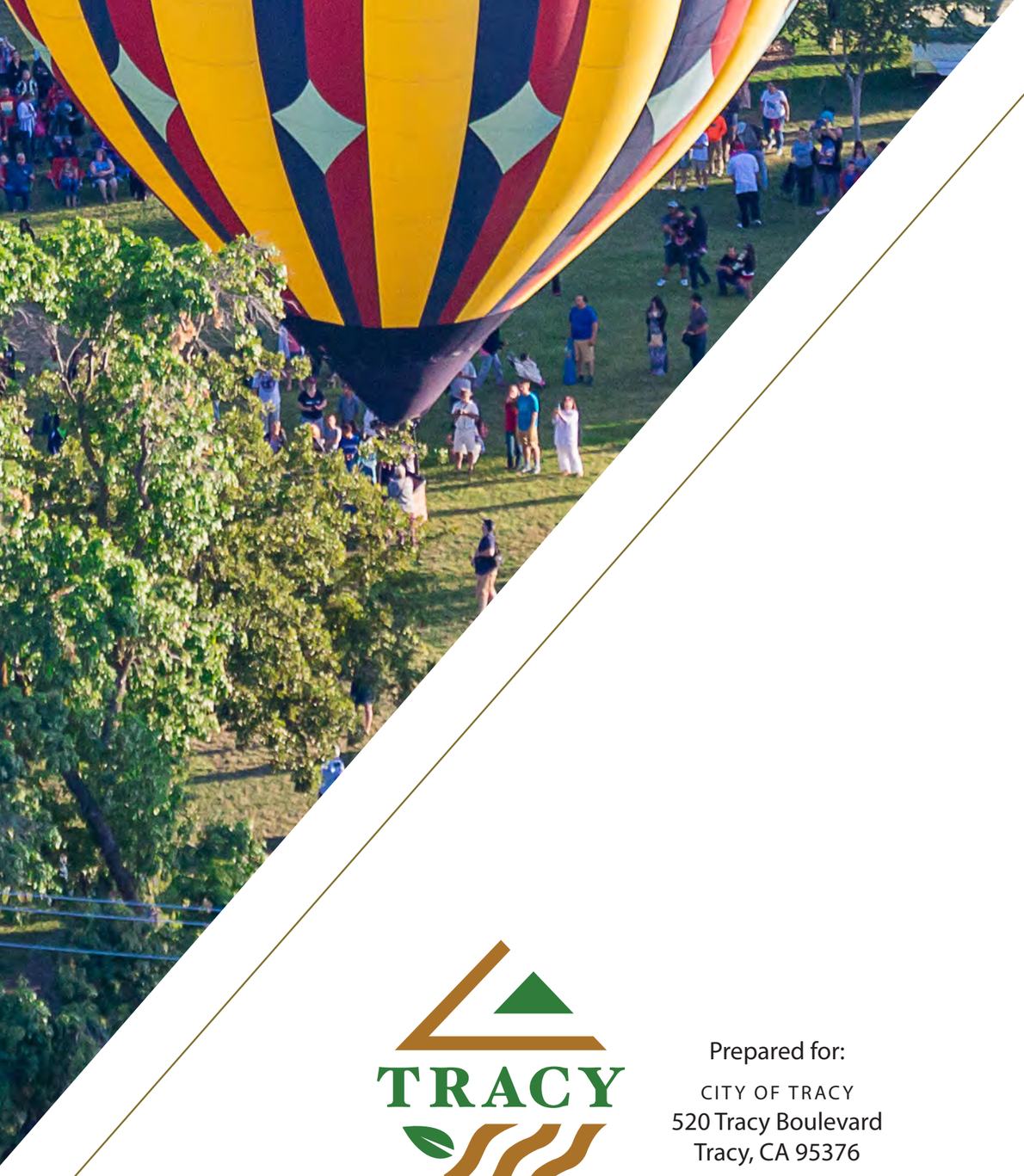
Urban Forest Management Plan



TRACY

Think Inside the Triangle™





City of Tracy

Urban Forest Management Plan

2020

Think Inside the Triangle™

Prepared for:

CITY OF TRACY
520 Tracy Boulevard
Tracy, CA 95376

Prepared by:

DAVEY RESOURCE GROUP, INC.
1500 North Mantua Street,
Kent, OH 44240
www.daveyresourcegroup.com

Acknowledgements

Tracy City Council

Robert Rickman, Mayor
Nancy Young, Mayor Pro Tem
Dan Arriola, Council Member
Rhodesia Ransom, Council Member
Veronica Vargas, Council Member

City Departments

Public Works
Parks and Recreation
Development Services

Special Thanks to Community Participants

Tracy Tree Foundation

Tracy Nature Park Advocates

PG&E

CalFire

West Coast Arborists

Davey Resource Group, Inc.

Photo Credits

City of Tracy
Davey Resource Group, Inc.

Scope & Purpose

The purpose of the Urban Forest Management Plan (UFMP) is to provide a guide for managing, enhancing, and growing Tracy's community tree resource over the next 20 years. The plan also includes goals for long-range planning to promote sustainability, species diversity, and greater canopy cover.

Community trees are publicly managed trees along streets, in parks, and at City facilities. The UFMP also provides some consideration for private trees because they contribute significantly to Tracy's livability and environmental quality.

Therefore, the UFMP aims to:

- Identify best management practices that support tree health, benefits, and community safety
- Increase health and resiliency of the urban forest by improving species diversity, and by managing pests and invasive species
- Develop a cohesive organizational structure to facilitate collaboration among all urban forest managers
- Nurture an ethic of stewardship for the urban forest among City staff, community organizations, businesses, and residents
- Identify baseline metrics and clear goals for urban forest managers
- Promote community engagement and advocacy for the urban forest

The UFMP includes both long and short-term actions in support of these ends. The plan provides specific goals and actions for managing community trees, preserving and increasing canopy cover, and improving community outreach.



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Executive Summary

What do we have?

The review process established that Tracy has built a strong foundation for an exceptional urban forestry program. The community has made an outstanding commitment to planting, preserving, and promoting the care of trees and other natural resources.

Several factors contribute to Tracy having the tools and information necessary to make well informed and effective management choices. These factors include:

- The support of local non-profits that advocate for the urban forest and provide a volunteer base;
- An Urban Tree Canopy Assessment that includes GIS mapping of the location and extent of Tracy's entire tree canopy (public and private);
- An inventory of public trees in parks, medians, streets, and City facilities;
- A Resource Analysis that defines the composition, benefits, and benefit versus investment ratio of the public tree resource;
- Tree protection regulations that promote the preservation and protection of community trees; and
- A well-trained, dedicated urban forestry staff.

With these tools and a relatively young urban forest, in good condition, Tracy is poised to enjoy increasing environmental benefits and value from its public trees.

Tracy's Urban Forest Benchmark Values

Urban Tree Canopy Cover (Public and Private, 2016)		
Overall Canopy Cover	7.4%	
Land Use Canopy Cover (Residential & Parks)	12.8%	
Impervious Surfaces	37.9%	
Canopy Benefits (Public and Private, 2016)		
Carbon Stored to Date	10,633 tons	$159,500
Annual Canopy Benefits (Public and Private, 2016)		
Annual Carbon Benefits	1,078 tons	$36,095
Annual Air Quality Benefits	25,598 pounds	$368,567
Community Urban Forest (Public Tree Resource)		
Inventoried Trees (2018)	35,561 trees	
Community Tree Benefits		
Annual Carbon Benefits	2,967 tons	$44,502
Annual Air Quality Benefits	31,172 pounds	$469,360
Annual Energy Benefits		$947,243
Annual Stormwater Management	23.3 million gallons	$181,658
Species Diversity (Inventoried Trees, 2018)		
Total Number of Unique Species	191	
Prevalence of Top Five Species	41.6%	
Species exceeding recommended 10%	1	





What do we want?

A primary emphasis for the UFMP is to identify adequate resources to ensure that critical tree care needs can be addressed in a timely, cost-effective, and efficient manner. Trees are living organisms, constantly changing and adapting to their environment and increasing in size over time. Because of this, trees have specific needs at various life stages, including training for proper structure when they are young and increased monitoring and proactive risk management as trees age.

Deferring maintenance can have a significant effect on the overall health, structure, value, and lifespan of a tree. In addition, deferred maintenance often results in higher costs and less beneficial results, including increased risk potential. As a result, the UFMP identifies goals for optimizing urban forest programming, existing funding, staffing, and urban forest policy.

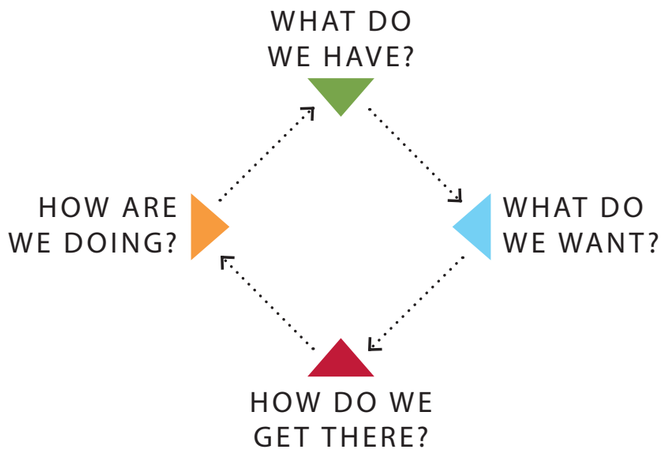
How do we get there?

The UFMP identifies three guiding principles, five goals, and eight existing policies that support preserving the health, value, services, and sustainability of Tracy's community urban forest. Each of these goals and existing policies are supported by comprehensive objectives and actions. Recognizing that community engagement is integral to success, the UFMP includes solid objectives for engaging the community and encourages partnership and collaboration.

How are we doing?

The long-term success of the UFMP will be measured through the realization of Plan goals and demonstrated through increased value and environmental services from the urban forest. The Plan identifies methods of measurement, priorities, potential partners, and estimated costs. Since the UFMP is intended to be a dynamic tool, it can and should be updated in response to available resources and opportunities. One of the greatest measures of success for the UFMP will be its level of success in meeting community expectations for the care and preservation of Tracy's urban forest.







Grow, maintain, preserve, and enhance a sustainable urban forest.

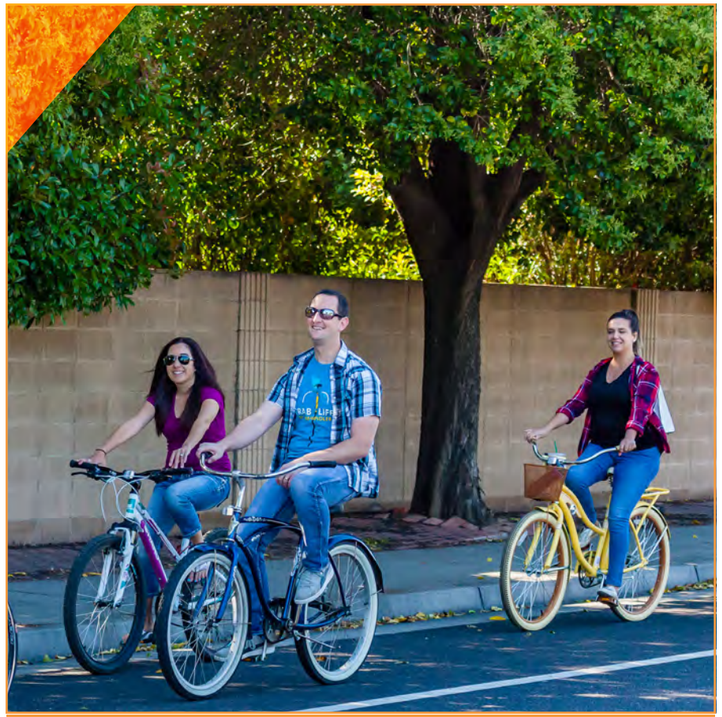
Goal 1: Preserve trees whenever possible.

Goal 2: Reach 15% canopy cover by 2040.

Existing Policy 1: Plan for trees.

Existing Policy 2: Foster current partnerships with local non-profits and continue to explore opportunities with additional non-profit groups.

Existing Policy 3: Promote the longevity of trees as a public resource.



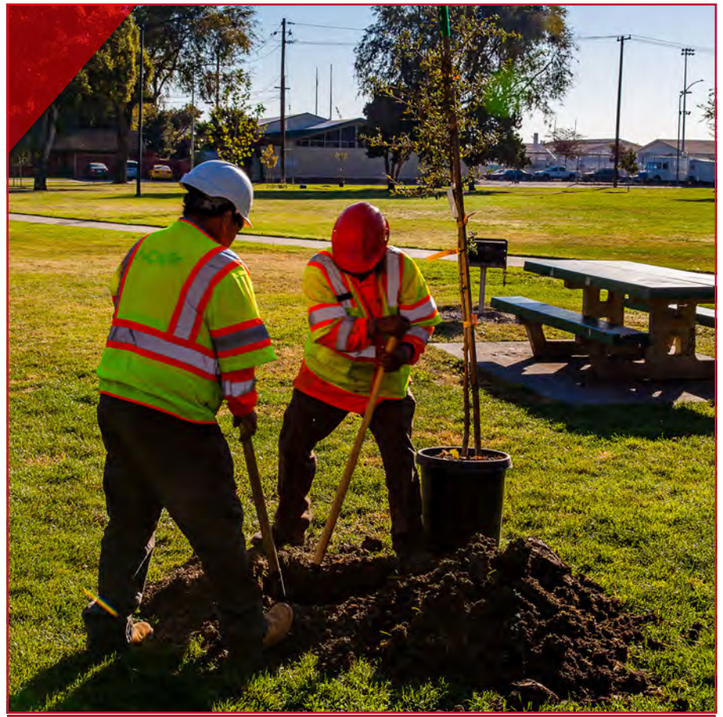
Optimize the environmental, social, economic, and public health benefits of trees and canopy.

Goal 3: Engage the community to increase support for the urban forest.

Goal 4: Encourage the planting of trees on private property.

Existing Policy 4: Manage risk.

Existing Policy 5: Expand the tree canopy through tree plantings on public property.



Align urban forest management policy with community expectations and promote efficiency within the Department of Public Works.

Goal 5: Revise Municipal Code to respond to community needs.

Existing Policy 6: Ensure policy documents communicate a shared vision.

Existing Policy 7: Provide emergency response to ensure accessibility for emergency responders and restoration of regular operations.

Existing Policy 8: Maintain a fire safe community.

Primary Objectives:

- Develop a Private Protected Tree or Heritage Tree Ordinance to protect specific species, native trees, specimen trees, or trees of historic value from damage or unpermitted removal.
- Greater preservation of trees on public property.
- Ensure all newly planted trees have the necessary resources to be maintained throughout the lifetime of the tree.
- Explore alternative designs to avoid removals during construction or renovations.
- Encourage preservation of trees on private property.
- Improve everyday care of trees, to prevent future removals.
- Greater and more equitable distribution of environmental benefits from trees.
- Invest in trees for the long-term environmental benefits they provide to the community.
- Allow for flexibility in planting considerations for new development.
- Continue to provide support for local non-profit organizations.
- Encourage new industries within the City to expand the tree canopy.
- Continue to explore partnerships with non-profit and environmental advocacy groups.
- Provide water to trees to encourage establishment of newly planted trees, as well as, prolong the life of mature trees.
- Educate the community about property owner responsibilities for the care of City trees.

Primary Objectives:

- Engage the community in urban forestry activities and educational events.
- Improve diversity of Tracy's urban forest through plantings on private property.
- Provide sustainable and adequate resources to sustain the urban forest for future generations.
- Use a variety of methods to provide tree related information to the community.
- Continue to distribute information about the urban forest to the community.
- Increase canopy cover through tree plantings on private property.
- Maintain trees throughout their lifetimes to improve structure in maturity and reduce the likelihood of structural failures in the future.
- Improve the diversity of the urban forest on public property, to create a more resilient urban forest.

Primary Objectives:

- Review and revise Municipal Code to address the challenges facing the urban forest.
- Unify guiding documents to transcend departmental changes and address inefficiencies and reduce confusion.
- Optimize interdepartmental communication and coordination.
- Restore operations and public safety as efficiently and as quickly as possible following storm or other emergency events.
- Focus fire mitigation efforts on Tracy Hills and other areas of vulnerability.



Introduction

Tracy is in San Joaquin County, within an hour of San Jose, San Francisco, and Sacramento. Although Tracy is generally considered a bedroom community, the City is currently experiencing significant growth in the industrial and commercial employment sectors. In fact, Tracy has the largest industrial park in the country (Prologis, 2019). Tracy is located inside a geographic triangle formed by Interstate 205, Interstate 5, and Interstate 580, which contributes to the City's motto of "Think Inside the Triangle". In addition to the laid back and friendly character of Tracy, the City is close to numerous recreational opportunities, such as, Lake Tahoe, Yosemite, and the San Francisco Bay.

Tracy has a semidesert climate with an average annual precipitation around 13.3 inches, which is less than other communities in the San Joaquin Valley. With the average temperature in winter hovering around 46.8°F and summers with an average temperature of 75.1 (U.S. Climate Data, 2018). The average annual wind speed for Tracy is 7.6 MPH from April to September, with average wind speeds in the summer of 9.4 MPH (Weather Spark, 2018).

Community

Tracy prides itself on being a friendly small City; the kind of place where traditional values of faith, family, education, and the arts are highly valued by all who live there. In addition to close proximity to popular California attractions, Tracy offers a vibrant entertainment scene with numerous festivals and community events throughout the year, as well as live theater, art shows, and music concerts.

History

Tracy's history follows a similar story to much of the history of the Central Valley of California, where the major drivers of the population are tied to railroads and agriculture.

1700s

The Yokuts were the first peoples to call the area that is now Tracy, home. Where the livelihood of the native peoples revolved around the water from the river and food from the acorns of the native valley oak trees (Tracy History, 2018). After the arrival of European settlers, most of the Yokuts were displaced or died from the introduction of new disease.

1800s

In the mid-nineteenth century, the building of an expansive railroad system across California, led to the foundation of Tracy, where the Southern Pacific and the Central Pacific intersected in 1878. Tracy was named for Lathrop J. Tracy, a grain merchant and railroad director from Mansfield, OH (Tracy History, 2018).

1900s

Up until the turn of the century, Tracy grew into a major railroad hub and was incorporated in 1910. The railroad industry declined in the beginning half of the 20th century and Tracy evolved into a thriving agricultural center (Tracy Magazine, 2017).

First sheep herders moved down from the hills into the valley with the seasons, then later cattle ranching, and later crops, such as barley, tomatoes, asparagus, nuts, fruit were grown, and processing plants to follow. Agriculture and the railroad were the main avenues of commerce up until the 1970s, then the growth of the Bay Area extended beyond the Altamont Pass and into Tracy.

Today, Tracy continues to attract people who are seeking an affordable lifestyle in close proximity to the Bay Area. Along with being an attractive place to live, many companies are taking note of Tracy as an optimal distribution location and are choosing to be located in the small City, including, companies like Amazon and most recently DHL.

Think Inside the Triangle



Benefits of Urban Trees

Research has linked the presence of urban trees to...

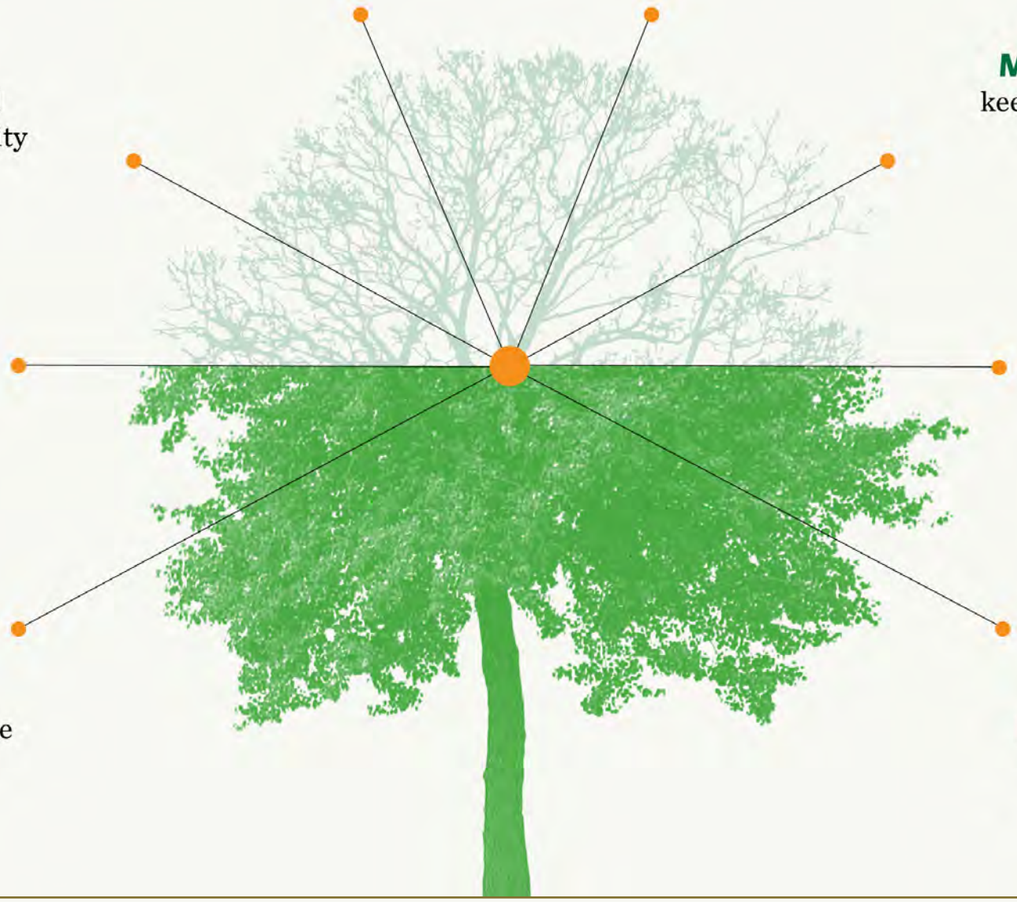
The Nature Conservancy

PROTECTING BIODIVERSITY
including habitat for migrating birds and pollinators

REDUCING OBESITY LEVELS
by increasing physical activity including walking and cycling

REDUCING RATES
of cardiac disease, strokes, and asthma due to improved air quality

MANAGING STORMWATER,
keeping pollutants out of waterways, and reducing urban flooding



COOLING city streets by 2-4° F, reducing deaths from heat and cutting energy use

INCREASING
neighborhood property values

FILTERING up to a third of fine particle pollutants within 300 yards of a tree

REDUCING STRESS by helping interrupt thought patterns that lead to anxiety and depression

Source: The Nature Conservancy

Tree and Canopy Benefits

Trees in the urban forest work continuously to mitigate the effects of urbanization and development and protect and enhance lives within the community in many ways. Healthy trees are vigorous, producing more leaf surface and canopy cover area each year. The amount and distribution of leaf surface area are the driving force behind the urban forest's ability to produce services for the community (Clark et al, 1997). Services (i.e. benefits) include:

- Energy savings
- Air quality improvements
- Carbon dioxide reductions
- Water quality improvements
- Aesthetics & socioeconomics
- Health benefits
- Wildlife

Energy Savings

Urban trees and forests modify climate and conserve energy in three principal ways:

- Producing shade for dwellings and hardscape reduces the energy needed to cool the building with air conditioning (Akbari et al, 1997)
- Tree canopies engage in evapotranspiration, which leads to the release of water vapor from tree canopies and cools the air (Lyle, 1996)
- Trees in dense arrangements may reduce mean wind speed and solar radiation below the top of the tree canopy by up to ~90% compared to open areas (Heisler and DeWalle, 1988)

An urban heat island is an urban area or metropolitan area that is significantly warmer than its surrounding rural areas due to human activities.

Trees reduce energy use in summer by cooling the surrounding areas and shading-built environments. Shade from trees reduces the amount of radiant energy absorbed and stored by hardscapes and other impervious surfaces, thereby reducing the heat island effect, a term that describes the increase in urban temperatures in relation to surrounding locations. Transpiration releases water vapor from tree canopies, which cools the surrounding area. Evapotranspiration, alone or in combination with shading, can help reduce peak summer temperatures by 2 to 9°F (1 to 5°C) (Huang et al, 1990). The energy saving potential of trees and other landscape vegetation can mitigate urban heat islands directly by shading heat-absorbing surfaces, and indirectly through evapotranspiration cooling (McPherson, 1994). Individual trees through transpiration have a cooling effect equivalent to two average household central air-conditioning units per day or 70 kWh for every 200 L of water transpired (Ellison et al, 2017). Studies on the heat island effect show that temperature differences of more than 9°F (5°C) have been observed between city centers without adequate canopy cover and more vegetated suburban areas (Akbari et al, 1997).

Trees also reduce energy use in winter by mitigating heat loss. Trees reduce wind speeds by up to 50% and influence the movement of warm air and pollutants along streets and out of urban canyons. Urban canyons are streets flanked by dense blocks of buildings, which can affect local conditions, including temperature, wind, and air quality. By reducing air movement into buildings and against conductive surfaces (e.g., glass and metal siding), trees reduce conductive heat loss from buildings, translating into potential annual heating savings of 25% (Heisler, 1986).

Three trees properly placed around the home can save $100-$250 annually in energy costs. Shade from trees significantly mitigates the urban heat island effect – tree canopies provide surface temperature reductions on wall and roof surfaces of buildings ranging from 20-45°F and temperatures inside parked cars can be reduced by 45°F. Reducing energy use has the added bonus of reducing carbon dioxide (CO_2) emissions from fossil fuel power plants.

Introduction

Air Quality

Trees improve air quality in five fundamental ways:

- Lessening particulate matter (e.g., dust and smoke)
- Absorbing gaseous pollutants
- Providing shade and transpiring
- Reducing power plant emissions by decreasing energy demand among buildings
- Increasing oxygen levels through photosynthesis

Trees protect and improve air quality by intercepting particulate matter (PM_{10}), including dust, pollen, and smoke. The particulates are filtered and held in the tree canopy until precipitation rinses the particulates harmlessly to the ground. Trees absorb harmful gaseous pollutants like ozone (O_3), nitrogen dioxide (NO_2), and sulfur dioxide (SO_2). Shade and transpiration reduce the formation of O_3, which is created at higher temperatures. Scientists are now finding that some trees may absorb more volatile organic compounds (VOCs) than previously thought (Karl, T. 2010; Science Now, 2010). VOCs are carbon-based particles emitted from automobile exhaust, lawnmowers, and other human activities.

Carbon Dioxide Reduction

As environmental awareness continues to increase, governments are paying particular attention to global warming and the effects of greenhouse gas (GHG) emissions. As energy from the sun (sunlight) strikes the Earth's surface, it is reflected into space as infrared radiation (heat). Greenhouse gases absorb some of this infrared radiation and trap this heat in the atmosphere, increasing the temperature of the Earth's surface. Many chemical compounds in the Earth's atmosphere act as GHGs, including methane (CH_4), nitrous oxide (N_2O), carbon dioxide (CO_2), water vapor, and human-made gases/aerosols. As GHGs increase, the amount of energy radiated back into space is reduced and more heat is trapped in the atmosphere. An increase in the average temperature of the earth may result in changes in weather, sea levels, and land use patterns, commonly referred to as "climate change." In the last 150-years, since large-scale industrialization began, the levels of some GHGs, including CO_2, have increased by 25% (U.S. Energy Information Administration).

California's Global Warming Solutions Act (AB 32) passed in 2006 set the 2020 GHG emissions reduction goal into law. In December 2007, the California Air Resources Board (ARB) approved the 2020 emission limit of 427 million metric tons of carbon dioxide equivalent (CO_2). As of 2007, regulations require that the largest industrial sources of GHG must report and verify their emissions. In 2011, the ARB adopted the cap-and-trade regulation. Under a cap-and-trade system, an upper limit (or cap) is placed on GHG emissions. This cap can be applied to any source, industry, region, or other jurisdictional level (e.g., state, national, or global). Regulated entities are required to either reduce emissions to required limits or purchase (trade) emission offsets to meet the cap. In 2011, the ARB approved four offset protocols for issuing carbon credits under cap-and-trade, including the Forest Offset Protocol (ARB, 2011). This Protocol recognizes the key role forests play in fighting climate change. The USDA Forest Service Urban Ecosystems and Social Dynamics Program (EUP) recently led the development of an Urban Forest Project Reporting Protocol.

The Protocol, which incorporates methods of the Kyoto Protocol and Voluntary Carbon Standard (VCS), establishes methods for calculating reductions, provides guidance for accounting and reporting, and guides urban forest managers in developing tree planting and stewardship projects that could be registered for GHG reduction credits (offsets). The Protocol can be applied to urban tree planting projects within municipalities, campuses, and utility service areas anywhere in the United States. Trees and forests reduce atmospheric carbon dioxide CO_2 in two ways:

- Directly, through growth and carbon sequestration
- Indirectly, by lowering the demand for energy

Trees and forests directly reduce CO_2 in the atmosphere through growth and sequestration of CO_2 in woody and foliar biomass. Indirectly, trees and forests reduce CO_2 by lowering the demand for energy and reducing CO_2 emissions from the consumption of natural gas and the generation of electric power.



Stormwater Management and Water Quality

Trees and forests improve and protect the quality of surface waters, such as creeks and rivers, by reducing the impacts of stormwater runoff through:

- Interception
- Increasing soil capacity and rate of infiltration
- Reducing soil erosion

Trees intercept rainfall in their canopy, which acts as a mini-reservoir (Xiao et al, 1998). During storm events, this interception reduces and slows runoff. In addition to catching stormwater, canopy interception lessens the impact of raindrops on barren soils. Root growth and decomposition increase the capacity and rate of soil infiltration by rainfall and snowmelt (McPherson et al, 2002). Each of these processes greatly reduces the flow and volume of stormwater runoff, avoiding erosion and preventing sediments and other pollutants from entering streams, rivers, and lakes. Urban stormwater runoff is a major source of pollution for surface waters and riparian areas, threatening aquatic and other wildlife as well as human populations. Requirements for stormwater management are becoming more stringent and costly. Reducing runoff and incorporating urban trees in stormwater management planning has the added benefit of reducing the cost of stormwater management, including the expense of constructing new facilities necessary to detain and control stormwater as well as the cost of treatment to remove sediment and other pollutants.

MANAGING STORMWATER,
keeping pollutants out of waterways,
and reducing urban flooding





REDUCING RATES
of cardiac disease, strokes, and
asthma due to improved air quality

Introduction

Health Benefits

Exposure to nature, including trees, has a positive impact on human health and wellness through improvements in mental and physical health, reductions in crime, and academic success.

A study of individuals living in 28 identical high-rise apartment units found residents who live near green spaces had a stronger sense of community and improved mental health, coped better with stress and hardship, and managed problems more effectively than those living away from green space (Kuo, 2001). In a greener environment, people report fewer health complaints, more often rate themselves as being in good health, and having better mental health (Sherer, 2003). Other research has revealed lower incidence of depressive symptoms in neighborhoods with greater access to green space (Jennings et al, 2016).

Tracy is susceptible to heat waves, which cause the most deaths worldwide out of any weather-related-natural disaster, with an estimated 12,000 deaths annually. Trees shade impervious surfaces and prevent the sun's rays from hitting them, thus reducing heat storage and later release, which contribute to the urban heat island effect. Tall trees that create a large shaded area are more useful than short vegetation. Trees also contribute to cooler temperatures through transpiration, increasing latent heat storage (the sun's energy goes to converting water from its liquid to vapor form), rather than increasing air temperature (sensible heat). According to a study conducted by the Nature Conservancy, it is estimated that trees have the potential to reduce summer maximum air temperatures by 0.9 to 3.6° F. Trees help to address public health concerns for both heat and air quality. Globally, an annual investment of $100 million in planting and maintenance costs would give an additional 77 million people a 1° C (1.8° F) reduction in maximum temperatures on hot days (McDonald et al, 2016).

A number of studies have examined the relationship between urban forests and crime rates. Park-like surroundings increase neighborhood safety by relieving mental fatigue and feelings of violence and aggression that can occur as an outcome of fatigue (American Planning Association, 2003). Research shows that the greener a building's surroundings are, the fewer total crimes. This is true for both property crimes and violent crimes. Landscape vegetation around buildings can mitigate irritability, inattentiveness, and decreased control over impulses, all of which are well established psychological precursors to violence.

Residents who live near outdoor greenery tend to be more familiar with nearby neighbors, socialize more with them, and express greater feelings of community and safety than residents lacking nearby green spaces (American Planning Association, 2003). Public housing residents reported 25% fewer domestic crimes when landscapes and trees were planted near their homes (Kuo, 2001). Two studies (one in New Haven, CT and the other in Baltimore City and County, MD) found a correlation between increased tree coverage and decreased crime rates, even after adjusting for a number of other variables, such as median household income, level of education, and rented versus owner-occupied housing in the neighborhoods that were studied (Gilstad-Hayden et al, 2015; Troy et al, 2012).

A 2010 study investigated the effects of exposure to green space at school on the academic success of students at 101 public high schools in southern Michigan (Matsuoka, 2010). The study found a positive correlation between exposure to nature and student success measured by standardized testing, graduation rate, percentage of students planning to go to college, and the rate of criminal behavior. This trend persisted after controlling for factors such as socioeconomic status and race or ethnicity. Conversely, views of buildings and landscapes that lacked natural features were negatively associated with student performance.

Wildlife

Trees provide important habitat for birds, insects (including bees), and other animal species. Their greatest contributions include:

- Preservation and optimization of wildlife habitat
- Natural corridors for increased movement and dispersal

Furthermore, trees and forest lands provide critical habitat (for foraging, nesting, spawning, etc.) for mammals, birds, fish, and other aquatic species. Trees can offer pollinators a valuable source of flowering plants. By including an array of flowering trees that provide pollen and nectar in the urban forest, bees are provided with additional food sources. Increasing tree species diversity and richness contributes to greater numbers of bird species among urban bird communities (Pena et al, 2017). Wooded streets potentially function as movement corridors, allowing certain species—particularly those feeding on the ground and breeding in trees or tree holes—to fare well by supporting alternative habitat for feeding and nesting (Fernandez-Juricic E. 2000). Greater tree density also contributes to bat activity in urban environments and improves outcomes for birds and bats (Threlfall et al, 2016).

Restoration of urban riparian corridors and their linkages to surrounding natural areas have facilitated the movement of wildlife and dispersal of flora (Dwyer et al, 1992). Usually habitat creation and enhancement increase biodiversity and complement many other beneficial functions of the urban forest. These findings indicate an urgent need for conservation and restoration measures to improve landscape connectivity, which will reduce extinction rates and help maintain ecosystem services (Haddad et al, 2015).

Calculating Tree Benefits

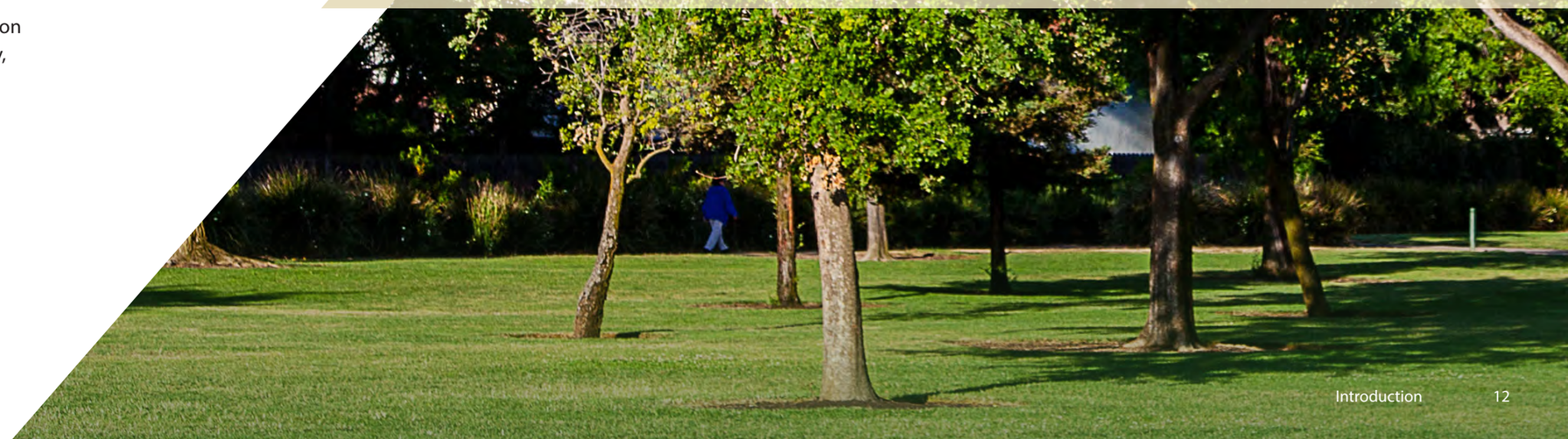
Communities can calculate the benefits of their urban forest by using a complete inventory or sample data in conjunction with the USDA Forest Service i-Tree software tools (itreetools.org). This open-source, state-of-the-art, peer-reviewed software suite considers regional environmental data and costs to quantify the ecosystem services unique to a given urban forest resource.

Individuals can calculate the benefits of trees to their property by using i-Tree Design (www.itreetools.org/design).



If a London plane tree were planted and lived for 20 years, it would provide numerous environmental benefits including sequestering 4,023 lbs of CO_2 ($93.56), preventing 4,543 gallons of rainfall runoff ($40.59), and intercepting 20.7 lbs of air pollutants. If it were planted next to a building, it would save 1,923 kWh of electricity ($298.01).

I-TREE DESIGN





What do we have?

History of Urban Forestry in Tracy

In the late 1960's, the Public Works Department was established, which assumed responsibility for the care of street trees in Tracy. To address the cost of tree care and landscape needs for public landscaped areas throughout the City, Landscape Maintenance District (LMD) zones were established in 1985.

Storm events and periods of drought have had a noticeable impact on City trees. In 1968, nearly 324 trees were lost in a single storm, which resulted in clean-up efforts that lasted 24 hours a day for nearly a month. Tree losses also occurred during extreme wind and heavy rain events in 1997 and 2007. While Tracy continues to experience strong wind events, with improved routine maintenance and structural training of young trees, fatalities from storm events generally do not exceed 10 trees in any given storm event. Along with the increased maintenance needs for trees following strong wind events, persistent westerly winds cause a noticeable lean in many of Tracy's trees. In addition, trees have been widely used for windbreaks.

Drought has also made trees more prone to pests over the years. Most notably, Raywood ash (Fraxinus oxicarpus) have been more susceptible to Raywood Ash Canker (Botryosphaeria stevensii), which has contributed to the decline and removal of numerous City trees (Raywood Ash Canker and Decline, 2017).

Public Works is on track to plant more than 300 trees in 2019; however, tree plantings have mostly been sporadic and primarily done by request following removals. Over the years, numerous community groups have hosted tree planting events. However, Tracy did not experience consistent tree plantings until the first Arbor Day Celebration in 2015 where 15 trees were planted. In the following years, tree plantings at Arbor Day celebrations increased to well over 100 trees per year. In fact, in 2018, 156 trees were planted.

In 2016, a former council member and other community members collaborated with City staff to form the Tracy Tree Foundation (TTF). TTF aims to enhance, protect, and sponsor a healthy, beautiful, and safe urban and community forest. The importance of trees is noticeable through considerations for the inclusion of trees in the Community Character Element in the City's General Plan. In recognition of Tracy's commitment to trees, Tracy was officially recognized as a Tree City USA in 2015 and has sustained that status ever since.

Managers can regularly assess, evaluate, and indicate the current performance levels of the urban forest through a Sustainable Urban Forest Assessment Matrix. The current assessment can be found in Appendix G.

Urban Forest Resource

The development of the UFMP included an urban tree canopy (UTC) assessment. Tree canopy is the layer of leaves, branches, and stems of trees and other woody plants that cover the ground when viewed from above. Understanding the location and extent of tree canopy is critical to developing and implementing sound management strategies that will promote the smart growth and resiliency of Tracy's urban forest and the invaluable services it provides. The UTC assessment provides a bird's-eye-view of the entire urban forest and includes consideration of tree canopy along with other primary land cover, including impervious surface, bare soils, and water. This information helps managers better understand tree canopy in relation to other geospatial data, including:

- Distribution of tree canopy within the community
- Geopolitical patterns in canopy distribution
- Identification of potential planting areas

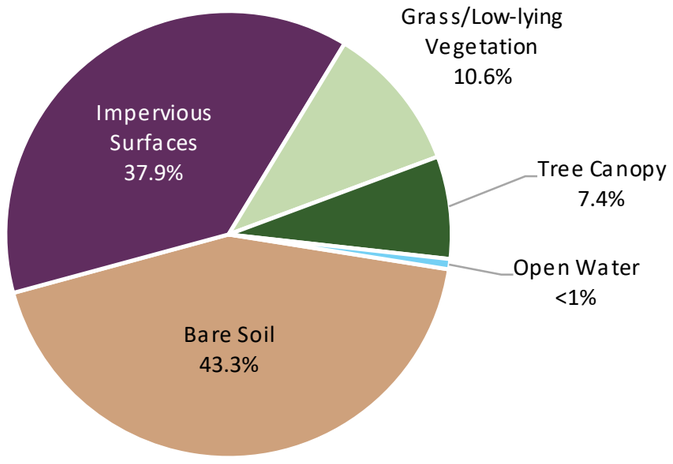
The analysis does not distinguish between trees on public and private property since the benefits of trees extend beyond property lines. The information can be used by urban forest managers to explore tree canopy in conjunction with other available metrics, including geography, land use, and community demographics. This information also establishes a baseline for assessing future change.

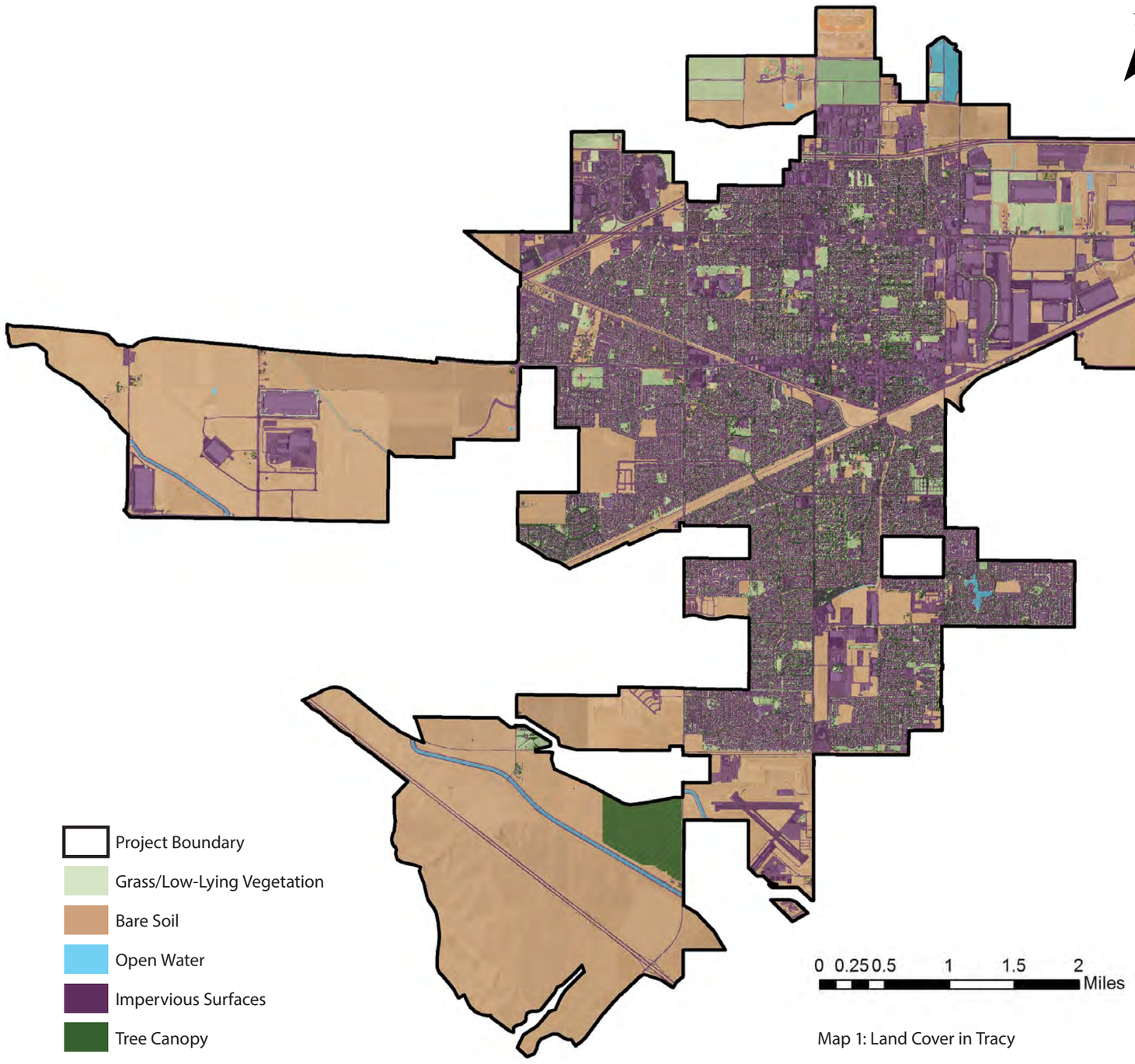
Tree Canopy

Land Cover Summary

The City encompasses approximately 26 square miles (16,615.9 acres). Excluding impervious surface (6,299.8 acres) and open water (123.2 acres), Tracy contains approximately 9.7 square miles (6,233.8 acres) which has the potential to support tree canopy. The following characterizes land cover within Tracy:

- 7.4% (1,233.1 acres) tree canopy, including trees and woody shrubs.
- 12.8% (1,123 acres) tree canopy on residential and park land use parcels.
- 37.9% (6,299.8 acres) impervious surface, including roads; parking lots, and structures.
- 79.4% of the urban forest canopy is in fair or better condition.
- A maximum potential canopy of 44.9%.
- Since 1993, canopy cover increased from 4.2% to 6.2% in 2010, or a 47.6% increase in canopy cover.



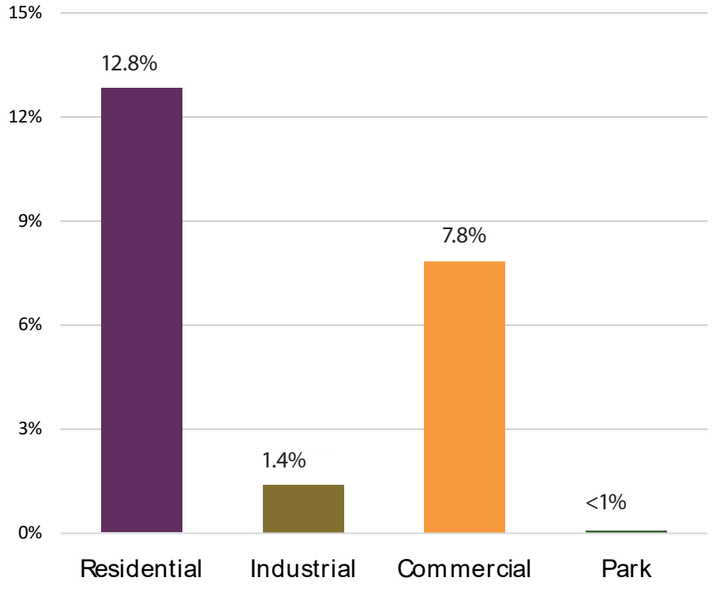


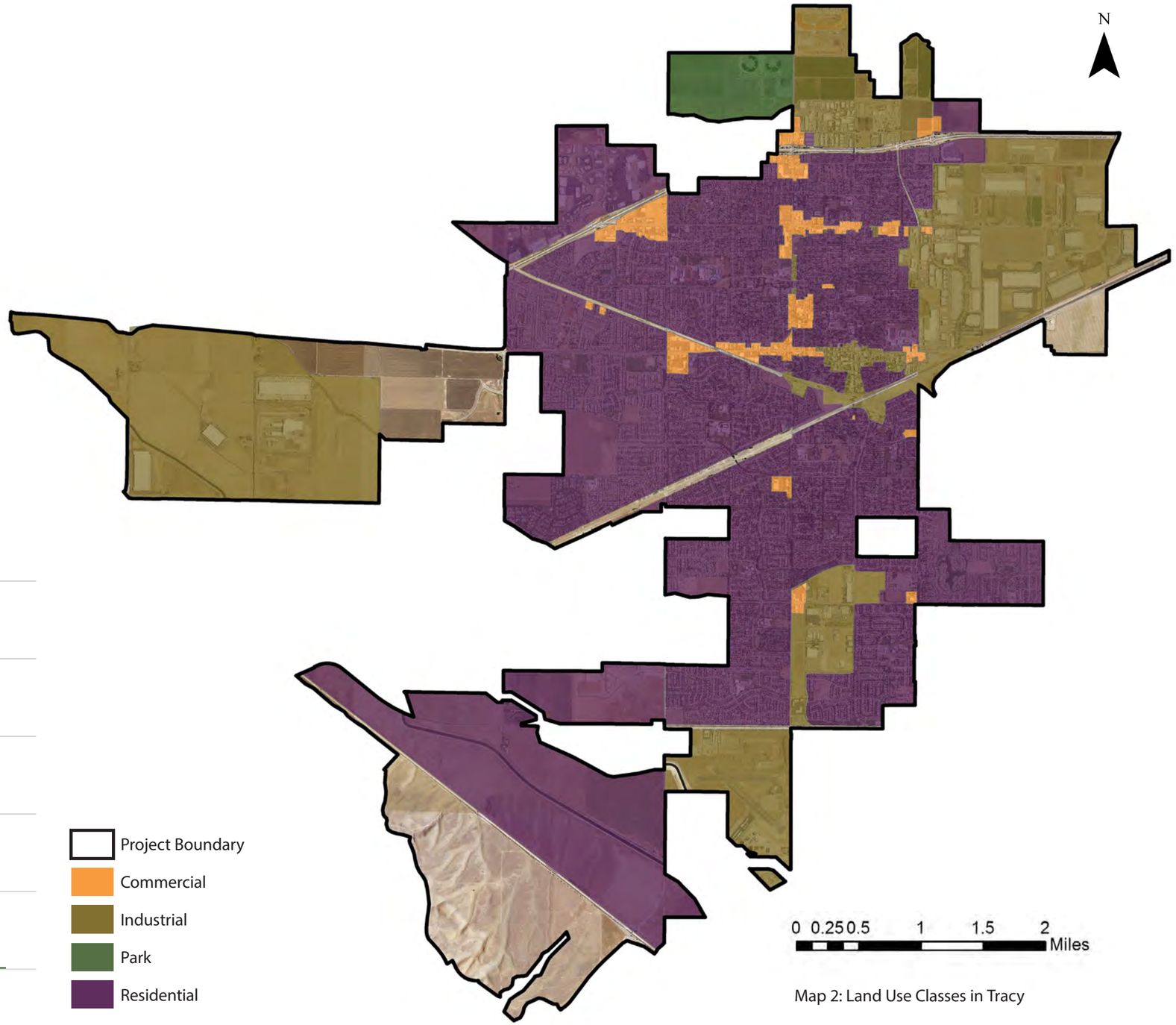
Map 1: Land Cover in Tracy

What do we have?

Tree Canopy by Land Use

The significant development of previous agricultural land and intensity of industrial and commercial properties misrepresents the percentage of tree canopy throughout the City, specifically the urban core. The urban core typically has a greater tree canopy coverage than the overall 7.4% throughout the City. The following divides the community into four land use classifications to help gauge the canopy cover in the central urban core of Tracy. If industrial and commercial areas and some select previously agricultural land is excluded, residential areas and parks combined make up nearly 9,080 acres with nearly 1,123 acres or 12.8%.





Map 2: Land Use Classes in Tracy

Tree Canopy by Parks

Tracy's 73 parks encompass over 248 acres. Among the top ten largest parks by acreage, Tracy Sports Complex and Plasensia Fields, the two largest parks, combined include 47.6 acres of land with 5.4% of tree canopy. The maximum potential UTC for both parks is lower than the next six parks, largely because Tracy Sports Complex and Plasensia Fields are primarily covered with ball fields.

The third largest park, Veterans Park; however, contrasts with the first two parks in that it encompasses 15.8 acres with 2.31 acres of tree canopy cover, or 14.6%, and a potential canopy cover of 65.8%. Ceciliani Park has the highest canopy cover among the top 10 largest parks, with 30.2% canopy cover (2.5 acres).

Overall, tree canopy covers 6.9% of parks. The assessment identified an additional 105.7 acres that could potentially support tree plantings, for a potential canopy cover of 49.4%.

Park Name	Acres	Canopy Acres	Canopy %	Potential Canopy %
Ceciliani Park	8.2	2.5	30.2	64.1
Lincoln Park	13.7	2.9	21.2	80.9
Dr. Powers Park	8.6	1.8	21.1	78.0
Gretchen Talley Park	6.7	1.3	19.8	83.4
El Pescadero Park	13.8	2.7	19.3	78.8
Veteran's Park	15.8	2.3	14.6	65.8
Clyde Bland Park	8.6	0.9	9.9	60.0
Tracy Sports Complex	26.8	1.5	5.4	5.8
Plasensia Fields	20.8	1.1	5.4	12.9
Tracy Ball Park	7.3	0.1	1.1	1.7
All other parks	118.0	23.8	20.1	73.8
All parks total	248.3	17.0	6.9	49.4



Map 3: Tree Canopy by Parks

What do we have?

Tree Canopy by Landscape Maintenance District

Tracy maintains 49 mini parks, over 220 acres in landscaping, over 28,000 trees, landscaped channel ways, and bike trails through a Landscape Maintenance District (LMD). The LMD consists of 41 zones, which are funded through an assessment that property owners pay with their property tax bill (Landscape Maintenance District, 2018).

Of these zones, Zone 36 has the highest canopy cover of 28.9%, followed by Zone 25 at 25.7%. Zone 33 is the largest with 941.4 acres and 11.0 acres of tree canopy, or 1.17%, and a potential canopy cover of 52.6%. Zone 41 encompasses 1.0 acres with nearly 0.2 acres of tree canopy, or 14.7%.





Map 4: Tree Canopy by Landscape Maintenance District

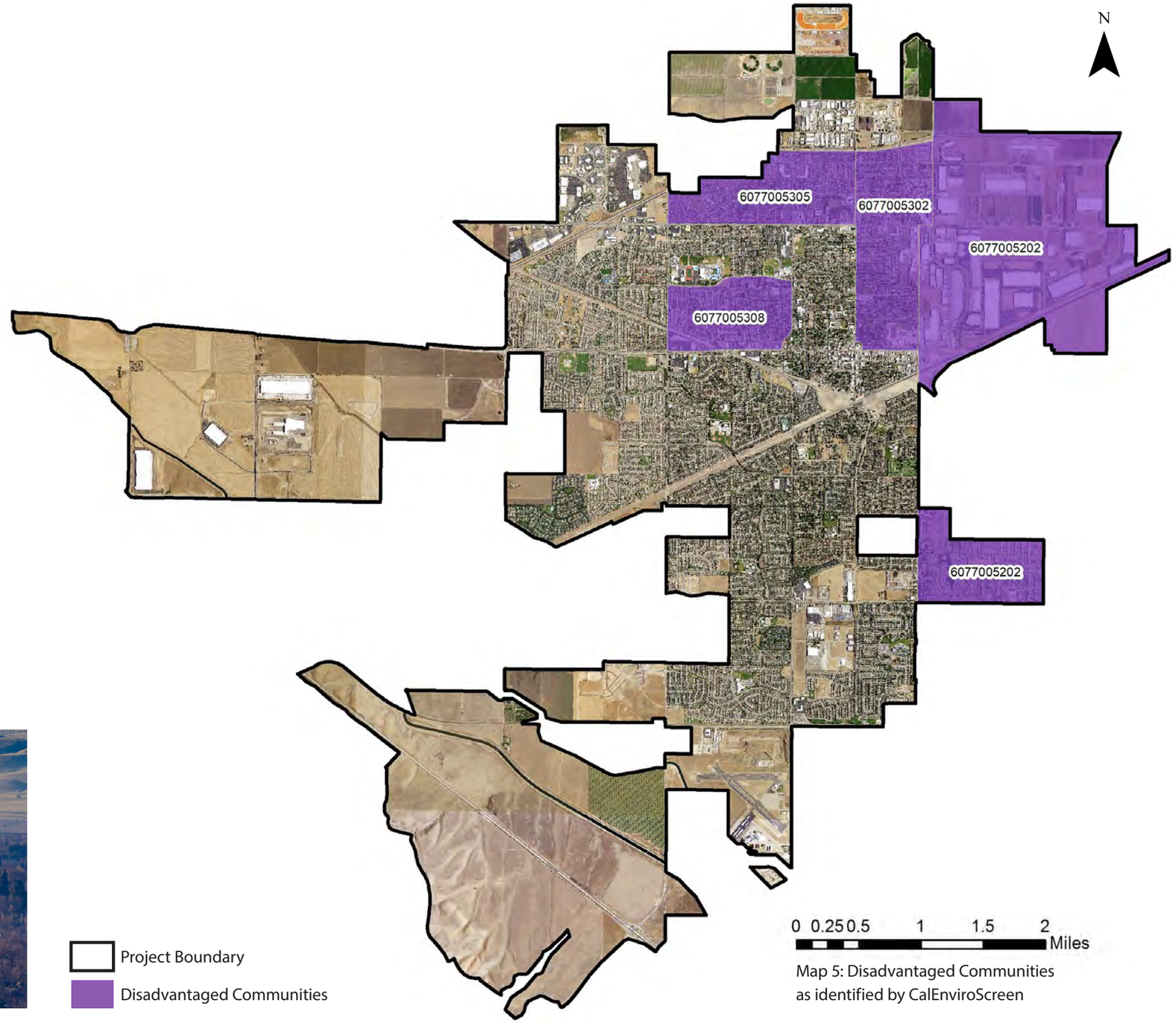
Tree Canopy by Disadvantaged Communities

California SB 535 targets disadvantaged communities for investment of proceeds from the state cap-and-trade program. Funding is aimed at improving public health, quality of life, and economic opportunity while reducing pollution that causes climate change. Disadvantaged communities are identified using the CalEnviroScreen tool (About CalEnviroScreen, 2019) to rank each of California's 8,000 census tracts with data on 20 indicators of pollution, environmental quality, and socioeconomic and public health conditions (Disadvantaged Communities, 2019). Disadvantaged communities are defined as the top 25% scoring areas from CalEnviroScreen along with other areas with high amounts of pollution and low populations (SB 535 Disadvantaged Communities, 2019).

Four census tracts in northeast Tracy have been identified as disadvantaged communities: 6077005302, 6077005305, 6077005308, and 6077005202. The UTC assessment analyzed canopy cover in conjunction with sensitive populations (health status and age) and socioeconomic factors (income) for these four census tracts. No correlation was found between those population characteristics and tree canopy cover.

Even though there were no correlations found, evidence shows that some of the pollution burdens that CalEnviroScreen considers in its analysis, like air quality, are positively impacted by trees.





Map 5: Disadvantaged Communities as identified by CalEnviroScreen

What do we have?

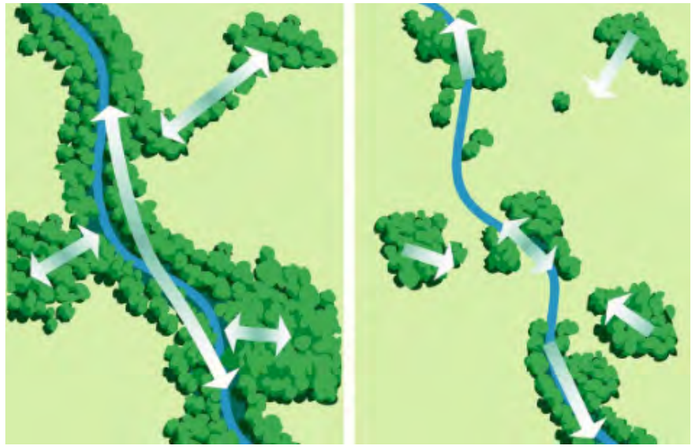


Figure 1: Canopy Fragmentation Comparison[1]

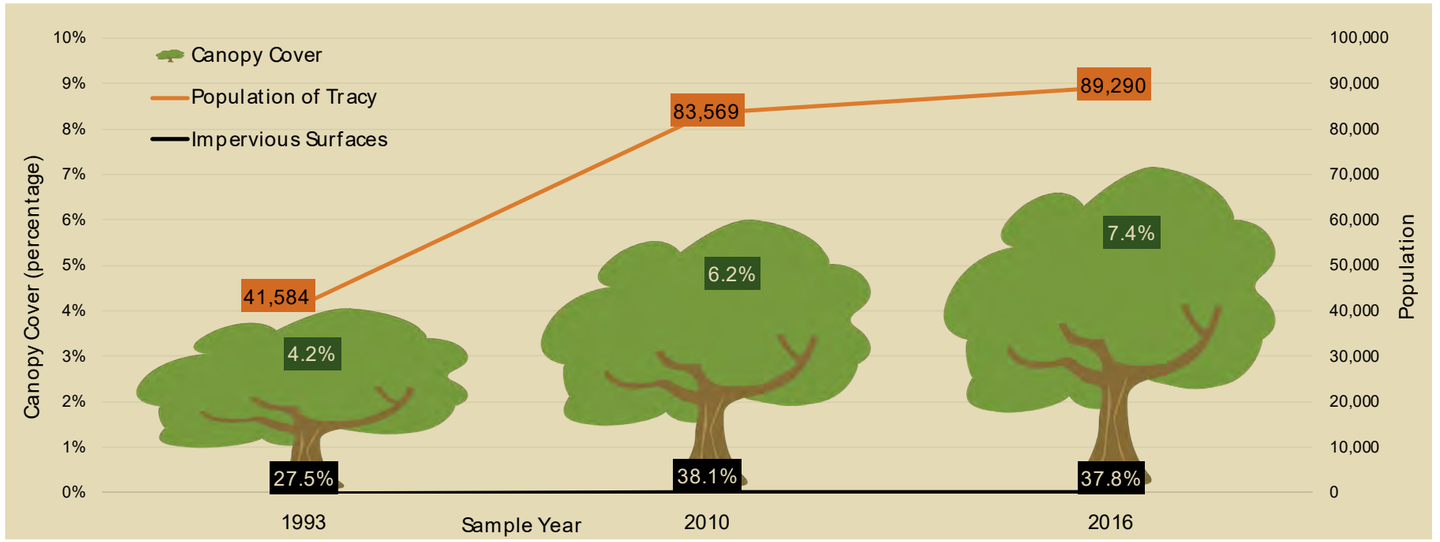


Figure 2: Historic change for tree canopy, impervious surface, and population

Forest Fragmentation

Forest fragmentation analysis can help managers understand the spatial distribution and connectivity of urban forests. Fragmented forests can significantly affect plant and wildlife populations, forest biodiversity and health (Nowak et al, 2005). Most of Tracy's urban forest is patch forest. This finding is logical because Tracy is located in the San Joaquin Valley, which originally had minimal tree presence. Like many cities in the valley, the arrival of humans and urban development led to an increase in trees.

Strategic planting near core areas can greatly benefit forest ecosystem function and increase wildlife habitat and corridors. The analysis found that Tracy's urban forest includes the following:

- 178.5 acres of Core Canopy (14.5%): Tree canopy that exists within and relatively far from the forest/non-forest boundary (i.e., forested areas surrounded by more forested areas).
- 0 acres of Perforated Canopy (0.0%): Tree canopy that defines the boundary between core forests and relatively small clearings (perforations) within the forest landscape.
- 1,039.7 acres of Patch Canopy (84.3%): Tree canopy of a small-forested area that is surrounded by non-forested land cover.
- 15.02 acres of Edge Canopy (1.2%): Tree canopy that defines the boundary between core forests and large core forests and large non-forested land cover features. When large enough, edge canopy may appear to be unassociated with core forests.

The wildlife of Tracy requires especially careful attention because the native wildlife is originally adapted to the historical prairie environment.

Historic Change

Historical change in tree canopy was assessed using a point sampling of canopy data derived from 1993 and 2010 imagery to determine change in canopy cover over 17 years. Land cover was visually inspected at each point for both years simultaneously and was identified as one of five classes: tree canopy, impervious surfaces, grass/shrub, bare soil, and open water. Tree canopy cover was analyzed using a "top-down" or "birds'-eye" approach, therefore where tree canopy visibly overlaps another land cover class, tree canopy was recorded at the point location.

From 1993 to 2010, tree canopy cover increased from 4.2% to 6.2%, which is a 47.6% increase (Figure 2). As identified in this analysis canopy cover for the overall community identified in this analysis is 7.4%. In comparison to 1993 the estimated canopy cover from the point sampling is 4.2%, this is a 76.3% increase over a 17-year period. Contributing factors to the increase in tree canopy include:

- Trees have been added to the community resource through tree plantings.
- New construction included new trees on public and private parcels.
- Community members have planted new trees on private property.
- Existing trees and new trees continue to increase in size and leaf surface.

[1]Wildlife corridors (far left) link habitats while fragmented

Priority Planting

To identify and prioritize planting potential, DRG assessed environmental features. It could be assumed that all pervious areas, including grass, shrubs, low-lying vegetation, and bare soil (10,728 acres) are potential tree planting locations. Realistically, not all of these areas are suitable planting sites due to intended site uses (e.g., agricultural fields, sports fields, developments) and because some of these areas are not appropriate for tree planting. Potential plantable areas can be determined by excluding pervious areas that are unsuitable for planting and including impervious areas where trees could feasibly be added, such as in parking lot islands, along sidewalks, and near road edges.

The UTC analysis considered site design and environmental factors, including proximity to hardscape, canopy fragmentation, soil permeability, slope, and soil erosion factors to prioritize planting sites on both public and private property for the greatest potential return on investment. The analysis identified 6,207 acres of potential planting areas in Tracy, where 249 of these acres are high or very high priority planting areas. This analysis provides a snapshot of current conditions, where some existing young trees may not be fully accounted for. The UTC analysis prioritized potential planting areas with GIS remote sensing. Site visits are necessary to determine suitability and the actual number and location of planting sites. The potential canopy cover for Tracy is estimated to be 44.9%, which considers potential planting area (6,207 acres) and existing canopy (1,233 acres).



Priority Planting Close-Up



Map 6: Planting Priority in Tracy

What do we have?

Community Tree Resource

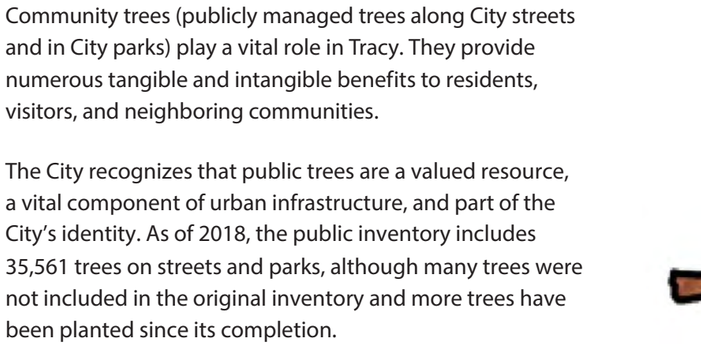
Community trees (publicly managed trees along City streets and in City parks) play a vital role in Tracy. They provide numerous tangible and intangible benefits to residents, visitors, and neighboring communities.

The City recognizes that public trees are a valued resource, a vital component of urban infrastructure, and part of the City's identity. As of 2018, the public inventory includes 35,561 trees on streets and parks, although many trees were not included in the original inventory and more trees have been planted since its completion.

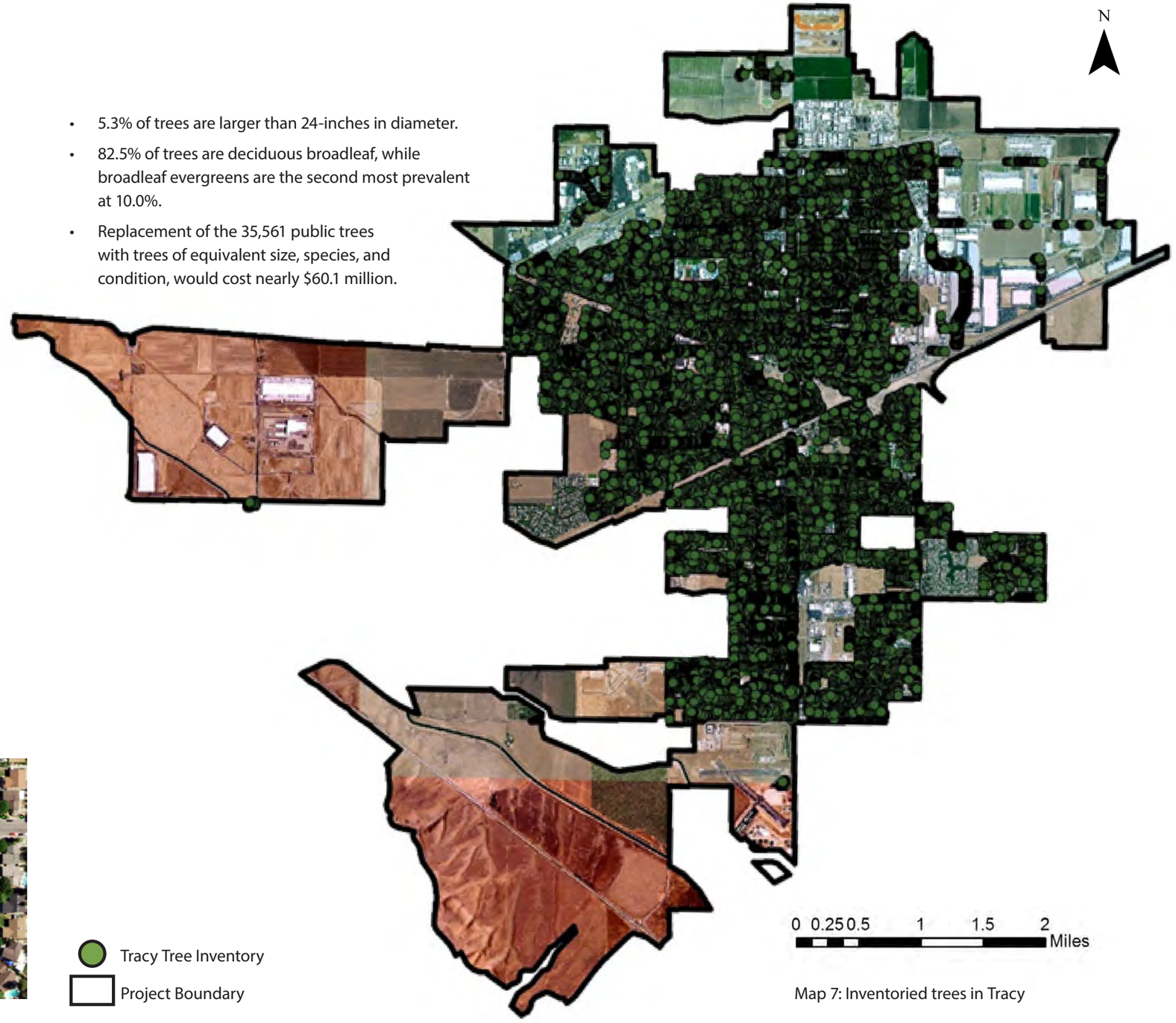
Structure

A structural analysis is the first step towards understanding the benefits provided by these trees as well as their management needs. As of 2018, Tracy's community tree resource includes 35,561 trees and 191 unique species. Considering species composition and diversity, relative age distribution (diameter at breast height, DBH[2]), canopy coverage, and replacement value, DRG determined that the following information characterizes the community tree resource:

- Among all trees, the predominant species are flowering pear (Pyrus calleryana, 10.1%), Chinese pistache (Pistacia chinensis, 9.3%), and Raywood ash (Fraxinus angustifolia, 8.1%).
- 71.0% of trees are less than 12-inches in diameter.
- 5.3% of trees are larger than 24-inches in diameter.
- 82.5% of trees are deciduous broadleaf, while broadleaf evergreens are the second most prevalent at 10.0%.
- Replacement of the 35,561 public trees with trees of equivalent size, species, and condition, would cost nearly $60.1 million.



[2] DBH: Diameter at Breast Height. DBH represents the diameter of the tree when measured at 1.4 meters (4.5 feet) above ground (U.S.A. standard).



Map 7: Inventoried trees in Tracy

Species Diversity

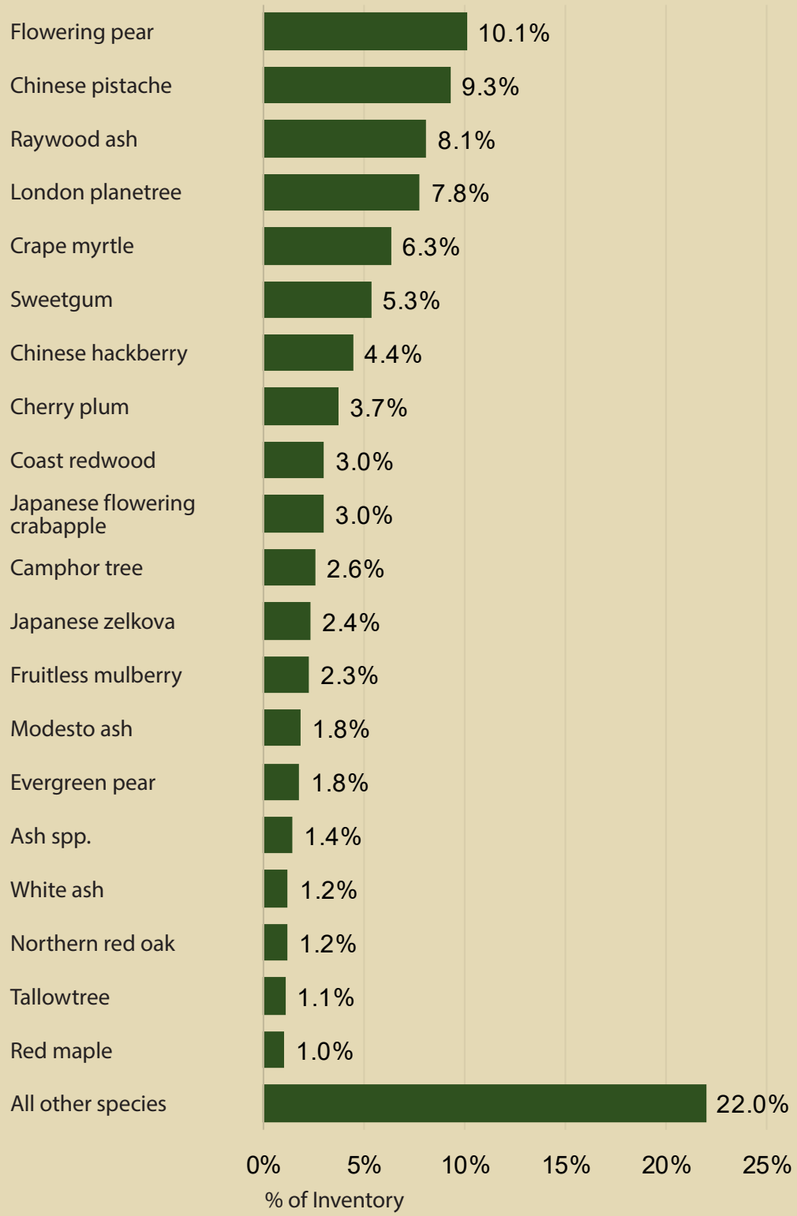
Maintaining diversity in a public tree resource is important. Dominance of any single species or genus can have detrimental consequences in the event of storms, drought, disease, pests, or other stressors that can severely affect a public tree resource and the flow of benefits and costs over time. Catastrophic pathogens, such as Dutch elm disease (Ophiostoma ulmi), emerald ash borer (Agrilus planipennis), Asian longhorned beetle (Anoplophora glabripennis), and sudden oak death (Phytophthora ramorum) are some examples of unexpected, devastating, and costly pests and pathogens that highlight the importance of diversity and the balanced distribution of species and genera. In addition to these pests there is growing concern for polyphagous shot hole borer (PSHB) (Euwallacea sp.), a new pest that has devastated urban areas in Southern California due to its wide host range, including avocado (Persea americana) and boxelder (Acer negundo) (Eskalen, 2015).

The 10-20-30 rule of thumb is a widely used standard that states that an urban tree population should consist of no more than 10% of any one species, 20% of any one genus, and 30% of any one family (Clark et al, 1997). The rule encourages greater genetic diversity, and thus, greater resilience. Considering significant pests and diseases, many cities are now opting to increase diversity to improve resilience.

The top five most prevalent species in Tracy represent more than 41.6% of the overall population, including: flowering pear (Pyrus calleryana, 10.1%), Chinese pistache (Pistacia chinensis, 9.3%), Raywood ash (Fraxinus angustifolia, 8.1%), London planetree (Platanus x acerifolia, 7.8%), and crape myrtle (Lagerstroemia indica, 6.3%). The prevalence of flowering pear exceeds the 10% genetic diversity rule.

Future plantings should focus on increasing diversity and reducing reliance on overused species. As over-predominant species are removed and replaced, new species should be introduced when possible. New species should be resistant to the known pest issues that currently pose a threat to the region.

Figure 3: Most Prevalent Species in Tracy





What do we have?

Age Distribution

Age distribution can be approximated by considering the range in diameter (DBH) of the overall inventory and of individual species. Trees with smaller diameters tend to be younger. It is important to note that palms do not increase in diameter over time, so they are not considered in this analysis. In palms, height more accurately correlates to age.

The urban forest's age distribution is a key indicator and driver of maintenance needs. With Tracy's public tree resource (excluding palms), the age distribution reveals that 38% of trees are 12 inches or less in diameter (DBH) and 5.3% of trees are larger than 24 inches DBH.

Trees greater than 24 inches DBH require more regular inspections and routine maintenance as they mature. Managers can gain a better understanding of the specific risks that individual mature trees pose with regular inspection and risk assessment.

6,881 trees (24.3%) in the inventory are young (<6 inches DBH) medium and large-stature tree species that still have a lot of growing to do before they reach maturity. Training, defined as the selective pruning of small branches to influence the future shape and structure of a young tree, is critical at this stage to prevent costly structural issues and branch failures as these young trees mature into their final size in the landscape.

61.8% in the inventory are of intermediate age with a diameter between 7 to 24 inches. Similarly, the younger trees would benefit from structural pruning.

A high proportion of young, large and medium-stature tree species is a positive indicator for future benefits from the urban forest, since large shade trees typically provide more shade, pollutant uptake, carbon sequestration, and rainfall interception than small trees.

5.3% of the inventory are mature with diameters greater than 24 inches. When trees reach mature stature, they provide the greatest benefits. However, mature trees should be regularly assessed for health and risk factors as they approach or reach the end of their natural lifespan. They may have higher maintenance needs or require removal to reduce risk and liability.

Canopy from Public Trees

The amount and distribution of leaf surface area are driving forces behind the public tree resource's ability to produce benefits for the community (Clark et al, 1997). As canopy cover increases, so do the benefits afforded by leaf area. Tracy covers an area of approximately 26 square miles (16,615.9 acres). i-Tree estimates that public trees are providing 0.7 square miles (424 acres) of canopy cover which accounts for 3.0% of total land area.

Benefits Versus Investment

Trees in Tracy's community trees (public trees) provide an estimated 424 acres of canopy, approximately 3.0%. To date, trees in the community tree resource have sequestered 1,580 tons of carbon (CO_2) is avoided through decreased energy use, valued at $23,698.

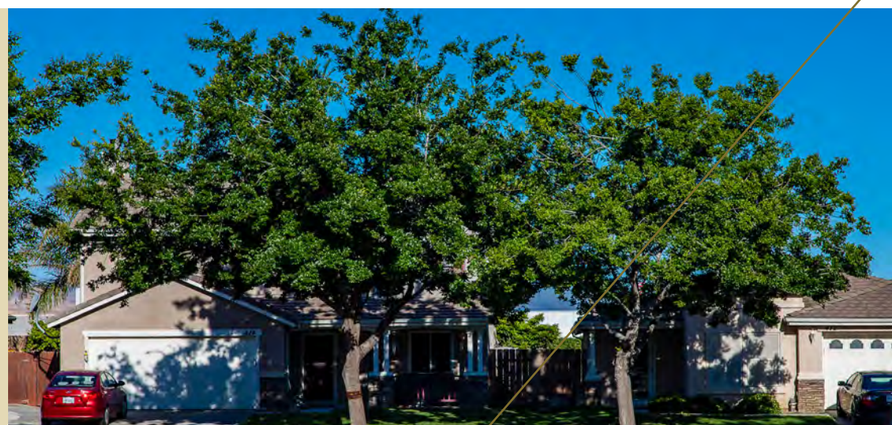
Annually, public trees provide nearly $5.4 million overall benefits to the community at an average value of $150.47 per tree. These benefits include:

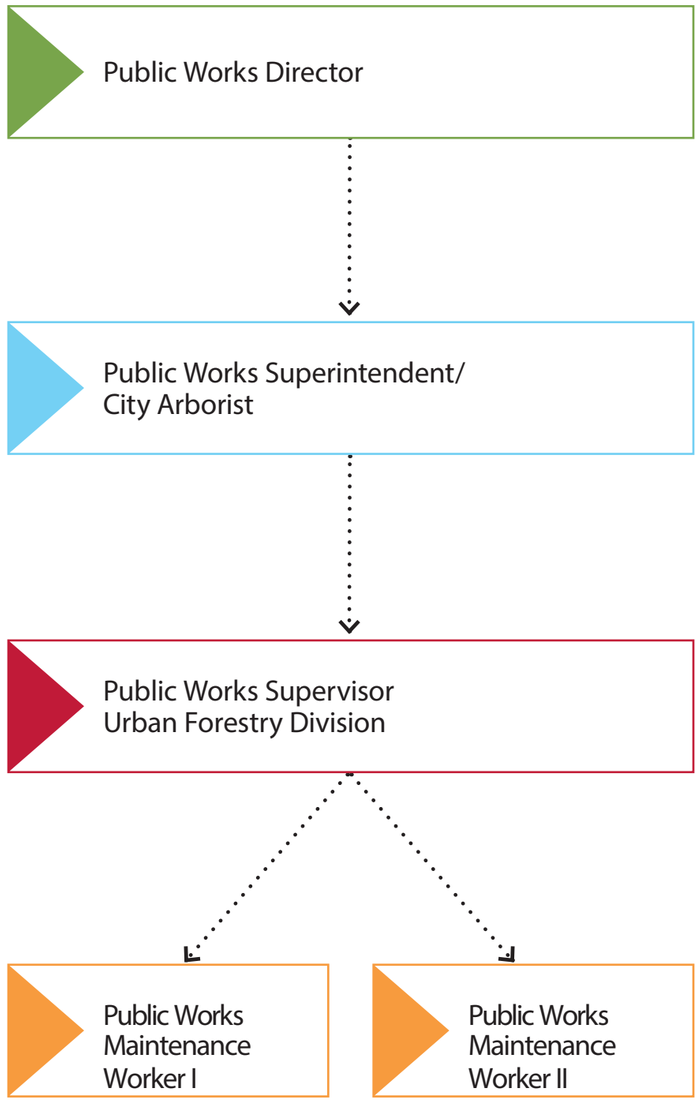
- $727,347 in energy use (reduction, electricity and natural gas) through shading and climate effect, an average per tree benefit of $20.46 per tree.
- $16,171 trees in sequestered atmospheric CO_2 (1,078 tons), an average per tree benefit of $0.45.
- $368,567 in air quality improvements, an average of $10.37 per tree.
- $140,123 in intercepted stormwater (18 million gallons), an average of $3.94 per tree.
- $4.1 million (76.2%) are related to aesthetic and socio-economic benefits, an average of $114.70 per tree.

Considering the estimated annual budget of $1.4 million currently invested to manage the community tree resource, the net annual benefit (benefits minus investment) to the community is $43.4 million. In other words, for every $1 invested in the community trees, Tracy receives $3.81 in benefits.

If a cork oak were planted and lived for 20 years, it would provide numerous environmental benefits including sequestering 1,818 lbs of CO_2 ($42.27), preventing 1,480 gallons of rainfall runoff ($13.23), and intercepting 13.6 lbs of air pollutants. If it were planted next to a building, it would save 2,160 kWh of electricity ($333.71).

I-TREE DESIGN





Urban Forestry Operations

Tracy's Urban Forestry Division operates under the direction of the Public Works Department. The Urban Forestry Division has been understaffed in recent years, which has resulted in a backlog of service requests.

Urban Forestry Division staff are responsible for the care of 35,561 trees funded by the General Fund and the Landscape Maintenance District (LMD). Services provided by the Urban Forestry Division include:

1. Tree Pruning
2. Tree Removals
3. Stump Grinding
4. Biomass Disposal and Utilization
5. Tree Planting
6. Tree Protection
7. Pest Management
8. Community Outreach and Engagement
9. Leaf Pickup (via Solid Waste and Recycling Division)
10. Emergency Response and Risk Assessment

Services

Tree maintenance involves the inspection, tree risk assessment, preservation, trimming, removal, stump grinding, and planting of trees along city streets and city property. Street tree staff estimate that nearly 70% of tree maintenance is performed by contractors.

Residents can request service for their City tree by contacting the Public Works Department by phone, in person, or through the City internet Government Outreach Program.

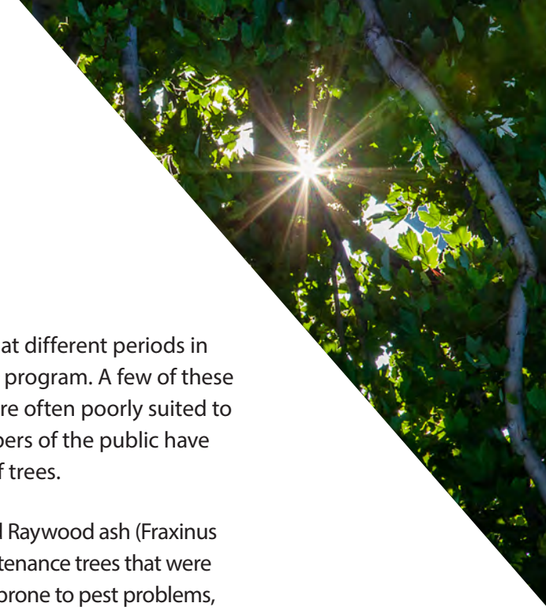
Requests are tracked through the City service management system and are addressed based on priority. Public safety concerns identified by staff or through service requests are prioritized first. Other service requests are addressed on a case-by-case basis and dependent on operational funding availability. Similarly, to street trees, park tree maintenance is prioritized by public safety concerns, service requests, and operational funding availability.

Appendix D summarizes the prioritization of tree maintenance tasks and associated courses of actions to maintain public safety as well as protect and preserve a tree whenever possible.

The City currently uses an inventory management program that is managed by City staff and operated through the City contractor. Field staff and contract crews update the inventory management program through mobile tablet devices.

Trees within the property boundaries of homeowner's associations (HOA) are cared for by the HOA. The City has no role in the care or the inspection of the work performed on trees within these areas, unless specifically identified in a separate agreement.

The Urban Forestry Division is working to expand plant health care operations to include fertilizer applications and expansion of the use of plant growth regulators to improve plant health and reduce hardscape conflicts with tree roots and canopy.



What do we have?

Tree Pruning

The City approaches tree maintenance from a public safety perspective and prioritizes clearance and visibility, followed by structural pruning. Tracy uses both contractors and a small in-house crew to maintain City trees. The Urban Forestry Division has a 60-foot boom truck with a tow behind chipper. Parks has another small chipper designated for parks use. The small tree crew primarily respond to initial service requests, small removals, hanging limbs, and sign clearance concerns. These two staff are supervised by the City Arborist.

The primary contractor has worked with the City for nine years and the work performed by the contractor is regularly inspected and reviewed by Street Tree staff to regularly communicate expectations and ensure the use of BPMs on City trees. Like the in-house forestry crew, contractors are scheduled based on priority, first addressing public safety concerns followed by preventive maintenance. In addition to regularly scheduled tree maintenance, contractors are available to support tree maintenance needs for emergency response or storm events.

Ideally, tree maintenance should be scheduled based on the City grid system. Grid pruning allows for efficient scheduling and ensures that all City trees are regularly inspected and pruned to promote tree health and prevent structural defects. Grid pruning primarily has been used for scheduling contractor pruning operations, but with revisions to grid pruning maps will provide structure for in-house crew operations, with the goal to provide tree maintenance for public trees on a five to seven-year cycle, depending on the availability of funding. To improve communication with property owners and increase the efficient use of resources, city staff are working to develop a grid pruning cycle, complete with mapping.

Tree Removals

Similarly, to pruning, tree removals are prioritized by public safety. Small removals can be managed by the in-house tree crew, but most large removals will be addressed by the City contractor.

Stump Grinding

Urban forestry has a stump grinder and performs approximately half of all stump grinding operations, with the other half conducted by the City contractor.

Biomass Disposal and Utilization

Whenever feasible, the City diverts wood chip debris from landfills by utilizing wood chips as mulch in City parks and around City facilities.

Tree Planting

Tracy's current tree planting budget is $30,000. Funds are used to plant trees on Arbor Day, as well as to replace trees upon request.

When trees are removed the City will replace the tree when funding is available. If a planting site is determined to be unsuitable for tree planting, an alternative location will be selected.

As a result of a prolonged period of drought, tree planting has been limited to new construction projects in the last seven years. Because of limited funding and staffing, only small planting projects can be coordinated through contractors and available City staff. Larger planting projects are made possible through collaboration with local nonprofits and through volunteers.

Recently, Tracy was awarded a grant, through Cal Fire, to fund the "Tracy Trees for Tomorrow" project to plant 634 trees over the next three years (CAL FIRE Urban and community Forestry CCI Grant Awards 2016/2017). As a result of the grant, the City has been working to plant 634 trees in areas designated within the City as populations that are disadvantaged.

Right Tree, Right Place

Some species were planted heavily at different periods in the history of Tracy's urban forestry program. A few of these species are costly to maintain and are often poorly suited to the local climate. Thus, some members of the public have developed a negative perception of trees.

Flowering pear (Pyrus calleryana) and Raywood ash (Fraxinus oxycarpa) are examples of high maintenance trees that were planted historically. Both species are prone to pest problems, as well as heaving sidewalks, and dropping nuisance fruit. With prolonged periods of drought, pests and storm events have exacerbated the maintenance needs for both species.

As a result of the high maintenance costs associated with these two species and their over representation in the public tree population (flowering pear, 10.1% and Raywood ash, 8.7%), the City has mostly stopped planting them. In addition to poor species selection, unsuitable planting locations have resulted in conflicts with overhead utilities, heaving sidewalks, water meters, and fire hydrants. In some cases, large stature trees were planted in spaces that prohibited canopy growth and often result in the removal of trees prematurely. Conversely, in some locations, small stature species were planted in sites that could have accommodated larger trees.

Going forward, the City has elected to plant tree species that are more appropriate for the region (i.e. drought-tolerant) and installing them in planting sites where trees are less likely to conflict with utilities and hardscape. Urban Forestry Division staff are actively seeking tree species that are well suited to the local climate. They are coordinating with the Engineering Division to review site plans and make recommendations to avoid planting trees where future conflicts with infrastructure may arise and to maximize the potential benefits of the tree through choosing the right tree species for the right planting site.

Irrigation

Although irrigation is not explicitly defined as required maintenance, water is critical to tree health. Despite recent relief from a few relatively wet winters, California is still considerably dry and the central valley in particular generally experiences low average rainfall (~14 inches per year in Tracy) and extended periods without precipitation. The effects of our most recent drought will have a noticeable impact on Tracy's trees for years to come. Supplemental irrigation will continue to be a necessity if trees are to remain healthy and robust.

While state regulations restrict the irrigation of turf during watering restrictions, many residents are unaware that trees are exempt from these restrictions except under the most extreme conditions (MWELO). It is important to provide adequate water to trees during periods of drought. Turf and other small plants can be more easily replaced once drought conditions subside. However, if a tree dies and needs to be replaced, it can take 10 to 20 years before mature tree benefits are restored by a newly planted tree. Trees that do not receive adequate water are also more likely to be attacked and succumb to pests and disease. Continued outreach and education about the responsibilities of property owners for the care of neighborhood trees and irrigating under water restrictions is crucial for supporting the health of trees.

City trees along major arterials, in center medians, at City facilities, and in parks are irrigated through irrigation systems with a valve that is separate from other landscape components. The separate irrigation system allows trees to be irrigated even when there are water restrictions.

Tree Protection Zones (TPZ)

Roots are a critical part of tree anatomy. They provide access and transport for water and other nutrients that support the growth of the tree. Roots also provide anchorage and foundational support for the above ground portion of the tree. Tree roots spread out over large areas and often well beyond the dripline and most roots are concentrated in the upper 12 to 36 inches of soil. As such, roots are vulnerable to disturbance, which can have an immediate and direct impact on tree health. Tree roots are especially at risk for damage during construction.

Construction and redevelopment are inevitable, but with foresight and planning trees can be preserved through Tree Protection Zones (TPZ). The TPZ is an area where the storage of construction materials and equipment, construction activities that may result in mechanical damage, and equipment
traffic are prohibited within the Critical Root Zone (CRZ). The CRZ according to Best Management Practices is defined at the area of soil extending from the tree trunk where roots required for future tree health and survival are located.

Pest Management

At this time, there are no major active threats to Tracy's urban forest. However, like any urban forest, Tracy has a few pest problems, which are primarily addressed and controlled on a case-by-case basis, but including:

Fire Blight

Fire blight (Erwinia amylovora) is a bacterial disease that can invade all parts of pear trees (Elkins et al, 2017). Symptoms include wilting, blackening, and death of shoots, flowers, and fruits. If infections on the plant are not removed, the disease can spread to the main branches, trunk, and roots. The bacteria can spread from rain, insects, and pruning cuts.

Street Tree staff identified fire blight as one of the most damaging pests, due to the species prevalence in the City tree inventory. Fire blight infestations are addressed on an individual tree basis and does not have a formal treatment program.

Raywood Ash Canker

Fraxinus oxycarpa 'Raywood' commonly is affected by Raywood ash canker. Although trees usually are not killed, severely affected ash are often removed because of unsightly dieback, reduced shading, and their potential limb drop hazard (Raywood Ash Canker and Decline, 2019). Raywood ash was originally believed to be drought tolerant but a canker causing fungus (Botryosphaeria stevensii) has been noticeably impactful on drought stressed trees. These trees are apparently less drought tolerant than previously believed. Watering and pruning to thin canopies and reduce transpiration demand may improve the performance of Raywood ash. The long-term management strategy for this pest is reduced plantings of the species and managing infested trees on a case-by-case basis, dependent on funding.

Mistletoe

Broadleaf mistletoe (Phoradendron macrophyllum) is an evergreen parasitic plant that grows on a number of landscape tree species in California (Perry, 2006). In Tracy, mistletoe is a common occurrence. The City does not have a specific management program for managing this pest. Management primarily is controlled through the removal of infested branches.

What do we have?

Invasive Pests and Diseases

While there currently are no major pest or disease organisms impacting trees in Tracy, there are a few emerging concerns in other areas of California and the U.S that have the potential and likelihood to affect Tracy's urban forest (public and private trees) in the future. Because many pests and disease pathogens are species specific, it is critical to promote and maintain a high degree of species diversity. This ensures that when a major pest or disease outbreak occurs, overall tree loss is minimized along with the costs associated with treatment, tree removal, and the loss of environmental benefits.

For example, polyphagous shot hole borer (PSHB) and Kuroshio shot hole borer (KSHB) are two invasive, wood-boring beetles, which together are known to affect 110 species of trees (Avocado: Polyphagous Shot Hole Borer and Kuroshio Shot Hole Borer, 2017). Currently the closest known infestation of either insect is in Ventura County, which is over 300 miles away; however, research suggests that there is potential for the pest to spread to northern California (Distribution of PSHB/FD and KSHB/FD in California, 2019). Multiple tree species in Tracy are vulnerable to these invasive pests.

Similarly, Citrus Greening (Candidatus liberibacter asiaticus), a bacterial disease that causes bitter, hard fruit production, is very concerning as it threatens the viability of California's citrus crops. While citrus species represent less than 1% of Tracy's public tree population, there are many citrus trees on private property. Due to quarantines in place to protect California's citrus crop, infected trees must be destroyed and disposed of appropriately (Grafton-Cardwell et al, 2019).

Citrus greening, PSHB, and KSHB are all confirmed to be in California, but another pest of concern that is currently not found in California is the emerald ash borer (EAB) (Agrilus planipennis). As of October 2018, EAB has been detected in 35 states and has contributed to the death of hundreds of millions of ash trees in North America (Emerald Ash Borer Information Network, 2019). The closest state with EAB is Colorado, but with a highly mobile human population, movement of infested ash trees through firewood, logs, branches, nursery stock, chips, or other ash materials this pest could be a future problem for Tracy's urban forest. Considering that more than 8% of Tracy's community tree population (public trees) are Raywood ash, with other ash species included in the inventory of trees, EAB could easily contribute to the death of more than an eighth of the public tree population.

Although, most of these invasive pests and diseases are not currently a problem for Tracy's trees, it is likely that one or all of these pests will be a problem in the future. It is important to take steps now to reduce the potential impact of an infestation. The primary focus should be to increase the diversity of the urban forest through new tree plantings; especially avoiding the use of ash species to decrease the potential effects of EAB. Secondly, many pests target trees in poor health first. Best Management Practices for reducing the impacts of pest and disease focus on optimizing tree health and prompt removal of trees that are in decline. Through regular inspections of trees, infestation can likely be detected early, which can in turn prompt a quick response to manage the pest and avoid further movement of a pest, as much as possible.

What is honeydew?

Shade is highly coveted during hot 100-degree days in Tracy and residents park their cars in the shade of trees to manage the heat. It is not uncommon for car owners to return to their vehicle and find it covered in a sticky film. This substance, commonly called honeydew, is the excrement, or frass, of aphids, soft scale, or other soft-bodied insects. These insects feed on the phloem of plants (Cranshaw, 2018). The phloem is the part of the vascular system which moves sugars and other metabolites produced in the leaves down to the roots. Because these insects are primarily consuming sugar, the waste that is produced is also mostly made up of sugars. The honeydew from these insects drips off the leaves of a tree and onto anything beneath the canopy of the tree.

Aside from the nuisance of the sticky residue, honeydew also is strongly associated with black sooty mold. When honeydew drips onto sidewalks, spores of numerous species of fungi germinate on the honeydew producing black fungal strands (mycelial threads), which give a sooty appearance to the sidewalk or any other surfaces where the honeydew encouraged colonization (Cranshaw, 2018).

Generally, aphids and sooty mold do not harm trees, and more often than not are nuisance pests. In an effort to manage the undesirable aesthetics and mess from aphids and consequently, sooty mold, the Urban Forestry division has purchased a tree injector system to reduce aphid populations in street trees through chemical applications. In addition to setting regularly application schedules, trees with higher aphid populations are being avoided for future street tree plantings.



Leaf Pickup



In the fall, typically from November through January, the Public Works Department coordinates a City-wide leaf pick up program. Residents are asked to fill totes with yard waste and place the containers on the curb on scheduled days. When yard waste exceeds the capacity of the tote, excess leaves can be swept into a pile in the street (away from the gutter to allow water flow). Tracy Disposal will pick up the piles of leaves on the regular garbage collection day.

Community Outreach and Engagement

Community outreach and education are an important component of the urban forestry program. The engagement of residents in issues relative to public trees ensures that the community has an appreciation for the value and benefits of the urban forest. Engagement of residents also increases their understanding of the program and resources that are required to support its vitality and sustainability.

The Urban Forestry Division relies primarily on door hangers to communicate with residents about tree maintenance. The city website has a page that features information specific to trees and landscape maintenance. The page explains the differences in funding and maintenance between the General Fund and LMD Tree Divisions. In addition, the webpage features several links to resources, including the approved Street Tree Species list, Municipal Codes relevant to trees, tree care information for trees at planting and maturity, and additional information about the General Fund and LMDs.

Arbor Day events and other tree related events are advertised through the city's social media platform (e.g., Facebook, Twitter, Instagram, etc.).

"The planting of a tree, especially one of the long-living hardwood trees, is a gift which you can make to posterity at almost no cost and with almost no trouble, and if the tree takes root it will far outlive the visible effect of any of your other actions, good or evil."

GEORGE ORWELL



What do we have?

Emergency Response and Risk Assessment

The Federal Emergency Management Agency (fema.gov) recommends that an emergency response plan identify the goals and objectives for emergency response, define expectations for response team members, and identify any regulations that apply (e.g. OSHA, fire code, etc.) (2014). An Emergency Response Plan should include considerations to mitigate the potential for disasters, as well as define steps for preparedness and response.

According to Title 1, Division 4, Chapter 8, Section 3100 of California Government Code states that public employees are Disaster Service Workers and are subject to such disaster service activities as may be assigned by their superiors or emergency service commanders (2016). The term "public employees" includes all persons employed by the state or any county, city, city and county, state agency or public district.

Tracy's Municipal Code, Title 7, provides considerations for emergency maintenance of utilities in the event of conditions which endanger life or property.

Storm events and other natural disasters can result in damage to trees. Tracy is prone to destructive strong winds and other storm events that result in loss and damage to trees. During such events, high winds can dislodge small branches and limbs and have toppled whole trees. All of which can interfere with emergency crews and disrupt essential services. Forestry staff has a role in assisting with clearing hazards, debris, and ensuring timely restoration of essential services. When storm events result in downed trees and limbs, Public Works staff are responsible for clearing debris from streets, sidewalks, and facilities to ensure safe passage for emergency vehicles and responders. Following storm events, forestry staff respond to other downed trees and limbs in less critical areas (e.g. parks) and visually inspect trees for damaged and/or hanging branches.

In preparation for future emergencies and natural disasters, Tracy has identified numerous funding mechanisms to support response efforts, including:

- Clearance of channel ways and utilities is funded through solid waste
- Approximately 15% of LMD and General Fund provide additional support for cleanup efforts

In readiness, Public Works staff are on a rotational, stand-by schedule for emergency response. For events that occur outside of normal operations, the person on stand-by is the lead. If events occur during normal operation, leadership defaults to normal managerial hierarchy. Stand-by or on-call personnel can call additional staff as needed. Public Works has established an after-hours crew that has been trained in the use of chainsaws, chippers, and aerial lifts. All after-hours crew members are trained on necessary equipment. During emergency events, all staff are considered mandatory reporters. In
some circumstances, communications may be down. Staff are equipped with cell phones and some city vehicles have radio systems which are more reliable and generally unaffected. Policy for catastrophic events dictates that city staff ensure their own personal safety and the safety of their family and then report to the Public Works corporation yard. The responsibility for coordination of resources during storm and emergency response falls under the assigned Superintendent. During multi-day events, supervisors work to schedule relief to improve worker safety and allow for adequate rest. While emergency response policies are generally understood, the Department would benefit from an emergency response handbook that clearly communicates protocol, responsibilities, and practices to promote compliance and provide a reference for staff.

Initial staging for storm and emergency events is conducted at the Public Works corporation yard where maintenance equipment is readily available. During events, debris is taken directly to the City waste facility or temporarily stored at other City facilities. Following emergency response, temporary storage areas are cleared as quickly as possible.

Storms are variable and impacts on the urban forest can range from minimal to severe. In most instances, in-house crews are able to manage the workload. However, in severe storm events, when very large trees are involved, or where there is significant potential for damage to property, the City uses contracted services to assist. When fallen trees and branches are in contact with overhead or downed power lines, the City notifies the affected utility and contracts with specially trained, line-clearance contractors when appropriate. Field staff prioritize safety and are responsible for determining which activities are contracted out during emergency events. Historically, approximately 60% of emergency related activities have been performed by contractors.

Residents can report non-emergency tree damage through the City's non-emergency phone line, online service request program, or call Public Works and submit a service request during normal operating hours. Forestry staff will inspect trees for risk and respond accordingly during regular operational hours.

Emergency responders (e.g., fire, police) communicate through emergency dispatchers for downed trees and limbs affecting emergency response. Main arterial roadways and emergency facilities receive the highest priority. To better facilitate future response, Public Works is coordinating with the Fire Department to prioritize critical areas and to develop corresponding community-wide maps. At times, the City's non-emergency phone line is overwhelmed with calls. Procedures to handle high-call volumes are currently under review to improve efficiency and response times.

To increase resilience in the urban forest to wind and other storm events, forestry staff address structural issues during regular maintenance cycles. Reducing weight on extended branches, removing dead wood, and correcting poor branching structure reduces the likeness of limb and tree failure in high winds and major storms.

Funding

Summary of Annual Operations and Funding

Currently, tree maintenance is funded through the General Fund and Landscape Maintenance Districts (LMDs).

Tree Operations Budget

Annual Planting	$30,000
Annual Pruning	$500,000
Tree Removals, Stump Grinding, and Disposal	$300,000
Irrigation and Establishment	$1,000
Annual Price of Repair/Mitigation of Infrastructure Damage	$30,000
Annual Price of Litter/ Storm Clean-up	$180,000
Average Annual Litigation and Settlements due to Tree-Related Claims	$2,753
Annual Expenditure for Program Administration	$200,000
Annual Expenditure for Inspections/ Answer Service Requesters	$150,000



General Fund and the Landscape Maintenance Districts

In 2019, the General Fund experienced cuts, which resulted in the loss of funds for tree maintenance. This loss of funds reduced contractor pruning operations for grid pruning, which is critical for maintaining public safety and sustaining public tree health and benefits. The General Fund is subject to increases and decreases with economic fluctuations and instances where there is a loss of funds for tree care, not all cyclical maintenance can be addressed. The General Fund is not typically used to supplement tree maintenance in the LMD.

Tracy has 42 LMD zones, which fund 49 mini parks, 220 acres of landscaping, landscaped channel ways, bike trails, and high-use arterial roads. Currently there are 25,842 trees within the LMD.

The LMD is funded through assessments, paid by property owners through property taxes and similarly to the General Fund are vulnerable to changes in the economy. In the past, some LMD zones were not established with sufficiently high assessments, resulting in disparities in funding and in the level of maintenance between neighborhoods. In addition, high maintenance trees, such as, flowering pear (Pyrus calleryana) and Raywood ash (Fraxinus oxycarpa) are more heavily planted in some zones, putting a considerable strain on the budget for those areas.

Many trees along main arterial roadways are maintained through the LMD. However, these areas are broadly used by the community and forestry managers are evaluating the feasibility of other funding mechanisms.

Landscaped channel ways are historically underfunded. As a result, tree maintenance is often deferred and many trees are overgrown or are encroaching on adjacent properties. It is important to maintain these channels to ensure they are free of debris and plant material that would hinder stormwater flows and increase the potential for flooding in the event of heavy precipitation. Dedicated funding for channel way maintenance, can help ensure that clearance and flow potential are maintained.

What do we have?

Partners

Interdepartmental

Parks Division

The Parks Division is responsible for the maintenance of turf and landscaped areas. Trees within parks are cared for by the Urban Forestry Division.

Parks and Community Services Commission

The Parks and Community Services Commission, a council-appointed membership of seven residents with Tracy city limits, communicates with the Public Works Department to address public safety concerns and other maintenance tasks for trees within City parks both in the General Fund and the LMD.

"The UFMP can help by establishing clear standards for species selection, replacement, maintenance, planting, locations both throughout the City and where on each lot/parcel"

UNKNOWN STAKEHOLDER

Development Services Department - Engineering Division

The Engineering Division in coordination with the Urban Forestry Divison, is responsible for the approval and final inspection of the installation of trees and other landscape material within the public right-of-way and for Capital Improvement Projects. Specific plans outline the specific design specification for subdivisions. Engineering also ensures compliance with the Americans with Disabilities Act and coordinating with Urban Forestry Division to address trees that are creating conflict with sidewalks.

Engineering coordinates with the City Arborist to identify tree related issues within construction projects, including identifying trees that are suitable for preservation and coordinating tree protection around those trees on construction sites. Engineering coordinates with the City Arborist to inspect design plans for the inclusion of different species. Upon review by the City Arborist, the City Engineer may approve the species selection and placement of those trees according to city design standards. In instances where species are not listed on the approved species palette list, the City Arborist can use their discretion for the approval of such species. Following installation of landscape, a City landscape inspector is responsible for inspecting if landscape materials were installed according to the design plan. However, Engineering staff report that while developers may install landscape material according to design plans, homeowners frequently alter the design after purchasing a property, including removing trees in the right-of-way.

In addition to reviewing and providing recommendations for designs, the City Arborist coordinates with Engineering staff to identify and inspect TPZs for construction projects.

Planning Division

The Planning Division is primarily responsible for enforcing zoning ordinances and reviewing and inspecting projects on private property. While there is no Municipal Code that protects trees on private property, community members have prompted the protection of large trees on prominent construction projects. In such events, Planning Division staff has sought the recommendations of the City Arborist for solutions for tree protection.

Public Works Department- Street and Sidewalk Maintenance Division

Street and sidewalk repairs that involve street trees are coordinated with the City Arborist to inspect work to support tree health.

Fire Department

The Fire Operations Division's goal is to maintain a constant state of readiness to respond and protect against injury, loss of life, and/or property damage caused by fire, medical, and emergencies when needed.

The Department coordinates with the Public Works Department during storm or emergency events to manage debris from trees and to maintain accessibility for emergency response crews. In addition, the Department is prepared to respond to wildland urban interface (WUI) areas where residential development meets with open space and natural wilderness areas. Although Tracy does not currently have any neighborhoods that might be classified as WUI, the Tracy Hills development will require active management of the natural areas adjacent to homes. The Department coordinates with Public Works staff to manage ladder fuels in areas vulnerable to fire.



Community Partners

Pacific Gas and Electric

In California, all utility providers are subject to General Order 95; Rule 35 Vegetation Management (California Public Utilities Commission, revised 2012) and FAC-003-2 Transmission Vegetation Management (NERC) which outlines requirements for vegetation management in utility easements. These requirements include clearance tolerances for trees and other vegetation growing in proximity to overhead utilities.

Trees located under utility lines should be directionally pruned by trained, authorized line clearance personnel only to provide clearance and/or reduce height. Selecting small-stature tree species that are utility friendly for planting sites in utility rights-of-way can minimize the need for these maintenance activities.

The urban forest has an impact on every resident, visitor, property owner, and business in Tracy. The benefits of the community's trees extend beyond the City limits. The responsibility for their care and protection is shared by many individuals, volunteers, nonprofit organizations, City departments, and tree care professionals. The engagement and contribution of urban forest stakeholders was integral to the development of the Urban Forest Management Plan.

Non-profit Tree Advocacy

The Tracy Tree Foundation (TTF) was founded in 2016, with strong support from the City, to educate the public on the benefits of trees and coordinate tree plantings. They also encourage the preservation of trees within Tracy.

In response to community interest in hiking and biking, the Tracy Nature Park Advocates was founded by numerous community members. This group advocated and petitioned for the creation of a nature park, which would provide numerous hiking and biking trails.

Community non-profit groups, like the Tracy Tree Foundation and the Tracy Nature Park Advocates, are valuable partners for the City. Not only do community non-profit groups serve as strong advocates on the behalf of trees and green space, but they also provide a strong network of volunteers. Volunteers have been and will continue to be critical to the success of Arbor Day and other tree planting events. Furthermore, volunteer-led education and outreach activities will be critical for promoting the preservation of private trees and enhancing the urban forest. Tracy Nature Park Advocates

What do we have?

Policy and Regulation

City policies and regulations provide the foundation for the Urban Forestry Division. They outline requirements and specifications for the planting, installation, and care of Tracy's public trees. They also provide the regulatory framework for the protection and preservation of the urban forest assets as well as the enforcement of activities and issues that impact the community's trees. The development of Tracy's Urban Forest Management Plan included a comprehensive review of City policies, development and construction standards, ordinances and other regulations that apply to the urban forest. The following provides a summary of the review process and key findings.

Federal and State Law

California Urban Forestry Act

Section 4799.06-4799.12 of the California Public Resources Code defines a chapter known as the California Urban Forestry Act. The act defines trees as a "vital resource in the urban environment and as an important psychological link with nature for the urban dweller". The act also enumerates the many environmental, energy, economic, and health benefits that urban forests provide to communities.

The purpose of the Act is to promote urban forest resources and minimize the decline of urban forests in the state of California. To this end, the act facilitates the creation of permanent jobs related to urban forestry and encourages coordination with state and local agencies to reduce or eliminate tree loss and prevent the introduction and spread of pests. The act grants the authority to create agencies and mandates that urban forestry departments shall provide technical assistance to urban areas across many disciplines. The Act also authorizes and recommends numerous funding tools to achieve these goals.

Public Park Preservation Act

In addition to the protections provided by the California Urban Forestry Act, the Public Park Preservation Act of 1971 ensures that any public parkland converted to non-recreational uses is replaced to serve the same community.

Migratory Bird Treaty Act

Passed by Congress in 1918, MBTA defines that it is unlawful to pursue, hunt, take, capture, kill, possess, sell, purchase, barter, import, export, or transport any migratory bird, or any part, nest, or egg or any such bird, unless authorized under a permit issued by the Secretary of the Interior.

The act can impact forestry operations during times when birds are nesting and may delay work in order to avoid violating the MBTA.

Endangered Species Act

Signed in 1973, the Endangered Species Act provides for the conservation of species that are endangered or threatened throughout all or a significant portion of their range, and the conservation of the ecosystems on which they depend.

The listing of a species as endangered makes it illegal to "take" (harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, collect, or attempt to do these things) that species. Similar prohibitions usually extend to threatened species.

Model Water Efficient Landscape Ordinance

To promote the conservation and efficient use of water and to prevent the waste of water, Model Water Efficient Landscape Ordinance (MWELO) was adopted in 2009 and later revised in 2015, requiring increases in water efficiency standards for new and retrofitted landscapes through the use of more efficient irrigation systems, greywater usage, and onsite stormwater capture, and by limiting the portion of landscapes that can be covered in turf.

California Senate Bill No. 606 and No. 1668

Approved by Governor Jerry Brown on May 31, 2018, these bills require cities and water districts to set permanent water conservation rules, even in non-drought years. Under the bills, each urban water provider will be required to set a target water use goals that must be approved by the State Water Resource Control Board by 2022, if agencies fail to meet these goals, potential fines as high as $10,000 a day may be issued. Standards are based on 55 gallons per person per day for indoor water use (later decreasing to 50 gallons by 2030) and regional based standards for outdoor use.

California Solar Shade Act

Passed in 1978, the Solar Shade Control Act supported alternative energy devices, such as solar collectors, and required specific and limited controls on trees and shrubs. Revised in 2009, the Act restricted the placement of trees or shrubs that cast a shadow greater than 10 percent of an adjacent existing solar collector's absorption area upon the solar collector surface at any one time between the hours of 10am and 2pm.

The Act exempts trees or shrubs that were planted prior to the installation of a solar collector, trees or shrubs on land dedicated to commercial agricultural crops, replacement trees or shrubs that were planted prior to the installation of a solar collector and subsequently died or were removed (for the protection of public health, safety, and the environment) after the installation of a solar collector, and trees or shrubs subject to city and county ordinance.

Tracy Municipal Code

The Tracy Municipal Code includes ten Titles that provide considerations for trees:

Title 2 Administration Provides definitions for professional or consultant services, including tree trimming.

Title 3 Public Safety Provides considerations for graffiti control as it relates to trees, as well as, removal of obstruction to traffic including by trees. Requires the reporting of damage to trees to Police following an accident.

Title 4 Public Morals, Welfare, and Conduct Prohibits the posting of handbills on trees along streets in the City.

Title 5 Sanitation and Health Provides important rules regarding leaf pickup that is provided by the City in the winter months.

Title 6 Business, Professions, and Trades Provides considerations for the Downtown Incentive Program for off-street improvements, following approval by the City, applicant agrees to make the improvement to street trees and tree wells/grates with are located in the public right-of-way fronting a property must meet City Standards.

Title 7 Public Works Establishes the Parks and Community Services Commission and authorizes provisions for violations of Title 7, but allows the City to seek additional relief, including recovering for the value of the damaged or removed tree.

Provides definitions for relevant terms for trees and tree maintenance activities and the role of the director and gives the director authority to inspect, maintain, remove, replace street trees, and require property owners to maintain privately planted trees that interfere with the growth and health of street trees, including the use of dust reducing agents that are hazardous or detrimental to the health of trees. Title 7 also defines the director's role and authority in the application process for tree removal permits.

Title 7 prohibits the mutilation or impairment, or destruction of City trees and provides that the City is not responsible for tree maintenance in areas not within the City. Prohibits the planting of trees in public areas without permission. Title 7 authorizes maintenance of trees if interfering with public utility and prior to maintenance on public utility, agencies are required to get permission from the director if a street tree may be damaged but provides exceptions for emergencies.

Title 8 Finance, Revenue, and Taxation Provides exceptions for cable providers to trim trees to prevent contact with wires, cables and other equipment on public and private property.

Title 10 Planning and Zoning Designates the type and number of trees that are approved by the director for parking areas and requires a certain number of trees with reasonable spacing per parcel. The Title refers to City of Tracy Specification Standards for planting standards. The Title establishes the vision clearance for corner lots for street trees at least eight feet above the established grade of the curb and requires the use of trees and other methods to shield visible parking areas of parking garages and around drill sites.

Title 11 Public Utilities Provides selection criteria for trees in landscape design plans and requires that where feasible, trees should be irrigated by separate valves from other landscaped areas.

Title 12 Subdivisions Requires that subdivisions should be designed to limit the removal of non-production (trees that do not produce fruit or nuts) and should be accurately denoted on development plans. Any recommendations to remove a tree due to defects or disease must be supported by a report from a licensed arborist, with additional recommendations for proposed grading within a certain number of feet within the dripline of any saved tree.

Design Standards

Revised every 5 years, Tracy's Design Standards provide landscape standards, including shade tree requirements, for sites adjacent to freeways, parking lots/areas, lighting, buildings over 50,000 square feet, outdoor spaces, and landscaped areas. The Design Standards also provide considerations for the use of trees for screening, large trees for shading, drought tolerant trees, and tree box filters for bioretention and redirection of runoff.

Guiding Documents

Tracy General Plan 2011

The General Plan provides a vision for the future and establishes a framework for how Tracy should grow and change over the next two decades. The Community Character Element within the General Plan includes language about the incorporation and inclusion of trees in the urban landscape. According to the General Plan, trees should be planted along all residential streets, along the I-205 Commercial Area, parking lots in Village Centers, areas within Corridors, on the south and west sides of new buildings or buildings being renovated, and riparian corridors.

Tracy Sustainable Action Plan 2011

Tracy's Sustainability Action Plan is a detailed, long-range strategy to achieve sustainability in the sectors of greenhouse gas (GHG) emissions, energy, transportation and land use, solid waste, water, agriculture and open space, biological resources, air quality, public health, and economic development. The Plan encourages the strategic placement of trees with the intent for cooling pavements. The municipal tree planting subsection within the Plan identifies the goal of planting 33 acres of healthy trees by 2020, with each acre consisting of 35 to 40 trees in order to encourage carbon sequestration.

Standard Specification (2008)

Title 10 refers to the City's Standard Specification for planting guidelines for the installation of parking lot trees; however, the document does not have any guidelines or standards for planting street trees.

What do we have?

Conclusions

The City currently has an inventory of 35,561 public trees, with more trees being removed or planted every day. The Resource Analysis summarizes the composition of this community resource. The urban tree canopy assessment provides a land cover layer that identifies the location and extent of existing canopy (public and private), establishes a baseline for monitoring overall tree canopy cover throughout the community, and augments the City's GIS database. Additional protections for private trees would promote the preservation and protection of some large or unique tree species. A well-trained and dedicated City Arborist and forestry staff provide leadership and expertise and promote stewardship of the urban forest. All of this provides the foundation and tools necessary to make meaningful and effective management choices and illustrates the investment that Tracy has made in its urban forest. The information provides a basis for developing community goals and urban forest policies and establishes benchmarks for measuring the success of long-term planning objectives over time.

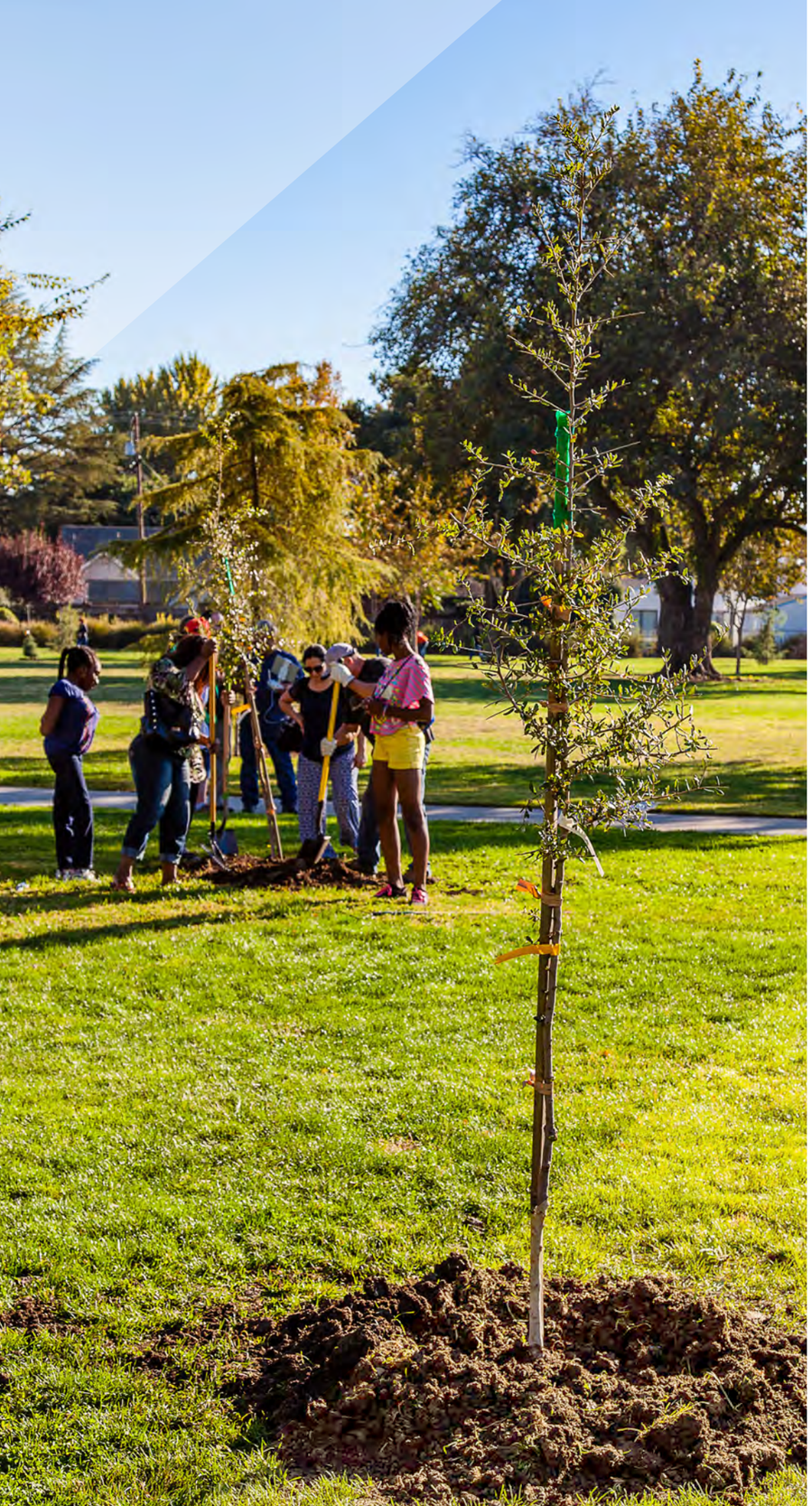
The City has ample capacity to increase the urban forest given an existing canopy cover of 12.8% and a potential for nearly 45%. Areas slated for development (residential and commercial) will eventually represent a mixture of land cover that includes both hardscape (impervious surface) and tree canopy. It is important to recognize that impervious surfaces and canopy cover can co-exist in many instances, especially with the incorporation of appropriate design standards. Canopy that extends over hardscape features, including parking lots, streets, and structures can add to the overall amount of canopy cover and reduce the ratio between canopy cover and impervious surfaces. In addition, shade provided by tree canopy can demonstrably extend the lifespan of materials used in the construction of hardscape features (McPherson, et al, 2005). Another opportunity for expanding tree canopy cover is through private property, where trees can provide direct benefits to residents.

Stakeholder interviews and a review of operations identified a number of opportunities and challenges facing Tracy's urban forestry program over the next couple of decades. Potential issues include maintaining adequate resources (staffing, funding, and equipment), increasing forest resiliency, inventory management, revisions to Municipal Code, and the partnership with the Partnerships with local nonprofits.

The City aims to provide service to public trees through five to seven-year maintenance cycles. The City Arborist ensures that contractors and Urban Forestry Division staff follow best management practices and industry standards, including standards for safety and professional training.

The Urban Forestry Division has two staff and has experienced periods of time where positions with the division were vacant. As a result, the Division has been working to fulfill high volumes of open work orders. Therefore, preventative maintenance is largely restricted based on available funds. With a small in-house tree crew and a contract tree care company, the care of public trees is currently reactive, focused on clearance pruning and response to hazardous and emergency situations. However, the program pruning cycle that began in recent years is having a positive effect. Additionally, high maintenance trees are concentrated in LMD zones, some of which have fewer resources than the General Fund, and as such require more frequent maintenance to maintain clearance and minimize risk. Urban trees are a living resource that benefit from timely maintenance to address health and safety needs and encourage strong structure. Proactive inspection and maintenance promote tree longevity, maximizes benefits, and helps manage risk potential.





Increasing interdepartmental coordination for planning and resource sharing promotes greater efficiencies for urban forestry operations. Collaboration with Engineering staff during revisions for Design Standards allows for considerations for planting sites. Greater consideration should be given to adequate soil volume, minimum dimensions, and alternative designs, all of which would improve environmental conditions for trees and support community canopy goals.

The urban forest is a living resource subject to environmental and cultural stressors, including pests, disease, extreme weather and climate change, pollution, and accidental damage. While it is impractical to protect and preserve every tree, actions and strategies that increase overall resilience can ensure that the community continues to receive a stable flow of benefits. Strategies for increasing forest resilience include increasing species diversity, planting the right tree in the right place, regular inspection and maintenance, and management of pests and disease. While the city must still contend with the planting decisions of the past, moving forward, forestry is focused on selecting species that are better suited to the local climate, drought tolerant, and more resilient to potential pest threats. It is also vital to provide sufficient funding to support the tree throughout its lifetime.

A complete inventory of public trees and a comprehensive inventory management system are vital components for urban forest management. Ideally, trees that were not included in the original inventory will be added and include the location, species, condition, and size (DBH). An updated inventory and updated data metrics for existing trees in the inventory will allow managers to track tree history, create work orders, and create grid-based pruning cycles. This will improve program efficiency and provide information to support funding requests and for programming work tasks.

In Tracy, according to Municipal Code, it is unlawful to damage or remove any tree planted or maintained by the City in right-of-way or planting easements, unless a person obtains a permit through the City. However, the fines for violations of Municipal Code are based on Street Tree Removal Criteria, which may not reflect industry's current standards for the true replacement value of a tree. Additionally, enforcement of the Municipal Code can be challenging. The urban forest webpage should continue to provide important links and fact sheets that summarize key messages for maintaining and preserving all trees.

Community support for the urban forest is critical for sustainable programming and the realization of long-term goals. Engaging community members through workshops, online resources, and volunteer projects engenders a greater sense of ownership and stewardship for the urban forest. In partnership with the Tracy Tree Foundation urban forestry staff have a great opportunity to promote the urban forest on private property through coordinated outreach activities and materials. While this partnership presents a great opportunity for facilitating community engagement and educational activities, leadership changes at TTF have led to some instability in the partnership and the City should continue to explore other opportunities with local non-profits.

Since 2015, Tracy has achieved Tree City USA status, reflecting the City's commitment to responsibly care for trees through tree care ordinances, dedicated funding, and annual observances of Arbor Day. Beyond this recognition, city staff are motivated to innovate the existing urban forestry program and ensure that the urban forest is preserved and protected for future generations. With prolonged periods of drought and an increasing risk of introduced pests and disease pathogens, park staff are acutely aware of the challenges and potential vulnerabilities that urban trees face. Because the urban forest is a dynamic, growing, and ever-changing resource, it requires sound and proactive management to fully realize its maximum potential.

What do we want?

To better understand how the community values the benefits of the urban forest resource and to provide residents and other stakeholders an opportunity to express their views, The Tracy Tree Foundation and other community and City staff stakeholders were engaged through multiple outreach efforts to gather input on content and recommendations contained in the UFMP.

Stakeholder Outreach

While it may not be their primary focus, many individuals and departments within the City share some level of responsibility for the community urban forest, including planning for, caring for, and/or affecting the policy of urban forest assets. City Partners were invited to participate in an interview and discussion about their role and perspective for the urban forest as well as their views, concerns, and ideas for the UFMP. These interviews provided important information about the current functions of the Urban Forestry Division and potential areas for improvement. Concerns, requests, and suggestions from all stakeholders were of primary interest and were provided full consideration in the development of the UFMP.

Key stakeholders were invited to provide insight into the current state of the urban forest. Participants identified challenges and opportunities for the urban forest, as well as, helped to create a consensus for the goals of the UFMP.

Stakeholders included:

- Engineering Division
- Planning Division
- Parks Commission
- Public Works Staff
- Tracy Tree Foundation (TTF)
- Tracy Nature Parks Advocates

Challenges and opportunities identified through the stakeholder interview process include the following:

1. Additional outreach and engagement is needed
2. Forestry is underfunded, resulting in reactive maintenance
3. Increasing species diversity will lead to greater resilience in the urban forest
4. Future tree planting should focus on planting the right tree in the right place for greater benefits and cost savings
5. Review and revise Municipal Code to address the challenges facing the urban forest



"Educate civic leaders and citizens about the benefits of trees and to advocate for the urban forest."

UNKNOWN STAKEHOLDER

Community Meetings

A meeting was held on May 1, 2019 from 6:00 p.m. To 7:30 p.m. at the Tracy Transit Center. The meeting was advertised through social media, city emails, and the city website. The meeting was attended by 18 community members, six of which were city staff.

The meeting included a presentation about the community's urban forest and current program status. Following the presentation, attendees participated in a discussion and planning session to identify goals and objectives for the UFMP. Attendees were asked to provide their expectations for public tree maintenance and locations for additional tree plantings. Participants were also asked to share their opinions on the types of education and outreach, the best opportunities for providing educational materials and outreach activities, the professional licensing requirement for tree care providers within the city, protections for private trees, and collaboration opportunities.

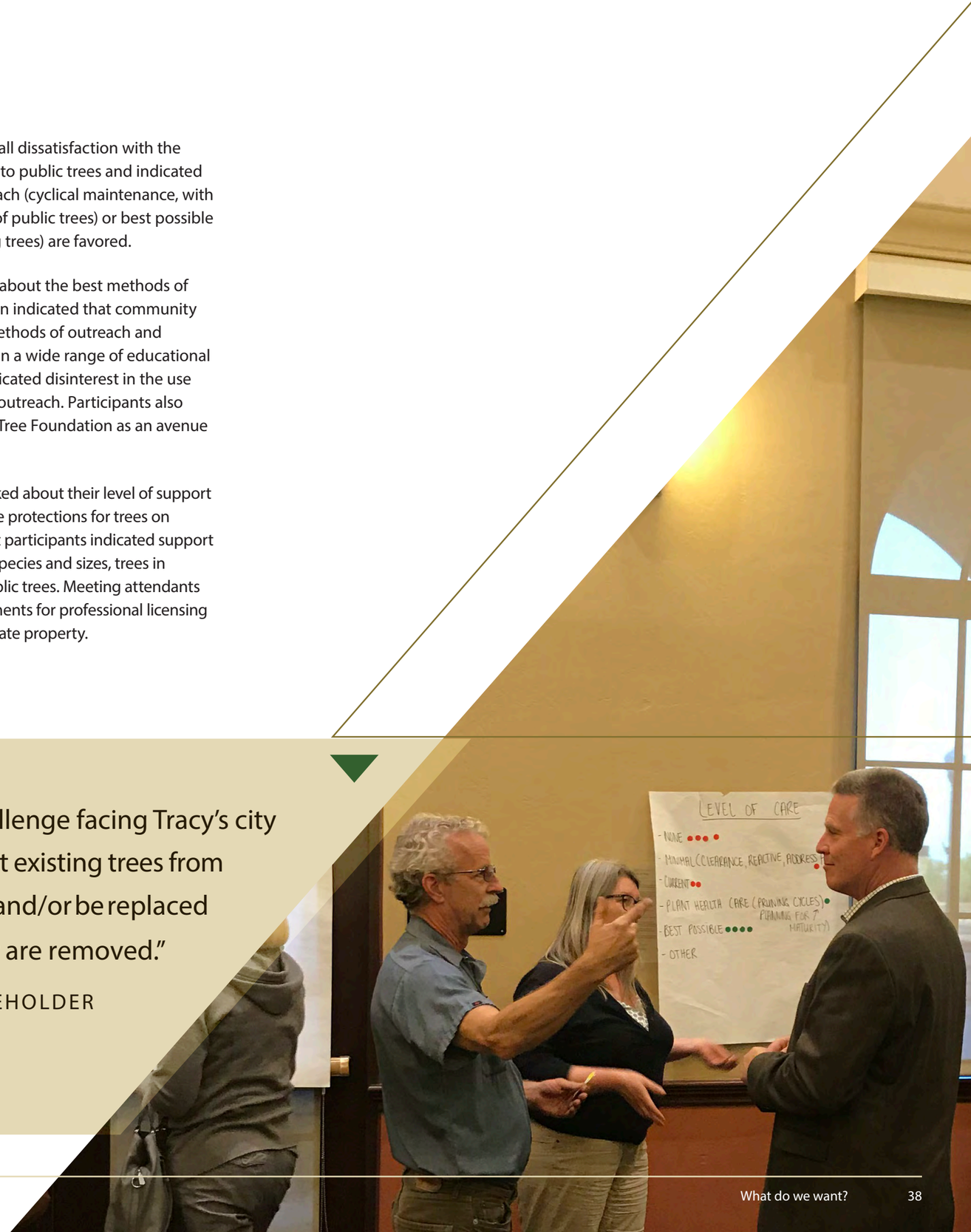
Community meeting participants overwhelmingly expressed interest in learning more about the Sacramento Tree Foundation Greenprint Initiative to adopt a 35% canopy goal. They did not support a goal of no net loss (to maintain the current level of 12.8% canopy cover). Similarly, the majority favored additional plantings along streets and medians, parks and open space, commercial and industrial areas, but did not support opting for no additional plantings of trees.

Most participants indicated overall dissatisfaction with the current level of service provided to public trees and indicated a plant health care-based approach (cyclical maintenance, with regular inspection and pruning of public trees) or best possible care (structural training of young trees) are favored.

Questions posed to participants about the best methods of outreach and topics for education indicated that community members appreciate multiple methods of outreach and engagement and are interested in a wide range of educational topics; however, participants indicated disinterest in the use of door hangers for educational outreach. Participants also expressed support for the Tracy Tree Foundation as an avenue for outreach and education.

Community participants were asked about their level of support for ordinances that would provide protections for trees on public and private property. Most participants indicated support for protections for trees specific species and sizes, trees in parking lots, native trees, and public trees. Meeting attendants indicated opposition for requirements for professional licensing for tree care professionals on private property.

> "The biggest challenge facing Tracy's city trees is to prevent existing trees from being cut down and/or be replaced when they die or are removed."
>
> UNKNOWN STAKEHOLDER



What do we want?

Plans, Goals and Actions

Based upon a review of the current Urban Forestry program and resources, and collaborative input from the community and other stakeholders, the UFMP identifies five goals and eight existing policies that support and represent what Tracy residents, stakeholders, and staff want for the future of Tracy's urban forest. These goals, and the strategies that support them, are intended to optimize the management of the city's community forest in an efficient, cost-effective, sustainable, and safe manner. The Plan identifies three major areas of focus:

1. Grow, maintain, preserve, and enhance a sustainable urban forest
2. Optimize the environmental, social, economic, and public health benefits of trees and canopy
3. Align urban forest management policy with community expectations and cost efficiency

Grow, maintain, preserve, and enhance a sustainable urbanforest

The urban forest provides numerous benefits to the community. Although it might be tempting to plant as many trees as possible, it is important to grow and enhance the urban forest in a sustainable manner. It is important to ensure not only that trees are planted, but also that they can be maintained throughout their lifetimes.

Goal 1: Preserve trees whenever possible.

Trees take a long time to grow and the benefits that they provide increase as they mature. Therefore, tree removals should be avoided whenever possible to ensure all trees provide the maximum potential benefits. Trees that pose an unacceptable risk to public safety or the overall urban forest shall be removed and replaced with a suitable species.

Goal 2: Reach 15% canopy cover by 2040.

Tracy has the potential to support nearly a 45% canopy cover. However, with development and constraints on funding, the City should first work towards a goal of 15% canopy cover over the next 20 years.

Existing Policy 1: Plan for trees.

When proper consideration is given to planting trees, future removals can potentially be avoided. Selecting the right tree for the right place increases the ability for a tree to reach maturity and ensures that it has ample space for canopy and root growth.

Existing Policy 2: Foster current partnerships with local non-profits and continue to explore opportunities with additional non-profit groups.

Growing, maintaining, and educating the greater community about the benefits of the urban forest are greatly enhanced through the partnership with local nonprofits.

Existing Policy 3: Promote the longevity of trees as a public resource.

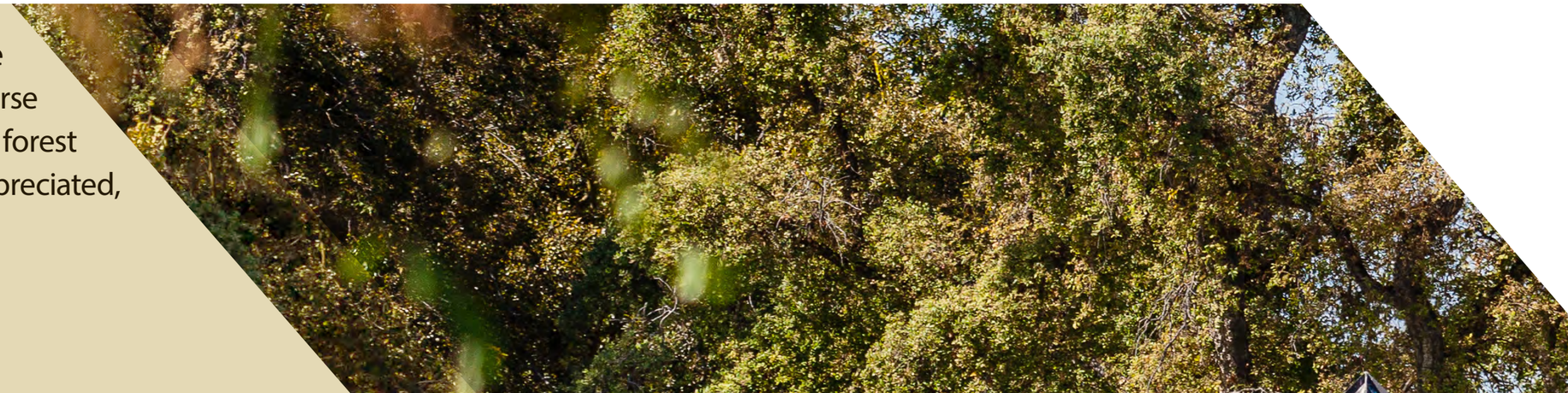
Like all living things, trees have a finite lifespan, though some are longer lived than others. Managers have an important role in reducing mortality rates through proactive tree maintenance practices.

Optimize the environmental, social, economic, and public health benefits of trees and canopy

Trees are a valuable community asset and an integral part of the infrastructure. The environmental, social, economic, and public health benefits provided by trees and canopy are directly related to the distribution of leaf surface and tree canopy. As trees mature, the benefits that are provided to the community increase.

"As a comprehensive document, the UFMP can define and illustrate the course from the present state of the urban forest toward the ultimate goal of a well-appreciated, sustainable, enviable urban forest."

T. ROCHA



Goal 3: Engage the community to increase support for the urban forest.

The urban forest is more likely to be preserved and maintained by a community that understands the benefits that the urban forest provides to the community. Community members that are strong advocates on the behalf of the urban forest also improve the long-term viability of the urban forest.

Goal 4: Encourage the planting of trees on private property.

Private trees contribute significantly to the urban forest and the benefits that it provides to the community as a whole. While trees on public property are significant contributors to community benefits, private property provides an opportunity for additional planting sites and more direct flow of benefits to community members.

Currently park trees are maintained through both the General Fund and the Landscape Maintenance Districts (LMD). Because these resources are limited, care for park trees and trees in open space is prioritized based on public safety and dependent on available funding. Alternative funding sources to support the Urban Forestry program should continue to be explored and implemented as appropriate and/or available. Examples of these are: special assessments specific to urban forestry, parks and street-scaping; grants; recycling program funds; etc.

Existing Policy 4: Manage risk.

When trees are well-maintained throughout their lifetimes, the risks trees pose to the public are reduced.

Existing Policy 5: Expand the tree canopy of Tracy through the planting of trees on public property.

Public trees are a valuable component of infrastructure. Not only do trees reduce the rate of deterioration of asphalt and concrete, but also decrease the effects of urban heat islands.

Align urban forest management policy with community expectations and promote efficiency within the Public Works Department

Increasingly, there is more scientific data on the benefits that trees provide to communities, which promotes greater appreciation for the urban forest. Optimization of urban forestry funding and programming allows for the City to meet and exceed community expectations and increase efficiency.

Goal 5: Revise Municipal Code to respond to community needs.

As a community grows, its needs can change. Municipal Code should be periodically reviewed and revised to improve the benefits that trees provide to the environment and to the overall community.

Existing Policy 6: Ensure policy documents communicate a shared vision.

Inconsistencies across city policies, documents, and departments creates confusion between departments and the community. Uniformity promotes strong and efficient policy that aligns with community expectations.

Existing Policy 7: Provide emergency response to ensure accessibility for emergency responders and restoration of regular operations.

Following storm events or other emergency situations, trees may have been damaged and create problems for emergency responders, as well as, disrupt normal city operations. Emergency response is important for ensuring access for emergency crews and restoring normalcy following such events.

Existing Policy 8: Maintain a fire safe community.

In the last decade, California has experienced catastrophic losses as a result of wildfire. With prolonged periods of drought and a changing climate, wildfire is likely to continue to be a threat to communities that neighbor the wildland urban interface. The risk of living in these areas can be reduced through numerous wildfire mitigation strategies.



How do we get there?

The goals and actions proposed by the Urban Forest Management Plan (UFMP) are organized by area of focus:

1. Align urban forest management policy with community expectations and cost efficiency
2. Optimize the environmental, social, economic, and public health benefits of trees and canopy
3. Grow, maintain, preserve, and enhance a sustainable urban forest

Each area of focus is supported by measurable goals and specific actions that are intended to guide Tracy's urban forest programming over the next 20 years, providing a foundation for annual work plans and budget forecasts. Many goals and actions support more than one focus area.

For each action, the UFMP identifies a priority, a suggested timeframe for accomplishing the action, an estimated cost range, and potential partners. Priority is identified as:

- High – An action that is critical to protecting existing community assets, reducing/managing risk, or requires minimal resources to accomplish
- Medium – An action that further aligns programming and resource improvements that have been identified as desirable by the community, partners, and/or urban forest managers, but that may require additional investment and financial resources over and above existing levels
- Low – An action that is visionary, represents an increase in current service levels, or requires significant investment

The estimated cost is categorized in the following ranges:

- $ = less than $25,000
- $$ =$25,000–$100,000
- $$$ = more than $100,000

The UFMP is intended to be a dynamic tool that can and should be adjusted in response to accomplishments, new information and changes in community expectations, and available resources. In addition to serving as a day-to-day guide for planning and policy making, the UFMP should be reviewed regularly for progress and to ensure that the actions and sub actions are integrated into the annual work plan.

With appropriate care and planning, the urban forest is an asset that has the potential to increase in value over time. As young trees mature and their leaf surface and canopy grows, so too will the overall benefits and value from the community's urban forest. The objectives and strategies of the UFMP are intended to support this process in an appropriate manner that encourages the sustainable stewardship of community trees with consideration for, safety, cost efficiency, and community values. The UFMP includes strategies for measuring the success of the Plan over time.



Grow, maintain, preserve, and enhance a sustainable urban forest.

Goal 1: Preserve trees whenever possible.

Performance Measure: Reduced number of removals.

Rationale: Trees take a long time to grow. While the needs for land use change and sometimes trees are prohibitive of a desired use, there are often solutions and compromises that can be made to allow a tree to reach maturity and provide the maximum benefits to a community.

Risk: Removals that could have been avoided through alternative design solutions and repairs.

Benefit: The potential for all trees to reach maturity and provide the optimal amount of benefits to a community.

Objective:	Cost	Priority	Timeframe
Develop a Private Protected Tree or Heritage Tree Ordinance to protect specific species, native trees, specimen trees, or trees of historic value from damage or unpermitted removal.	$	High	1–5

Action:

1. Add "Protected Tree" definition to Municipal Code.

Objective:	Cost	Priority	Timeframe
Greater preservation of trees on public property.	$	Moderate	Ongoing

Action:

1. Revisit tree violation/mitigation fees.
2. Review and inspect Tree Protection Zones during construction projects.

Objective:	Cost	Priority	Timeframe
Ensure all newly planted trees have the necessary resources to be maintained throughout the lifetime of the tree.	$	Moderate	Ongoing

Action:

1. Have a mechanism that triggers additional funding for tree maintenance when new trees are planted.

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

How do we get there?

Grow, maintain, preserve, and enhance a sustainable urban forest.

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Risk: Removals that could have been avoided through alternative design solutions and repairs.

Benefit: The potential for all trees to reach maturity and provide the optimal amount of benefits to a community.

Objective:	Cost	Priority	Timeframe
Explore alternative designs to preserve valuable trees in the landscape.	$	Moderate	Ongoing

Action:

1. Explore alternative sidewalk designs to allow space for trees and compliance with the Americans with Disabilities Act.
2. Explore the use of alternative sidewalks designs to avoid tree removal.
3. Continue to protect valuable trees during construction zones.

Objective:	Cost	Priority	Timeframe
Encourage preservation of trees on private property.	$	Moderate	Ongoing

Action:

1. Revisit Municipal Code to provide protection for native trees and heritage trees or trees of historical significance.
2. Revisit Municipal Code to prohibit the use of topping or other improper pruning practices for trees in parking lots.

Objective:	Cost	Priority	Timeframe
Improve everyday care of trees, to prevent future removals.	$	High	Ongoing

Action:

1. Include trees along main arterial roadways in the General Fund.

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

Grow, maintain, preserve, and enhance a sustainable urban forest.

Goal 2: Reach 15% canopy cover by 2040.

Performance Measure: Increased canopy cover.

Rationale: The benefits that an urban forest provides to the community are directly related to the expanse of tree canopy cover and leaf surface area. The greater the tree canopy cover, the greater distribution of benefits to the community.

Risk: No expansion or even loss of canopy cover may result in a loss or stagnation in the benefits provided to the community by the urban forest.

Benefit: Expansion of tree canopy increases the benefits provided by trees as well as equitable access to shade and other benefits across the community.

Objective:

Greater and more equitable distribution of environmental benefits from trees.

Action:

1. Continue to replace trees as they are removed.
2. Create a planting plan, which identifies specific planting priorities for different areas of the City.
    a. Consider planting priority areas in planting plans.
    b. Consider planting priorities identified by the community.
    c. Continue to plant trees in areas identified as Disadvantaged Communities.
    d. Utilize best management practices for planting and maintaining trees.
3. Conduct a Land Cover Assessment in 10 years to review progress towards meeting 15% canopy.

Cost	Priority	Timeframe
$	High	Ongoing

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

How do we get there?

Grow, maintain, preserve, and enhance a sustainable urban forest.

Existing Policy 1: Plan for trees.

Performance Measure: Reduction in removals that are a result of a tree being planted in an inappropriate site.

Rationale: Trees take a long time to grow and are a long-term investment. If a tree is planted in a space that is too small or too large or is not well suited for the local climate and soil conditions, the potential benefits that the tree could have provided to the community are lost.

Risk: Premature death of trees.

Benefit: Fewer tree removals and maximum community benefit.

Objective:

Invest in trees for the long-term environmental benefits they provide to the community.

Action:

1. Practice right tree, right place.
2. Maintain and regularly update a tree species list that is suitable for a variety of site conditions.
    a. Include newly available nursery stock and omit species susceptible to pests and pathogens.
    b. Publish species palette list on the city website.
3. As design standards are updated, include standards for the following:
    a. Tree well sizes.
    b. Irrigation plans with separate valves for trees.
    c. Distances from utilities (water meters, fire hydrants, etc.).
4. Explore the use of expanding tree wells.
5. Incorporate innovative solutions for tree planting in areas where available soil volume is limited; also paying particular attention to appropriate species selections in these areas.
6. Formalize planting distances from water meters, fire hydrants, or other public utilities.
7. Develop minimum soil volume requirements for parking lots.

Cost	Priority	Timeframe
$	High	Ongoing

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

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Risk: Premature death of trees.

Benefit: Fewer removal of trees and maximum community benefit.

Objective:	Cost	Priority	Timeframe
Allow for flexibility in planting considerations for new development.	$	Low–Moderate	1–10 Years

Action:

1. Have separate streetscape landscaping standards.
    a. Provide options for; park strips, meandering sidewalks, monolithic sidewalks.
    b. Set minimum widths for planting strips.

Objective:	Cost	Priority	Timeframe
Encourage new industries within the city to expand the tree canopy.	$	Low–Moderate	1–10 Years

Action:

1. Collaborate with companies to encourage tree planting on those properties.
2. Explore the use of tree planting funds for companies to offset their development.

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

How do we get there?

Grow, maintain, preserve, and enhance a sustainable urban forest.

Existing Policy 2: Foster current partnerships with local non-profits and continue to explore opportunities with additional non-profit groups.

Performance Measure: Participation in forestry programming.

Rationale: Non-profit partners can coordinate planting events, including volunteers, and provide educational materials/activities.

Risk: Without non-profit partners, Urban Forestry Division staff have less time to manage and maintain city trees.

Benefit: Non-profit partners advocate for the urban forest and increase the protection and preservation of the benefits that the urban forest provides to the community.

Objective:	Cost	Priority	Timeframe
Continue to provide support for local non-profit organizations.	$	Moderate	Ongoing

Action:

1. Continue to set clear expectations for the role of non-profits in coordinating community outreach events and promote tree planting on private property.
2. Provide clearly defined expectations for funding designated to local non-profit organizations.

Objective:	Cost	Priority	Timeframe
Continue to explore partnerships with other non-profit and environmental advocacy groups.	$	Moderate	Ongoing

Action:

1. Identify passionate community members as tree-advocacy leaders.

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

Grow, maintain, preserve, and enhance a sustainable urban forest.

Existing Policy 3: Promote the longevity of trees as a public resource.

Performance Measure: Reduced mortality rates.

Rationale: Trees are a valuable component of the urban infrastructure, and when trees die prematurely, the investment in that infrastructure is lost.

Risk: If efforts are not made to reduce tree mortality, the investment in the time and labor to plant and care for a tree is lost.

Benefit: Reductions in tree mortality provide the opportunity for all trees to reach maturity and offer the most community benefits.

Objective:	Cost	Priority	Timeframe
Provide water to trees to encourage establishment of newly planted trees, as well as prolong the life of mature trees.	$	Low–Moderate	Ongoing

Action:

1. Continue to irrigate trees in accordance with California Senate Bill No. 606 and No. 1668.
2. Continue to select and plant drought-tolerant species.

Objective:	Cost	Priority	Timeframe
Educate the community about property owner responsibilities for the care of City trees.	$	Moderate	Ongoing

Action:

1. Increase education around watering trees even during drought.
2. Revisit appraisal fees for replacement of trees illegally removed.

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

How do we get there?

Optimize the environmental, social, economic, and public health benefits of trees and canopy.

Goal 3: Engage the community to increase support for the urban forest.

Performance Measure: Participation in forestry programming.

Rationale: An educated and engaged community is more likely to support and advocate on the behalf of the urban forest.

Risk: Apathy towards the urban forest may result in loss in benefits provided by the urban forest to the community.

Benefit: A community that supports the urban forest protects the urban forest and the benefits that it provides to the city.

Objective:

Engage the community in urban forestry activities and educational events.

Cost	Priority	Timeframe
$	Low–Moderate	Ongoing

Action:

1. Continue to facilitate tree plantings with community groups on private property and in parks.
2. Develop a regular presence at various community events such as Earth Day, Arbor Day, Tracy Make a Difference Day, etc.
3. Coordinate engagement activities with local schools.
4. Offer workshops on a variety of tree care topics.
5. Continue to provide tree educational materials through the Trees and Landscape Maintenance webpage.
    a. Provide downloadable fact sheets.
    b. Regularly update responses to Frequently Asked Questions (FAQ).
    c. Provide a summary of tree ordinances.

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

Optimize the environmental, social, economic, and public health benefits of trees and canopy.

Goal 3: Engage the community to increase support for the urban forest.

Performance Measure: Participation in forestry programming.

Rationale: An educated and engaged community is more likely to support and advocate on the behalf of the urban forest.

Risk: Apathy towards the urban forest may result in loss in benefits provided by the urban forest to the community.

Benefit: A community that supports the urban forest protects the urban forest and the benefits that it provides to the city.

Objective:

Provide sustainable and adequate resources to sustain the urban forest for future generations.

Cost	Priority	Timeframe
$–$$	High	Ongoing

Action:

1. Incorporate innovative solutions for tree planting in areas where available soil volume is limited; also paying particular attention to appropriate species selections in these areas.
2. Audit the LMDs to analyze the number of public trees versus funding (per tree cost) and explore opportunities to equalize funding levels and increase efficiencies.
    a. Identify adequate funding level.
    b. Explore inequities.
3. Include funding for trees in Capital Improvement Projects.
4. Explore funding opportunities through public health improvement.
5. Explore the use of carbon offset credits.

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

How do we get there?

Optimize the environmental, social, economic, and public health benefits of trees and canopy.

Goal 4:Encourage the planting of trees on private property.

Performance Measure: Increased canopy cover on private property.

Rationale: Trees on private property not only provide direct benefits to the property owner, but also to the overall community.

Risk: Loss in benefits provided to individual households.

Benefit: Direct benefits to residents.

Objective:	Cost	Priority	Timeframe
Increase canopy cover through tree plantings on private property.	$	Low–Moderate	Ongoing

Action:

1. Explore incentive programs for planting trees on private property.
    a. Track participation in incentive programs to estimate new tree plantings.
2. Explore opportunities to modify or extend the fall/winter leaf collection program as needed

Objective:	Cost	Priority	Timeframe
Improve the diversity of Tracy's urban forest through plantings on private property.	$	Moderate–High	Ongoing

Action:

1. Continue to publish the Tree Species Palette on the city website.

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

Optimize the environmental, social, economic, and public health benefits of trees and canopy.

Goal 4:Encourage the planting of trees on private property.

Performance Measure: Increased canopy cover on private property.

Rationale: Trees on private property not only provide direct benefits to the property owner, but also to the overall community.

Risk: Loss in benefits provided to individual households.

Benefit: Direct benefits to residents.

Objective:	Cost	Priority	Timeframe
Use a variety of methods to provide tree related information to the community.	$	High	2 Years

Action:

1. Utilize “tree tags” on trees to educate the public on various tree care topics, including: pest management, pruning, and water.
2. Continue to provide external resources on the Trees and Landscape Maintenance webpage.
3. Develop a regular presence at various community events such as Earth Day, Arbor Day, Tracy Make a Difference Day, etc.

Objective:	Cost	Priority	Timeframe
Continue to distribute information about the urban forest to the community.	$	High	Ongoing

Action:

1. Continue to distribute information to the community through the City website.
2. Continue to use social media to engage the community.
3. Conduct a State of the Urban Forest Report (at year one), then every two to five years to communicate progress on the Plan.
4. Report progress and challenges of the UFMP via The State of the Urban Forest Report.

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

How do we get there?

Optimize the environmental, social, economic, and public health benefits of trees and canopy.

Existing Policy 4: Manage risk.

Performance Measure: Reduction in service requests related to public safety.

Rationale: Trees can develop structural problems that can result in concerns for public safety, but through proactive management of trees, the risks associated with trees are greatly reduced.

Risk: Damage to property and loss of life as a result of tree or branch failures or conflicts with infrastructure.

Benefit: Increased public safety and reduced liability.

Objective:

Maintain trees throughout their lifetimes to improve structure in maturity and reduce the likelihood of structural failures in the future.

Action:

1. Use current Best Management Practices for tree care.
2. Finalize pruning cycle schedule and mapping.
   a. Communicate this schedule to the community.
3. Identify and repair or remove trees that pose a threat to life and property on an ongoing basis.
4. Update tree inventory as maintenance occurs and to include trees that were previously not included.
5. Update inventory to include all trees that are the responsibility of the City.
6. Replace problematic trees as soon as funding allows.

Cost	Priority	Timeframe
$	Low–Moderate	Ongoing

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

Optimize the environmental, social, economic, and public health benefits of trees and canopy.

Existing Policy 5: Expand the tree canopy through tree plantings on public property.

Performance Measure: Number of plantings of trees on public property.

Rationale: Trees are a valuable part of urban infrastructure and are the only infrastructure whose value increases over time. Trees even help to extend the lifespan of the hardscape.

Risk: Depreciation of the current community resource without replacement and new planting will result in loss of tree canopy and the benefits provided by that canopy to the community.

Benefit: Additional trees and tree canopy will help provide benefits to the community.

Objective:

Improve the diversity of the urban forest on public property, to create a more resilient urban forest.

Action:

1. Provide recommendations for species and placement for projects within the public right-of-way and Capital Improvement Projects.

Cost	Priority	Timeframe
$	Moderate–High	Ongoing

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

How do we get there?

Align urban forest management policy with community expectations and promote efficiency within the Public Works Department.

Goal 5:Revise Municipal Code to respond to community needs.

Performance Measure: A Municipal Code that clearly defines and addresses the vision of the community.

Rationale: Communities evolve and the rules and laws that govern that group should change to better meet community expectations.

Risk: If Municipal Code does not change, then the weaknesses in outdated rules leave the urban forest vulnerable.

Benefit: Municipal Code changes can better protect, preserve, and enhance the urban forest.

Objective:

Review and revise Municipal Code to address the challenges facing the urban forest.

Action:

1. Revisit 10.08.1770 and define “Reasonable spacing” for trees in a parcel.
2. Update Municipal Code to prohibit the use of “topping” or other improper pruning practices that are inconsistent with industry standards in parking lots.
3. Include protections for private trees that include specific species, native species, heritage trees or trees of historical significance, and specimen trees.

Cost	Priority	Timeframe
$	High	2–Year

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

Align urban forest management policy with community expectations and promote efficiency within the Public Works Department.

Existing Policy 6: Ensure policy documents communicate a shared vision.

Performance Measure: Consistent vision, direction, and goals between plans and policy documents.

Rationale: Having a uniform policy reduces confusion between departments and community members and transcends departmental changes.

Risk: When policies have inconsistencies, setting a high standard of care is difficult.

Benefit: Uniformity promotes a strong and efficient policy that aligns with community expectations.

Objective:

Unify guiding documents to transcend departmental changes, address inefficiencies and reduce confusion.

Cost	Priority	Timeframe
$	High	Ongoing

Action:

1. Collaborate with Engineering, as City of Tracy Standard Specifications are revised.
    a. Include planting standards and minimum site and soil volume requirements.
2. Provide a link to the Street Tree Species Palette on the Engineering Division webpage.
3. Ensure that UFMP goals are considered in all overarching planning and visionary documents as revisions and updates occur.
    a. General Plan as it is revised.
    b. Sustainability Action Plan as it is revised.
    c. Parks Master Plan as it is revised.

Objective:

Optimize interdepartmental communication and coordination.

Cost	Priority	Timeframe
$	High	Ongoing

Action:

1. Share the UFMP among City departments following completion.
2. Communicate internally to develop standards that all departments are subject to.
3. Participate in cross-training activities to create understanding of other departmental roles.

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

How do we get there?

Align urban forest management policy with community expectations and promote efficiency within the Public Works Department.

Existing Policy 7: Prepare for emergency response to ensure accessibility for emergency responders and restorationofregular operations.

Performance Measure: Recovery following storm or emergency events.

Rationale: Storm and emergency events can impact on city trees, which can result in disruption in normal city operations and obstructed mobility for emergency response crews. However, with planning, recovery from these events can happen more efficiently and quickly.

Risk: Inability to restore regular operations and slower emergency response times.

Benefit: Improved response during emergency or storm events.

Objective:

Restore operations and public safety as efficiently and as quickly as possible following storm or other emergency events.

Cost	Priority	Timeframe
$	High	Ongoing

Action:

1. Distribute standard operating procedures for emergency response to on-call staff and contractors.
    a. Provide specific trainings to ensure preparedness.
    b. Establish clear criteria for determining need for subcontractor assistance.
2. Establish relief duty periods for staff responding to emergency or storm events.
3. Identify priority zones through GIS mapping.
4. Review process for handling emergency calls and high call volumes during emergency response and identify improvements.
    a. Establish a matrix of the number and type of calls per hour that trigger a call for additional staff and/or contractor support.

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

Align urban forest management policy with community expectations and promote efficiency within the Public Works Department.

Existing Policy 8: Maintain a fire safe community.

Performance Measure: Improved defensible spaces around structures and reduction in ladder fuels.

Rationale: California has had historic fires over the last decade. Many of these fires were in urban areas. Tracy has identified areas that are vulnerable to fire. To reduce the risk of living in the wildland urban interface, the City is working to mediate the potential fire hazards that exist.

Risk: Given the right conditions and lack of premeditated response to fire, fire is a risk to the community. Fire can result in devastating losses to property and life.

Benefit: Reduced vulnerability to fire.

Objective:

Focus fire mitigation efforts on Tracy Hills and other areas of vulnerability.

Action:

1. Reduce ladder fuels in proximity to structures.
2. Plant trees so as to not interfere with emergency response.

Cost	Priority	Timeframe
$	High	Ongoing

$ = less than $25,000 $$ = $25,000–$100,000 $$$ = more than $100,000

How do we get there?

Monitoring and Measuring Results

Through talking with community partners and those within the urban forestry program, a set of goals were created to meet the strong demand for protecting and enhancing the urban forest, as stated in the community vision. The success of these goals is largely dependent on creating objectives and strategies to meet the goals outlined in the UFMP, but also monitoring the progress of these action steps. Equally important to monitoring progress is finding ways to measure progress, so that success is clearly defined.

Annual Review

The UFMP is an active tool that will guide management and planning decisions over the next 20 years. The goals and actions will be reviewed annually for progress and integration into an internal work plan. The UFMP presents a long-range vision and target dates are intended to be flexible in response to emerging opportunities, available resources, and changes in community expectations. Therefore, each year specific areas of focus should be identified. This can inform budget and time requirements for Urban Forest Managers.

Resource Analysis

With the Resource Analysis, values on structure, annual benefits, replacement value, and benefit versus investment ratios Tracy has a baseline against which future progress and improvements to health (condition), species diversity, annual benefits, and overall resource value can be measured. A strategy of the UFMP is to complete this analysis every five years to illustrate progress and success towards Plan goals. A five-year Resource Analysis review is a possible way to monitor progress on efforts to increasing diversity through the creation of a diversified list of tree species appropriate for a variety of different spaces and landscapes.

Canopy Analysis

With the recent Urban Tree Canopy Assessment, Tracy has a baseline tree canopy for the entire urban forest, which allows for continued monitoring of trends in the canopy cover on private property.

State of the Community Forest Report

The purpose of the report is to provide structural and functional information about the urban forest (including the municipal forest) and recommend strategies for its proactive management, protection, and growth.

Community Satisfaction

Plan results will be measurable through increased benefits and value in the community tree resource and the preservation and eventual increase in canopy cover over time. Attainment of the objectives and strategies will support better tree health, greater longevity, and a reduction in tree failures. However, perhaps the greatest measurement of success for the UFMP will be its level of success in meeting community expectations for the care and preservation of the community tree resource. Community satisfaction can be measured through surveys and evidenced by public support for realizing the objectives of the Plan. Community satisfaction can also be gauged by the level of engagement and support for forestry programs.

Reporting

Completion of this Plan is the first step towards achieving the vision for Tracy's urban forest. Continual monitoring, analysis, and revisions will help forest managers keep stakeholders informed and engaged. By organizing data into specific components (for example; Urban Forest Reports, Community Satisfaction Surveys), it will be possible to revise specific areas of weakness and buttress areas of strength. Revisions to the Plan should occur with major events, such as newly discovered pests or diseases, or significant policy and regulation changes. A complete formal revision should occur in unison with major municipal projects, such as the comprehensive Master Plan. It is important to remember that Tracy's UFMP is a living document that should adapt to new conditions.

Appendices

Appendix A: Terms and Definitions

American National Standards Institute (ANSI)

A Federation of United States industry sectors (e.g. businesses, professional societies and trade associations, standards developers, government agencies, institutes, and consumer/ labor interest groups) that coordinates the development of the voluntary consensus standards system.

American Public Works Association (APWA)

An organization that supports professionals who operate, improve, or maintain public works infrastructure by advocating to increase awareness, and providing education, credentialing, as well as other professional development opportunities.

Arboriculture

The science, art, technology, and business of tree care.

Best Management Practices (BMP)

Management practices and processes used when conducting forestry operations, implemented to promote environmental integrity.

Capital Improvement Projects (CIP)

Infrastructure projects and equipment purchases identified by a government in order to maintain or improve public resources. Projects such as (1) constructing a facility, (2) expanding, renovating, replacing, or rehabilitating an existing facility, or (3) purchasing major equipment are identified, and then purchasing plans and development schedules are developed.

Climate Action Plan (CAP)

Government lead initiatives to decrease greenhouse gas emissions and prepare for the impacts of climate change.

Community Urban Forest

The collection of publicly owned trees within an urban area, including street trees and trees in parks and other public facilities.

Diameter Breast Height (DBH)

The diameter of the tree when measured at 1.4 meters (4.5 feet) above ground.

Drip Line Area

The area measured from the trunk of the tree outward to a point at the perimeter of the outermost branch structure of the tree.

Dutch Elm Disease (DED)

A wilt disease of elm trees caused by plant pathogenic fungi. The disease is either spread by bark beetles or tree root grafts.

Emerald Ash Borer (EAB)

The common name for Agrilus planipennis, an emerald green wood boring beetle native to northeastern Asia and invasive to North America. It feeds on all species of ash.

Greenhouse Gas (GHG)

A gas that traps heat in Earth's atmosphere.

Geographic Information System (GIS)

Computer-based tools designed to increase the organization and understanding of spatial or geographic data. Many different kinds of data can be displayed on one map for visualization and interpretation.

Integrated Pest Management (IPM)

Using pest and environmental information to determine if pest control actions are warranted. Pest control methods (e.g. biological control, habitat manipulation, cultural control, plant resistance, and chemical control) are chosen based on economic and safety considerations.

International Society of Arboriculture (ISA)

An international nonprofit organization that supports professionals in the field of arboriculture by providing professional development opportunities, disseminating applicable research findings, and promoting the profession.

i-Tree

A state-of-the-art, peer-reviewed software suite from the USDA Forest Service that provides urban and rural forestry analysis and benefits assessment tools.

Migratory Bird Treaty Act (MBTA)

A United States federal law adopted to protect migratory birds.

Natural Area

A defined area where native trees and vegetation are allowed to grow and reproduce naturally with little or no management except for control of undesirable and invasive species.

Open Space

A defined area of undeveloped land that is open to the public. The land can include native or naturalized trees and vegetation.

Plant Health Care (PHC)

A program that consists of (1) routinely monitoring landscape plant health and (2) individualized plant management recommendations in order to maintain or improve the vitality, appearance, and safety of trees and other plants.

Personal Protective Equipment (PPE)

Equipment worn to enhance workplace safety and minimize the risk to physical hazards (e.g. gloves, hard harts, bodysuits, and foot, eye, or ear protection).

Appendices

Appendix A: Terms and Definitions

Private Tree

Any tree located on private property, including residential and commercial parcels.

Public Tree

Any tree located in the public ROW, city park, and/or city facility.

Right Tree, Right Place

Careful planning for the planting of a tree. Considerations for whether a tree is the right tree and whether it is planted in the right place, include: mature height, canopy spread, deciduous/evergreen, form/shape, growth rate, soil requirements, light requirements, water requirements, fruit debris, and hardiness zone.

Street Tree

Any tree growing within the tree maintenance strip whether or not planted by the city.

Structural and Training Pruning

Pruning to develop a sound and desirable scaffold branch structure in a tree and to reduce the likelihood of branch failure.

Tree Canopy

The layer of leaves, branches, and stems of trees that cover the ground when viewed from above.

Tree City USA

A program through the Arbor Day Foundation that advocates for green urban areas through enhanced tree planting and care.

Tree Risk Assessment Qualified (TRAQ)

An International Society of Arboriculture qualification. Upon completion of this training, tree care professionals demonstrate proficiency in assessing tree risk.

Urban Forest

The collection of privately owned and publicly owned trees and woody shrubs that grow within an urban area.

Urban Forest Management Plan (UFMP)

A document that provides a comprehensive information, recommendations, and timelines to guide for the efficient and safe management of a city's tree canopy. The Plan uses adaptive management model to provide reasoned and transparent calls to action from an inventory of existing resources.

Urban Forestry

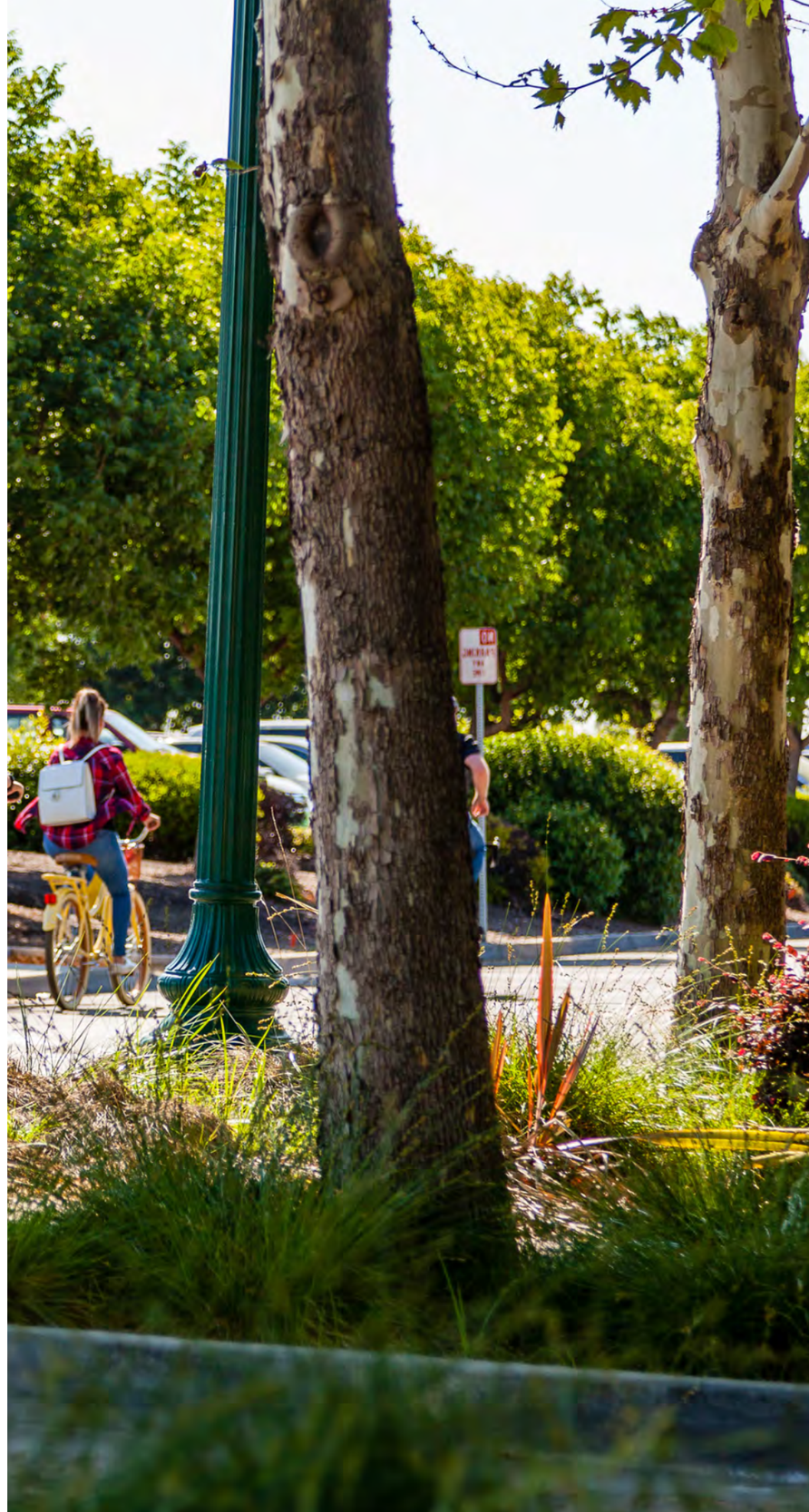
The cultivation and management of native or introduced trees and related vegetation in urban areas for their present and potential contribution to the economic, physiological, sociological, and ecological well-being of urban society.

Urban Tree Canopy Assessment (UTC)

A document based off of GIS mapping data that provides a birds-eye view of the entire urban forest and establishes a tree canopy baseline of known accuracy. The UTC helps managers understand the quantity and distribution of existing tree canopy, potential impacts of tree planting and removal, quantified annual benefits trees provide to the community, and benchmark canopy percent values.

Wildfire Urban Interface (WUI)

A transition zone where homes are located on the edge of fire prone areas, and are at an increased risk of personal injury or property damage resulting from a wildfire.



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Appendices

Appendix C: Industry Standards

ANSI Z133 Safety Standard, 2017

Reviews general safety, electrical hazards, use of vehicles and mobile equipment, portable power hand tools, hand tools and ladders, climbing, and work procedures.

ANSI A300

ANSI A300 standards represent the industry consensus on performing tree care operations. The standards can be used to prepare tree care contract specifications.

ANSI A300 Pruning Standard-Part 1, 2017

ANSI A300 Soil Management-Part 2, 2011

ANSI A300 Support Systems Standard-Part 3, 2013

ANSI A300 Construction Management Standard-Part 5, 2012

ANSI A300 Transplanting Standard-Part 6, 2012

ANSI A300 Integrated Vegetation Management Standard-Part 7, 2012

ANSI A300 Root Management Standard-Part 8, 2013

ANSI A300 Tree Risk Assessment Standard a Tree Failure-Part 9, 2017

ANSI A300 Integrated Pest Management-Part 10, 2016

Includes guidelines for implementing IPM programs, including standards for Integrated Pest Management, IPM Practices, tools and equipment, and definition.

Best Management Practices (BMPs)

Integrated Pest Management, Second Edition, P. Eric Wiseman and Michael J. Raupp, 2016

Provides a comprehensive overview of the basic definitions, concepts, and practices that pertain to landscape Integrated Pest Management (IPM). The publication provides specific information for designing, planning, and implementing an IPM program as part of a comprehensive Plant Health Care (PHC) management system, including topics such as:

- IPM concepts and definitions
- Action thresholds
- Monitoring tools and techniques
- Preventive tactics
- Control tactics
- Documentation and recordkeeping

Integrated Vegetation Management, Second Edition, Randall H. Miller, 2014

A guide to the selection and application of methods and techniques for vegetation control for electric rights-of-way projects and gas pipeline rights-of-way. Topics included: safety, site evaluations, action thresholds, evaluation and selection of control methods, implementing control methods, monitoring treatment and quality assurance, environmental protection, tree pruning and removal, and a glossary of terms.

Managing Trees During Construction, Second Edition, Kelby Fite and E. Thomas Smiley, 2016

Describes tree conservation and preservation practices that help to protect selected trees throughout the construction planning and development process so that they will continue to provide benefits for decades after site disturbance, including planning phase, design phase, pre-construction phase, construction phase, and post-construction phase.

Root Management, Larry Costello, Gary Watson, and Tom Smiley, 2017

Recommended practices for inspecting, pruning, and directing the roots of trees in urban environments to promote their longevity, while minimizing infrastructure conflicts.

Special companion publication to the ANSI A300 Part 8: Tree, Shrub, and Other Woody Plant Management–Standard Practices (root Management)

Tree Planting, Second Edition, Gary Watson, 2014

Provides processes for tree planting, including site and species selection, planting practices, post-planting pruning, and early tree care. Other topics included are time of planting, nursery stock: types, selection, and handling, preparing the planting hole, planting practices, root loss and new root growth, redevelopment of root structure, pruning, palms, after planting, final inspection, and a glossary of terms.

Tree Inventories, Second Edition, Jerry Bond, 2013

Provides considerations for managing large numbers of trees considered as individuals rather than groups and serves as a guide for making informed decisions that align with inventory goals with needs and resources, including inventory goals and objectives, benefits and costs, types, work specifications, and maintaining inventory quality.

Tree Risk Assessment, Second Edition, E. Thomas Smiley, Nelda Matheny, and Sharon Lilly, 2017

A guide for assessing tree risk as accurately and consistently as possible, to evaluate that risk, and to recommend measures that achieve an acceptable level of risk, including topics: risk assessment basics, levels and scope of tree risk assessment, assessing targets, sites, and trees, tree risk categorization, risk mitigation: preventive and remedial actions, risk reporting, tree related conflicts that can be a source of risk, loads on trees, structural defects and conditions that affect likelihood of failure, response growth, description of selected types of advanced tree risk assessments.

Tree Shrub Fertilization, Third Edition, E. Thomas Smiley, Sharon Lilly, and Patrick Kelsey, 2013

Aides in the selection and application of fertilizers for trees and shrubs, including: Essential elements, determining goals and objectives of fertilization, soil testing and plan analysis, fertilizer selection, timing, application, application area, rates, storage and handling of fertilizer, sample fertilizer contract for commercial/ municipal clients.

Soil Management, Bryant Scharenbroch, E. Thomas Smiley, and Wes Kocher, 2014

Focuses on the protection and restoration of soil quality that support trees and shrubs in the urban environment, including goals of soil management, assessment, sampling, and analysis, modifications and amendments, tillage, conservation, and a glossary of terms.

Utility Pruning of Trees, Geoffrey P. Kempter, 2004

Describes the current best practices in utility tree pruning based on scientific research and proven methodology for the safe and reliable delivery of utility services, while preventing unnecessary injury to trees. An overview of safety, tools and equipment, pruning methods and practices, and emergency restoration are included.

Appendices

Appendix D:
Tree Risk Decision Flow Chart

1. Resident or city staff recognizes a risk

    a. If tree is a city street tree, then, proceed to step 2.

    b. If tree is a private tree, then proceed to step 4.

    c. If tree is located on undeveloped property, then proceed to step 5.

2. The tree is a city tree. The City Arborist will conduct a limited visible assessment of the tree identified as a concern.

    a. City Arborist determines risk can be mitigated through pruning. City Arborist addresses concern immediately when possible or schedules safety mitigation work within fourteen (14) days. If work cannot be addressed immediately, City Arborist must take precautions to protect public safety (including signage and barriers to restrict foot traffic and parking within the target zone of the safety concern).

    b. City Arborist requires additional assessment to determine if risk can be mitigated through pruning, proceed to step 3.

    c. City Arborist determines risk cannot be mitigated through pruning, proceed to address safety risk immediately when possible or schedule safety mitigation work within fourteen (14) days. If work cannot be addressed immediately, City Arborist must take precautions to protect public safety (including signage and barriers to restrict foot traffic and parking within the target zone of the safety concern).

3. City Arborist conducts an aerial assessment.

    a. City Arborist determines risk can be mitigated through pruning. City Arborist addresses concern immediately when possible or schedules safety mitigation work within fourteen (14) days. If work cannot be addressed immediately, City Arborist must take precautions to protect public safety (including signage and barriers to restrict foot traffic and parking within the target zone of the safety concern).

    b. City Arborist determines risk cannot be mitigated through pruning, proceed to address safety risk immediately when possible or schedules safety mitigation work within fourteen (14) days. If work cannot be addressed immediately, City Arborist must take precautions to protect public safety (including signage and barriers to restrict foot traffic and parking within the target zone of the safety concern).

4. Tree is a private tree. City Arborist will conduct a limited visible assessment of the private tree identified as a concern.

    a. City Arborist determines that there is no risk to public safety and no action is required.

    b. City Arborist determines that the tree poses a risk to public safety and proceeds to notify the property owner of their violation and require mediation measures to be conducted within fourteen (14) days at the property owners' expense.

5. Tree is located on undeveloped property. City Arborist will conduct a limited visible assessment of the private tree identified as a concern.

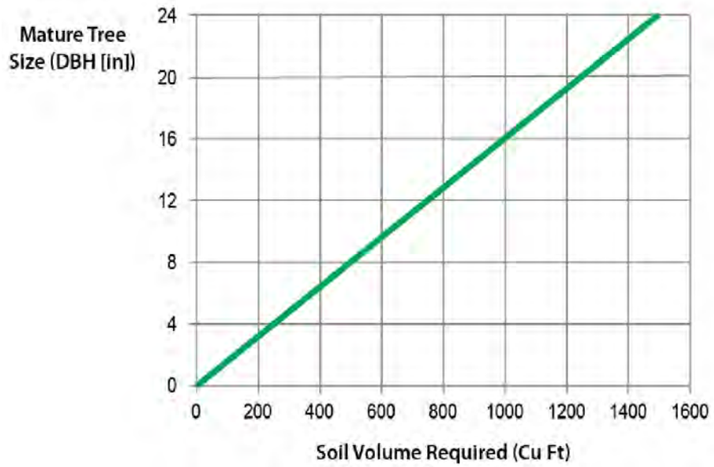
    a. City Arborist determines that there is no risk to public safety and no action is required.

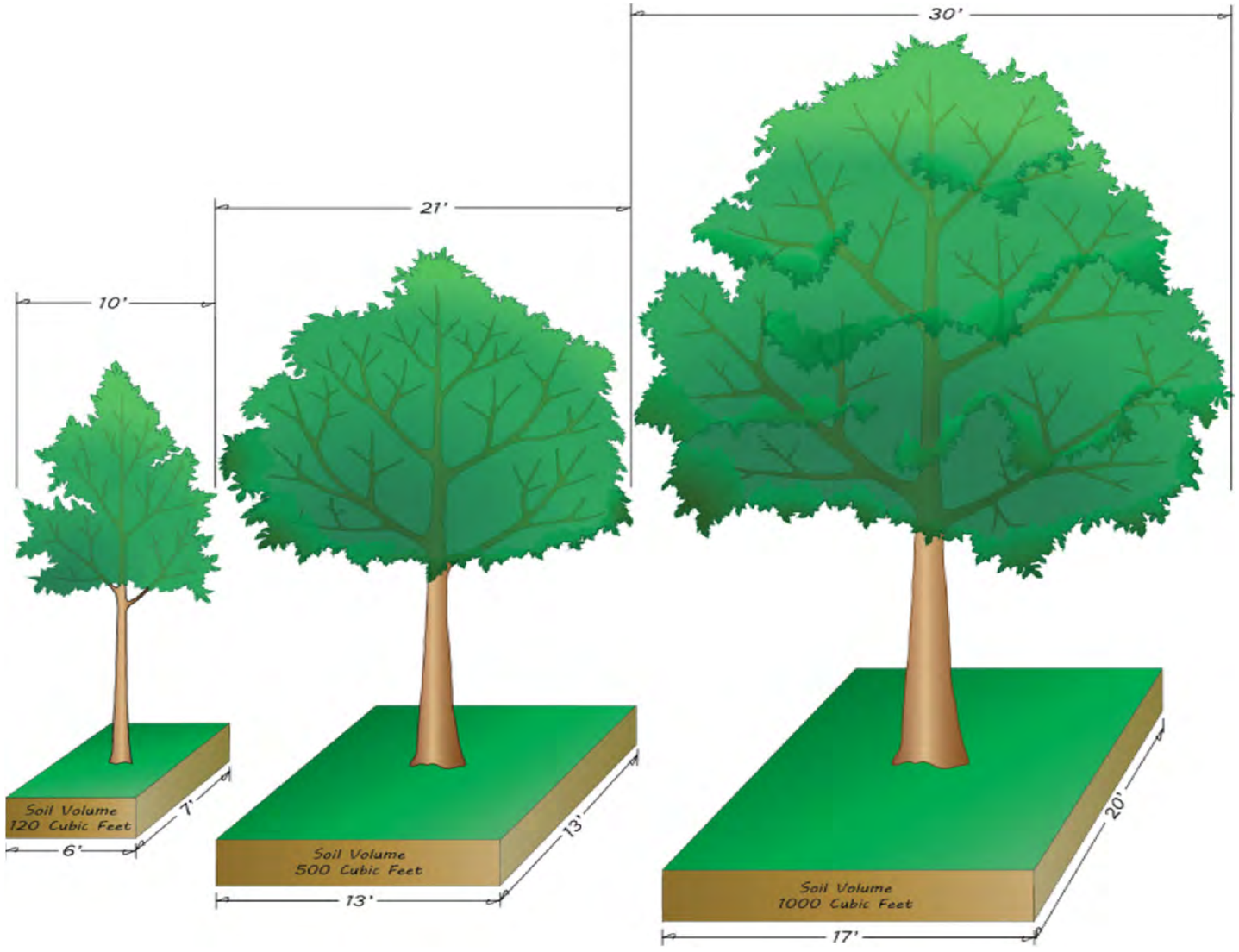
    b. City Arborist determines that there is no immediate risk to public safety but requires mediation measures as a condition for an approval for any building permit.

    c. City Arborist determines that the tree poses a risk to public safety and proceeds to notify the property owner of their violation and require mediation measures to be conducted within fourteen (14) days at the property owners' expense.

Appendix E:
Soil Volume and Tree Stature

Tree growth is limited by soil volume. Larger stature trees require larger volumes of uncompacted soil to reach mature size and canopy spread (Casey Trees, 2008).





Appendices

Appendix F: Indicators of a Sustainable Urban Forest

Indicators of a Sustainable Urban Forest

	Assessed Performance Level		
The Trees	**Low**	**Medium**	**High**
Urban Tree Canopy		x	
Equitable Distribution		x	
Size/Age Distribution			x
Condition of Public Trees - Streets, Parks		x	
Condition of Public Trees - Natural Areas		x	
Trees on Private Property			x
Species Diversity		x	
Climate Resilience/Suitability		x	
Space and Soil Volume	x		
The Players			
Neighborhood Action		x	
Large Private & Institutional Landholder Involvement	x		
Green Industry Involvement	x		
City Department/Agency Cooperation			x
Funder Engagement	x		
Utility Engagement		x	
Developer Engagement		x	
Public Awareness		x	
Regional Collaboration	x		
The Management Approach			
Tree Inventory			x
Canopy Assessment			x
Management Plan			x
Risk Management Program		x	
Maintenance of Publicly-Owned Trees (ROWs)			x
Planting Program			x
Tree Protection Policy		x	
City Staffing and Equipment		x	
Funding		x	
Disaster Preparedness & Response			x
Communications			x
Totals	5	14	10

A Sustainable Urban Forest Indicators: The Trees

Indicators of a Sustainable Urban Forest	Overall Objective or Industry Standard	Performance Levels: Low	Medium	High
Urban Tree Canopy	"Achieve the desired tree canopy cover according to goals set for the entire city and neighborhoods. Alternatively, achieve 75% of the total canopy possible for the entire city and in each neighborhood."	"Canopy is decreasing. - AND/OR - No canopy goals have been set."	Canopy is not dropping, but not on a trajectory to achieve the established goal.	Canopy goal is achieved, or well on the way to achievement.
Location of Canopy (Equitable Distribution)	Achieve low variation between tree canopy and equity factors citywide by neighborhood. Ensure that the benefits of tree canopy are available to all, especially for those most affected by these benefits.	Tree planting and public outreach and education is not determined by tree canopy cover or benefits.	Tree planting and public outreach and education is focused on neighborhoods with low tree canopy.	Tree planting and public outreach and education is focused in neighborhoods with low tree canopy and a high need for tree benefits.
Age of Trees (Size and Age Distribution)	"Establish a diverse-aged population of public trees across the entire city and for each neighborhood. Ideal standard: 0-8" DBH: 40% 9-17" DBH: 30% 18-24" DBH: 20% Over 24" DBH: 10%"	"No current information is available on size. - OR - Age distribution is not proportionally distributed across size classes at the city level."	Size classes are evenly distributed at the city level, though unevenly distributed at the neighborhood level.	Age distribution is generally aligned with the ideal standard diameter classes at the neighborhood level.
Condition of Publicly-Owned Trees (trees managed intensively)	Possess a detailed understanding of tree condition and potential risk of all intensively-managed, publicly-owned trees. This information is used to direct maintenance actions.	No current information is available on tree condition or risk.	Information from a partial or sample or inventory is used to assess tree condition and risk.	Information from a current, GIS-based, 100% complete public tree inventory is used to indicate tree condition and risk.
Condition of Publicly-Owned Natural Areas (trees managed extensively)	Possess a detailed understanding of the ecological structure and function of all publicly-owned natural areas (such as woodlands, ravines, stream corridors, etc.), as well as usage patterns.	No current information is available on tree condition or risk.	Publicly-owned natural areas are identified in a sample-based "natural areas survey" or similar data.	Information from a current, GIS-based, 100% complete natural areas survey is utilized to document ecological structure and function, as well as usage patterns.
Trees on Private Property	Possess a solid understanding of the extent, location and general condition of trees on private lands.	No data is available on private trees.	Current tree canopy assessment reflects basic information (location) of both public and private canopy combined.	Detailed information available on private trees. Ex. bottom-up sample-based assessment of trees.
Diversity	Establish a genetically diverse population of publicly-owned trees across the entire city and for each neighborhood. Tree populations should be comprised of no more than 30% of any family, 20% of any genus, or 10% of any species.	"No current information is available on species. - OR - Fewer than five species dominate the entire tree population citywide."	No species represents more than 20% of the entire tree population citywide.	No species represents more than 10% of the entire tree population citywide.
Climate Resilience/ Suitability	Establish a tree population suited to the urban environment and adapted to the overall region. Suitable species are gauged by exposure to imminent threats, considering the "Right Tree for the Right Place" concept and invasive species.	"No current information is available on species suitability. - OR - Less than 50% of trees are considered suitable for the site."	50% to 75% of trees are considered suitable for the site.	More than 75% of trees are considered suitable for the site.
Space and Soil Volume	Establish minimum street tree soil volume requirements to ensure there is adequate space and soil for street trees to thrive. Minimum soil volumes by mature size: 1000 cubic feet for large trees; 600 cubic feet for medium trees; 300 cubic feet for small trees.	Minimum street tree soil volumes have not been established.	Minimum street tree soil volume has been established based on mature size of tree.	Minimum street tree soil volumes have been established and are required to be adhered to for all new street tree planting projects.

A Sustainable Urban Forest Indicators: The Players

Indicators of a Sustainable Urban Forest	Overall Objective or Industry Standard	Performance Levels		
		Low	Medium	High
Neighborhood Action	Citizens understand, cooperate, and participate in urban forest management at the neighborhood level. Urban forestry is a neighborhood-scale issue.	Little or no citizen involvement or neighborhood action.	Some active groups are engaged in advancing urban forestry activity, but with no unified set of goals or priorities.	The majority of all neighborhoods are organized, connected, and working towards a unified set of goals and priorities.
Large Private & Institutional Landholder Involvement	Large, private, and institutional landholders embrace citywide goals and objectives through targeted resource management plans.	Large private land holders are unaware of issues and potential influence in the urban forest. No large private land management plans are currently in place.	Education materials and advice is available to large private landholders. Few large private landholders or institutions have management plans in place.	Clear and concise goals are established for large private land holders through direct education and assistance programs. Key landholders and institutions have management plans in place.
Green Industry Involvement	The green industry works together to advance citywide urban forest goals and objectives. The city and its partners capitalize on local green industry expertise and innovation.	Little or no involvement from green industry leaders to advance local urban forestry goals.	Some partnerships are in place to advance local urban forestry goals, but more often for the short-term.	Long-term committed partnerships are working to advance local urban forestry goals.
City Department and Agency Cooperation	All city departments and agencies cooperate to advance citywide urban forestry goals and objectives.	Conflicting goals and/or actions among city departments and agencies.	Informal teams among departments and agencies are communicating and implementing common goals on a project-specific basis.	Common goals and collaboration occur across all departments and agencies. City policy and actions are implemented by formal interdepartmental and interagency working teams on all city projects.
Funder Engagement	Local funders are engaged and invested in urban forestry initiatives. Funding is adequate to implement citywide urban forest management plan.	Little or no funders are engaged in urban forestry initiatives.	Funders are engaged in urban forestry initiatives at minimal levels for short-term projects.	Multiple funders are fully engaged and active in urban forestry initiatives for short-term projects and long-term goals.
Utility Engagement	All utilities are aware of and vested in the urban forest and cooperates to advance citywide urban forest goals and objectives.	Utilities and city agencies act independently of urban forestry efforts. No coordination exists.	Utilities and city agencies have engaged in dialogues about urban forestry efforts with respect to capital improvement and infrastructure projects.	Utilities, city agencies, and other stakeholders integrate and collaborate on all urban forestry efforts, including planning, site work, and outreach/education.
State Engagement	State departments/agencies are aware of and vested in the urban forest and cooperates to advance citywide urban forest goals and objectives.	State departments/agencies and City agencies act independently of urban forestry efforts. No coordination exists.	State department/agencies and City agencies have engaged in dialogues about urban forestry efforts with respect to capital improvement and infrastructure projects.	State departments/agencies, City agencies, and other stakeholders integrate and collaborate on all urban forestry efforts, including planning, site work, and outreach/education.
Public Awareness	The general public understands the benefits of trees and advocates for the role and importance of the urban forest.	Trees are generally seen as a nuisance, and thus, a drain on city budgets and personal paychecks.	Trees are generally recognized as important and beneficial.	Trees are seen as valuable infrastructure and vital to the community's well-being. The urban forest is recognized for the unique environmental, economic, and social services its provides to the community.
Regional Collaboration	Neighboring communities and regional groups are actively cooperating and interacting to advance the region's stake in the city's urban forest.	Little or no interaction between neighboring communities and regional groups.	Neighboring communities and regional groups share similar goals and policy vehicles related to trees and the urban forest.	Regional urban forestry planning, coordination, and management is widespread.

A Sustainable Urban Forest Indicators: The Management Approach

Indicators of a Sustainable Urban Forest	Overall Objective or Industry Standard	Performance Levels		
		Low	Medium	High
Tree Inventory	Comprehensive, GIS-based, current inventory of all intensively-managed public trees to guide management, with mechanisms in place to keep data current and available for use. Data allows for analysis of age distribution, condition, risk, diversity, and suitability.	No inventory or out-of-date inventory of publicly-owned trees.	Partial or sample-based inventory of publicly-owned trees, inconsistently updated.	Complete, GIS-based inventory of publicly-owned trees, updated on a regular, systematic basis.
Canopy Assessment	Accurate, high-resolution, and recent assessment of existing and potential city-wide tree canopy cover that is regularly updated and available for use across various departments, agencies, and/or disciplines.	No tree canopy assessment.	Sample-based canopy cover assessment, or dated (over 10 years old) high resolution canopy assessment.	High-resolution tree canopy assessment using aerial photographs or satellite imagery.
Management Plan	Existence and buy-in of a comprehensive urban forest management plan to achieve city-wide goals. Re-evaluation is conducted every 5 to 10 years.	No urban forest management plan exists.	A plan for the publicly-owned forest resource exists but is limited in scope, acceptance, and implementation.	A comprehensive plan for the publicly owned forest resource exists and is accepted and implemented.
Risk Management Program	All publicly-owned trees are managed for maximum public safety by way of maintaining a city-wide inventory, conducting proactive annual inspections, and eliminating hazards within a set timeframe based on risk level. Risk management program is outlined in the management plan.	Request-based, reactive system. The condition of publicly-owned trees is unknown.	There is some degree of risk abatement thanks to knowledge of condition of publicly-owned trees, though generally still managed as a request-based reactive system.	There is a complete tree inventory with risk assesment data and a risk abatement program in effect. Hazards are eliminated within a set time period depending on the level of risk.
Maintenance Program of Publicly-Owned Trees (trees managed intensively)	All intensively-managed, publicly-owned trees are well maintained for optimal health and condition in order to extend longevity and maximize benefits. A reasonable cyclical pruning program is in place, generally targeting 5 to 7 year cycles. The maintenance program is outlined in the management plan.	Request-based, reactive system. No systematic pruning program is in place for publicly-owned trees.	All publicly-owned trees are systematically maintained, but pruning cycle is inadequate.	All publicly-owned trees are proactively and systematically maintained and adequately pruned on a cyclical basis.
Maintenance Program of Publicly-Owned Natural Areas (trees managed extensively)	The ecological structure and function of all publicly-owned natural areas are protected and enhanced while accommodating public use where appropriate.	No natural areas management plans are in effect.	Only reactive management efforts to facilitate public use (risk abatement).	Management plans are in place for each publicly-owned natural area focused on managing ecological structure and function and facilitating public use.
Planting Program	Comprehensive and regular y updated tree protection ordinance with enforcement ability is based on community goals. The benefits derived from trees on public and private property are ensured by the enforcement of existing policies.	Tree establishment is ad hoc.	Tree establishment is consistently funded and occurs on an annual basis.	Tree establishment is directed by needs derived from a tree inventory and other community plans and is sufficient in meeting canopy cover objectives.
Tree Protection Policy	Establish a tree population suited to the urban environment and adapted to the overall region. Suitable species are gauged by exposure to imminent threats, considering the "Right Tree for the Right Place" concept and invasive species.	No tree protection policy.	Policies are in place to protect trees, but the policies are not well-enforced or ineffective.	Protections policies ensure the safety of trees on public and private land. The policies are enforced and supported by significant deterrents and shared ownership of city goals.
City Staffing and Equipment	Adequate staff and access to the equipment and vehicles to implement the management plan. A high level urban forester or planning professional, strong operations staff, and solid certified arborist technicians.	Insufficient staffing levels, insufficiently-trained staff, and/or inadequate equipment and vehicle availability.	Certified arborists and professional urban foresters on staff have some professional development, but are lacking adequate staff levels or adequate equipment.	Multi-disciplinary team within the urban forestry unit, including an urban forestry professional, operations manager, and arborist technicians. Vehicles and equipment are sufficient to complete required work.
Funding	Appropriate funding in place to fully implement both proactive and reactive needs based on a comprehensive urban forest management plan.	Funding comes from the public sector only, and covers only reactive work.	Funding levels (public and private) generally cover mostly reactive work. Low levels of risk management and planting in place.	Dynamic, active funding from engaged private partners and adequate public funding are used to proactively manage and expand the urban forest.
Disaster Preparedness & Response	A disaster management plan is in place related to the city's urban forest. The plan includes staff roles, contracts, response priorities, debris management and a crisis communication plan. Staff are regularly trained and/or updated.	No disaster response plan is in place.	A disaster plan is in place, but pieces are missing and/or staff are not regularly trained or updated.	A robust disaster management plan is in place, regularly updated and staff is fully trained on roles and processes.
Communication	Effective avenues of two-way communication exist between the city departments and between city and its citizens. Messaging is consistent and coordinated, when feasible.	No avenues are in place. City departments and public determine on an ad-hoc basis the best messages and avenues to communicate.	Avenues are in place, but used sporadically and without coordination or only on a one-way basis.	Avenues are in place for two way communication, are well-used with targeted, coordinated messages.

City of Tracy

2020 – Urban Forest Management Plan



April 19, 2022

AGENDA ITEM 3.B

REQUEST

WITH RESPECT TO THE PROPOSED FINANCING OF LEGACY FIELDS SPORTS COMPLEX, PHASE 1E:

1) **TRACY PUBLIC FINANCING AUTHORITY BOARD OF DIRECTORS ADOPT A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF LEASE REVENUE BONDS, AND APPROVING RELATED DOCUMENTS AND ACTIONS**

EXECUTIVE SUMMARY

On March 22, 2022, the City Council awarded a construction contract for the Legacy Fields Sports Complex, Phase 1E Project CIP 78185 (the “Phase 1E Project”).

On April 5, 2022, the City Council held a noticed public hearing and adopted a resolution approving the issuance of lease revenue bonds to finance the Phase 1E Project.

Staff recommends that the Board of Directors of the Tracy Public Financing Authority (the "Authority") take the steps required for the Authority to issue lease revenue bonds to finance the Phase 1E Project. The debt service on the lease revenue bonds will be paid from lease payments made by the City, and the lease payments are expected to be paid from Measure V funds.

DISCUSSION

MEASURE V FUNDING; PHASE 1E PROJECT

City voters approved a general sales tax measure (Measure V) on November 8, 2016, resulting in an additional 0.5% sales tax for 20 years.

On March 23, 2021, the City Council gave direction to staff to fully fund the Phase 1E Project through public financing and Measure V. On November 2, 2021, City Council approved increasing the budget of the Phase 1E Project to $21 million based on inflationary cost increases, and staff received direction to proceed with public financing for a 15-year term.

On March 22, 2022, the City Council awarded a construction contract for the Phase 1E Project. On April 5, 2022, the City Council held a public hearing and approved the resolution related to these bonds.

With completion of the Phase 1E Project, Legacy Fields will consist of 72 acres of baseball, softball and soccer fields. The first phase of Legacy Fields broke ground in April of 2012 and since that time three additional phases have been completed as funding has been available. The Phase 1E Project will complete Phase 1 of Legacy Fields and will help attract the regional, state and national events that Council envisions for the complex.

LEASE FINANCINGS

California cities commonly use lease financing to pay for capital improvements through their general fund without first holding a city-wide election. Lease financings are commonly structured as lease revenue bonds issued by a joint powers authority (a separate public agency formed to provide assistance with financings). Under a lease revenue bond financing, the City is obligated to make lease payments to the joint powers authority for the right to use and occupy a public building, and the joint powers authority assigns its right to receive the lease payments to a bond trustee; the bond trustee uses the lease payments to pay debt service on lease revenue bonds that are sold to investors. In lease financing structures, cities covenant to annually budget and appropriate from the general fund for the lease payments.

TRACY PUBLIC FINANCING AUTHORITY

The City and the Tracy Industrial Development Authority (the "Industrial Development Authority") are parties to a First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018 (the "Joint Powers Agreement"), pursuant to which the Authority was established as a joint exercise of powers authority under the Joint Exercise of Powers Act (Government Code §6500 et seq.) (the "Joint Powers Law") for the purpose of providing assistance to the City and the Industrial Development Authority with their financing programs, and for any other purposes authorized under Article 4 of the Joint Powers Law (the "Bond Law").

PROPOSED LEASE REVENUE BONDS

On April 5, 2022, the City Council held a noticed public hearing and adopted a resolution approving the issuance of lease revenue bonds to finance the Phase 1E Project. The PFA's consideration of the proposed resolution was moved to April 19, 2022, to comply with noticing requirements of California law.

Staff recommends the following actions:
a resolution:
Authority Approvals. Staff recommends that the Board of Directors of the Authority adopt

(i) approving the issuance by the Authority of its Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields Phase 1E) (the "Lease Revenue Bonds"),

(ii) approving the sale of the Lease Revenue Bonds to Piper Sandler & Co. (the "Underwriter"),

(iii) approving the documents related to the Lease Revenue Bonds, including a Preliminary Official Statement, and

(iv) authorizing staff to take all necessary actions related to issuance of the Lease Revenue Bonds.

TERMS OF THE LEASE REVENUE BONDS

Pursuant to the resolutions, the true interest cost of the Lease Revenue Bonds cannot exceed 5.00% and the principal amount of the Lease Revenue Bonds cannot exceed $22,000,000.

Government Code Section 5852.1 requires the City to obtain and disclose a good faith estimate of certain information about the Lease Revenue Bonds, including the true interest cost, the financing costs, the use of proceeds and the total payment amount, and this information is included in Appendix A of the proposed resolutions. Based upon current market conditions, the Lease Revenue Bonds are estimated to be issued in the amount of $18,330,000, which does not include approximately $2,000,000 of net premium estimated to be generated, for total gross bond proceeds of $20,330,000. Net premium is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for such bonds is higher than the face value of such bonds. At current market conditions, the Lease Revenue Bonds are expected to carry a true interest cost of approximately 2.66%. The final interest rate on the Lease Revenue Bonds will not be determined until the bonds price in mid-April 2022.

DOCUMENTS RELATED TO THE LEASE REVENUE BONDS

The proposed Lease Revenue Bonds require the following documents:

- Site Lease: Under a Site Lease, the City will lease the land and improvements constituting Phase 1 of Legacy Fields (the "Leased Property") to the Authority to facilitate the lease financing.

- Lease Agreement: Under a Lease Agreement, the Authority will sublease the Leased Property to the City. The City will covenant in the Lease Agreement to budget and appropriate for the scheduled lease payments – in an amount sufficient to pay debt service on the Lease Revenue Bonds – on an annual basis. If the City fails to make the scheduled lease payments, the trustee for the Lease Revenue Bonds (the "Trustee") could sue the City to make the scheduled lease payments or the Trustee could take possession of and re-let the Leased Property. During construction of the Phase 1E Project, Phase 1 of Legacy Fields will continue to be substantially available for use. The City will confirm in the Lease Agreement that the lease payments made by the City under the Lease Agreement represent fair rental value for the Leased Property.

- Indenture of Trust; Assignment Agreement: Under an Assignment Agreement and an Indenture of Trust, each between the Authority and U.S. Bank Trust Company, National Association, as Trustee, the Authority will assign to the Trustee its right to receive the lease payments that are payable by the City under the lease agreement. Under the Indenture of Trust, the Authority will issue the Lease Revenue Bonds; the Trustee will use the lease payments assigned to it to pay debt service on the Lease Revenue Bonds.

- Preliminary Official Statement. The Official Statement is the primary disclosure document for investors in the Lease Revenue Bonds. A Preliminary Official Statement will be circulated to potential investors prior to the pricing of the Lease

Revenue Bonds. After the Lease Revenue Bonds have been priced, a final Official Statement will be circulated to investors; the final Official Statement should be identical to the Preliminary Official Statement except for the addition of pricing information (principal amount, interest rates, redemption terms).

The Preliminary Official Statement is prepared by Jones Hall, serving the City as Bond Counsel and Disclosure Counsel for this transaction, with the assistance of the remainder of the financing team, including City staff; CSG Advisors Incorporated, the City's municipal advisor ("Municipal Advisor"); and the Underwriter.

The Preliminary Official Statement has been reviewed and approved for transmittal to the City Council by the City's financing team. The distribution of the Preliminary Official Statement by the City is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Lease Revenue Bonds. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the bonds. If the City Council concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the Lease Revenue Bonds, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the Preliminary Official Statement has been "deemed final."

The Securities and Exchange Commission (the "SEC"), the agency with regulatory authority over the City's compliance with the federal securities laws, has issued guidance as to the duties of the City Council with respect to its approval of the Preliminary Official Statement. In its "Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors" (Release No. 36761 / January 24, 1996) (the "Release"), the SEC stated that, if a member of the City Council has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the Lease Revenue Bonds, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. In the Release, the SEC stated that the steps that a member of the City Council could take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.

The key sections of the Preliminary Official Statement are summarized below:

- "THE 2022 BONDS": This section summarizes the key terms of the Lease Revenue Bonds, including payment dates and redemption provisions.
- "SECURITY FOR THE 2022 BONDS": This section summarizes key security terms, including the lease payments made by the City under the Lease Agreement described above.

- "CITY FINANCIAL INFORMATION": This section summarizes financial and operating data that is material to the City's ability to pay the lease payments.
- "BOND OWNERS' RISKS": This section highlights the primary risks associated with the Lease Revenue Bonds, most of which relate to the financial health of the City's general fund.
- "TAX MATTERS": This section describes the tax-exempt nature of interest on the Lease Revenue Bonds.

- Continuing Disclosure Certificate. Under SEC Rule 15c2-12, the underwriter of the Lease Revenue Bonds may only purchase the Lease Revenue Bonds if it has determined that the City is obligated to provide continuing disclosure, including annual updates of the financial and operating data included in the Official Statement and notices of certain specified events. The City will execute a Continuing Disclosure Certificate to provide ongoing information consistent with SEC Rule 15c2-12, and a form of the Continuing Disclosure Certificate is attached to the Preliminary Official Statement.

- Bond Purchase Agreement. At the time the Lease Revenue Bonds are sold, the City and the Authority will enter into a Bond Purchase Agreement with the Underwriter, who will agree to underwrite the Lease Revenue Bonds subject to satisfaction of the conditions described in the Bond Purchase Agreement. The resolution provides the Underwriter's discount on the purchase of the Lease Revenue Bonds may not exceed 1.00% of the par amount of the Lease Revenue Bonds.

STRATEGIC PLAN

This agenda item supports the City of Tracy's Quality of Life Strategic Priority, and specifically implements the following goals:

Goal 2: Facilitate the Completion of Measure V Amenities; Objective 3: Implement design of Measure V amenity and Objective 4: Break ground on Measure V amenity.

FISCAL IMPACT

The lease payments to be made by the City under the Lease Agreement are expected to be paid with Measure V revenues (F307).

The fees and expenses of the financing team, including Bond Counsel, Disclosure Counsel, Underwriter and Municipal Advisor are paid from proceeds of the Lease Revenue Bonds.

RECOMMENDATION

That the Board of Directors of the Tracy Public Financing Authority approve the resolution described above.

Prepared by: Karin Schnaider, Finance Director
Christopher Lynch, Jones Hall
Scott Smith, CSG Advisors Incorporated

Reviewed by: Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENTS

A. Authority Board of Directors Resolution
B. Preliminary Official Statement (including Continuing Disclosure Certificates)
C. Indenture of Trust
D. Lease Agreement
E. Site Lease
F. Assignment Agreement
G. Bond Purchase Agreement

TRACY PUBLIC FINANCING AUTHORITY
RESOLUTION NO. 2022-___

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF LEASE REVENUE BONDS TO PROVIDE FINANCING FOR PUBLIC IMPROVEMENTS TO BE OWNED AND OPERATED BY THE CITY OF TRACY, APPROVING RELATED DOCUMENTS AND DIRECTING RELATED ACTIONS

WHEREAS, the City of Tracy (the "City") wishes to finance the acquisition and construction of Phase 1E of the Legacy Fields Sports Complex (the "Project"); and

WHEREAS, pursuant to Resolution No. 2019-012 adopted on February 5, 2019, the City Council previously declared its intention to reimburse itself for expenditures related to the Project with proceeds of tax-exempt obligations to be issued in a maximum principal amount of $10,000,000; and

WHEREAS, the City and the Tracy Industrial Development Authority (the "Industrial Development Authority") are parties to a First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018 (the "Joint Powers Agreement"), pursuant to which the Tracy Public Financing Authority (the "Authority") was established as a joint exercise of powers authority under the Joint Exercise of Powers Act (Government Code §6500 et seq.) (the "Joint Powers Law") for the purpose of providing assistance to the City and the Industrial Development Authority with their financing programs, and for any other purposes authorized under Article 4 of the Joint Powers Law (the "Bond Law"); and

WHEREAS, the City has proposed to lease to the Authority the land and improvements constituting Phase 1 of the Legacy Fields Sports Complex (the "Leased Property") under a Site Lease (the "Site Lease"), in consideration of the payment by the Authority of an upfront rental payment (the "Site Lease Payment") that is sufficient to provide funds to finance the Project; and

WHEREAS, in order to raise funds to pay the Site Lease Payment, the Authority proposes to issue and sell its Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields) (the "Bonds") under the Bond Law; and

WHEREAS, in order to secure the payments of principal of and interest on the Bonds, the Authority proposes to lease the Leased Property back to the City under a Lease Agreement (the "Lease Agreement"), under which the City is obligated to pay semiannual lease payments (the "Lease Payments") as rental for the Leased Property, and, pursuant to an Assignment Agreement (the "Assignment Agreement"), the Authority will assign substantially all of its rights under the Lease Agreement to U.S. Bank Trust Company, National Association, as trustee for the Bonds; and

WHEREAS, there has been submitted to the City Council a form of preliminary Official Statement in connection with the marketing of the Bonds and the City Council, with the aid of its staff, has reviewed the preliminary Official Statement to assure proper

disclosure of all material facts relating to the Bonds that are in the personal knowledge of the members of the City Council and the City staff; and

WHEREAS, the Authority and the City propose to sell the Bonds to Piper Sandler & Co. (the "Underwriter") pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") among the City, the Authority and the Underwriter, the form of which is on file with the City Clerk; and

WHEREAS, in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission, the City will undertake certain continuing disclosure obligations with respect to the Bonds pursuant to a continuing disclosure certificate to be executed by the City (the "Continuing Disclosure Certificate"), the form of which is on file with the City Clerk; and

WHEREAS, in order to comply with Government Code Section 5852.1, certain information relating to the Bonds is set forth in Appendix A attached to this Resolution, and such information is hereby disclosed and made public; and

WHEREAS, as a condition precedent to the issuance of the Bonds, Section 6586.5 of the California Government Code requires that the City approve the Authority's issuance of the Bonds and make certain findings, and Section 6586.5 further requires that the City give the approval and make the findings only after holding a noticed public hearing; and

WHEREAS, as required by Section 6586.5, the City has caused publication of a notice of a public hearing once at least five days prior to the hearing in a newspaper of general circulation in the City; and

WHEREAS, on the date hereof, the City Council held a public hearing at which all interested persons were provided the opportunity to speak on the subject of the proposed issuance of Bonds by the Authority to provide financing for the Project; and

WHEREAS, the Authority wishes at this time to approve all proceedings to which it is a party relating to the issuance and sale of the Bonds and assist the City in the financing the Project;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. **Recitals**. The foregoing recitals are true and correct and the Authority hereby so finds and determines.

2. **Issuance of Bonds**. The Authority hereby authorizes the issuance of the Bonds under the Bond Law in the maximum principal amount of $22,000,000, for the purpose of providing funds to finance the Project. The Bonds shall be issued under the Bond Law and the Indenture of Trust that is approved below.

3. **Approval of Related Financing Agreements**. The Authority hereby approves each of the following agreements required for the issuance and sale of the Bonds, in substantially the respective forms on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Chair, Vice-Chair, Executive Director, Treasurer, Auditor or General Counsel of the Authority, or an authorized representative thereof (each, an "Authorized Officer"); execution of the

agreements by an Authorized Officer, acting alone, shall be conclusive evidence of the approval of any such changes or additions. An Authorized Officer is hereby authorized and directed for and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the final form of each such agreement, as follows:

- Indenture of Trust, between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), setting forth the terms and provisions relating to the Bonds.

- Site Lease, between the City as lessor and the Authority as lessee, under which the City leases the Leased Property to the Authority in consideration of the payment of an amount which will be applied by the Authority to finance the Project.

- Lease Agreement, between the Authority as lessor and the City as lessee, under which the Authority leases the Leased Property back to the City and the City agrees to pay semiannual lease payments which are sufficient to provide revenues with which to pay principal of and interest on the Bonds when due.

- Bond Purchase Agreement, among the City, the Authority and the Underwriter, which establishes the terms under which the Underwriter will purchase the Bonds from the Authority.

- Assignment Agreement, between the Authority and the Trustee, whereby the Authority assigns certain of its rights under the Lease Agreement to the Trustee for the benefit of the Bond owners.

The Chair of the Authority (or a designee thereof) is hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary of the Authority is hereby authorized and directed to attest and affix the seal of the Authority to, the final form of each of the foregoing agreements, if applicable. The Governing Body hereby authorizes the delivery and performance of each of the foregoing agreements.

4. **Negotiated Sale of Bonds**. The Council hereby approves the sale of the Bonds by the Authority to the Underwriter pursuant to the terms and provisions of the Bond Purchase Agreement, provided that the aggregate principal amount of the Bonds may not exceed $22,000,000, the true interest cost may not exceed 5.00% and the underwriter's discount (exclusive of any original issue discount) may not exceed 1.00%.

5. **Official Statement**. The Authority hereby approves the preliminary Official Statement describing the Bonds in substantially the form on file with the Secretary. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to said preliminary Official Statement and to execute an appropriate certificate stating the Authorized Officer's determination that the preliminary Official Statement (together with any changes therein or additions thereto) has been deemed final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934. Distribution of the preliminary Official Statement by the underwriter is hereby approved. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by the Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The

Authority hereby authorizes the distribution of the final Official Statement by the underwriter. The final Official Statement shall be executed on behalf of the Authority by an Authorized Officer.

6. **Official Actions**. The Chair of the Authority (the "Chair") and the Vice Chair of the Authority (the "Vice Chair") or their designees are each authorized and directed on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance and other documents, which they or any of them deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including any agreements required to purchase a debt service insurance policy or a municipal bond insurance policy. An Authorized Officer may revise the identity of the Leased Property as necessary in order to accomplish the purposes of this Resolution. Whenever in this resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf if such officer is absent or unavailable.

7. **Approval of Professional Services**. The Board of Directors hereby appoints the firm of Jones Hall, A Professional Law Corporation, as bond counsel and disclosure counsel to the Authority in connection with the issuance of the Bonds, and the General Counsel is authorized to execute an agreement with said firm in substantially the form of the agreement on file with the Secretary.

The Board of Directors hereby appoints the firms of CSG Advisors Incorporated, as municipal advisor to the Authority in connection with the issuance of the Bonds, and the Treasurer is authorized to execute an agreement with said firm in substantially the form of the agreement on file with the Secretary.

8. **Effective Date**. This Resolution shall take effect immediately upon its passage and adoption.

* * * * * * * * * * *

The foregoing Resolution 2022- was adopted by the Board of Directors of the Tracy Public Financing Authority on the 19th day of April, 2022, by the following vote:

AYES: BOARD MEMBERS:
NOES: BOARD MEMBERS:
ABSENT: BOARD MEMBERS:
ABSTAIN: BOARD MEMBERS:

_____
CHAIR

ATTEST:

_____
SECRETARY

APPENDIX A

Government Code Section 5852.1 Disclosure

Government Code Section 5852.1 Disclosure

The following information consists of estimates that have been provided in good faith by the Municipal Advisor:

(A) True Interest Cost of the Bonds: 2.66%

(B) Finance Charge of the Bonds (Sum of all fees/charges paid to third parties, but excluding potential bond insurance or debt service reserve fund insurance premiums): $331,000

(C) Net Proceeds to be Received (net of finance charges, reserves and capitalized interest, if any): $20,000,000

(D) Total Payment Amount Through Maturity: $24,804,000

The foregoing estimates constitute good faith estimates only. The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2022

NEW ISSUE - FULL BOOK-ENTRY **RATING: Standard & Poor's: "___"**

See "RATING" herein.

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 2022 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. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

**$_____*
TRACY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2022A
(Legacy Fields)**

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

Authority for Issuance. The bonds captioned above (the "2022 Bonds") are being issued by the Tracy Public Financing Authority (the "Authority") under a resolution adopted by the Board of Directors of the Authority on _____, 2022, and an Indenture of Trust dated as of May 1, 2022 (the "Indenture") by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). See "THE 2022 BONDS – Authority for Issuance."

Purpose. The 2022 Bonds are being issued primarily to finance the acquisition and construction of public capital improvements of the City of Tracy (the "City"), consisting of Phase 1E of the Legacy Fields Sports Complex and such other improvements that may be identified from time to time by the City. In addition, the proceeds of the 2022 Bonds will be used to (i) if elected by the Authority, pay the premium for a municipal bond insurance policy and (ii) pay the costs of issuing the 2022 Bonds. See "FINANCING PLAN."

Security. Under the Indenture, the 2022 Bonds are payable from and secured by a first pledge of and lien on "Revenues" consisting primarily of lease payments (the "Lease Payments") made by the City for the lease of property under a Lease Agreement dated as of May 1, 2022, between the Authority, as lessor, and the City, as lessee, concerning the leaseback of certain real property and improvements, as further described in this Official Statement. The 2022 Bonds are also secured by certain funds on deposit under the Indenture. [Neither the Authority nor the City is establishing a reserve fund for the 2022 Bonds.] The Authority is considering the use of a municipal bond insurance policy that guarantees the scheduled payment of principal of and interest on all or a portion of the 2022 Bonds when due. The Authority will decide whether or not to utilize a municipal bond insurance policy depending on market conditions at the time of sale of the 2022 Bonds. See "SECURITY FOR THE 2022 BONDS."

Book-Entry Only. The 2022 Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). The 2022 Bonds are issuable as fully registered securities in denominations of $5,000 or any integral multiple of $5,000. Purchasers of the 2022 Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the 2022 Bonds. See "THE 2022 BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. Interest on the 2022 Bonds accrues from the date of delivery and is payable semiannually on May 1 and November 1 of each year, commencing November 1, 2022. Payments of principal and interest on the 2022 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, which will remit such payments to the Beneficial Owners of the 2022 Bonds. See "THE 2022 BONDS - General Provisions."

Redemption. The 2022 Bonds are subject to optional redemption, mandatory sinking fund payment redemption and special mandatory redemption from insurance or condemnation proceeds prior to maturity. See "THE 2022 BONDS – Redemption."

NEITHER THE 2022 BONDS, NOR THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE 2022 BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE 2022 BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

MATURITY SCHEDULE
(see inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the 2022 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2022 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, and subject to certain other conditions. Certain legal matters will also be passed upon for the Authority and the City by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney. Stradling Yocca Carlson & Rauth, P.C., Newport Beach, California, is serving as counsel to the Underwriter. It is anticipated that the 2022 Bonds will be delivered in book-entry form through the facilities of DTC on or about May ___, 2022.

[Piper Sandler Logo]

The date of this Official Statement is: _____, 2022

** Preliminary; subject to change.*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor will there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful.

TRACY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2022A
(Legacy Fields)

MATURITY SCHEDULE*
(Base CUSIP:† _____)

$_____ Serial Bonds

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

$_____ ___% Term Bond Due November 1, ____, Yield ___%, Price: ____%, CUSIP: _____

** Preliminary; subject to change.*

† CUSIP Copyright 2022, CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. None of the Authority, the City nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

TRACY PUBLIC FINANCING AUTHORITY
CITY OF TRACY

BOARD OF DIRECTORS OF THE AUTHORITY
AND MEMBERS OF THE CITY COUNCIL

Nancy Young, *Chair and Mayor*
Veronica Vargas, *Vice Chair and Mayor Pro Tem*
Dan Arriola, *Member and Council Member*
Eleassia Davis, *Member and Council Member*
Mateo Bedolla, *Member and Council Member*

CITY STAFF

Michael Rogers, City Manager
Ray McCray, City Treasurer
Karin Schnaider, Finance Director
Adrienne Richardson, City Clerk
Nancy Ashjian, City Attorney

PROFESSIONAL SERVICES

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

MUNICIPAL ADVISOR

CSG Advisors Incorporated
San Francisco, California

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2022 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 between any bond owner and the Authority or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the 2022 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Preparation of Official Statement. The information set forth in this Official Statement has been furnished by the Authority and other sources which are believed to be reliable, but it 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.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Authority in any press release and in any oral statement made with the approval of an authorized officer of the City or the Authority or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project", "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, Authority or any other entity described or referenced herein since the date hereof.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the 2022 Bonds at levels 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 2022 Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Document Summaries. All summaries of the Indenture or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The 2022 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The 2022 Bonds have not been registered or qualified under the securities laws of any state.

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 2022 Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, the Authority, the other parties described in this Official Statement, or the condition of the property within the City since the date of this Official Statement.

Website. The City maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2022 Bonds.

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OFFICIAL STATEMENT

**$_____*
TRACY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2022A
(Legacy Fields)**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the bonds captioned above (the "**2022 Bonds**") by the Tracy Public Financing Authority (the "**Authority**"). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Indenture (as defined below).

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 and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2022 Bonds to potential investors is made only by means of the entire Official Statement.

Authority for Issuance. The Authority is issuing the 2022 Bonds under the following:

(a) Article 4 of Chapter 5, Division 7, Title 1 of the California Government Code, as amended, commencing with Section 6584 (the "**Law**"),

(b) resolutions adopted by the Board of Directors (the "**Board**") of the Authority on _____, 2022 (the "**Authority Resolution**"), and by the City Council (the "**City Council**") of the City of Tracy (the "**City**") on _____, 2022 (the "**City Resolution**"), and

(c) an Indenture of Trust (the "**Indenture**") dated as of May 1, 2022, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**").

The Authority. The Authority is a joint powers authority between the City and the Tracy Industrial Development Authority established under a First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018, entered into under Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended, for the purpose, among others, of issuing its bonds to be used to finance and refinance the acquisition, construction and improvement of certain public capital improvements in the City.

* *Preliminary; subject to change.*

The City. The City is located on the western edge of the Central Valley in San Joaquin County (the **"County"**), approximately 60 miles east of San Francisco and approximately 70 miles south of Sacramento. See "CITY FINANCIAL INFORMATION – General."

Purpose of the 2022 Bonds. The 2022 Bonds are being issued primarily to finance the acquisition and construction of public capital improvements of the City, consisting of Phase 1E of the Legacy Fields Sports Complex, and such other improvements that may be identified from time to time by the City. In addition, proceeds of the 2022 Bonds will be used to pay the costs of issuing the 2022 Bonds. See "FINANCING PLAN."

Security for the 2022 Bonds and Pledge of Revenues. Under the Indenture, the 2022 Bonds are payable from and secured by a first pledge of and lien on "**Revenues**," consisting primarily of lease payments (the "**Lease Payments**") made by the City for the lease of property under the Lease Agreement dated as of May 1, 2022, between the Authority, as lessor, and the City, as lessee (the "**Lease Agreement**"), concerning the leaseback of certain real property and improvements consisting of Phase 1 of the Legacy Fields Sports Complex (the "**Leased Property**").

The 2022 Bonds are also secured by certain funds on deposit under the Indenture. See "SECURITY FOR THE 2022 BONDS."

In order to provide the upfront site lease payment to facilitate the financing plan, the City and the Authority will enter into a Site Lease dated as of May 1, 2022 (the "**Site Lease**"), under which the City will lease the Leased Property to the Authority. Concurrently, the City and the Authority will enter into the Lease Agreement, under which the Authority will lease the Leased Property back to the City. See "THE LEASED PROPERTY."

Potential Bond Insurance Policy. The Authority is considering the use of a municipal bond insurance policy that guarantees the scheduled payment of principal of and interest on all or a portion of the 2022 Bonds when due. The Authority will decide whether or not to utilize a municipal bond insurance policy depending on market conditions at the time of sale of the 2022 Bonds.

***Form of Bonds; Book-Entry Only*.** The 2022 Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York ("**DTC**"), or its nominee, which will act as securities depository for the 2022 Bonds. Purchasers of the 2022 Bonds will not receive certificates representing the 2022 Bonds that are purchased. See "THE 2022 BONDS - Book-Entry Only System" and "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

***Redemption*.** The 2022 Bonds are subject to optional redemption, mandatory redemption from sinking fund payments, and special mandatory redemption from the proceeds of insurance or condemnation proceeds prior to their stated maturity dates. See "THE 2022 BONDS – Redemption."

Abatement. The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease Agreement, the Owners of the 2022 Bonds would receive less than the full amount of principal of and interest on the 2022 Bonds. To the extent proceeds of rental interruption insurance are available (as described below), Lease Payments (or a portion thereof) may be made from those

proceeds during periods of abatement. See "SECURITY FOR THE 2022 BONDS – Abatement" and "BOND OWNERS' RISKS."

Additional Bonds. The Indenture permits the Authority, by supplemental indenture, to establish one or more other issues of additional bonds secured by a pledge of and payable from Revenues on a parity with the 2022 Bonds (the "**Additional Bonds**"; the 2022 Bonds and any Additional Bonds are referred to in this Official Statement collectively as the "**Bonds**"), subject to certain conditions set forth in the Indenture. See "SECURITY FOR THE 2022 BONDS – Additional Bonds."

Legal Opinion. Upon delivery of the 2022 Bonds, Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel ("**Bond Counsel**") will release its final approving legal opinion with respect to the 2022 Bonds, regarding the validity and tax-exempt status of the 2022 Bonds, in the form attached hereto as APPENDIX D.

Risks of Investment. Debt service on the 2022 Bonds is payable only from Lease Payments and other amounts payable by the City to the Authority under the Lease Agreement. For a discussion of some of the risks associated with the purchase of the 2022 Bonds, see "BOND OWNERS' RISKS."

NEITHER THE BONDS, THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

FINANCING PLAN

The Project

A portion of the proceeds of the 2022 Bonds will be used to finance the acquisition and construction of public capital improvements of the City, consisting of Phase 1E of the Legacy Fields Sports Complex and such other improvements that may be identified from time to time by the City (the "**Project**"). The Legacy Fields Sports Complex is a youth sports facility in the northern part of the City that, at full build-out, will consist of 166 acres of sports areas. Phase 1E includes renovation of the eastern baseball/softball fields, eastern baseball/softball field lighting, a plaza with restroom/concession building, parking lot paving, a new exit road, maintenance yard expansion, installation of wayfinding signage, earthwork and drainage, irrigation, and landscape. Construction of Phase 1E of the Legacy Fields Sports Complex, the portion of Legacy Fields Sports Complex that is expected to be financed with proceeds of the 2022 Bonds, is expected to commence in Spring 2022 and be completed in Fall 2023.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2022 Bonds are as follows:

Sources of Funds:	
Principal Amount of 2022 Bonds	$
Plus: Net Original Issue Premium	
TOTAL SOURCES	$
Uses of Funds:	
Deposit to Project Fund	$
Deposit to Costs of Issuance Fund [(1)]	
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, premiums for any municipal bond insurance policy, if obtained and other costs of issuing the 2022 Bonds.

THE LEASED PROPERTY

Description and Location

Lease Payments will be made by the City under the Lease Agreement for the use and occupancy of the Leased Property, which consists of Phase 1 of the Legacy Fields Sports Complex, of which the Project constitutes a portion. Phase 1 of the Legacy Fields Sports Complex consists of 72 acres of land containing 10 baseball fields, 8 soccer fields, three restroom/concession buildings, one restroom building, paved parking lots and landscaping. The City has determined that the fair rental value of the Leased Property is commensurate with the annual Lease Payments with respect thereto. The City will continue to have access to and use of Phase 1 of the Legacy Fields Sports Complex during the construction of the Project.

Modification of Leased Property

Under the Lease Agreement, the City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of the Lease Agreement.

Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this provision of the Lease Agreement, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

The City will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City under this provision of the Lease Agreement; except that if any such lien is established and the City first notifies or causes to be notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and will provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

Substitution

Under the Lease Agreement, the City has the option at any time and from time to time, to substitute other real property (the "**Substitute Property**") for the Leased Property or any portion thereof (the "**Former Property**"), upon satisfaction of all of the requirements set forth in the Lease Agreement, which includes (among others) the following:

- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the County Recorder, sufficient memorialization of an amendment of the Lease Agreement that adds the legal description of the Substitute Property and deletes therefrom the legal description of the Former Property, and has filed

and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.

- The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate under the Lease Agreement in the Substitute Property, subject only to Permitted Encumbrances (as defined in the Lease Agreement), in an amount at least equal to the estimated value thereof.

- The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City.

- The City has filed with the Authority and the Trustee a written certificate of the City or other written evidencing stating that the useful life of the Substitute Property at least extends to November 1, 20___, that the estimated value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this provision of the Lease Agreement.

Release of Leased Property

Under the Lease Agreement, the City has the option at any time and from time to time to release any portion of the Leased Property from the Lease Agreement (the "**Released Property**") provided that the City has satisfied all of the requirements under the Lease Agreement that are conditions precedent to such release, which include (among others) the following:

- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the County Recorder, sufficient memorialization of an amendment of the Lease Agreement, Site Lease and Assignment Agreement which removes the Released Property from the Lease Agreement, Site Lease and Assignment Agreement.

- The City has certified in writing to the Authority and the Trustee that the value of the property which remains subject to the Lease Agreement following such release is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to the Lease Agreement following such release is at least equal to the Lease Payments thereafter coming due and payable thereunder.

See “APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

Addition of Property

Under the Lease Agreement, the City may, at any time it deems it necessary or advisable, amend the Lease Agreement, and enter into any necessary or advisable site or ground lease, to add additional property to the property originally leased under the Lease Agreement.

If the addition to the Leased Property (the “**Addition**”) is being done in connection with the issuance of Additional Bonds, the following requirements will apply, among others:

- The City certifies in writing to the Authority and the Trustee that

  (i) the Addition serves the purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City,

  (ii) the useful life of the Addition at least extends to the last day that precedes the final maturity of the Additional Bonds,

  (iii) the estimated value of the Leased Property (including the Addition) is at least equal to the aggregate outstanding principal amount of the Bonds, and

  (iv) the fair rental value of the Leased Property (including the Addition) is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

  For the purposes of the certification described in clause (iv) above, the City may, if necessary to make such certification, assume completion of construction of the Addition if the Addition is being constructed with proceeds of the Additional Bonds as long as capitalized interest has been deposited in accordance with the Indenture.

- The City delivers to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the amendment to the Lease Agreement has been duly authorized, executed and delivered and the Lease Agreement as so amended represents a valid and binding obligation of the City and the Authority and that the Addition will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

- The City causes to be recorded in the Office of the County Recorder sufficient memorialization of an amendment of the Lease Agreement that adds the legal

description of the Addition, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.

- The City delivers to the Authority and the Trustee a CLTA standard form policy of title insurance in substantially the same form as delivered in connection with the issuance and delivery of the Bonds in at least the amount of the aggregate principal amount of outstanding Bonds at the time of the Addition insuring the City's leasehold interest in the Addition to the Leased Property under the Lease Agreement, together with an endorsement thereto making such policy payable to the Trustee for the benefit of the Owners, and also together with a certificate of the City to the effect that the exceptions, if any, contained in such policy do not interfere with the beneficial use and occupancy of the Leased Property by the City.

See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon commence as to the Addition, and all references to the Leased Property will apply with full force and effect to the Addition.

THE 2022 BONDS

This section provides summaries of the 2022 Bonds and certain provisions of the Indenture. See APPENDIX B for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Authority for Issuance

The 2022 Bonds are being issued under the Law, the Authority Resolution (which was adopted by the Board of the Authority on _____, 2022), the City Resolution (which was adopted by the City Council on _____, 2022), and the Indenture. Under the Authority Resolution and the City Resolution, the 2022 Bonds may be issued in a principal amount not to exceed $_____.

General Provisions

Bond Terms. The 2022 Bonds will be dated their date of delivery and issued in fully registered form without coupons in integral multiples of $5,000, so long as no 2022 Bond has more than one maturity date.

The 2022 Bonds will mature on November 1 in each of the years and in the amounts, and bear interest at the rates, set forth on the inside cover page of this Official Statement.

Calculation of Interest. Interest on the 2022 Bonds will be payable on May 1 and November 1 in each year, commencing November 1, 2022 (each an "**Interest Payment Date**").

Interest on the 2022 Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

(a) a 2022 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,

(b) a 2022 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or

(c) interest on any 2022 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest with respect to the 2022 Bonds will be computed on the basis of a 360-day year composed of 12 months of 30 days each.

Record Date. Under the Indenture, "Record Date" means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

Payments of Principal and Interest. Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the 2022 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any 2022 Bond which is not punctually paid or duly provided for on any Interest

Payment Date is payable to the person in whose name the ownership of such 2022 Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the 2022 Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the 2022 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of 2022 Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such 2022 Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which will remain in effect until rescinded in writing by the Owner.

The Trustee will pay principal of the 2022 Bonds (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

While the 2022 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to the 2022 Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the 2022 Bonds. See "– Book-Entry Only System" below.

Redemption*

Optional Redemption. The 2022 Bonds maturing on or before November 1, 20__, are not subject to optional redemption prior to their stated maturity. The 2022 Bonds maturing on or after November 1, 20__, are subject to redemption, as a whole or in part at the election of the Authority among maturities on such basis as designated by the Authority and by lot within a maturity, at the option of the Authority, on May 1, 20__, and on any date thereafter, at a redemption price equal to 100% of the principal amount of 2022 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Special Mandatory Redemption From Insurance or Condemnation Proceeds. The 2022 Bonds are subject to redemption as a whole, or in part on a pro rata basis among maturities, on any date, from any Net Proceeds required to be used for such purpose as provided in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption in part by lot, from sinking fund payments made under the Indenture, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on November 1 in the respective years as set forth in the following tables.

** Preliminary; subject to change.*

Mandatory Sinking Fund Redemption of
Term Bonds Maturing November 1, 20__

Sinking Fund Redemption Date (November 1)	Principal Amount To Be Redeemed

Mandatory Sinking Fund Redemption of
Term Bonds Maturing November 1, 20__

Sinking Fund Redemption Date (November 1)	Principal Amount To Be Redeemed

However, if some but not all of the Term Bonds have been redeemed through an optional redemption or special mandatory redemption from insurance or condemnation proceeds, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Authority, which shall notify the Trustee in writing of such determination.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2022 Bonds of a single maturity, the Trustee will select the 2022 Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee will treat each 2022 Bond as consisting of separate $5,000 portions and each such portion will be subject to redemption as if such portion were a separate 2022 Bond.

Whenever less than all of the outstanding 2022 Bonds of more than one series are called for redemption at any one time, the Trustee will select the outstanding 2022 Bonds or portions thereof to be redeemed as directed by the Authority.

Notice of Redemption. The Trustee will mail notice of redemption of the 2022 Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any 2022 Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board.

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

Conditional Redemption Notices; Rescission of Redemption. Redemption notices may be conditional. The Authority has the right to rescind any notice of optional redemption of the 2022 Bonds 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 will not be or are not available on the date fixed for redemption for the payment in full of the 2022 Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture.

The Authority and the Trustee have no liability to the Owners of the 2022 Bonds or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Indenture.

Partial Redemption of 2022 Bonds. Upon surrender of any 2022 Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2022 Bond or 2022 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2022 Bonds surrendered.

Effect of Redemption. If notice of redemption has been duly given as provided in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the 2022 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2022 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2022 Bonds so called for redemption will cease to accrue, said 2022 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2022 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry Only System

The 2022 Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple of $5,000, under the book-entry system maintained by DTC. While the 2022 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a 2022 Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the 2022 Bonds. Purchasers of the 2022 Bonds will not receive certificates representing their interests therein, which will be held at DTC.

See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM" for further information regarding DTC and the book-entry system.

Transfer, Registration and Exchange

The following provisions regarding the exchange and transfer of the 2022 Bonds apply only during any period in which the 2022 Bonds are not subject to DTC's book-entry system. While the 2022 Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and

requirements established by DTC. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Bond Register. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2022 Bonds, which will upon reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; and, upon presentation for such purpose, the Trustee will, 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 2022 Bonds as provided in the Indenture.

Transfer of Bonds. Any 2022 Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such 2022 Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any 2022 Bond is or 2022 Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new 2022 Bond or 2022 Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing 2022 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of 2022 Bonds.

Prior to any transfer of the 2022 Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor will provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee will conclusively rely on the information provided to it and have no responsibility to verify or ensure the accuracy of such information.

Exchange of Bonds. The 2022 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of 2022 Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority will pay the cost of printing 2022 Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of 2022 Bonds.

Limitations on Transfer and Exchange. The Trustee may refuse to transfer or exchange, under these provisions of the Indenture, any 2022 Bonds selected by the Trustee for redemption under the Indenture, or any 2022 Bonds during the period established by the Trustee for the selection of 2022 Bonds for redemption.

DEBT SERVICE SCHEDULE

The table below shows scheduled Lease Payments and annual debt service payments on the 2022 Bonds.

Year Ending November 1	Lease Payments	2022 Bonds Principal	2022 Bonds Interest	Total Debt Service
Total:				

SECURITY FOR THE 2022 BONDS

The principal of and interest on the 2022 Bonds are not a debt of the Authority or the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.

This section provides summaries of the security for the 2022 Bonds and certain provisions of the Indenture, the Lease Agreement and the Site Lease. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for a more complete summary of the Indenture, the Lease Agreement and the Site Lease. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Revenues; Pledge of Revenues

Pledge of Revenues and Other Amounts. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and all amounts (including proceeds of the sale of the 2022 Bonds) held in any fund or account established under the Indenture are pledged to secure the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium (if any) on the Bonds in accordance with their terms and the provisions of the Indenture.

This pledge constitutes a lien on and security interest in the Revenues and such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

Definition of Revenues. "**Revenues**" are defined in the Indenture as follows:

(a) all amounts received by the Authority or the Trustee under or with respect to the Lease Agreement, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts described in the provisions of the Lease Agreement relating to permitted amendments that provide for additional rental to be pledged or assigned for the payment of bonds issued to finance or refinance projects for which the City is authorized to expend its funds, and (ii) any Additional Rental Payments (consisting of certain administrative costs due to the Authority and the Trustee under the Lease Agreement), and

(b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

Assignment to Trustee. Under the Assignment Agreement, the Authority has transferred to the Trustee all of the rights of the Authority in the Lease Agreement (other than the rights of the Authority under the provisions of the Lease Agreement regarding Additional Rental Payments, advances, release and indemnification covenants, and agreement to pay attorneys' fees).

The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee.

The Trustee is also entitled to and required to, subject to the provisions of the Indenture regarding rights of the Trustee, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Lease Agreement.

Allocation of Revenues by Trustee; Application of Funds

Deposit of Revenues in Bond Fund. All Revenues will be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee will establish, maintain and hold in trust; except that all moneys received by the Trustee and required under the Indenture or under the Lease Agreement to be deposited in the Redemption Fund or the Insurance and Condemnation Fund will be promptly deposited in such funds.

All Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. Any surplus remaining in the Bond Fund, after payment in full of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest on the Bonds or provision therefore under the Indenture, and any applicable fees and expenses to the Trustee, will be withdrawn by the Trustee and remitted to the City.

Allocation of Revenues. On or before each Interest Payment Date, 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:

(a) Deposit to Interest Account. 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 Interest Payment Date on all Bonds then Outstanding.

(b) Deposit to Principal Account. The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) amount of the Bonds coming due and payable on such Interest Payment Date.

Lease Payments; Covenant to Appropriate

Obligation to Pay. Under the Lease Agreement, subject to the provisions of the Lease Agreement regarding abatement and prepayment, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the amounts specified in the Lease Agreement, to be due and payable in immediately available funds on the Interest Payment Date immediately following each Lease Payment Date specified in the Lease Agreement (as it may be amended in connection with the issuance of Additional Bonds), and to be deposited by the City with the Trustee on the Lease Payment Dates specified in the Lease Agreement (as it may be amended in connection with the issuance of Additional Bonds).

Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments

in part but not in whole under the Lease Agreement, and amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the Lease Payment then required to be paid under the Lease Agreement. The City is not required to deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee under the Lease Agreement.

The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

Fair Rental Value. The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Property during each Rental Period.

The City and the Authority have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property, other obligations of the City and the Authority under the Lease Agreement, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

Source of Payments; Covenant to Budget and Appropriate. Under the Lease Agreement, the Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease Agreement regarding abatement. See " – Abatement" below.

The City covenants in the Lease Agreement to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease Agreement and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. This covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements agreed to be carried out and performed by the City under the Lease Agreement.

Limited Obligation

THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Abatement

Termination or Abatement Due to Eminent Domain. Under the Lease Agreement, if the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement thereupon ceases as of the day possession is taken. If less than all of the Leased

Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(a) the Lease Agreement will continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the City and Authority waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Abatement Due to Damage or Destruction. Under the Lease Agreement, the Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain as described above) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof.

The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction.

In the event of any such damage or destruction, the Lease Agreement continues in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction.

Notwithstanding the foregoing, there will be no abatement of Lease Payments under the Lease Agreement to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments that would otherwise be abated under the Lease Agreement, it being declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

Additional Bonds

Under the Indenture, the Authority may, by Supplemental Indenture, establish one or more other issues of Additional Bonds secured by a pledge of and payable from Revenues on a parity with the 2022 Bonds, and may issue and deliver such Additional Bonds in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of the Indenture, and subject to the following specific conditions which are conditions precedent to the issuance of such Additional Bonds:

(a) Such Additional Bonds must be authorized to finance additional capital improvements for the City, or to refund bonds previously issued to finance such capital improvements, and the issuance thereof must be determined and declared by the Authority, in a Supplemental Indenture, to be necessary for that purpose.

(b) The Authority and the City must be in compliance with all covenants and undertakings set forth in the Indenture and in the Lease Agreement and the Site Lease.

(c) The aggregate principal amount of Bonds issued and at any time Outstanding under the Indenture may not exceed any limit imposed by law, by the Indenture or by any Supplemental Indenture.

(d) Such Additional Bonds must be equally and ratably secured by the Revenues with the 2022 Bonds authorized under the Indenture.

(e) The Authority must enter into an amendment to the Lease Agreement, in and by which the City obligates itself in the manner provided in the Lease Agreement to make Lease Payments for the lease of the Leased Property at the times and in the amounts sufficient to provide for the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest on such Additional Bonds as such principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) and interest become due and to make all other payments in the manner provided in the Lease Agreement, and the City must certify in writing that such Lease Payments, as amended, in any Rental Period will not exceed the fair rental value of the Leased Property.

(f) If necessary to ensure that the Lease Payments payable after the issuance of Additional Bonds does not exceed the fair rental value of the Leased Property in any Rental Period, the Authority and the City must amend the Lease Agreement pursuant to the terms thereof to add additional property to the Leased Property.

(g) If the Additional Bonds are being issued to finance the construction of a to-be-built project, and such project is to be part of the Leased Property prior to its completion, the Supplemental Indenture authorizing the issuance of such Additional Bonds must require the deposit into a separate account (the "**Capitalized Interest Account**") in the Interest Account, or a subaccount therein, an amount sufficient to pay interest on such Additional Bonds through a date which is not less than six months after the anticipated completion date of the project, but only if such Additional Bonds are issued prior to the substantial completion of such project and only if the City is unable to make a finding that the fair rental value of the Leased Property prior to the completion of the project is equal to or greater than the aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period.

No Reserve Fund

No debt service reserve fund has been established with respect to the 2022 Bonds. See "BOND OWNERS' RISKS – No Debt Service Reserve Fund."

Property Insurance

Liability and Property Damage Insurance. Under the Lease Agreement, the City is required to maintain or cause to be maintained throughout the Term of the Lease Agreement, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property.

Such policy or policies must provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease Agreement, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance.

The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

Property Insurance. Under the Lease Agreement, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, property insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Outstanding Bonds.

Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at commercially reasonable cost from reputable insurers in the judgment of the City.

Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in the Lease Agreement and described below.

Rental Interruption Insurance. Under the Lease Agreement, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the property insurance described above, in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance.

The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Application of Net Proceeds. The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied to the redemption of Bonds as set forth in the Indenture.

Remedies on Default

Under the Lease Agreement, upon the occurrence and continuance of any Event of Default, the Authority may exercise the remedies set forth in the Lease Agreement, which include (a) enforcement of the Lease Payments without termination of the Lease Agreement, (b) termination of the Lease Agreement and re-leasing the Leased Property, and (c) taking whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Lease Agreement or to enforce any other of its rights under the Lease Agreement. Under the Assignment Agreement, such remedies will be exercised by the Trustee and the Bond Owners as provided in the Indenture. Neither the Authority nor the Trustee may accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. See APPENDIX B – Summary of Principal Legal Documents.

CITY FINANCIAL INFORMATION

General

The City is located on the western edge of the Central Valley in San Joaquin County (the **"County"**). The City is 60 miles east of San Francisco and 70 miles south of Sacramento. The City is situated within a triangle formed by three interstate freeways: I-5, I-205 and I-580.

The City was founded in 1878 as a railroad center, incorporated as a city in 1910 and is currently composed of approximately 21 square miles. During the 1980s, the City experienced a period of major growth influenced by the East Bay area of the San Francisco Bay region with its high cost of housing. Population in the City has increased from 18,429 in 1980 to 98,601 in 2021.

The City operates under a Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a mayor and four council members. Council members are elected to four-year staggered terms, with two council members elected every two years. The mayor is also elected every two years. The City Council appoints the City Manager and the City Attorney.

Certain demographic information concerning the City is included in APPENDIX A.

Management

Michael Rogers, City Manager. Mr. Rogers has over 30 years of public and private sector experience delivering municipal strategic priorities, including the completion of multi-million-dollar transit, road, and water infrastructure projects in the Dallas, Texas area. He also served as the Deputy City Manager for the City of Glenn Heights, Texas and a policy board member for the National Association of City Transportation Officials. Michael previously served as Director of Transportation for both Dallas, Texas and Raleigh, North Carolina, where he created their first Departments of Transportation. As Director of the Dallas Department of Transportation, Mr. Rogers developed Dallas's first Strategic Mobility Plan, "Connect Dallas," a roadmap that rethinks how all the thoroughfares – from freeways to roads to bike trails – influence transit, zoning, housing, and economic development. While in North Carolina, Michael was involved in major transportation investments, including "smart" enhancements to on and off-street parking infrastructure and construction, as well as operation of the GoRaleigh transit hub and Union Station. He has also served as the Director of Public Works for City of Peoria, Illinois. Mr. Rogers holds a master's degree in Civil Engineering from Michigan State University and a bachelor's degree in Construction Engineering from Lawrence Technology University.

Ray McCray, City Treasurer. Ray McCray is a graduate of local schools in Tracy, Delta College in Stockton, Whittier College in Southern California and has completed certificate courses at Wharton Business School, Kellogg Business School and Hass Business School.

Ray McCray was appointed by the City Council to serve the remaining term of the City Treasurer in 1995 and continues in that role as their elected Treasurer. He is a member of the California Municipal Treasurers Association. Ray was appointed by the San Joaquin County Board of Supervisors to serve on the County Employees' Retirement Board, has served as its Chairman and was elected President of the State Association of County Retirement Systems (SACRS). Mr. McCray is a Director of the Merchant Services Credit Bureau, a founding board member of the Community Foundation of San Joaquin, and San Joaquin County Schools' Foundation Board. Mr. McCray has a Series 6 securities license and life and disability license.

Karin Schnaider, Finance Director. Karin Schnaider has been a Finance Director for over 13 years and has been in governmental accounting for over 19 years. She has worked for the City of San Diego, Pasadena Unified School District, City of Sierra Madre, and the City of Benicia. Karin has experience providing budget management and financial reporting for a wide variety of community based services; ranging from Police, Fire, Public Works, Utilities, Libraries, Development Services, and Parks/Recreation.

Karin understands the complexity of providing sound fiscal policies to a wide range of full service agencies from small (10,000) population to medium (90,000+) population. In her first job as a Finance Director, she helped the City of Sierra Madre bring more than three years of late audits current and completed five audits within her first two years. She also has experience with Federal Emergency Management Agency, Gas Tax, Internal Revenue Services, and CalPERS audits, as well as, many others. These experiences provided the framework for two conference presentations and a professional development webinar for California State and Municipal Finance Officer (CSMFO). She has executed Enterprise Resource Planning (accounting software) conversions in her last four agencies and understands the implications it has on financial transactions and business processes. Karin has issued more than $100M in new and refinancing debt, both agency and community facilities districts; along with developing and maintaining sound maintenance/replacement, debt, and investment policies to support financial sustainability for asset and infrastructure management and planning. Karin has expanded her policy experience to include development of the City's cannabis policy and ordinance, State and Federal lobbying activities, and completing the City's Hazard Mitigation Plan for emergency management strategies.

She received her Bachelors of Science in Accountancy from San Diego State University and her Masters in Public Policy Administration from California State University Long Beach.

Budget Process

The Tracy Municipal Code requires that the City Council adopt a budget by no later than the close of the Fiscal Year (June 30). This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, by department, and by program. The Finance Department maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the department level and within a single fund. The City Manager may authorize transfers between administrative control accounts within a department or within a capital project. Supplemental appropriations during the year must be approved by the City Council. Any transfer of appropriations between departments in the operating budget or between capital projects in the capital budget also requires City Council approval. For further information concerning the City's budgetary procedures, see the City's audited financial statements attached hereto as APPENDIX C.

The City's Fiscal Year runs from July 1 to June 30. The proposed Fiscal Year 2021-22 budget was released on April 20, 2021. A public hearing was held on May 18, 2021, where the City Council reviewed and considered the proposed operating budget prepared by City staff. The public hearing provided the opportunity for City Council to discuss the budget and to modify the proposed budget to reflect the Council's priorities. The workshop also permitted public comment and participation in the budget process. Copies of the budget are available for public viewing at the City's Public Library and at City Hall. The City Council adopted the Fiscal Year 2021-22 budget on May 18, 2021.

In response to a set of strategic priorities, goals and objectives were adopted to carry out the vision of the City Council, the City prepares a ten-year fiscal plan annually as a tool for the Council to meet these strategic priorities. The City's fiscal strategy includes the creation of a financial forecast to evaluate current and future fiscal conditions and is to guide policy and programmatic decisions. As part of building the multi-year forecast, the City uses information based on past, current, and projected financial conditions. The City has developed and maintains several tools to provide analytic measurements of future fiscal impacts. First, the ten-year forecast includes two separate actuarial studies to analyze the impacts of employee retirement benefits on the City's finances over time. One is focused on the fiscal impacts of pension obligation and the other focuses on retiree medical costs obligations. Secondly, the City has three separate studies on revenue forecasts based on economic trends surrounding short and long-term retail and housing markets. The City overlays each of these studies into the planning documents to create a multi-faceted approach to fiscal analysis and planning.

This has helped identify future revenue and expenditure trends that may have an immediate or long-term influence on government policies, strategic goals, funding obligations, or community services. The City uses the five-year financial forecast as a management tool to best anticipate inflows and outflows of City resources in the short-term, then projects out these trends into the longer ten-year model to ensure budget sustainability. Modeling of long-term strategies also allows marginal shifts to occur over time to maintain healthy reserves while still actively improving services to the public. The forecast has become an integral part of the annual and mid-budget process.

General Fund Budgets

General. The following table provides the adopted General Fund budget comparisons for Fiscal Year 2020-21, plus the amended General Fund budget for Fiscal Year 2021-22.

Table 1
General Fund
Adopted Budget, Revised Budget and Audited Actuals for Fiscal Year 2020-21
Amended Budget for Fiscal Year 2021-22

	Original Budget 2020-21	Final Budget 2020-21	Audited Actuals 2020-21	Amended Budget 2021-22
Revenues				
Taxes	$60,104,338	$62,104,338	$86,616,285	$96,706,547
Licenses and permits	5,738,849	3,738,849	4,554,069	4,022,462
Fines and forfeitures	133,746	133,746	779,652	585,083
Investment income (loss)	436,811	432,826	253,920	650,368
Intergovernmental	1,188,451	1,011,802	861,444	11,585,827
Charges for current services	10,829,527	10,829,527	10,264,482	471,617
Special assessments	353,086	353,086	454,147	148,227
Contributions	145,859	145,859	155,698	40,921
Other revenues	328,977	328,977	1,020,172	--
Total Revenues	79,259,644	79,079,010	104,959,869	114,211,052
Expenditures				
General Government				
Economic Development	858,157	1,396,593	1,146,152	847,044
General Government	9,203,360	8,047,883	7,659,534	9,846,263
Finance	4,631,737	4,787,032	5,122,963	5,654,340
Non-departmental	449,764	481,220	1,498,300	439,211
Public Safety				
Police	34,627,450	34,634,985	35,188,494	37,882,796
Fire	15,016,157	15,016,157	15,854,221	15,809,413
Public Ways And Facilities				
Development and engineering	169,417	200,316	265,249	307,216
Public works	6,979,485	6,997,610	7,083,249	8,446,788
Community Development				
Parks and community services	5,115,759	3,515,089	3,038,091	4,303,257
Capital outlay	--	4,165	--	--
Total Expenditures	**77,051,286**	**75,081,050**	**76,856,253**	**83,536,327**
Excess Revenues Over (Under) Expenditures	2,208,358	3,997,960	28,103,616	30,674,725
Other Financing Sources				
Transfers in	--	--	56,230	60,000
Transfers out [1]	(5,006,377)	(3,364,093)	(17,176,542)	(14,173,464)
Other Financing Sources Total	(5,006,377)	(3,364,093)	(17,120,312)	(14,113,646)
Net Change to Fund Balance	**$(2,798,019)**	**$633,867**	**$10,983,304**	**$16,561,261**
Fund Balance				
Beginning of year			23,046,950	34,030,254
End of year			$34,030,254	$50,591,515

(1) Transfers out primarily represent primarily capital, airport services, parks, and development services.
Sources: City of Tracy Annual Comprehensive Financial Report for Fiscal Year 2020-21; City of Tracy Adopted Budget for Fiscal Year 2021-22.

Budget Summary

The initial proposed budget for Fiscal Year 2021-22 expected a $5.4 million deficit. In response, the City implemented some budget correction measures, including a temporary hiring freeze of select vacant positions (approximately 15 full-time equivalent), limited purchases and services spending, delay replacement of vehicle and equipment funding, and use of the City's Economic/Budget Stabilization reserves. The City had also adopted mitigation measures to deal with the financial uncertainty caused by the COVID-19 pandemic. Shortly after adoption of the Fiscal Year 2021-22 budget, the City received the January-March 2021 sales tax disbursement from the State of California Department of Tax Franchise Administration, which resulted in a significant change in the City's estimated revenues. Thereafter, on July 20, 2021, the City Council of the City adopted an amendment to the Fiscal Year 2021-22 budget to reflect the increase in sales tax revenues. As a result, the City was able to restore the funding for vehicles and equipment and approximately half of the frozen positions. Additionally, the COVID-19-related mitigation measures have been rescinded.

Financial Policies Summary

The City Council has an adopted "**Fund Balance Policy**" that establishes the procedures for reporting fund balance in the City's financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the City against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. Beginning in Fiscal Year 2014-15, the City Council, through budget adoption, approved a minimum fund balance in the General Fund to be equal to 30% of operating revenues, of which 10% is for Economic/Budget Stability Reserves and 20% is for Contingency Reserves (Emergency or Catastrophic Loss reserves). These fund balances have been carved out and represented in the table on the following page. The policy also authorizes and directs the Finance Director to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This policy took effect for financial reports for Fiscal Year ending June 30, 2011.

The City Council has an adopted "**Investment Policy**" that establishes the procedures for investing public fund and reporting in the City's financial statements. See "– Investment Policies and Procedures" below.

The City Council has an adopted "**Disclosure Policies and Procedures**" and "**Debt Management Policy**" that establish the procedures for reviewing, reporting, and issuing debt financing in the City. The Securities and Exchange Commission (the "SEC") recommends that issuers of municipal bonds adopt policies and procedures to govern compliance with respect to their initial disclosure and continuing disclosure undertakings. The Debt Policy is intended to comply with Government Code Section 8855(i) effective on January 1, 2017, and shall govern all debt undertaken by the City.

In addition, the City has adopted several other policies and procedures to monitor and sustain the City's fiscal health.

- **Guiding Budget Principles**: Sets 12 overarching principles that guide the budget process.

- **Interfund Loan Policy**: Establishes the guidelines for borrowing short-term (Due To/From) and long-term (Advances To/From) within the City-managed funds.

- **Grant Management Policy**: Establishes the guidelines for applying, reporting, and use of federal, State, or local grants funds.

- **Equipment and Vehicle: Use, Purchase, and Replacement Policy**: Establishes the guidelines for the City's fleet and equipment assets.

- **Cost Recovery Policy**: Establishes a citywide policy to set City fees at the full value of the services provided.

- **Capital Improvement Projects Procedures**: Establishes the guidelines for establishing, prioritizing, and funding capital infrastructure repairs, replacement, and construction.

- **Purchasing Policy and Ordinances**: Establishes the purchasing authority for department heads, the City Manager, and City Council; as well as, the guidelines for requesting supplies or services from outside vendors.

- **Technology and Cyber-Security Policy**: Establishes the guidelines for monitoring and reducing the risk technology cyber threats to the City.

Fund Balance History

The table below sets forth a three-year history of fund balance allocations in the General Fund.

Table 2
General Fund
Three-Year General Fund Balance Allocations
(dollar amounts in thousands)

Fund Balance Allocations		2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 Projected Actuals
	Revenues	$80,058	$83,148	$104,960	$114,210
	Expenditures	(71,491)	(72,410)	(76,857)	(83,536)
	Net Transfers In/(Out)	(16,326)	(20,672)	(17,120)	(14,113)
	Net Change in Position	(7,759)	(9,934)	10,983	16,561
Unspendable	Loans Receivable	470	40	40	40
Restricted	Fire Med. Leave Bank[1]	--	--	975	975
	Medical Leave Bank[1]	--	--	1,373	1,373
Committed	Reserve Policy[2]	14,883	14,479	16,401	16,401
Assigned	Reserve Policy[2]	7,441	5,760	10,934	10,934
	Animal Control	22	22	22	22
	Prior Year Reappropriations	2,105	420	321	321
	Measure V Capital[3]	5,645	--	--	--
Uncommitted	Uncommitted	--	--	3,964	20,525
Total General Fund		**$30,566**	**$20,631**	**$34,030**	**$50,591**

(1) Restricted fund balances for Fire Medical Leave Bank and Medical Leave Bank added in Fiscal Year 2020-21 as part of GASB 84 implementation.
(2) In Fiscal Years 2018-19 and 2019-20, the City maintained a combined 30% reserve policy, divided as 20% for Committed for emergencies and 10% Assigned for economic/budget stability. Starting in Fiscal Year 2020-21, the combined reserve policy remained 30% while the Committed for emergencies amount decreased to 18% and the Assigned for economic/budget stability amount increased to 12%.
(3) The fund balance for Measure V, which is the City's 1/2 cent local sales tax measure, was included in the General Fund in Fiscal Year 2018-19 but in subsequent years is accounted for outside of the General Fund. The Measure V Capital fund is projected to have a balance of approximately $36 million on June 30, 2022.

Source: City of Tracy.

State Budget and Its Impact on the City

General. Information about the Fiscal Year 2021-22 adopted State budget and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or the Underwriter, and the City and the Underwriter take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information*

posted there, and such information is not incorporated in this Official Statement by these references.

Future State Budgets. The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address a State budget deficit. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget.

Public Health Emergency – COVID-19

General. The spread of the novel strains of coronavirus that causes the disease known as COVID-19 ("**COVID-19**") and local, state and federal actions in response to COVID-19, is having a significant impact on the economy and on the City's operations and finances. On February 11, 2020, the World Health Organization ("WHO") announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The COVID-19 pandemic has had an adverse effect on, among other things, the world economy, global supply chain, international travel and a number of travel-related industries. The temporary and permanent business closures caused by the COVID-19 pandemic have led to a stark increase in unemployment across the County and the nation. Depending on the length and the breadth of the impacts of the COVID-19 pandemic, the economic costs may be very significant for the City and the region's economy. On June 8, 2020, the National Bureau of Economic Research announced that the United States of America officially entered into a recession in February 2020. In addition, capital markets in the United States and globally have been volatile.

Starting in mid-March 2020, based on guidance and directives from the State and public health agencies, Shelter-in-Place ("**Shelter-in-Place**") emergency orders or directives were initially imposed, which directed individuals to stay home, except for limited travel for the conduct of essential services. Most retail establishments (including restaurants, bars and nightclubs, entertainment venues and gyms) were closed in response to the Shelter-in-Place orders or directives.

In December 2020, two vaccines were approved for emergency use in the United States and vaccinations began in California. A third vaccine was approved for emergency use in February 2021.

On June 15, 2021, California fully reopened its economy ending capacity limits, physical distancing and certain mask requirements for individuals who are fully vaccinated in accordance with guidance from the Centers for Disease Control and Prevention (the "**CDC**"). Masks are still required on public transportation, in hospitals and jails, in schools and in other child care centers pending updated guidance from the CDC. Public health measures currently remain for events with 5,000 or more people indoors or 10,000 attendees or more outdoors, with vaccine verification recommended. Certain public health measures, including but not limited to mask, testing and/or vaccination requirements, remain in certain business settings and for certain industries.

Financial Impact on City. On March 27, 2020, the $2.2 trillion Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted which provides, among other measures, $150 billion in financial assistance to states, tribal governments and local governments to provide emergency assistance to those most significantly impacted by the COVID-19 pandemic. Under the CARES Act, local governments are eligible for reimbursement of certain costs which are expended to address the impacts of the pandemic. The City received

approximately $1.1 million in Fiscal Year 2020-21 from the State from its share of funding under the CARES Act. Funds received by the City under the CARES Act are not available for payment of debt service on the Series Bonds and cannot be used to backfill City revenue losses related to the COVID-19 pandemic.

On March 11, 2021, the President of the United States signed the American Rescue Plan Act ("ARPA"), a $1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. The ARPA includes $350 billion in unrestricted economic relief to states, counties, and local governments. On May 10, 2021, the U.S. Treasury Department released interim guidance for use of the ARPA funds, and specifically authorized, among other things, the use of funds to help offset revenue shortfalls caused by the pandemic. As of the date of this Official Statement, the City estimates it will receive approximately $13.5 million in funding under the ARPA. To date, the City has received approximately $7.4 million of such funds and anticipates receiving a second installment in 2022. The City has not yet allocated such funding for specific purposes pending the release of final guidance from the United States government.

The COVID-19 pandemic is ongoing, and its dynamic nature leads to uncertainties. There are many variables that will continue to contribute to the economic impact of the COVID-19 pandemic and the recovery therefrom, including the length of time social distancing measures are in place, the effectiveness of State and Federal governments' relief programs and the timing for the containment and treatment of COVID-19. Certain of the information in this Official Statement is dated prior to the onset of the COVID-19 pandemic, which has had a significant adverse impact on the nation, State and local economy, including, but not limited to, a dramatic increase in unemployment levels. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the City and the region. The ultimate impact of COVID-19 on the City's operations and finances is not fully known, and it may be some time before the full impact of the COVID-19 pandemic is known. See "BOND OWNERS' RISKS – Public Health Emergencies."

Financial Statements

The accounting policies of the City conform to generally accepted accounting principles. The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

Accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. There are three groups of funds: governmental funds (which include the General Fund), proprietary funds (which include internal service funds) and fiduciary funds (which are used to account for resources held for the benefit of parties outside the City). Information is presented separately in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund and the other major funds. Data for the non-major funds are combined into a single aggregated presentation.

All governmental funds and fiduciary funds use the modified accrual basis of accounting. The proprietary funds use the accrual basis of accounting. The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in a separate fund.

In Fiscal Year 2014-15, the City implemented GASB Statements No. 68 and 71. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and pension plan expenses. GASB Statements No. 68 and No. 71 do not change the pension funding obligations of the City and have had no effect on the General Fund.

The City's most recent audited financial statements are included in the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021, which is attached as APPENDIX C to this Official Statement. The financial statements were prepared by the City and audited by The Pun Group, Walnut Creek, California (the "**Auditor**").

The Financial Statements should be read in their entirety. *The City has neither requested nor obtained permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City or General Fund. In addition, the Auditor has not reviewed this Official Statement.*

Set forth on the following pages are (i) a general fund balance sheet for Fiscal Years 2016-17 through 2020-21 and (ii) a statement of revenues, expenditures and changes in fund balances for the City's general fund for the same period.

Table 3
General Fund Balance Sheet

	Audited 2016-17	Audited 2017-18	Audited 2018-19	Audited 2019-20	Audited 2020-21
Assets:					
Cash and investments	$19,678,857	$17,957,628	$17,927,009	$5,668,536	$12,032,304
Receivables:					
Accounts receivable, net	7,742,385	7,502,054	8,415,783	9,174,498	18,638,260
Interest receivable	217,346	302,454	231,123	99,317	109,559
Prepaid items	5,847	--	--	--	--
Loans receivable	515,500	506,111	495,249	67,270	69,270
Due from other funds	10,209,715	13,510,793	8,193,988	8,427,230	2,869,971
Advances to other funds	4,616,954	1,042,000	--	--	--
Due from component unit				--	8,719,171
Total assets	$42,986,604	$40,821,040	$35,263,152	$23,436,851	$42,438,535
Liabilities:					
Accounts payable	1,865,986	2,214,888	1,840,494	1,726,320	2,908,630
Salary and employee benefits payable			520,144	795,912	5,201,160
Due to other funds	--	--	1,833,600	--	--
Deposits payable	119,421	182,066	401,907	176,035	189,139
Unearned revenue	209,090	75,927	76,194	80,082	80,082
Total liabilities	2,194,497	2,472,881	4,672,339	2,778,349	8,379,011
Deferred inflows of resources:					
Unavailable revenue	21,270	23,270	25,270	27,270	29,270
Total Liabilities and Deferred Inflows of Resources	$2,215,767	$2,496,151	$4,697,609	$2,805,619	$8,408,281
Fund Balance:					
Nonspendable:					
Prepaid items	5,847	--	--	--	--
Advances	4,616,954	1,042,000	--	--	--
Loans receivable	494,230	482,841	469,979	40,000	40,000
Restricted	--	--	--	--	2,348,064
Committed	11,716,000	14,960,997	14,882,561	14,479,022	16,401,047
Assigned	11,455,470	20,996,942	15,213,003	6,112,210	11,277,089
Unassigned [1]	12,482,336	842,109	--	--	3,964,054
Total fund balance	40,770,837	38,324,889	30,565,543	20,631,232	34,030,254
Total liabilities, deferred inflows of resources and fund balance	$42,986,604	$40,821,040	$35,263,152	$23,436,851	$42,438,535

(1) The City Council adopted a revised Fund Balance Policy in Fiscal Year 2015-16 that moved $25 million in Unassigned Reserves to Committed (20% Contingency Reserves) and Assigned (10% Economic/Stability Reserves); approximately. (See "–Fund Balance History" above for details). In Fiscal Year 2017-18, the City Council used Unassigned Fund balance to fund various one-time capital projects totaling over $10 million, as well as funding temporary service enhancements.

Source: City of Tracy Annual Comprehensive Financial Reports.

Table 4
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance

	Audited 2016-17	Audited 2017-18	Audited 2018-19	Audited 2019-20	Audited 2020-21
Revenues:					
Taxes [1]	$46,173,331	$55,155,390	$62,924,050	$64,241,200	$86,616,285
Licenses	2,980,580	3,694,142	3,588,115	3,907,932	4,554,069
Fines and penalties	198,177	220,087	209,256	180,186	779,652
Use of money and property [2]	639,648	672,721	1,299,415	1,065,302	253,920
Intergovernmental	1,433,843	1,583,991	1,475,809	1,630,147	861,444
Charges for services [3]	4,333,327	11,340,010	9,824,853	11,525,274	10,264,482
Special assessments	404,207	421,006	463,527	452,110	454,147
Contributions	139,175	143,350	147,221	145,859	155,698
Other revenues [4]	3,375,741	1,574,278	125,463	--	1,020,172
Total revenues	59,678,029	74,804,975	80,057,709	83,148,010	104,959,869
Expenditures:					
Current:					
General government					
Economic Development	625,750	763,391	618,371	647,524	1,146,152
General Development	6,149,909	6,538,415	7,171,344	7,023,314	7,659,534
Finance	4,449,060	4,091,660	5,052,345	4,890,254	5,122,963
Non-departmental	861,455	268,301	433,091	599,975	1,498,300
Public Safety					
Police	24,238,642	26,539,255	29,868,676	32,903,426	35,188,494
Fire	11,946,948	13,701,292	14,978,488	15,714,615	15,854,221
Public Safety					
Development and engineering	882,145	972,497	1,217,572	201,974	265,249
Public works	5,646,319	6,249,178	6,886,803	7,043,632	7,083,249
Culture and leisure					
Parks and community services	2,286,985	2,682,569	3,245,383	3,180,097	3,038,091
Capital outlay	453,978	660,507	2,018,668	205,540	--
Debt service:					
Principal	63,279	68,552	--	--	--
Interest and fiscal charges	--	--	--	--	--
Total expenditures	57,604,470	62,535,617	71,490,741	72,410,351	76,856,253
Excess of revenues over (under) expenditures	2,073,559	12,269,358	8,566,968	10,737,659	28,103,616
Other financing sources (uses):					
Proceeds from sale of capital assets	5,158	500	2,034	33,298	--
Contributions	--	--	--	3,930,000	--
Transfers in	1,250,000	1,250,000	1,250,000	26,876	56,230
Transfers out [5]	(3,976,247)	(12,618,396)	(17,578,348)	(24,662,144)	(17,176,542)
Total other financing sources (uses)	(2,721,089)	(11,367,896)	(16,326,314)	(20,671,970)	(17,120,312)
Net change in fund balance before special items		901,462	(7,759,346)	(9,934,311)	10,983,304
Special Item-SCFA Loan Write-off [6]	--	(3,347,410)	--	--	--
Net change in fund balance	(647,530)	(2,445,948)	(7,759,346)	(9,934,311)	10,983,304
Fund balance - July 1 [7]	41,418,367	40,770,837	38,324,889	30,565,543	23,046,950
Fund balance - June 30	$40,770,837	$38,324,889	$30,565,543	$20,631,232	$34,030,254

[Footnotes appear on following page.]

(1) Reflects two local ½ cent sales tax measures: Measure E had a sunset of March 2016 and Measure V began April 2017. The impacts of these revenues crossed over several historical years. The City experienced a one-time Sales Tax increase in Fiscal Year 2018-19 related to the State's timing of the 4th Quarter Fiscal Year 2017-18 distribution, which did not occur until Fiscal Year 2018-19. Additionally, a change in the method of tax reporting by a prominent sales tax producer in the City in early 2021 resulted in a shift in the tax allocation form a statewide allocation through the County sales tax pool to a local sales tax allocation based upon the businesses' point-of-sale or fulfillment of the sale, resulting in a significant increase in sales tax revenues.
(2) The City has experienced fluctuation in earnings from its investments.
(3) The City revised its overhead allocations in Fiscal Year 2017-18.
(4) Other Revenue represents various one-time funds that may arise in a given year.
(5) Transfers out primarily represent capital, airport services, parks, and development services.
(6) In February 2018, the City and the Tracy Rural Fire Protection District established the South San Joaquin County Fire Authority with an effective date of March 1, 2018 and an implementation date of July 1, 2018. With the implementation the new authority, the City and the Tracy Rural Fire Protection District entered into an agreement to resolve the outstanding financial obligations of the South County Fire Authority and dissolve the South County Fire Authority on June 30, 2018. As a result, the loan receivable from the District and the advance payable to the General Fund in the South County Fire Authority Special Revenue Fund were written off. The reduction of the loan balance that had resulted from the City advancing operational funds to the South County Fire Authority in the amount of $3,347,410 was then reported as a special item in the General Fund as of June 30, 2018.
(7) The General Fund balance at July 1, 2020 was restated to reflect implementation of GASB 84.

Source: City of Tracy Annual Comprehensive Financial Reports.

Major Revenues

General. Taxes and other sources of revenue received by the City are listed in the table below, which presents the major revenues of the City's General Fund for the last five audited Fiscal Years.

Combined, taxes comprise over 80% of the City's General Fund revenues. Property Tax and Sales Tax contribute more than two-thirds of the total income for the General Fund (and 90% of the total taxes). The next largest income is received through Charges for Services at 14% of the total General Fund revenue. All other revenues, including taxes from Business License, Transient Occupancy Tax, and Franchise Fees, comprise the remaining 15% of the total revenues. The City's revenues are expected to continue to increase annually for the next several years; with an annual increase estimated at 2-3%. Although the City cannot foresee all economic trends, the City annually completes a ten-year forecast based upon historical collections, market trends and consumer demands. The City's revenues are diversified among Property Tax, Sales Tax, and other revenues. Sales Tax is the most responsive to the volatility changes of the economy, while Property Tax tends to lag by 18-24 months. This allows the City to adjust more gradually to changes such as an economic downturn.

Certain general taxes currently imposed by the City are affected by Proposition 218. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIC and Article XIIID of the State Constitution."

Table 5
Major Tax Revenues by Source – General Fund

	Audited 2016-17	Audited 2017-18	Audited 2018-19	Audited 2019-20	Audited 2020-21	% of 2020-21 Total	Amended Budget 2021-22	% of 2021-22 Total
Property Tax[(1)]	$20,392,536	$20,736,206	$22,139,194	$23,511,605	$25,164,935	27.45%	$26,797,441	26.60%
Property Transfer	372,636	1,311,406	1,130,147	1,392,908	2,084,113	2.27	1,316,930	1.31
Business License	838,037	749,739	934,038	850,019	1,016,050	1.11	770,092	0.76
Sales Tax-Bradley Burns[(2)]	21,080,287	21,724,052	26,229,439	26,291,238	43,141,994	47.05	54,222,084	53.83
Sales Tax-Local Measure[(2)]	2,210,380	9,036,647	10,853,130	10,747,534	14,026,197	15.30	12,000,000	11.91
Franchise Tax	2,829,424	3,694,143	3,588,115	3,907,932	4,554,069	4.97	4,022,462	3.99
Transient Tax	1,507,518	1,597,341	1,638,102	1,447,897	1,702,313	1.86	1,600,000	1.59
Total	$49,230,818	$58,849,533	$66,512,165	$68,149,133	$91,689,672	100.00%	$100,729,009	100.00%

(1) Included in Property tax: Special Assessments $463,527 and Intergovernmental $120,112.
(2) Measure E had a sunset of March 2016 and Measure V began April 2017. A change in sales tax allocation also increased Tracy's sales tax revenues beginning in calendar year 2021. See "–Sales and Use Taxes" below.
Source: City of Tracy Annual Comprehensive Financial Reports, Statistical Table (does not include Gas Tax); Finance Department, City of Tracy.

Property Taxes

General. This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property tax payers in the City. See

the Statistical Section of the City's Fiscal Year 2020-21 audited financial statements, which are attached to this Official Statement as APPENDIX C, for a table of direct and overlapping governmental activities debt of the City.

Property taxes represent one of the largest source of tax revenues to the City at approximately 28% in Fiscal Year 2019-20 and 24% in Fiscal Year 2020-21 of total General Fund revenues. The City received approximately $25.7 million in property tax revenue for Fiscal Year 2020-21 (7% growth over prior year) and such revenues are projected to increase to approximately $27.0 million in Fiscal Year 2021-22 (5% growth over Fiscal Year 2020-21). The revenue growth is attributable to the 2% statutory inflationary increase on Assessed Valuation related to Proposition 13, as well as a steady increase in home sales and new home construction that is expected to continue for several years. See " – Assessed Valuation" below. The City uses the services of two consulting firms to assist in forecasting property tax revenues. In addition, these firms provide auditing services to ensure the County tax accurately reflect the City's allocations.

See " – Assessed Valuation" below.

Property taxes have historically been the primary revenue source affected by voter initiatives and legislative actions. The City has also adopted a growth management ordinance that limits annual building permits for residential construction. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" and "BOND OWNERS' RISKS – Limitations on Taxes and Fees."

ERAF Shift Legislation. Certain property taxes have been shifted from local government agencies to schools by the State Legislature for deposit in the Education Revenue Augmentation Fund ("**ERAF**"), a shift that has resulted in diversion of City property taxes since Fiscal Year 1992-93.

Levy and Collection. Property taxes are levied for each Fiscal Year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property

of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Assessed Valuation. All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Future assessed valuation growth allowed under Article XIIIA of the State Constitution (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuation History. The following table shows a ten-year history of the City's assessed valuation.

Table 6
Assessed Value of Taxable Property
Fiscal Years 2011-12 through 2020-21

Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Residential	$5,014,246,784	$4,941,891,425	$5,483,285,494	$6,338,819,597	$6,659,567,812	$7,068,856,191	$7,507,417,694	$8,039,865,942	$8,555,296,590	$9,143,911,871
Commercial	762,602,990	759,270,908	780,671,922	809,032,343	813,724,348	885,051,665	929,006,663	947,333,003	955,735,852	1,030,981,316
Industrial	707,411,399	710,743,366	643,307,116	731,830,268	729,448,654	985,768,269	1,096,123,367	1,174,162,150	1,317,064,070	1,497,816,029
Agricultural	12,121,912	12,310,276	15,845,815	50,838,834	64,987,156	16,157,722	16,512,544	14,680,140	13,112,309	9,954,085
Govt. Owned	51,637	52,669	53,723	1,213,712	1,096,359	55,884	57,001	58,141	383,006	390,665
Institutional	8,854,601	8,457,785	8,872,850	9,692,380	9,515,260	5,720,691	14,530,172	13,108,380	14,022,064	17,778,493
Miscellaneous	34,602,445	34,534,323	31,765,357	31,703,360	32,517,596	904,446	1,000,531	1,020,538	1,040,944	1,059,690
Recreational	14,887,781	14,215,180	16,461,155	16,557,457	16,769,125	12,877,684	13,135,180	13,397,875	13,655,823	13,907,241
Vacant	114,584,285	114,511,579	132,775,224	130,690,678	298,360,191	245,602,494	237,333,513	224,337,103	390,395,541	450,516,491
SBE Nonunitary	11,041,870	11,041,870	12,164,031	12,164,031	12,164,031	11,939,960	11,939,960	11,939,960	11,939,960	13,423,391
Cross Reference	5,062,316	5,128,442	5,285,640	5,447,560	6,166,763	6,326,367	6,436,773	6,538,593	6,625,995	7,908,510
Unsecured	283,655,648	285,483,775	283,642,728	362,915,054	385,687,795	514,650,372	577,931,679	537,094,969	558,315,419	608,053,111
Exempt	(9,157,458)	(9,614,948)	(10,494,903)	(11,108,238)	(13,653,324)	(14,691,821)	(14,741,007)	-	-	-
Unknown	-	-	65,332,242	-	-	-	-	692,500	336,600	305,883
TOTALS	$6,969,123,668	$6,897,641,598	$7,479,463,297	$8,500,905,274	$9,030,005,090	$9,753,911,745	$10,411,425,077	$10,984,229,294	$11,837,934,173	$12,796,006,766

Source: City of Tracy Annual Comprehensive Financial Reports.

Proposition 13 and Proposition 8 Property Value Adjustments. Proposition 13, adopted in 1978, established the base year value concept for property tax assessments. Under Proposition 13, the 1975-76 Fiscal Year serves as the original base year used in determining the assessment for real property. Thereafter, annual increases to the base year value are limited to the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is less. A new base year value, however, is generally established whenever a property, or portion thereof, has had a change in ownership or has been newly constructed.

Proposition 8, enacted in 1978, allows for a temporary reduction in assessed value when a property suffers a "decline-in-value." As of January 1st (lien date) each year, the Assessor must enroll either a property's Proposition 13 value (adjusted annually for inflation by no more than 2%) or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 value, the lower value is commonly referred to as a "Proposition 8 Value." "Proposition 8 values" are temporary and, once enrolled, must be reviewed annually by the assessor until the Proposition 13 adjusted base year value is enrolled.

Major Property Taxpayers. The following table shows the principal property taxpayers in the City as determined by their taxable assessed valuations in Fiscal Year 2020-21.

Table 7
Principal Property Tax Payers

	Fiscal Year 2020-21		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Prologis LP	$437,422,955	1	3.42%
Amazon Com Services Inc	162,933,210	2	1.31
Fedex Ground Package System In	136,915,550	3	1.08
IPT Tracy DC LP	132,891,830	4	0.85
West Valley Realty LLC	102,676,642	5	0.81
Leprino Foods Company Corp	88,926,962	6	0.75
Tracy 300 LP	76,014,490	7	0.57
Lennar Homes of California Inc	75,034,793	8	0.54
Medline Cordes Rach Eat LLC	65,707,561	9	0.54
PAC Corporate Center Tracy ET AL	60,417,885	10	0.50
Top Ten Total	$1,338,941,878		10.37%

Source: City of Tracy Annual Comprehensive Financial Report; The HdL Company.

Teeter Plan. The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the City, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies on secured property for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency.

Sales and Use Taxes

Sales taxes represent the largest source of tax revenue to the City at approximately 45% in Fiscal Year 2019-20 and 54% in Fiscal Year 2020-21 of total General Fund revenues. The City received approximately $57 million in Sales Tax revenue for Fiscal Year 2020-21 (54% growth over prior year) and such revenues are projected to increase to approximately $77 million in Fiscal Year 2021-22 (35% increase over Fiscal Year 2020-21). Part of the increase in Sales Tax revenue reflects increased sales volumes, including growth in online sales, and an increase in the number of sales tax producers in the City. The City also continues to be successful in attracting large distribution centers to its industrial parks which not only increase the City's base tax, but add to the City's half-cent local Sales Tax revenue Measure V, which is described further below.

Additionally, shortly after the adoption of the Fiscal Year 2021-22 budget, the City received the January-March 2021 Sales Tax (Bradley Burns State Sales Tax) disbursement from the State of California Department of Tax Franchise Administration, which significantly exceeded the City's prior estimates. The increase was due to a recent change in tax reporting by a prominent sales tax producer in the City. This reporting change shifted the tax allocation from a statewide allocation through the County sales tax pool, where the tax was distributed pro-rata throughout the State, to a local sales tax allocation based upon the businesses' point-of-sale or fulfillment of the sale. In Fiscal Year 2021-22, the City estimates that General Fund sales tax will be approximately $25 million above the originally adopted budget. With new e-commerce businesses expected to open in the City in Fiscal Year 2022-23, the City forecasts sales taxes to grow an additional approximately $12 million in Fiscal Year 2022-23, in addition to general economic growth of approximately 5%. However, the allocation of sales taxes have from time to time been the subject of legislative change and there can be no assurances that the current allocation of sales tax revenues (including but not limited to the allocation of sales tax revenues from online sales) among the relevant tax-recipient agencies will continue in the future.

The City has two revenue streams for Sales Tax; Bradley Burns, the State's Sales Tax and Measure V, the City's local Sales Tax. The City receives a portion of the statewide Sales Tax, 1 cent per dollar transaction. In addition, the Tracy residents approved an additional ½ cent Sales Tax for goods bought or delivered to Tracy. From 2011 through 2016, the City's local measure was known as Measure E. After it expired, the City placed a new measure on the November 2016 ballot with a 20-year term. Approved by the voters, Measure V went into effect in April 2017 and will sunset in March 2037. The local Sales Tax revenue generates sufficient revenues to allow the City to fund a new aquatic center, multi-generational gymnasium, and additional improvements to Legacy Fields Sports Complex. These facilities are expected to have a regional draw, further improving sales tax revenues within the City.

This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State of California.

Sales Tax Rates. The City collects a percentage of taxable sales in the City (minus certain administrative costs imposed by the State) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the "**Sales Tax Law**"), as shown below.

Local taxes are included in the statewide sales and use tax rate of 7.25%. Additional local taxes approved by voters (also referred to as district taxes or "transaction taxes") are applied to purchases where the goods are delivered or placed into use in the City.

Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

Table 8
Sales Tax Rates
Fiscal Year 2021-22

Component	Rate
State and County Sales Tax Rates	
State General Fund	3.94%
County Realignment (Mental Health/Welfare/Public Safety)	1.56
City/County General Fund (Bradley-Burns)	1.00
County Public Safety (Prop 172)	0.50
Countywide Transportation Fund	0.25
Total	7.25%
District (Local) Sales Tax Rates	
Tracy Transactions & Use Tax (Measure V)	0.50%
San Joaquin Transportation Authority (K) (SJTA)	0.50
Total	1.00%
Total Sales Tax Rate	8.25%

Source: City of Tracy, based on information provided by Hdl.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State of California. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State of California where the use will occur within the State of California. The Sales Tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's Publication No. 61 entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the California Department of Tax and Fee Administration (CDTFA) website at www.cdtfa.ca.gov. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.*

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the California Department of Tax and Fee Administration ("**CDTFA**") Retailers engaged in business in California must register with the CDTFA and pay the state's sales tax, which applies to all retail sales of goods and merchandise except those sales specifically exempted by law. The use tax generally applies to the storage, use, or other consumption in California of goods purchased from retailers in transactions not subject to the sales tax. Use tax may also apply to purchases shipped to a California consumer from another state, including purchases made by mail order, telephone, or Internet. The sales and use tax rate in a specific California location has three parts: the state tax rate, the local tax rate, and any district tax rate that may be in effect. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, CDTFA projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon CDTFA's quarterly projection. During the last month of each quarter, CDTFA adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

According to CDTFA, it distributes quarterly tax revenues to cities, counties and special districts using the following method:

Using the prior year's like quarterly tax allocation as a starting point, CDTFA first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. CDTFA disburses 90% to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 27% of the 90% distribution, while the third advance represents 46%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up)

is distributed with the third payment. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

CDTFA receives an administrative fee based on the cost of services provided by CDTFA to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City. In addition, the City receives auditing and forecasting services from HdL to ensure that the City receives the proper allocation of sales tax revenue.

Location Agreements.

In December 2015, the City entered into a Location Agreement with a manufacturer and distributor of healthcare products and services (the "**2015 Company**") to make payments to the 2015 Company in return for the 2015 Company establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the 2015 Company 50% of the quarterly local sales tax revenues attributable to the 2015 Company's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning January 1, 2017 and ending on December 31, 2036, unless otherwise extended in accordance with the agreement. The City paid $3,757,405 to the 2015 Company during the year ended June 30, 2021.

In December 2017, the City entered into a Location Agreement with a manufacturer and distributor of healthcare products and services (the "**2017 Company**") to make payments to the 2017 Company in return for the 2017 Company establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the 2017 Company 50% of the quarterly local sales tax revenues attributable to the 2017 Company's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning January 1, 2017 and ending on December 31, 2036, unless otherwise extended in accordance with the agreement. The City paid $2,115,565 to the 2017 Company during the year ended June 30, 2021.

In December 2019, the City entered into a Location Agreement with a manufacturer and distributor of general merchandise (the "**2019 Company**") to make payments to the 2019 Company in return for the 2019 Company establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the 2019 Company 50% of the quarterly local sales tax revenues attributable to the 2019 Company's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning January 1, 2020 and ending on December 31, 2040, unless otherwise extended in accordance with the agreement. Taxable sales under the Location Agreement with the 2019 Company have not commenced as of February 1, 2022; consequently, the City has paid $0 to the 2019 Company as of such date.

Historical Composition of Sales Tax Revenue. A historical summary of sales tax composition by category is shown in the following table. The data presented show the full value of the City's 1.0% share of sales taxes under the Sales Tax Law, and do not reflect the State's "triple-flip" adjustments, administrative fees, or the 5% of the City's revenue allocable to San Joaquin County. The table below is provided by the City's sales tax auditors (HdL) and reflects allocation on a calendar year basis.

Table 9
Taxable Sales by Category
(calendar year basis)
($000s)

Category	2016	2017	2018	2019	2020
Apparel stores	$42,756	$44,760	$48,498	$45,863	$29,843
General merchandise stores	203,460	210,820	212,792	215,649	211,080
Food and beverage stores	39,953	39,602	41,342	44,890	52,921
Eating and drinking places	155,560	162,261	169,434	176,257	156,555
Building maintenance and garden supplies	140,715	159,799	180,713	190,441	202,652
Auto dealers and auto suppliers	343,861	379,058	369,499	349,716	367,471
Service stations	144,048	159,778	183,856	178,037	131,426
Other retail stores	160,573	155,252	163,611	156,467	150,368
All other outlets	601,684	1,091,917	1,344,089	1,807,673	2,063,972
Total	**$1,832,610**	**$2,403,247**	**$2,713,834**	**$3,164,993**	**$3,366,288**

Source: City of Tracy, based on information provided by Hdl.

Other Taxes and Revenues

Business License Taxes. Business taxes are paid by individuals and entities for the privilege of conducting business in the City and to help play for public services that contribute to a favorable business environment. The tax rate depends upon the type and size of the business. Some businesses pay a flat rate. Business tax receipts tend to fluctuate with economic cycles, though to a lesser degree than sales taxes.

Each person transacting and carrying on a business not specifically classified by other sections of the City municipal code is required to pay an annual business tax of $100, which covers one owner, plus $20 for each additional employee or owner. Each business tax will be determined annually based upon the average number of employees of the business in the City's preceding year.

Exemptions are provided for the following:

- Nonprofit organizations.
- Disabled veterans.
- Disabled persons.
- Minimal income persons. Any person whose annual gross income from any such business is less than $2,000.
- Minors.
- Solicitors in interstate commerce.

The City received approximately $851,000 in Business License tax revenue for Fiscal Year 2019-20 and approximately $1,016,000 for Fiscal Year 2020-21.

Franchise Taxes. State law provides cities with the authority to grant franchises to privately-owned utility and other companies for their use of the public right-of-way. The City receives franchise fees from the electric and gas utility, the solid waste collection company, and local cable companies. The dominant franchise fees are calculated as a percentage of the

respective franchisee's gross revenues (subject to specified statutory adjustments) earned from services delivered or performed by the franchisee within the City.

Gas and electricity franchise: PG&E franchise fee revenues change because of changes to the cost of natural gas and other resources used to generate electricity, consumer power demands (which are affected by the economy), interstate energy contract pricing, and State and federal regulatory changes. Decreased demand (a factor of weather and price) or significant interstate cost decreases are factors that might negatively affect this revenue. Gas and electric franchise fee revenues were $756,329 in Fiscal Year 2019-20 and $828,830 in Fiscal Year 2020-21.

Cable franchise: AB 2987 was signed into California law and became effective January 1, 2007. This legislation transferred the franchising functions to the State and set a fixed franchise fee of 5%. Cable franchise fee revenues were $812,154 in Fiscal Year 2019-20 and $827,272 in Fiscal Year 2020-21.

Solid waste collection franchise: Solid waste collection franchise fee revenues were $2,295,852 in Fiscal Year 2019-20 and $2,430,932 in Fiscal Year 2020-21.

Transient Occupancy Taxes (TOT). The City's transient occupancy tax rate of 10% is charged on hotel and motel room occupancies of 30 days or less. It is paid by hotel and motel customers in addition to the room rate. Fiscal Year 2020-21 transient occupancy tax revenues were $1.7 million, an increase of 18% from the prior Fiscal Year level.

Long-Term Obligations

General Fund and Enterprise Obligations. Following is a summary schedule of the City's outstanding debt, including both general fund obligations and enterprise (business-type) obligation.

	Balance June 30, 2021
Governmental Activities	
Lease Revenue Bonds, Series 2020	$ 17,635,000
Total Governmental Activities	17,635,000
Business-Type Activities	
2004 Wastewater Certificates of Participation	$ 21,175,000
State of California Public Health Loan	7,554,235
Total Business-Type Activities	28,719,235
Successor Agency	
Tax Allocation Refunding Bonds, Series 2016	$ 27,650,000
Total Successor Agency	27,650,000
Total	**$ 74,004,235**

Source: City of Tracy Fiscal Year 2020-21 Annual Comprehensive Financial Report.

The City also anticipates that it may within the next year incur additional lease revenue bonds of approximately $30 million in principal amount to finance a portion of a planned recreation center. However, there can no assurance as to the timing, the principal amount, or the interest rates that the City may obtain and the City may elect not to issue any such bonded indebtedness.

Special Tax and Assessment Obligations. The City has financed certain infrastructure improvements through the issuance of long-term debt secured by special taxes and assessments. The City has no direct or contingent liability or moral obligation for the payment of this debt from the general fund. The combined outstanding balance of this debt as of June 30, 2021, was $134,760,000.

Direct and Overlapping Bonded Debt

Set forth following is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. and effective _____, 2022. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the City; (2) the second column shows the percentage of the assessed valuation of the

overlapping public agency identified in column 1 which is represented by property located within the City; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the City, as determined by multiplying the total outstanding debt of each agency by the percentage of the City's assessed valuation represented in column 2.

[Table to come]

Employee Relations

There are approximately 548 full and part-time employees of the City, represented by formal labor organizations or not represented, as shown in the table below.

Labor Group	Number of Employees	Contract Expiration Date
Elected	6	N/A
Appointed	2	N/A
Department Heads	11	June 30, 2023
Confidential Mid-Managers	24	June 30, 2023
Mid-Managers Bargaining Unit	66	June 30, 2023
Tracy Technical & Support Services Employees Assn	76	June 30, 2023
Teamsters	185	June 30, 2023
Tracy Police Officers Assn	90	June 30, 2023
Tracy Police Managers Assn	9	June 30, 2023
Tracy Fire Fighters Assn	76	June 30, 2023
South County Fire Chiefs Assn	3	June 30, 2023
Total	548	

Risk Management

The City is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The city maintains the Insurance Internal Service Fund to account for and finance its risks of loss.

Coverage. The City participates in the Central San Joaquin Valley Risk Management Authority ("**CSJVRMA**"), a public entity risk pool currently operating as a common risk management and insurance program for 54 cities. The purpose of CSJVRMA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expense. The CSJVRMA is governed by a Board of Directors elected by the member agencies; it is not a component unit of the City. Audited financial statements are available from the Central San Joaquin Risk Management Authority at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

The City participates in the following pooled coverages through CSJVRMA:

Type of Coverage (Deductible)	Coverage Limits
Liability ($100,000)	$54,000,000
Property ($5,000 to $10,000)	1,000,000,000
Worker's Compensation ($200,000)	Statutory Limits
Boiler and Machinery ($1,000 to $10,000)	100,000,000
Automobile ($500 for vehicles valued above $25,000)	1,000,000,000

The CSJVRMA maintains separate records for each member for each year of participation. The records track cash paid to the CSJVRMA through deposit premium and assessments, the City's self-insured retention portion of claims paid, and the City's allocation of shared risks. Five years after the close of the workers' compensation coverage year and five years after the close of the general liability coverage year, the CSJVRMA assesses the status of all members for the year, then either makes a refund to a member if it has positive balance (i.e. payout and reserve experience is less than premiums paid) or collects any deficit.

During the Fiscal Year ended June 30, 2021, the City contributed $5,191,306 for current year coverage. Settled claims have not exceeded insurance coverage in any of the past three Fiscal Years.

Liability for Uninsured Claims. The City provides for the uninsured portion of claims and judgments, including provisions for claims incurred but not reported, in the Insurance Internal Service Fund. Claims and judgments are recorded when a loss is deemed probable of asserting and the amount of the loss is reasonably determinable. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims. The City has estimated that claims will become due and payable in more than one year.

See Note 11 in the City's Fiscal Year 2020-21 audited financial statements, which are attached to this Official Statement as APPENDIX C, for additional information about the City's risk management practices.

Employee Retirement System

*This caption contains certain information relating to California Public Employees' Retirement System ("**CalPERS**"). The information is primarily derived from the City's Annual Comprehensive Financial Report and information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.*

The Annual Comprehensive financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the Authority, City or Purchaser can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Plan Descriptions. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Classic CalPERS members become eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. Benefits are based on years of credited service, equal to one year of full time employment. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit

is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments ("**COLA**") for each plan are applied as specified by the Public Employees' Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

A summary of the City's benefit formulas as of June 30, 2021, is provided below:

Miscellaneous

	Classic Tier I	Classic Tier II	PEPRA
Hire date	Prior to October 9, 2011	After October 9, 2011	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 55	2.0%@62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 63	52-67
Monthly benefits, as of % of eligible compensation	2.0% - 2.5%	1.426% - 2.418%	1.0%-2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	9.838%	9.838%	9.838%

Required UAL contribution-Miscellaneous $3,442,778

Safety-Police

	Classic Tier I	Classic Tier II	PEPRA
Hire date	Prior to April 8, 2012	After April 8, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as of % of eligible compensation	3.0%	2.4%-3.0%	2.0%-2.7%
Required employee contribution rates	9%	9%	13%
Required employer contribution rates	21.845%	21.8458%	21.845%

Required UAL contribution-Police and Fire $3,259,512

Safety-Fire

	Classic Tier I	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @55	2.7% @57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	50-57
Monthly benefits, as of % of eligible compensation	2.4%-3.0%	2.0%-2.7%
Required employee contribution rates	9%	13%
Required employer contribution rates	21.845%	21.845%
Required UAL contribution-Police and Fire	Included in Safety-Police total in the prior table	

Beginning in Fiscal Year 2018, CalPERS collects employer contributions for the Plans as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded accrued liability ("**UAL**"). The dollar amounts are billed on an annual basis. The City's required contributions for the unfunded liability for Miscellaneous and Safety Plans were $3,442,778 and $3,259,512, respectively, in Fiscal Year 2020-21, as shown in the tables above.

Employees Covered. At the June 30, 2020 measurement date, the following employees were covered by the benefit terms for each plan:

	Miscellaneous	Safety
Active employees	331	165
Transferred and terminated employees	277	58
Retired employees and beneficiaries	338	169
Total	946	392

Required Contributions. The City is required to contribute at an actuarially determined rate of annual covered payroll for normal cost and an actuarially determined dollar amount to amortize the unfunded liability. The actuarially determined rates and contribution amounts for each plan for the Fiscal Years ended June 30, 2021, through June 30, 2023, are as follows:

	Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23	
	Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employer Normal Cost Rate	Employer Payment of Unfunded Liability
Safety Plan	21.845%	$3,259,512	21.89%	$4,122,136	21.73%	$4,756,422
Miscellaneous Plan	9.838%	$3,442,778	9.56%	$4,226,040	9.10%	$4,577,079

Source: CalPERS Actuarial Reports dated, July 2019, July 2020, and July 2021.

On July 12, 2021, CalPERS announced preliminary investment returns for the 12-month period ended June 30, 2021, of 21.3%. Such returns are higher than CalPERS' current assumed rate of investment return (6.8%). See "–Recent Actions Taken by CalPERS" below.

The City's total contributions to each plan in Fiscal Years 2018-19, 2019-20, and 2020-21 were as follows:

Miscellaneous Plan

Fiscal Year	Total City Contribution
2018-19	$4,749,293
2019-20	5,566,882
2020-21	6,067,472

Safety Plan

Fiscal Year	Total City Contribution
2018-19	$5,643,974
2019-20	6,437,044
2020-21	7,379,603

Projected Contributions. The table below shows the City's required and projected contributions (before cost sharing) for the next six Fiscal Years, as projected by CalPERS. Projected results reflect the adopted changes to the CalPERS discount rate. The projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in these projections do not reflect that the normal cost will decline over time as new employees are hired into PEPRA or other lower cost benefit tiers.

Miscellaneous Plan

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Normal Cost %	9.10%	98.9%	8.7%	8.6%	8.4%	8.2%
UAL Payment	$4,577,079	$4,915,000	$5,083,000	$4,930,000	$4,800,000	$4,912,000

Source: CalPERS Actuarial Report dated July 2021.

Safety Plan

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Normal Cost %	21.73%	21.4%	21.0%	20.5%	20.0%	19.6%
UAL Payment	$4,756,422	$5,168,000	$5,586,000	$5,833,000	$5,817,000	$5,952,000

Source: CalPERS Actuarial Report dated July 2021.

Funded Status. The following table sets forth the schedule of funding progress for the City's Miscellaneous and Safety pension plans as of the three most recent actuarial valuation dates.

Miscellaneous Plan

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio (1)	Annual Covered Payroll
2018	$159,190,541	$116,812,860	$42,377,681	73.4%	$23,490,377
2019	171,530,366	124,601,929	46,928,437	72.6	26,700,001
2020	180,163,889	130,921,832	49,242,057	72.7	27,214,046

(1) Based on the market value of assets.
Source: CalPERS Actuarial Report Dated July 2021.

Safety

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio (1)	Annual Covered Payroll
2018	$188,517,760	$139,620,656	$48,897,104	74.1%	$17,089,085
2019	203,126,661	149,228,175	53,898,486	73.5	18,949,564
2020	216,226,719	157,292,202	58,934,517	72.7	20,190,098

(1) Based on the market value of assets.
Source: CalPERS Actuarial Report Dated July 2021.

In March 2022, in response to increases in projected General Fund revenues, the City Council of the City approved a plan to pre-fund a portion of the unfunded liability of the City's pension plans, in the amount of $2 million per fiscal year for five fiscal years.

Potential Impacts on Future Required Contributions. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Change in Assumptions/Discount Rate. On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from the then-current rate of 7.50% to 7.00% over a three-year period. The change was reflected in the June 30, 2016 actuarial report, which lowered the discount rate from 7.50% to 7.375%; in the June 30, 2017 actuarial report, which lowered the discount rate from 7.375% to 7.25%; and in the June 30, 2018 actuarial report, which lowered the discount rate from 7.25% to 7.00%. CalPERS further reduced the discount rate to 6.8% in September 2021.

Investment Performance. CalPERS earnings reports for Fiscal Years 2010 through 2020 report investment gains of approximately 13.3%, 21.7%, 0.1%, 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7% and 4.7%, respectively. The CalPERS Fiscal Year 2019-20 investment gain of 4.7% is not included as an amortization base in the most recent CalPERS valuation report and is not reflected in the numbers included herein. Future earnings performance may increase or

decrease future contribution rates for plan participants, including the City. CalPERS has preliminarily reported a 21.3% investment return for Fiscal Year 2020-21.

The CalPERS website contains the most recent actuarial valuation reports for the City's Miscellaneous Plan and Safety Plan and other information that concerns benefits and other matters. The Comprehensive Annual financial reports of CalPERS are also available on CalPERS' Internet website at www.calpers.ca.gov. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. Neither the Authority, the City, nor the Underwriter guarantee the accuracy of such information.

Other Post-Employment Benefits ("OPEB")

This caption contains certain information relating to the City's OPEB plan, and is primarily derived from the City's Annual Comprehensive Financial Report.

Plan Description. The City administers a single employer defined benefit (implicit subsidy) healthcare plan. No assets have been accumulated in a trust for the payment of benefits that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

The City offers medical, dental, vision and life insurance benefits to its employees, retirees, and their dependents. However, the City does not explicitly pay for the cost of retiree health premiums. The medical plans consist of a Kaiser HMO, a Kaiser POS, and a Kaiser PPO, all fully insured. Medical premiums for retirees under age 65 are the same as those charged for active employees.

Employees who retire with at least ten years of service may elect to convert all accrued sick leave at the time of retirement to a medical insurance bank that can be used for medical, dental and vision premiums. Miscellaneous employees except members of the Teamsters Bargaining Unit can bank their unused sick leave upon retirement. Members of the Teamsters can also bank their unused sick leave only if they have at least 10 years of employment with the City. Safety employees: Police employees can bank their unused sick leave if they have at least 10 years of employment. Fire employees have a choice to bank their unused sick leave. Fire employees also need at least 10 years of employment to receive this benefit. The value of the medical insurance bank is determined by multiplying the number of accrued sick leave hours by the employees' hourly rate of pay at the time of retirement.

The retired employee and his/her dependents are entitled to continued group health insurance coverage currently in effect with premiums for such coverage being deducted from the medical leave bank until that bank is exhausted.

The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. For the Fiscal Year ending June 30, 2021, those costs for 86 retirees totaled $602,580 and the total liability amount in the medical leave bank is $3,926,836.

After the account is exhausted, the retiree has the option either to terminate coverage or elect to continue paying the medical (but not dental or vision) premiums from personal funds. Spouses and eligible dependent children of retirees may also be covered at the retiree's expense. While the City does not directly contribute towards the cost of premiums for retirees, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the

retirees, called an “implicit subsidy” under generally accepted accounting principles. The inclusion of the retirees increases the City’s overall health insurance rates; it is, in part, the purpose of this valuation to determine the amount of the subsidy.

The ability to participate in the City’s health plan by self-paying the premiums extends for the lifetime of the retiree; however, upon attaining the age of Medicare eligibility (65), the retiree may enter a plan coordinated with Medicare. Standard actuarial practice assumes that Medicare supplement plans do not generally give rise to an implicit subsidy, and while we have included Medicare eligible retirees in this valuation, both their liability and their annual implicit subsidy are both $0. The Plan does not issue a separate financial report.

Membership of the Plan consisted of the following as of June 30, 2020, the date of the latest actuarial valuation:

Active employees	320
Transferred and terminated employees	--
Retired employees and beneficiaries	18
Total	338

Funding Policy. The contribution requirement of plan members and the City are established and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. Additionally, in March 2022, in response to increases in projected General Fund revenues, the City Council of the City approved a plan to pre-fund a portion of the City’s OPEB liability, in the amount of $2 million per fiscal year for five fiscal years.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation date	June 30, 2020
Measurement date	June 30, 2020
Actuarial cost method	Entry Age Normal Cost Method
Actuarial assumptions	
Discount rate	2.66%
Inflation	2.50%
Projected salary increase	3.00%
Healthcare trend	5.70% initially reduced by decrements to an ultimate of 4.0% in 2076
Mortality	CalPERS 2017 Experience Study

Changes in OPEB Liability of the City. The changes in OPEB liability of the City as of June 30, 2020, is shown in the following table:

CHANGES IN TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at June 30, 2019	$6,666,572
Service Cost	443,619
Interest on the total OPEB liability	195,454
Difference between expected and actual experience	(356,446)
Changes of Assumptions	(388,970)
Benefit payments	(209,370)
Net changes	(315,713)
Balance at June 30, 2020 (Measurement Date)	$6,350,859

Source: City of Tracy Fiscal Year 2020-21 Annual Comprehensive Financial Report.

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for period ended June 30, 2021:

	Discount Rate (1%) 1.66%	Current Discount Rate 2.66%	Discount Rate + 1% 3.66%
Net OPEB Liability	$6,933,014	$6,350,859	$5,818,126

Source: City of Tracy Fiscal Year 2020-21 Annual Comprehensive Financial Report.

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. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future.

See Note 13 in the City's Fiscal Year 2020-21 audited financial statements, which are attached to this Official Statement as APPENDIX C, for additional information about the City's OPEB plan.

Investment Policies and Procedures

The City invests its funds in accordance with the City's Investment Policy (the "**Investment Policy**"), which is subject to annual review and approval by the City Council. The purpose of the Investment Policy is to identify various policies and procedures that will foster a prudent and systematic investment program designed to seek the City objectives of safety, liquidity and return on investment through a diversified investment portfolio. The Investment Policy also serves to organize and formalize the City's investment-related activities, while complying with all applicable statutes governing the investment of public funds. The Investment Policy is written to incorporate industry best practices and recommendations from sources such as the Government Finance Officers Association (GFOA), California Municipal Treasurers Association (CMTA), California Debt and Investment Advisory Commission (CDIAC) and the Association of Public Treasurers (APT).

The City's overall investment program is designed and managed with a degree of professionalism worthy of the public trust. The overriding objectives of the program are to preserve principal, provide sufficient liquidity, and manage investment risks, while seeking a market-rate of return.

The City's investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Government Code, the City seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between the Investment Policy and the Government Code, the more restrictive parameters will take precedence.

Monthly transaction reports are submitted by the City Treasurer to the City Council within 30 days of the end of the reporting period in accordance with California Government Code Section 53607. In addition, the City Treasurer submits a quarterly investment report to the City Council which provides full disclosure of the City's investment activities within 30 days after the end of the quarter.

As of December 31, 2021, the City has invested funds as set forth in the table below.

Table 10
Investment Portfolio as of December 31, 2021

	Market Value	Percentage of Portfolio
Investments in City Pool:		
Wells Fargo, Sweep	$60,762,287	13.26%
Wells Fargo, Checking	4,358	0.00
Chandler Asset Management	143,711,118	31.37
J.P. Morgan Securities	71,374,589	15.58
Invesco	56,900,686	12.42
State of California Local Agency Investment Funds (LAIF)	68,586,361	14.97
CAMP	4,038,103	0.88
Total City Pool Investments	**405,377,502**	**88.49**
Investments Held by Trustees:		
Money Market Funds	52,733,981	11.51
Total Investments	**$458,111,483**	**100.00%**

Source: City of Tracy.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIIIA of the State Constitution

On June 6, 1978, California voters approved Proposition 13, which added Article XIIIA to the State Constitution. Article XIIIA, as amended, limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service (i) on indebtedness approved by the voters prior to July 1, 1978, (ii) on bonded indebtedness approved by a two-thirds vote on or after July 1, 1978, for the acquisition or improvement of real property or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the State Constitution

In addition to the limits Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIIIB which effectively limits the amount of such revenues those entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds. Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years.

If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

The City has never exceeded its appropriations limit.

Articles XIIIC and XIIID of the State Constitution

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIIIC and XIIID to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article

XIIIC define "taxes" that are subject to voter approval as "any levy, charge, or exaction of any kind imposed by a local government," with certain exceptions.

Taxes. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City ("general taxes") require a majority vote; taxes for specific purposes ("special taxes"), even if deposited in the City's General Fund, require a two-thirds vote.

Property-Related Fees and Charges. Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs.

Reduction or Repeal of Taxes, Assessments, Fees and Charges. Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. If such repeal or reduction occurs, the City's ability to pay debt service on the 2022 Bonds could be adversely affected.

Burden of Proof. Article XIIIC provides that local government "bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity." Similarly, Article XIIID provides that in "any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance" with Article XIIID.

Judicial Interpretation of Proposition 218. The interpretation and application of Articles XIIIC and XIIID will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

Impact on City's General Fund. The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

The approval requirements of Articles XIIIC and XIIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local

governmental entities except as permitted by Article XIIIA, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Fresno County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The City has not experienced any substantive adverse financial impact as a result of the passage of this initiative.

Proposition 1A; Proposition 22

Proposition 1A. Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibited the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any Fiscal Year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county had to be approved by two-thirds of both houses of the Legislature.

Proposition 22. Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Possible Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID and Propositions 62, 111, 218 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the 2022 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2022 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors in the 2022 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2022 Bonds. There can be no assurance that other considerations will not materialize in the future.

No Pledge of Taxes

General. The obligation of the City to pay the Lease Payments and Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments and Additional Rental Payments does not constitute a debt or indebtedness of the Authority, the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The City is currently liable on other obligations payable from general revenues, which are described above under "CITY FINANCIAL INFORMATION – Long-Term General Fund Obligations."

Limitations on Taxes and Fees

Limitations on Taxes and Fees. Certain taxes, assessments, fees and charges presently imposed by the City could be subject to the voter approval requirements of Article XIIIC and Article XIIID of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The City has assessed the potential impact on its financial condition of the provisions of Article XIIIC and Article XIIID of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the City believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIIIC and Article XIIID of the State Constitution are eliminated or substantially reduced, the financial condition of the City, including its General Fund, could be materially adversely affected.

Although the City does not currently anticipate that the provisions of Article XIIIC and Article XIIID of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIIIC and Article XIIID of the State Constitution on the City's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Additional Obligations

Under the Indenture, the Authority may issue Additional Bonds payable on a parity with the 2022 Bonds, provided that the conditions set forth in the Indenture are met. See "SECURITY FOR THE 2022 BONDS – Additional Bonds."

The City has existing obligations payable from its General Fund. See "CITY FINANCIAL INFORMATION – Long-Term General Fund Obligations." The City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the 2022 Bonds. To the extent that additional obligations are incurred by the City, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease Agreement (including payment of costs of repair and maintenance of the Leased Property, taxes and other governmental charges levied against the Leased Property) are payable from funds lawfully available to the City. If the amounts that the City is obligated to pay in a fiscal year exceed the City's revenues for such year, the City may choose to make some payments rather than making other payments, including Lease Payments and Additional Rental Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare.

Default

Whenever any event of default referred to in the Lease Agreement happens and continues, the Authority is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for a detailed description of available remedies in the case of a default under the Lease Agreement.

If a default occurs, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the 2022 Bonds or pay debt service on the 2022 Bonds.

The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

Under certain circumstances related to damage, destruction, condemnation, or title defects which cause a substantial interference with the use and possession of the Leased Property, the City's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest on the 2022 Bonds as and when due. See "SECURITY FOR THE 2022 BONDS – Abatement" and "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

There will be no abatement of Lease Payments under the Lease Agreement to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments that would otherwise be abated. See "SECURITY FOR THE 2022 BONDS – Abatement." However, there is no assurance that the Authority will receive proceeds of hazard

insurance or rental interruption insurance in time to make debt service payments on the 2022 Bonds when due.

Although the City is required under the Lease Agreement to maintain property and liability insurance with respect to the Leased Property, the required insurance coverage is subject to certain conditions and restrictions. See "SECURITY FOR THE 2022 BONDS – Property Insurance."

No Debt Service Reserve Fund

The Authority will not fund a debt service reserve fund for the 2022 Bonds. If Revenues are insufficient for the Authority to pay debt service on the 2022 Bonds when due, no debt service reserve will be available under the Indenture for the Authority to make such payments.

Property Taxes

Levy and Collection. The City does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the City's property tax revenues, and accordingly, could have an adverse impact on the ability of the City to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the City's ability to pay principal of and interest on the 2022 Bonds when due.

Reduction in Inflationary Rate. Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation a limited number of times.

The City is unable to predict if any adjustments to the full cash value base of real property within the City, whether an increase or a reduction, will be realized in the future.

Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

Proposition 8 Appeals. Most of the appeals that might be filed in the City would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present

market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the City's property tax revenues.

Natural Calamities

From time to time, the City could be subject to natural calamities that may adversely affect economic activity in the City, which could have a negative impact on the City's finances. Additionally, a natural calamity adversely affecting the Leased Property could have a negative impact of the City's use of such property, which could result in abatement of Lease Payments. See "– Abatement" above.

Seismic. Major earthquake fault zones in the vicinity of the City include the Greenville fault zone to the west and the San Joaquin fault to the south, among others. The City cannot predict how much damage may occur within the City to the Leased Property, specifically, and how much reduction in assessed valuation in the City may result from an earthquake.

Under the Lease Agreement, the City is not required to obtain earthquake insurance on the Leased Property.

Flood. According to Federal Emergency Management Agency maps, the majority of the City is outside the 100-year flood zone. However, the Leased Property is located in Zone AE, which is subject to inundation by a 100-year flood. Most of the area of the Leased Property consists of fields without impervious improvements. Additionally, the permanent structures such as bathrooms and concessions stands have been constructed at an elevation above that of the 100-year floodplain. Nonetheless, in the event of a flood at the Leased Property, the Leased Property (including its permanent structures) may be damaged and such damage may be material.

Fire Hazards. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not

previously considered to be at risk from such events. In November 2018, the Camp Fire occurred in Butte County, California. The Camp Fire is the deadliest and most destructive wildfire in the recorded history of the State burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The land within the City is susceptible to wildland fires due to a combination of factors including winds, temperatures, humidity levels, fuel moisture content of vegetation and topography. The risk to the community is increased in some areas because of the combustibility of building materials including roofs, adequacy of access roads, water supply duration, and pressure and maintenance of flammable vegetation surrounding structures.

To quantify this potential hazard, the California Department of Forestry and Fire Protection ("**Cal Fire**") has developed a fire modeling and mapping process that utilizes three main criteria in order to evaluate and recommend potential fire hazards in wildland areas. The criteria are type of vegetation, fire weather, and topography. The maps developed by Cal Fire identify areas as Fire Hazard Severity Zones and include three severity classifications: moderate, high, and very high.

Fire hazards in the City are usually created as the number of homes adjoining open space increases; therefore, much of the threat of wildland fires is due to open grasslands abutting residential developments. Many neighborhoods within the City are located in remote regions and are surrounded by grasslands. As the City continues to expand, more of these wildland urban interface areas are created. This situation creates extreme fire hazards, and the City is committed to planning development, with the help of fire protection agencies, that minimizes the risk of fire to the greatest extent possible. Because of an extended dry season with low humidity, the City has many days where fire danger is critical.

In the event taxable property within the City were destroyed by wildfires, the assessed valuation of such property would be reduced. Such reduction of assessed valuations could result in a reduction of property tax revenues to the City.

Droughts. On October 19, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. The declaration encouraged water agencies to draw upon supplies other than groundwater and to implement their water shortage contingency plans and authorized the State Water Resources Control Board to adopt regulations that prohibit wasteful water use (such as the use of potable water to wash paved surfaces or to irrigate landscaping during the two days following rainfall). There can be no assurance that subsequent declarations will not impose mandatory water use restrictions should dry conditions persist in future years.

Public Health Emergencies

General. In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the WHO announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The spread of COVID-19 is having significant adverse health and financial impacts throughout the world, including the City. The WHO has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Governor of the State and the President of the United States.

The COVID-19 outbreak is ongoing, and its duration and severity and its economic effects are uncertain in many respects. Uncertain too are the additional actions, if any, that may be taken by federal and State governmental authorities to contain or mitigate the effects of the outbreak. The ultimate impact of COVID-19 on the City's operations and finances and the economy, real estate market and development within the City is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. Certain reports providing preliminary information regarding the impact of the COVID-19 pandemic are described in this Official Statement. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the City's operations and finances.

Collection of Taxes. On March 30, 2020, the Governor issued Executive Order N-40-20, which delayed the deadline for the filing and payment of sales and use taxes by 90 days for all but the largest taxpayers. Under Executive Order N-40-20 and a subsequent notice form the California Department of Tax and Fee Administration, businesses with less than $5 million in taxable annual sales are authorized to defer up to $50,000 in sales tax and enter into a 12-month, zero interest payment plan. The Governor has also issued an Executive Order for waivers of late penalties on property taxes. Such efforts to relieve the financial impact of the COVID-19 pandemic on taxpayers have not resulted in significant delays in revenue collection by the City.

On May 6, 2020 in response to the COVID-19 pandemic, the Governor issued Executive Order N-61-20 to allow qualified taxpayers to request relief of penalties on property taxes for owner occupied residential real property and real property owned and operated by a taxpayer that qualifies as a small business under the Small Business Administration's Regulations, Code of Federal Regulations Title 13, section 121.201. To be eligible for penalty relief taxpayers must fall into one of two categories: (i) owner occupied residential real property; or (ii) real property owned and operated by a taxpayer qualified as a small business. For homeowners requesting penalty relief on property taxes for a residential real property that the homeowner occupies, the homeowner may qualify for penalty relief if all of the following are true: (i) taxes on real property were current as of March 4, 2020; (ii) the homeowner was unable to pay on time and that inability was due to a COVID-19 pandemic related impact; (iii) the homeowner was able to submit payment of the original tax amount due with the request for relief; and (iv) the homeowner's request is received by the Treasurer-Tax Collector within 30 days after the circumstances that prevented payment have concluded. If the homeowner satisfies all of the criteria, they may submit a Request for Penalty Cancellation – COVID-19 Impact Form to request penalty relief and must provide documentation to support the request.

To be eligible for penalty relief for real property owned and operated by a taxpayer as a qualified small business, the taxpayer may qualify for penalty relief if all of the following are true: (i) taxes on the real property were current as of March 4, 2020; (ii) the business was unable to pay on time and that inability was due to a COVID-19 related impact; (iii) the taxpayer is able to submit payment of the original tax amount due with the request for relief; and (iv) the taxpayer's request is received by the Treasurer-Tax Collector within 30 days after the circumstances that prevented payment have concluded. If the taxpayer satisfies all of the criteria, they may submit a Request for Penalty Cancellation – COVID-19 Impact Form to request penalty relief and will need to provide documentation to support their request.

The impacts from the COVID-19 pandemic are anticipated to continue in Fiscal Year 2021-22 and future fiscal years and such impacts are unpredictable. See "CITY FINANCIAL INFORMATION."

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

For fiscal year 2020-21, sales tax revenues were the largest source of revenue to the City. See "CITY FINANCIAL INFORMATION – Major Revenues" and "– Sales and Use Taxes." Sales tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors.

For example, the City may enter into an economic recession. In times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to also decline.

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues or other local taxes, whether implemented by State legislative action or voter initiative, could have an adverse effect on sales tax revenues received by the City. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218 – Article XIIIC and Article XIIID."

For example, many categories of transactions are exempt from the statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the California Department of Tax and Fee Administration for administering the City's sales tax could also be changed.

Limitations on Remedies Available to Bond Owners

The ability of the City to comply with its covenants under the Lease Agreement may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" above. Furthermore, any remedies available to the owners of the 2022 Bonds upon the occurrence of an event of default under the Lease Agreement or 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 Bondowner remedies contained in the Lease Agreement and the Indenture, the rights and obligations under the 2022 Bonds, the Lease Agreement 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 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 2022 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.

The opinion to be delivered by Bond Counsel concurrently with the issuance of the 2022 Bonds will include a qualification that the rights of the owners of the 2022 Bonds and the enforceability of the 2022 Bonds and the Indenture, the Lease Agreement and the Site Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases. See APPENDIX D — PROPOSED FORM OF OPINION OF BOND COUNSEL.

Loss of Tax-Exemption

As discussed under the caption “TAX MATTERS,” interest on the 2022 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2022 Bonds were issued, as a result of future acts or omissions of the Authority or the City in violation of their respective covenants in the Lease Agreement and the Indenture. Should such an event of taxability occur, the 2022 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 2022 Bonds or, if a secondary market exists, that any 2022 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.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City’s efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City. The City is also reliant on other entities and service providers in connection with the administration of the 2022 Bonds, including without limitation the County tax collector for the levy and collection of property taxes, and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the 2022 Bond owners.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the “**IRS**”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2022 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2022 Bonds might be affected as a result of such an audit of such 2022 Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Tax Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Tax Code (defined herein) or court decisions may cause interest on the 2022 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent 2022 Bond owners from realizing the full current benefit of the tax status of such interest.

TAX MATTERS

Federal Tax Status. 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 2022 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.

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, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2022 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2022 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2022 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 at which a 2022 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2022 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2022 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2022 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2022 Bonds who purchase the 2022 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2022 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2022 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2022 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2022 Bond (said term being the shorter of the 2022 Bond's maturity date or its call date). The

amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2022 Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2022 Bond is amortized each year over the term to maturity of the 2022 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium 2022 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2022 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2022 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2022 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2022 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2022 Bonds, or as to the consequences of owning or receiving interest on the 2022 Bonds, as of any future date. Prospective purchasers of the 2022 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2022 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2022 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2022 Bonds, the ownership, sale or disposition of the 2022 Bonds, or the amount, accrual or receipt of interest on the 2022 Bonds.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, Bond Counsel, will render an opinion with respect to the validity of the 2022 Bonds, the form of which is set forth in APPENDIX D." Certain legal matters will also be passed upon for the City and the Authority by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney.

LITIGATION

To the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending and notice of which has been served on and received by the City or, to the knowledge of the City, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease Agreement, the Site Lease or the Indenture, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Lease Agreement, the Site Lease or the Indenture, or the financial conditions, assets, properties or operations of the City, including but not limited to the payment and performance of the City's obligations under the Lease Agreement.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), has assigned its municipal bond rating of "____" to the 2022 Bonds.

This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this 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 City has provided certain additional information and materials to the rating agency (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 this rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2022 Bonds may have an adverse effect on the market price or marketability of the 2022 Bonds.

CONTINUING DISCLOSURE

The City (on behalf of the Authority and itself) will covenant for the benefit of owners of the 2022 Bonds to provide certain financial information and operating data relating to the City (the "**Annual Report**"), by not later than nine months after the end of the City's fiscal year (presently June 30) and commencing April 1, 2023, with the report for the fiscal year ending June 30, 2022, and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in "APPENDIX E — FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The City, on its own behalf and on behalf of related entities, has entered into a number of prior continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations, and has provided annual financial information and event notices in accordance

with those undertakings. During the past five years, the City or its related entities have failed to comply with prior undertakings as follows:

- The audited financial statements for Fiscal Year 2015-16 were filed approximately 15 months late;

- Certain operating and financial data for Fiscal Years 2016-17, 2017-18, and 2018-19 were filed up to 80 days late; and

- Certain information was omitted from the operating and financial data filed for Fiscal Years 2016-17 and 2017-18 because it was unavailable at the time the filing was due, but that information was subsequently filed when it became available.

The City has engaged Goodwin Consulting Group, Inc., to serve as its dissemination agent and assist the City in complying with its continuing disclosure undertakings. To further ensure such compliance, the City has adopted policies and procedures related thereto.

UNDERWRITING

The 2022 Bonds are being purchased by Piper Sandler & Co. (the "**Underwriter**"), at a purchase price of $_____ (which represents the aggregate principal amount of the 2022 Bonds ($_____), plus an original issue premium/less an original issue discount of $_____, less an Underwriter's discount of $_____).

The purchase agreement relating to the 2022 Bonds provides that the Underwriter will purchase all of the 2022 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2022 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

Piper Sandler & Co. has entered into a distribution agreement with Charles Schwab & Co., Inc. ("**CS&Co.**") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the agreement, CS&Co. will purchase the 2022 Bonds from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any 2022 Bonds that CS&Co. sells.

MUNICIPAL ADVISOR

The Authority has retained CSG Advisors Incorporated, San Francisco, California, as Municipal Advisor for the sale of the 2022 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CSG Advisors Incorporated, is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

PROFESSIONAL FEES

In connection with the issuance of the 2022 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2022 Bonds. Those professionals include:

- the Underwriter;
- Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel;
- Stradling Yocca Carlson & Rauth, P.C., as Underwriter's Counsel;
- A portion of the fees of CSG Advisors Incorporated, as municipal advisor; and
- U.S. Bank Trust Company, National Association, as Trustee.

EXECUTION

The execution of this Official Statement and its delivery have been authorized by the Board of the Authority and the City Council of the City.

TRACY PUBLIC FINANCING AUTHORITY

By: _____
Chair

CITY OF TRACY

By: _____
Finance Director

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF TRACY AND THE COUNTY OF SAN JOAQUIN

*The following information concerning the City of Tracy (the **"City"**) and the County of San Joaquin (the **"County"**) is included only for the purpose of supplying general information regarding the area of the City. The 2022 Bonds are not a debt of the City, the County, the State of California (the "**State**") or any of its political subdivisions (other than the Authority), and none of the City, the County, the State or any of its political subdivisions (other than the Authority) is liable therefor.*

Population

Population figures for the City, the County and the State for the last five years are shown in the following table.

CITY OF TRACY, SAN JOAQUIN COUNTY AND THE STATE OF CALIFORNIA
Population Estimates
Calendar Years 2017 through 2021 as of January 1

Calendar Year	City of Tracy	San Joaquin County	State of California
2017	90,488	744,843	39,352,398
2018	92,395	752,958	39,519,535
2019	94,326	752,958	39,605,361
2020	95,861	773,505	39,648,938
2021	98,601	773,505	39,466,855

Source: State Department of Finance estimates.

Employment and Industry

The City is included in the Stockton Metropolitan Statistical Area ("**MSA**"), which includes all of San Joaquin County. The unemployment rate in the County was 6.6% in November 2021, down from a revised 7.3% in October 2021, and below the year-ago estimate of 8.7%. This compares with an unadjusted unemployment rate of 5.4% for the State and 3.9% for the nation during the same period.

Set forth below is data from calendar years 2016 to 2020 reflecting the County's civilian labor force, employment and unemployment. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

STOCKTON-LODI MSA
(San Joaquin County)
Annual Average Labor Force and Employment by Industry
Calendar Years 2016 through 2020
(March 2020 Benchmark)

	2016	2017	2018	2019	2020
Civilian Labor Force [1]	318,300	323,200	324,200	326,500	331,800
Employment	292,400	300,400	304,300	306,900	294,500
Unemployment	25,900	22,800	19,900	19,600	37,400
Unemployment Rate	8.2%	7.0%	6.1%	6.0%	11.3%
Wage and Salary Employment: [2]					
Agriculture	16,700	16,400	15,600	15,400	14,300
Mining and Logging	100	100	100	100	100
Construction	11,100	11,700	12,800	13,100	12,900
Manufacturing	19,800	20,300	20,600	20,600	20,500
Wholesale Trade	10,700	11,100	11,700	11,600	10,500
Retail Trade	26,500	26,800	26,700	26,200	24,600
Transportation, Warehousing and Utilities	23,000	26,200	28,400	31,300	38,300
Information	2,000	1,800	1,800	1,600	1,200
Financial Activities	7,500	7,800	7,800	7,900	7,800
Professional and Business Services	19,600	19,200	19,600	20,200	21,100
Educational and Health Services	36,400	38,200	38,800	39,100	37,100
Leisure and Hospitality	20,400	21,500	22,000	22,600	18,400
Other Services	7,500	7,600	7,600	7,800	6,700
Federal Government	3,000	3,100	3,100	3,200	3,300
State Government	6,400	6,600	6,700	6,800	6,800
Local Government	31,400	32,800	33,700	34,900	33,100
Total All Industries [3]	242,000	251,100	256,900	262,400	256,600

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The following table lists the major employers within the County, listed in alphabetical order without regard to the number of employees, as of January 2022.

SAN JOAQUIN COUNTY
Major Employers
As of January 2022

Employer Name	Location	Industry
A Sambado & Sons Inc	Linden	Nuts-Edible
Amazon Fulfillment Ctr	Stockton	Mail Order Fulfillment Service
Ashley Lane LP	Stockton	Real Estate
Blue Shield of California	Lodi	Insurance
Dameron Hospital	Stockton	Hospitals
Deuel Vocational Instn Fire	Tracy	Fire Departments
Foster Care Svc	Stockton	Government Offices-County
Leprino Foods Co	Tracy	Cheese Processors (mfrs)
Lodi Health Home Health Agency	Lodi	Home Health Service
Lodi Memorial Hospital	Lodi	Hospitals
NA Chaderjian Youth	Stockton	State Govt-Correctional Institutions
Pacific Coast Producers	Lodi	Canning (mfrs)
Prima Frutta Packing Inc	Linden	Fruit & Produce Packers
Safeway Distribution Ctr	Tracy	Distribution Centers (whls)
San Joaquin County CA Pubc	Stockton	Government Offices-County
San Joaquin County Human Svc	Stockton	Government Offices-County
San Joaquin County Sch	Stockton	School Districts
San Joaquin General Hospital	French Camp	Hospitals
San Joaquin Sheriff's Office	French Camp	Government Offices-County
Sjgov	Stockton	Government Offices-County
St Joseph's Cancer Ctr	Stockton	Cancer Treatment Centers
St Joseph's Regional Health	Stockton	Hospitals
Stockton Police Dept	Stockton	Police Departments
Stockton Unified School Dist	Stockton	School Districts
Walmart Supercenter	Stockton	Department Stores

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2022 1st Edition.

The following table lists the twenty principal employers within the City, by number of employees, as of June 30, 2021.

CITY OF TRACY
Principal Employers
As of June 30, 2021

Employer Name	Number of Employees
Amazon.com Services LLC	7,325
FedEx Ground Package System, Inc.	925
Taylor Farms Pacific Inc	795
Medline Industries Inc	651
Randstad Inhouse Services LLC	632
DHL Supply Chain	463
Walmart #2025	402
Leprino Foods	349
Costco Wholesale #658	240
Randstad Inhouse Services LP	234
Crate & Barrel	233
Pacific Medical Inc.	214
The Home Depot #5641	211
The Home Depot #1020	211
Ingram Micro Inc.	200
Randstad Inhouse Service LP	194
International Paper	185
Macy's	179
Glassfab Tempering	177
Target Stores T738	173

Source: City of Tracy Comprehensive Financial Report for fiscal year ended June 30, 2021.

Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first three quarters of calendar year 2021 in the City were $4,265,018,759, a 108.98% increase over the total taxable sales of $2,040,914,977 reported during the first three quarters of calendar year 2020.

CITY OF TRACY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	1,088	$1,280,961	1,715	$1,536,172
2017	1,150	1,371,679	1,803	2,042,411
2018	1,192	1,489,764	1,921	2,319,543
2019	1,224	1,472,148	2,000	2,692,497
2020	1,395	1,459,813	2,284	2,815,807

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2021 in the County were $16,201,722,121, a 44.88% increase over the total taxable sales of $11,182,961,549 reported during the first three quarters of calendar year 2020.

SAN JOAQUIN COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	9,480	$7,380,226	14,682	$10,922,271
2017	9,506	7,994,473	14,758	12,153,268
2018	9,660	8,855,169	15,457	13,457,721
2019	9,978	9,058,063	16,144	14,311,068
2020	11,188	10,122,979	18,358	15,609,880

Source: State Department of Tax and Fee Administration.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the median household effective buying income for the City, the County, the State and the United States for the period 2018 through 2022.

CITY OF TRACY AND SAN JOAQUIN COUNTY
Median Household Effective Buying Income
2018 through 2022

	2018	2019	2020	2021	2022
City of Tracy	$68,295	$73,172	$76,142	$78,492	$89,938
San Joaquin County	49,883	55,534	58,141	59,914	68,971
California	59,646	62,637	65,870	67,956	77,058
United States	50,735	52,841	55,303	56,790	64,448

Source: The Nielsen Company (US), Inc for 2018; Claritas, LLC for 2019 through 2022.

Building Activity

The tables below summarize building activity in the City and the County for the past five available years.

CITY OF TRACY
Building Permit Activity
For Calendar Years 2016 through 2020
(Dollars in Thousands)

	2016	2017	2018	2019	2020
Permit Valuation					
New Single-family	$87,820.2	$98,767.2	$214,928.9	$223,795.2	$239,658.3
New Multi-family	34,038.7	9,686.4	84,832.3	0.0	0.0
Res. Alterations/Additions	2,281.9	2,982.3	6,058.5	9,178.8	4,504.7
Total Residential	$124,140.8	$111,435.9	$305,819.7	$232,974.0	$244,163.0
New Commercial	$92,124.7	$184,438.3	$331,633.7	189,205.1	168,307.4
New Industrial	57,441.7	38,978.1	74,814.4	13,881.6	526,301.0
New Other	11,375.8	4,769.2	8,265.5	7,006.5	4,828.5
Com. Alterations/Additions	138,604.1	93,059.7	60,479.7	60,676.8	62,904.6
Total Nonresidential	$299,546.3	$321,245.3	$475,193.3	$270,770.0	$762,341.5
New Dwelling Units					
Single Family	216	236	534	551	692
Multiple Family	432	65	507	0	0
TOTAL	648	301	1,041	551	692

Source: Construction Industry Research Board, Building Permit Summary.

SAN JOAQUIN COUNTY
Building Permit Activity
For Calendar Years 2016 through 2020
(Dollars in Thousands)

	2016	2017	2018	2019	2020
Permit Valuation					
New Single-family	$467,494.7	$652,308.1	$883,071.1	$843,700.9	$870,859.6
New Multi-family	66,794.5	62,635.8	99,601.4	57,271.1	38,411.8
Res. Alterations/Additions	99,049.9	86,516.1	95,073.4	98,681.9	40,144.4
Total Residential	$633,339.1	$801,460.0	$1,077,745.9	$999,653.9	$949,415.8
New Commercial	$205,510.1	$357,856.9	$498,359.0	$380,383.3	$255,761.2
New Industrial	61,687.0	179,728.4	240,073.7	120,003.8	534,199.5
New Other	42,074.7	27,794.7	31,904.4	61,991.7	33,112.3
Com. Alterations/Additions	298,721.9	269,172.8	249,142.4	363,840.9	135,285.4
Total Nonresidential	$607,993.7	$834,552.8	$1,019,479.5	$926,219.7	$958,358.4
New Dwelling Units					
Single Family	1,754	2,078	2,765	2,564	2,843
Multiple Family	550	516	293	461	245
TOTAL	2,304	2,594	3,358	3,025	3,088

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX C

FISCAL YEAR 2020-21 ANNUAL COMPREHENSIVE FINANCIAL REPORT

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

_____, 2022

Tracy Public Financing Authority
333 Civic Center Plaza
Tracy, California 95376

City of Tracy
333 Civic Center Plaza
Tracy, California 95376

OPINION: $_____ Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields)

Members of the Board of Directors and City Council:

We have acted as bond counsel to the Tracy Public Financing Authority (the "Authority") and the City of Tracy (the "City") in connection with the issuance by the Authority of the lease revenue bonds captioned above, dated the date hereof (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, opinions, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, the Indenture of Trust, dated as of May 1, 2022 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and a resolution (the "Resolution") of the Board of Directors of the Authority adopted on _____, 2022.

Under the Indenture, the Authority has pledged certain revenues (the "Revenues") for the payment of principal, premium (if any), and interest on the Bonds when due, including lease payments made by the City under a Lease Agreement dated as of May 1, 2022 (the "Lease Agreement") between the Authority and the City.

Regarding questions of fact material to our opinion, we have relied on representations of the Authority contained in the Indenture and the City contained in the Lease Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is a duly created and validly existing joint exercise of powers authority with the power to adopt the Resolution, enter into the Indenture and the Lease Agreement, perform the agreements on its part contained therein, and issue the Bonds.

2. The City is a duly created and validly existing municipal corporation and general law city with the power to enter into the Lease Agreement and perform the agreements on its part contained therein.

3. The Indenture has been duly authorized, executed and delivered by the Authority, and constitutes a valid and binding obligation of the Authority, enforceable against the Authority.

4. The Lease Agreement has been duly authorized, executed and delivered by the Authority and the City, and constitutes a valid and binding obligation of the Authority and the City, enforceable against the Authority and the City.

5. The Indenture creates a valid lien on the Revenues and other funds pledged by the Indenture for the security of the Bonds on a parity basis with other bonds (if any) issued or to be issued in accordance with the Indenture.

6. The Bonds have been duly authorized and executed by the Authority, and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Indenture.

7. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the City have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes which may be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

8. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, our opinions represent our legal judgment based upon our review of existing law that we

deem relevant to such opinions and in reliance upon the representations, covenants and opinions referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____
TRACY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2022A
(Legacy Fields)

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Tracy (the "City") in connection with the issuance by the Tracy Public Financing Authority (the "Authority") of the bonds captioned above (the "Bonds"). The Bonds are being issued under an Indenture of Trust dated as of May 1, 2022 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City on behalf of itself and 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, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means nine months after the end of the City's fiscal year (currently April 1, based on the City's fiscal year-end of June 30).

"*Dissemination Agent*" means, initially, Goodwin Consulting Group, Inc., and any successor Dissemination Agent designated in writing by the City and which has filed with the City 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 dated _____, 2022, executed by the City and the Authority in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Piper Sandler & Co., the original purchaser 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 the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2023, with the report for the 2021-22 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 City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written general fund with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) a notice to the MSRB, in an electronic format as prescribed by the MSRB.

(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 City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements*. Audited financial statements of the City for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information*. To the extent not included in the audited final statements of the City, the Annual Report shall also include financial and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement, as follows:

(i) the principal amount of Bonds outstanding as of June 30 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Indenture as of June 30 preceding the filing of the Annual Report; and

(iii) updates as of June 30 preceding the filing of the Annual Report of the substance of the information contained in following tables in the Official Statement:

(1) Statement of General Fund Revenues, Expenditures and Changes in Fund Balance, substantially in the form of Table 4 in the Official Statement;

(2) Assessed Value of Taxable Property, substantially in the form of Table 6 in the Official Statement;

(3) Principal Property Tax Payers, substantially in the form of Table 7 in the Official Statement; and

(4) Major Tax Revenues by Source — General Fund, substantially in the form of Table 5 in the Official Statement.

(c) *Cross References*. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public through the MSRB. The City shall clearly identify each such other document so included by reference. If the document included by reference is a final official statement, it must be available from the MSRB.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 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 Bonds, or other material events affecting the tax status of the Bonds.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the City.

(13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) 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 Fiscal Agent Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental

authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be the City. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 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 financial information 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 the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City 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 City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and

shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

If to the Authority or the City:	City of Tracy 333 City Center Plaza Tracy, California 95376 Attention: Finance Director

Any person may, by written notice to the other persons listed above, designate a different address to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2022

CITY OF TRACY

By: _____
Karin Schnaider,
Finance Director

AGREED AND ACCEPTED:
Goodwin Consulting Group, Inc.,
as Dissemination Agent

By: _____
Name: _____
Title: _____

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 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 Authority (the "Issuer") nor the Trustee (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 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to 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.

11. 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.

12. 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.

ATTACHMENT C

INDENTURE OF TRUST

Dated as of May 1, 2022

between

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

and the

TRACY PUBLIC FINANCING AUTHORITY

Authorizing the Issuance of

[$Principal Amount]
Tracy Public Financing Authority
Lease Revenue Bonds, Series 2022A
(Legacy Fields)

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INDENTURE OF TRUST

This INDENTURE OF TRUST (this "**Indenture**"), dated for convenience as of May 1, 2022, is between the TRACY PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the "**Authority**"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, being qualified to accept and administer the trusts hereby created (the "**Trustee**").

B A C K G R O U N D :

1. The City of Tracy (the "**City**") wishes to finance the acquisition and construction of public improvements (the "**Project**") of the City, consisting of Phase 1E of the Legacy Fields Sports Complex and such other improvements that may be identified from time to time by the City.

2. The City and the Tracy Industrial Development Authority (the "**Industrial Development Authority**") are parties to a First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018 (the "**Joint Powers Agreement**"), pursuant to which the Authority was established as a joint exercise of powers authority under the Joint Exercise of Powers Act (Government Code §6500 et seq.) for the purpose of providing assistance to the City and the Industrial Development Authority with their financing programs, and for any other purposes authorized under the Bond Law (as defined herein).

3. The City has proposed to lease to the Authority certain real property and improvements of the City, as more particularly described in Appendix A to the Site Lease (as defined below) and by this reference incorporated herein (the "**Leased Property**"), under a Site Lease, dated as of the date hereof, by and between the City and the Authority (the "**Site Lease**") in consideration of the payment by the Authority of an upfront rental payment (the "**Site Lease Payment**") which is sufficient to provide funds for the acquisition and construction of the Project.

4. The Authority wishes to issue its Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields), in the aggregate principal amount of [$Principal Amount] (the "**2022 Bonds**") under this Indenture for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with the Site Lease.

5. In order to provide revenues which are sufficient to enable the Authority to pay debt service on the 2022 Bonds, the Authority has leased the Leased Property back to the City under a Lease Agreement dated the date hereof (the "**Lease**"), under which the City has agreed to pay semiannual Lease Payments as the rental for the Leased Property thereunder.

6. The lease payments made by the City under the Lease have been assigned by the Authority to the Trustee for the security of the 2022 Bonds under an Assignment Agreement, dated the date hereof, between the Authority as assignor and the Trustee as assignee.

7. In order to provide for the authentication and delivery of the 2022 Bonds, to establish and declare the terms and conditions upon which the 2022 Bonds are to be issued and to secure the payment of the principal thereof (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption), premium (if any) and interest thereon, the Authority has authorized the execution and delivery of this Indenture.

8. The Authority has found and determined, and hereby affirms, that all acts and proceedings required by law necessary to make the 2022 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.

A G R E E M E N T :

In order to secure the payment of the principal (including the principal amount of any Term Bond that is subject to mandatory sinking fund redemption) of and the interest and redemption premium (if any) on all the Outstanding Bonds 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 2022 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 2022 Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Authority and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the 2022 Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. *Definitions*. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Appendix A attached to this Indenture have the respective meanings specified in that Appendix when used in this Indenture.

SECTION 1.02. *Authorization*. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *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 2022 BONDS

SECTION 2.01. *Authorization of Bonds*. The Authority has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the 2022 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now duly empowered, under each and every requirement of law, to issue the 2022 Bonds in the manner and form provided in this Indenture.

The Authority hereby authorizes the issuance of 2022 Bonds in the aggregate principal amount of [$Principal Amount] under the Bond Law for the purposes of providing funds to pay the Site Lease Payment to the City and thereby provide funds to finance the acquisition and construction of the Project. The 2022 Bonds are authorized and issued under, and are subject to the terms of, this Indenture and the Bond Law. The 2022 Bonds are designated the "Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields)."

SECTION 2.02. *Terms of the 2022 Bonds*.

(a) Payment Provisions. The 2022 Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof, so long as no Bond has more than one maturity date. The 2022 Bonds shall mature on November 1 in each of the years and in the amounts, and bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

Maturity Date (November 1)	Principal Amount	Interest Rate
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		

_____
(T): Term Bond

Interest on the 2022 Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

(a) a 2022 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,

(b) a 2022 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or

(c) interest on any 2022 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) in lawful money of the United States of America by check of the Trustee or by wire upon presentation and surrender thereof at the Office of the Trustee.

SECTION 2.03. *Transfer and Exchange of Bonds*.

(a) Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds. Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. 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. The Authority shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

(c) Limitations. The Trustee may refuse to transfer or exchange, under the provisions of this Section 2.03, any Bonds selected by the Trustee for redemption under Article IV, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

SECTION 2.04. *Book-Entry System*.

(a) Original Delivery. Unless otherwise provided in a Supplemental Indenture, the Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the Authority and the Trustee has no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Authority and the Trustee has no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the Authority elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption), premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Authority to make payments of principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption), interest and premium, if any, under this Indenture. Upon delivery by the Depository to the Authority of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Authority shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Authority shall execute and deliver to such Depository a letter in which the Authority will agree to the Depository's operational arrangements. To the

extent required to do so by the Depository, the Trustee shall also execute such representation letter and agree to the Depository's operational arrangements. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. In addition to the execution and delivery of such letter, the Authority may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Authority determines to terminate the Depository as such, then the Authority shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Authority and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Authority fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, and, upon transfer or exchange, shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

If the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Authority may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Authority shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the Authority's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.05. *Registration Books*. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall upon reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; 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 2.06. *Form and Execution of Bonds*. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Chair of the Authority shall execute, and the Secretary of the Authority shall attest each Bond. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of the execution of such Bond are the proper officers of the Authority, duly authorized to execute debt instruments on behalf of the Authority, although on the date of such Bond any such person was not an officer of the Authority.

Only those Bonds bearing a certificate of authentication in the form set forth in Appendix B, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.07. *Bonds Mutilated, Lost, Destroyed or Stolen*. If any Bond is mutilated, the Authority, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to, or upon the order of, the Authority. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory and if indemnity satisfactory to the Trustee and the Authority is given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will 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 equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

Notwithstanding any other provision of this Section 2.07, in lieu of delivering a new Bond for which principal has become due for a Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

SECTION 2.08. *Additional Bonds*. In addition to the 2022 Bonds authorized to be issued pursuant to Section 2.01 of this Indenture, the Authority may, by Supplemental Indenture, establish one or more other issues of Additional Bonds secured by a pledge of and payable from Revenues on a parity with the 2022 Bonds, and may issue and deliver such Additional Bonds in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of this Section 2.08 and Section 2.09, and subject to the following specific conditions which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) Such Additional Bonds shall have been authorized to finance additional capital improvements for the City, or to refund bonds previously issued to finance such capital improvements, and the issuance thereof shall have been determined and declared by the Authority, in a Supplemental Indenture, to be necessary for that purpose.

(b) The Authority and the City shall be in compliance with all covenants and undertakings set forth in this Indenture and in the Lease and the Site Lease.

(c) The aggregate principal amount of Bonds issued and at any time Outstanding hereunder shall not exceed any limit imposed by law, by this Indenture or by any Supplemental Indenture.

(d) Such Additional Bonds shall be equally and ratably secured by the Revenues with all other Bonds herein authorized.

(e) The Authority shall have entered into an amendment to the Lease, in and by which the City obligates itself in the manner provided in the Lease to make Lease Payments for the lease of the Leased Property at the times and in the amounts sufficient to provide for the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest on such Additional Bonds as such principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) and interest become due and to make all other payments in the manner provided in the Lease, and the City shall certify in writing that such Lease Payments, as amended, in any Rental Period shall not exceed the fair rental value of the Leased Property.

(f) If necessary to ensure that the Lease Payments payable after the issuance of Additional Bonds does not exceed the fair rental value of the Leased Property in any Rental Period, the Authority and the City shall have amended the Lease pursuant to Section 3.4 thereof to add additional property to the Leased Property.

(g) In the event that the Additional Bonds are being issued to finance the construction of a to-be-built project, and such project is to be part of the Leased Property prior to its completion, the Supplemental Indenture authorizing the issuance of such Additional Bonds shall require the deposit into a separate account (the "Capitalized Interest Account") in the Interest Account, or a subaccount therein, an amount sufficient to pay interest on such Additional Bonds through a date which is not less than six months after the anticipated

completion date of the project, but only if such Additional Bonds are issued prior to the substantial completion of such project and only if the City is unable to make a finding that the fair rental value of the Leased Property prior to the completion of the project is equal to or greater than the aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period.

SECTION 2.09. *Proceedings for the Issuance of Additional Bonds* Whenever the Authority shall have determined to issue Additional Bonds pursuant to Section 2.08, the Authority shall enter into a Supplemental Indenture determining that the issuance of such Additional Bonds is necessary for the purposes specified in Section 2.08, specifying the principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds and the funds to be established for the security and payment thereof. Before such Additional Bonds shall be issued and delivered, the Authority shall file the following documents with the Trustee:

(a) An executed copy of the Supplemental Indenture authorizing such Additional Bonds, together with a certified copy of the resolution of the Authority authorizing the issuance of such Additional Bonds and the execution of such Supplemental Indenture.

(b) An opinion of Bond Counsel stating: (i) that the execution and delivery of the Additional Bonds have been sufficiently and duly authorized by the Authority; (ii) that the issuance of the Additional Bonds is authorized by the Bond Law and this Indenture; (iii) that the Additional Bonds when duly executed and delivered, will be valid and binding obligations of the Authority, payable from Revenues in accordance with the terms of this Indenture and the Supplemental Indenture authorizing the issuance of such Additional Bonds; (iv) if the Additional Bonds are to be tax-exempt, that the interest on the Additional Bonds will be excluded from the gross income of the Owners thereof for federal income tax purposes; and (v) that the issuance of such Additional Bonds will not, of itself, cause interest on the 2022 Bonds to become includable in gross income for federal income tax purposes.

(c) A Certificate of the Authority certifying that the requirements set forth in Section 2.08 have been either met or provided for, together with a copy of the amendment to the Lease required by Section 2.08, together with a certified copy of the resolutions of the Authority and the City authorizing the execution of such amendment to the Lease.

(d) A copy of a letter sent by the City to each rating agency then rating the 2022 Bonds to notify each rating agency of the issuance of such Additional Bonds.

SECTION 2.10. *Applicability to Additional Bonds* Unless otherwise specified in the Supplemental Indenture pursuant to which an issue of Additional Bonds is issued, the provisions of Sections 2.03 through 2.09 shall apply to such issue of Additional Bonds.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

SECTION 3.01. *Issuance of the 2022 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 the 2022 Bonds to the Original Purchaser.

SECTION 3.02**.** *Application of Proceeds of Sale of Bonds.* On the Closing Date, the Original Purchaser will pay a purchase price for the 2022 Bonds in the amount of $_____, which is equal to the original principal amount of the 2022 Bonds ($_____), *plus* a net original issue premium of $_____, *less* an underwriter's discount of $_____, and the Trustee shall apply such purchase price on the Closing Date in the following manner:

(a) the Trustee will deposit $_____ into the Project Fund, and

(b) the Trustee will deposit the remaining amount, equal to $_____, into the Costs of Issuance Fund.

The Trustee may establish a temporary fund or account in its records to facilitate such deposits or transfers. The deposits described in paragraphs (a) and (b) represent the full amount of the Site Lease Payments under Section 3 of the Site Lease.

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" into which the Trustee shall deposit a portion of the proceeds of sale of the 2022 Bonds under Section 3.02(b). The Trustee shall disburse amounts in the Costs of Issuance Fund from time to time to pay the Costs of Issuance upon submission of a Written Requisition 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. Each such Written Requisition of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. The Trustee may conclusively rely on such Written Requisitions and shall be fully protected in relying thereon. On the 180th day after the Closing Date, or upon the earlier Written Request of the Authority, the Trustee shall transfer all amounts remaining in the Costs of Issuance Fund to the Interest Account and shall thereupon close the Costs of Issuance Fund.

SECTION 3.04. *Establishment and Application of Project Fund*. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Project Fund" into which the Trustee shall deposit a portion of the proceeds of sale of the 2022 Bonds under Section 3.02(a).

The Trustee shall administer such fund as provided in this Section 3.04. Amounts on deposit in the Project Fund shall be used, as provided below, to pay the Project Costs, and to reimburse the City for the same. Pending such use, amounts on deposit in the Project Fund shall be invested only in Permitted Investments, with interest

earnings and other investment income thereon being retained therein. All moneys remaining in the Project Fund upon the completion of the Project (as determined by the City in its sole discretion with written notice to the Trustee) shall be transferred by the Trustee as hereinafter provided.

The Trustee shall, from time to time, disburse money from the Project Fund to pay the Project Costs for the Project, as hereinafter provided, in each case promptly after receipt of, and in accordance with, a Written Certificate in the form attached hereto as Appendix C.

In making such payments, the Trustee may rely upon the representations made in the Written Certificate. If for any reason the City should decide prior to the payment of any item in said Written Certificate not to pay such item, then it shall give written notice of such decision to the Trustee and thereupon the Trustee shall not make such payment, and the Trustee shall have no liability to the City or the designated payee as a result of such nonpayment. In no event shall the Trustee be responsible for the adequacy or due performance of any contracts relating to the Project or for the use or application of money properly disbursed pursuant to requests made under this Section 3.04.

If, after payment by the Trustee of all Written Certificates theretofore tendered to the Trustee under the provisions of this Section 3.04 and after the City has notified the Trustee of the completion of the Project, there shall remain any balance of money in the Project Fund, all money so remaining (other than a reasonable retainage to pay Project Costs, as determined in the sole discretion of the City with written notice to the Trustee) shall be transferred to the Principal Account and shall be applied to the prepayment of Lease Payments under Section 9.3 of the Lease and the corresponding redemption of the 2022 Bonds under Section 4.01(a).

At such time as no moneys remain in the Project Fund, the Project Fund shall be closed.

SECTION 3.05. *Validity of Bonds*. The recital contained in the 2022 Bonds that the same are issued under the Constitution and laws of the State of California shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. *Terms of Redemption*.

(a) Optional Redemption. The 2022 Bonds maturing on or before November 1, 20__, are not subject to optional redemption prior to their stated maturity. The 2022 Bonds maturing on or after November 1, 20__, are subject to redemption, as a whole or in part at the election of the Authority among maturities on such basis as designated by the Authority and by lot within a maturity, at the option of the Authority, on November 1, 20__, and on any date thereafter, at a redemption price equal to 100% of the principal

amount of 2022 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Authority must give the Trustee at least 10 days' written notice of its intention to redeem 2022 Bonds under this subsection (a), and the manner of selecting such 2022 Bonds for redemption from among the maturities thereof, in sufficient time for the Trustee to give notice of such redemption in accordance with Section 4.03.

(b) Special Mandatory Redemption From Insurance or Condemnation Proceeds. The 2022 Bonds are subject to redemption as a whole, or in part on a pro rata basis among maturities, on any date, from any Net Proceeds required to be used for such purpose as provided in Section 5.07, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

(c) Mandatory Sinking Fund Redemption of Term Bonds. The Term Bonds are subject to mandatory redemption in part by lot, from sinking fund payments made under Section 5.02(b) at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on November 1 in the years as set forth in the following tables:

Term Bonds Maturing
November 1, ____

Payment Date (November 1)	Payment Amount

(Maturity)

Term Bonds Maturing
November 1, ____

Payment Date (November 1)	Payment Amount

(Maturity)

If some but not all of the Term Bonds have been redeemed under subsection (a) or subsection (b) of this Section, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be

allocated among such sinking fund payments on a pro rata basis as determined by the Authority, which shall notify the Trustee in writing of such determination.

SECTION 4.02. *Selection of Bonds for Redemption*. Whenever provision is made in this Indenture for the redemption of less than all of the 2022 Bonds of a single maturity, the Trustee shall select the 2022 Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. 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.

Whenever less than all of the Outstanding Bonds of more than one series are called for redemption at any one time, the Trustee will select the Outstanding Bonds or portions thereof to be redeemed as directed by the Authority.

SECTION 4.03. *Notice of Redemption; Rescission*. The Trustee shall mail notice of redemption of the 2022 Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any 2022 Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board. 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 2022 Bonds (or all 2022 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all 2022 Bonds within a maturity are called for redemption) 2022 Bond numbers of the 2022 Bonds to be redeemed and the maturity or maturities of the 2022 Bonds to be redeemed, and in the case of 2022 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 2022 Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2022 Bonds be then surrendered to the Trustee. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of 2022 Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Redemption notices may be conditional. The Authority has the right to rescind any notice of the redemption of 2022 Bonds under Section 4.01(a) by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2022 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Authority and the Trustee have no liability to the Owners of the 2022 Bonds or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under this Section.

SECTION 4.04. *Partial Redemption of 2022 Bonds*. Upon surrender of any 2022 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

2022 Bond or 2022 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2022 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, including any applicable premium, the 2022 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2022 Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the 2022 Bonds so called for redemption shall cease to accrue, said 2022 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said 2022 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All 2022 Bonds redeemed under the provisions of this Article shall be canceled by the Trustee upon surrender thereof and destroyed in accordance with the retention policy of the Trustee then in effect.

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

SECTION 5.01. *Security for the 2022 Bonds; Bond Fund*.

(a) Pledge of Revenues and Other Amounts. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and all amounts held in any fund or account established under this Indenture (except the Project Fund and the Costs of Issuance Fund) are hereby pledged to secure the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium (if any) on the Bonds in accordance with their terms and the provisions of this Indenture. Said pledge constitutes a lien on and security interest in the Revenues and such amounts and shall attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

(b) Assignment to Trustee. Under the Assignment Agreement, the Authority has transferred to the Trustee all of the rights of the Authority in the Lease (other than the rights of the Authority under Sections 4.5, 5.10, 7.3 and 8.4 thereof and its rights to give approvals and consents thereunder). The Trustee is entitled to collect and receive all of the Revenues, and any 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 forthwith be paid by the Authority to the Trustee. The Trustee is also entitled to and may, subject to the provisions of Article VIII, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Lease.

(c) Deposit of Revenues in Bond Fund. All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required hereunder or under the Lease to be deposited in the Redemption Fund or the Insurance and Condemnation Fund shall be promptly deposited in such funds. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture. Any surplus remaining in the Bond Fund, after payment in full of (i) the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest on the Bonds or provision therefore under Article X, and (ii) any applicable fees and expenses to the Trustee, shall be withdrawn by the Trustee and remitted to the City.

SECTION 5.02. *Allocation of Revenues*. On or before each Interest Payment Date, 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:

(a) Deposit to Interest Account. 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 Interest Payment Date on all Bonds then Outstanding.

(b) Deposit to Principal Account. The Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) amount of the Bonds coming due and payable on such Interest Payment Date.

SECTION 5.03. *Application of Interest Account*. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it comes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

SECTION 5.04. *Application of Principal Account*. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) amount of the Bonds at their respective maturity dates.

SECTION 5.05. *Reserved*.

SECTION 5.06. *Application of Redemption Fund*. The Trustee shall establish and maintain the Redemption Fund, into which the Trustee shall deposit a portion of the Revenues received, in accordance with a Written Request of the Authority, amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and premium (if any) of the Bonds to be redeemed under Section 4.01(a) or (b); *provided, however*, that at any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale,

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 under 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. The Trustee shall be entitled to conclusively rely on any Written Request of the Authority received under this Section 5.06, and shall be fully protected in relying thereon.

SECTION 5.07. *Insurance and Condemnation Fund*.

(a) Establishment of Fund. Upon the receipt of proceeds of insurance or eminent domain with respect to the Leased Property, the Trustee shall establish and maintain an Insurance and Condemnation Fund, to be held and applied as hereinafter set forth in this Section 5.07.

(b) Application of Insurance Proceeds. Any Net Proceeds of insurance against accident to or destruction of the Leased Property collected by the City or the Authority in the event of any such accident or destruction shall be paid to the Trustee under Section 6.3 of the Lease and deposited by the Trustee promptly upon receipt thereof in the Insurance and Condemnation Fund. If the City fails to determine and notify the Trustee in writing of its determination, within 90 days following the date of such deposit, to replace, repair, restore, modify or improve the Leased Property which has been damaged or destroyed, then such Net Proceeds shall be promptly transferred by the Trustee to the Redemption Fund and applied to the redemption of Bonds under Section 4.01(b). Notwithstanding the foregoing sentence, however, if the Leased Property is damaged or destroyed in full, the Net Proceeds of such insurance shall be used by the City to rebuild or replace the Leased Property if such proceeds are not sufficient to redeem Outstanding Bonds equal in aggregate principal amount to the unpaid Lease Payments allocable to the Leased Property. All proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Redemption Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the City, upon receipt of a Written Request of the City which: (i) states with respect to each payment to be made (A) the requisition number, (B) the name and address of the person to whom payment is due, (C) the amount to be paid and (D) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund and has not been the basis of any previous withdrawal; and (ii) specifies in reasonable detail the nature of the obligation. Any balance of the proceeds remaining after such work has been completed as certified by the City under a Written Certificate to the Trustee shall be paid to the City. The Trustee shall be entitled to conclusively rely on any Written Request or Written Certificate received under this subsection (b) of this Section 5.07 and in each case, shall be fully protected in relying thereon.

(c) Application of Eminent Domain Proceeds. If all or any part of the Leased Property is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Authority shall deposit or cause to be deposited with the Trustee the Net Proceeds therefrom, which the Trustee shall deposit in the Insurance and Condemnation Fund under Section 6.2(b) of the Lease and which shall be applied and disbursed by the Trustee as follows:

(i) If the City has not given written notice to the Trustee, within 90 days following the date on which such Net Proceeds are deposited with

the Trustee, of its determination that such Net Proceeds are needed for the replacement of the Leased Property or such portion thereof, the Trustee shall transfer such Net Proceeds to the Redemption Fund to be applied towards the redemption of the Bonds under Section 4.01(b).

(ii) If the City has given written notice to the Trustee, within 90 days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for replacement of the Leased Property or such portion thereof, the Trustee shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such replacement, upon the filing of Written Requisitions of the City as agent for the Authority.

In each case, the Trustee may conclusively rely upon any notice received under this subsection (c)(ii) of this Section and is protected in relying thereon.

(d) Reliance on Independent Advice. In making any such determination whether to repair, replace or rehabilitate the Leased Property under this Section 5.07, the City may obtain, but is not required to obtain, at its expense, the report of an independent engineer or other independent professional consultant, a copy of which must be filed with the Trustee. The Trustee shall have no duty to review or examine such report. Any such determination by the City is final.

Notwithstanding any other provision of this Section 5.07 or the Lease, the Trustee shall pay to the City all moneys in the Insurance and Condemnation Fund upon the Trustee's receipt of Written Request of the City which states that, pursuant to Section 3.2 of the Lease, the City has substituted other real property for the Leased Property that was damaged or destroyed and that there will be no abatement of the Lease Payments as a result of such damage or destruction.

SECTION 5.08. *Investments*. All moneys in any of the funds or accounts established with the Trustee under this Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall be directed by the Authority in a Written Request of the Authority filed with the Trustee at least 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 which constitute money market funds; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the Authority specifying a specific money market fund and, if no such Written Request of the Authority is so received, the Trustee shall hold such moneys uninvested. Permitted Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. To the extent Permitted Investments are registrable, such Permitted Investments must be registered in the name of the Trustee.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Bond Fund. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it

hereunder. The Trustee or any of its affiliates 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 under this Section 5.08.

Subject to applicable law, the Trustee may make any investments hereunder through its 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 to the investment provider in connection with any investments made by the Trustee hereunder. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or is dealing as a principal for its own account. The Trustee may, from time to time, provide the City and the Authority with a list of investments that are available on the Trustee's investment platform, but the Trustee will not give investment advice to the City or the Authority, and the City or the Authority may direct the Trustee to purchase investments that are not included on the list provided by the Trustee. The Trustee shall be entitled to rely conclusively on the Authority's investment direction as to the suitability and legality of the directed investments.

The Trustee shall furnish the Authority periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Authority. Upon the Authority's election, such statements will be delivered via the Trustee's Online Trust and Custody service and upon electing such service, paper statements will be provided only upon request. The Authority waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

Under Section 10.5 of the Lease, the City may direct the Authority as to the investment of funds under this Section 5.08, subject to compliance with the provisions of this Article V and Section 6.07.

SECTION 5.09. *Valuation and Disposition of Investments*.

(a) Except as otherwise provided in subsection (b) of this Section, the Authority covenants that all investments of amounts deposited in any fund or account created by or under this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued at the Fair Market Value thereof as such term is defined in subsection (d) below. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Authority in any Written Request of the Authority.

(b) The investments in certain funds or accounts (or portions thereof) may be subject to a yield restriction under applicable provisions of the Tax Code; the Authority shall inform the Trustee in writing which funds are subject to a yield restriction.

(c) For the purpose of determining the amount in any fund or account established hereunder, the value of Permitted Investments credited to such fund shall be valued by the Trustee at least annually on or before July 15. The Trustee may sell or present for redemption, any Permitted Investment so purchased by the Trustee whenever it is 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.

(d) For purposes of this Section 5.09, the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

(e) To the extent of any valuations made by the Trustee hereunder, the Trustee may utilize and rely upon computerized or generally recognized securities pricing services that may be available to it, including those available through its regular accounting system (including brokers and dealers).

ARTICLE VI

COVENANTS OF THE AUTHORITY

SECTION 6.01. *Punctual Payment*. The Authority shall punctually pay or cause to be paid the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium (if any) 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 the Revenues and other amounts pledged for such payment as provided in 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 (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of all of the Bonds then Outstanding and of all claims for interest thereon which have not been so extended. Nothing in this Section 6.02 limits the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance does not 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 Revenues and other assets pledged or assigned under this Indenture while any of the 2022 Bonds or any Additional Bonds are Outstanding, except the pledge and assignment created by this Indenture. 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.

SECTION 6.04. *Power to Issue Bonds and Make Pledge and Assignment*. The Authority is duly authorized under law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other amounts purported to be pledged and assigned, respectively, under this Indenture and under the Assignment Agreement in the manner and to the extent provided in this Indenture and the Assignment Agreement. 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, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

SECTION 6.05. *Accounting Records*. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate 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 under this Indenture. The Trustee shall make such books of record and

account available for inspection by the Authority and the City, during business hours, upon reasonable notice, and under reasonable circumstances.

SECTION 6.06. *Reserved*.

SECTION 6.07. *Tax Covenants Applicable to the 2022 Bonds*.

(a) Private Business Use Limitation. The Authority shall assure that the proceeds of the 2022 Bonds are not used in a manner which would cause the 2022 Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The Authority 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 2022 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The Authority may not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2022 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 2022 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(d) Maintenance of Tax Exemption; Record Retention; Compliance with Tax Certificate.

(i) The Authority shall take all actions necessary to assure the exclusion of interest on the 2022 Bonds from the gross income of the Owners of the 2022 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(ii) The Authority will retain its records of all accounting and monitoring it carries out with respect to the Bonds for at least 3 years after the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are redeemed and refunded, the Authority will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Bonds.

(iii) The Authority will comply with the provisions of the Certificate as to Arbitrage and the Use of Proceeds Certificate with respect to the Bonds, which are incorporated herein as if fully set forth herein. The covenants of this subsection will survive payment in full or defeasance of the Bonds.

(e) Rebate of Excess Investment Earnings to United States. The Authority shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the 2022 Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax 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 Tax Code, such payments to be made

from amounts paid by the City for that purpose under Section 4.5(d) of the Lease. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the 2022 Bonds, records of the determinations made under this subsection (e).

SECTION 6.08. *Enforcement of Lease*. The Trustee shall promptly collect all amounts (to the extent any such amounts are available for collection) due from the City under the Lease. Subject to the provisions of Article VIII, the Trustee may enforce, and take all steps, actions and proceedings which are determined to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority and for the enforcement of all of the obligations of the City under the Lease.

SECTION 6.09. *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 2022 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 6.10. *Further Assurances*. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the 2022 Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. *Events of Default*. The following events constitute Events of Default hereunder:

(a) Failure to pay any installment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on the Bonds when due.

(c) Failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Authority by the Trustee; provided, however, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the Authority institutes corrective action within

such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time, which period shall end 180 days after the delivery of such default notice.

(d) The commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

(e) The occurrence and continuation of an event of default under and as defined in the Lease.

SECTION 7.02. *Remedies Upon Event of Default*. If any Event of Default occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding shall, in each case, upon receipt of indemnification satisfactory to Trustee against the costs, expenses and liabilities to be incurred in connection with such action, upon notice in writing to the Authority, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority deposits with the Trustee a sum sufficient to pay all the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable fees, charges and expenses (including those of its legal counsel, including the allocated costs of internal attorneys) of the Trustee, and any and all other Events of Default actually known to the Trustee (other than in the payment of principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest on the Bonds due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority, the City and the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Bondholder in any such proceeding without the approval of the Bondholders so affected.

SECTION 7.03. *Application of Revenues and Other Funds After Default*. If an Event of Default occurs and is continuing, all Revenues and any other funds then held or

thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee in the following order of priority:

(a) To the payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its legal counsel including outside counsel and the allocated costs of internal attorneys) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

Second: To the payment to the persons entitled thereto of the unpaid principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) due on such date to the persons entitled thereto, without any discrimination or preference; and

SECTION 7.04. *Trustee to Represent Bond Owners*. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Indenture and applicable provisions of any law. All rights of action under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the

Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture. Notwithstanding anything contained herein or in the Lease to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any federal, state or local environmental law, statute, regulation or ordinance, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action, and such approval cannot be obtained.

Anything in the Indenture or Lease to the contrary notwithstanding, the Trustee shall not be required to enter, take possession of, or take any other action whatsoever with respect to the Leased Property unless the Trustee is satisfied that the Trustee will not be subject to any liability under any local, state, or federal environmental laws or regulations of any kind whatsoever or from any circumstances present at the Leased Property relating to the presence, use, management, disposal or contamination by any environmentally hazardous materials or substances of any kind whatsoever.

SECTION 7.05. *Limitation on Bond Owners' Right to Sue*. Notwithstanding any other provision hereof, no Owner of any Bonds has the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Lease or any other applicable law with respect to such Bonds, unless (a) such Owner has given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the Lease or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

SECTION 7.06. *Absolute Obligation of Authority*. Nothing herein or in the Bonds contained affects or impairs the obligation of the Authority, which is absolute and

unconditional, to pay the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon acceleration or call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

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

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

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

SECTION 7.10. *Notice to Bond Owners of Default.* Immediately upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee shall promptly give written notice thereof by first class mail, postage prepaid, to the Owner of each Outstanding Bond, unless such Event of Default has been cured before the giving of such notice; *provided, however* that except in the case of an Event of Default described in Sections 7.01(a) or 7.01(b), the Trustee may elect not to give such notice to the Bond Owners if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01. *Appointment of Trustee.* U.S. Bank Trust Company, National Association is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this Article VIII, so long as any Bonds are Outstanding.

SECTION 8.02. *Acceptance of Trusts; Removal and Resignation of Trustee.* The Trustee hereby accepts the express trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(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 shall be read into this Indenture against the Trustee. If an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the rights and powers vested in it by hereunder, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may remove the Trustee upon 30 days' prior notice, unless an Event of Default has occurred and is then continuing, and shall remove the Trustee (a) if at any time requested to do so by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (b) if at any time the Trustee ceases to be eligible in accordance with Section 8.02, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City, and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books.

(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. In the event of the removal or resignation of the Trustee under subsections (b) or (c), respectively, the Authority shall promptly appoint a successor Trustee.

If no successor Trustee has been appointed and accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture, must signify its acceptance of such appointment by executing and delivering to the Authority, to its predecessor Trustee a written acceptance thereof, and after payment by the Authority of all unpaid fees and expenses of the predecessor Trustee, 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 the Leased Property held by such predecessor Trustee 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 promptly 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 Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within 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, shall be authorized under such laws to exercise corporate trust powers, shall have (or, in the case of a corporation or association that is a member of a bank holding company system, the related bank holding company has) a combined capital and surplus of at least $50,000,000, and shall be subject to supervision or examination by a federal or state agency, so long as any Bonds are Outstanding. If such corporation or association publishes a report of condition at least annually under 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 or association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If the Trustee at any time ceases 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.

SECTION 8.03. *Merger or Consolidation*. Any bank, national banking association, federal savings association, or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank, national banking association, federal savings association, or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association, federal savings association, or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association, federal savings association, or trust company shall be eligible under subsection (e) of Section 8.02 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 8.04. *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 assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture, the Bonds or the Lease (including any right to receive moneys thereunder or the value of or title to the premises upon which the Leased Property is located), nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations of Trustee herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its 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 negligence or willful misconduct. 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 Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee is not liable for any error of judgment made by a responsible officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee is not liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of 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 or assigned to it under the Assignment Agreement.

(d) The Trustee is not liable for any action taken by it 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 unless and until it shall have actual knowledge thereof, or a corporate trust officer shall have received written notice thereof at its Office from the City, the Authority or the Owners of at least 25% in aggregate principal amount of the Outstanding Bonds. 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 or the City of any of the terms, conditions, covenants or agreements herein, under the Lease or the Bonds or of any of the documents executed in connection with the Bonds, or as to the existence of a default or 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 is not responsible for the validity, effectiveness or priority of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain or inquire as to the performance or observance by the City or the Authority of the terms, conditions, covenants or agreements set forth in the Lease, other than the covenants of the City to make Lease Payments to the Trustee when due and to file with the Trustee when due, such reports and certifications as the City is required to file with the Trustee thereunder.

(f) No provision of this Indenture requires 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.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, receivers or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, receiver or attorney appointed with due care by it hereunder.

(h) The Trustee has no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of the Bond Owners under this Indenture, unless such Owners have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities (including but not limited to fees and expenses of its attorneys), including, without limitations, any liability arising under federal, state or local environmental laws 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.

(i) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of Section 8.02(a), this Section 8.04 and Section 8.05, and shall be applicable to the assignment of any rights under the Lease to the Trustee under the Assignment Agreement.

(j) The Trustee is not accountable to anyone for the subsequent use or application of any moneys (including the proceeds of the Bonds) which are released or withdrawn in accordance with the provisions hereof.

(k) 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 or the City of the Leased Property. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Lease or this Indenture for the existence, furnishing or use of the Leased Property.

(l) The Trustee has no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(m) The Trustee is authorized and directed to execute the Assignment Agreement in its capacity as Trustee hereunder.

(n) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority and/or City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority and/or the City whenever a person is to be added or deleted from the listing. If the Authority and/or City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's reasonable understanding of such Instructions shall be deemed controlling. The Authority and City understand and agree that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority and City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority, City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority and/or City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority and City agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority and City; (iii) that

the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(o) In acting or omitting to act pursuant to the Assignment Agreement, the Lease or the Site Lease, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Indenture, including, but not limited to, this Article VIII. Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

(p) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include, but not be limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

SECTION 8.05. *Right to Rely on Documents*. The Trustee shall be protected and shall incur no liability in acting or refraining from acting in reliance upon any notice, 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 is under no duty to make any investigation or inquiry as to any statements contained or matter referred to in any paper or document but may accept and conclusively rely upon the same as conclusive evidence of the truth and accuracy of any such statement or matter and shall be fully protected in relying thereon. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel 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 deems 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 or the City, and such Written Certificate, Written Request or Written Requisition shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, Written Request or Written Requisition, and the Trustee shall be fully protected in relying thereon, 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 8.06. *Preservation and Inspection of Documents*. All documents received by the Trustee under the provisions of this Indenture shall be retained in its

respective possession and in accordance with its retention policy then in effect and shall, upon reasonable notice to Trustee, be subject to the inspection of the Authority, the City and any Bond Owner, and their agents and representatives duly authorized in writing, during business hours and under reasonable conditions as agreed to by the Trustee.

SECTION 8.07. *Compensation and Indemnification*. The Authority shall pay to the Trustee from time to time, on demand, the compensation for all services rendered under this Indenture and also all reasonable expenses, advances (including any interest on advances), charges, legal (including outside counsel and the allocated costs of internal attorneys) and consulting fees and other disbursements, incurred in and about the performance of its powers and duties under this Indenture.

The Authority shall indemnify the Trustee, its officers, directors, employees and agents against any cost, loss, liability, suit, claim, damages, judgment or expense whatsoever (including but not limited to fees and expenses of its attorneys) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust and this Indenture, the Assignment Agreement, the Site Lease and the Lease, 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 or under the Assignment Agreement or the Lease. As security for the performance of the obligations of the Authority under this Section 8.07 and the obligation of the Authority to make Additional Rental Payments to the Trustee, 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. The rights of the Trustee and the obligations of the Authority under this Section 8.07 shall survive the resignation or removal of the Trustee or the discharge of the Bonds and this Indenture and the Lease. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

ARTICLE IX

MODIFICATION OR AMENDMENT HEREOF

SECTION 9.01. *Amendments Permitted*.

(a) Amendments With Bond Owner Consent. 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 Supplemental Indenture, which the Authority and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding are filed with the Trustee. No such modification or amendment may (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 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 Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It is not necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it is sufficient if such consent approves the substance thereof.

(b) Amendments Without Owner Consent. 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 Bond Owners, if the Trustee has been furnished an opinion of counsel that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

(i) to 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 surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to cure any ambiguity, inconsistency or omission, or to cure or correct any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority deems necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners, in the opinion of Bond Counsel filed with the Trustee;

(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) to modify, amend or supplement this Indenture in such manner as to assure that the interest on the 2022 Bonds remains excluded from gross income under the Tax Code; or

(v) to provide for the issuance of Additional Bonds pursuant to Section 2.08 hereof.

(c) Limitation. The Trustee is not obligated to enter into any Supplemental Indenture authorized by subsections (a) or (b) of this Section 9.01 which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Bond Counsel Opinion Requirement. Prior to the Trustee entering into any Supplemental Indenture hereunder, the Authority shall deliver 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 taxes of interest on the Bonds.

(e) Notice of Amendments. The Authority shall deliver or cause to be delivered a draft of any Supplemental Indenture to each rating agency which then maintains a rating on the Bonds, at least 10 days prior to the effective date of such Supplemental Indenture under this Section 9.01.

SECTION 9.02. *Effect of Supplemental Indenture*. Upon the execution of any Supplemental Indenture under 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 under this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority 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 Office of the Trustee 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, 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 Office of the Trustee, without cost to any Bond

Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same maturity.

SECTION 9.04. *Amendment of Particular Bonds*. The provisions of this Article IX do not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

ARTICLE X

DEFEASANCE

SECTION 10.01. *Discharge of Indenture*. Any 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:

(a) by paying or causing to be paid the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium (if any) 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 securities in the necessary amount (as provided in Section 10.03) to pay or redeem such Bonds; or

(c) by delivering all of such Bonds to the Trustee for cancellation.

If the Authority also pays or causes to be paid all other sums payable hereunder by the Authority, 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 all such indebtedness and this Indenture), and notwithstanding that any of such Bonds shall not have been surrendered for payment, this Indenture and the pledge of 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, subject to Section 10.02, and except for Section 8.07 hereof, which shall survive. In such event, upon the Written Request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it under this Indenture which are not required for the payment or redemption of any of such Bonds not theretofore surrendered for such payment or redemption. The Trustee is entitled to conclusively rely on any such Written Certificate or Written Request and, in each case, is fully protected in relying thereon.

SECTION 10.02. *Discharge of Liability on Bonds*. Upon the deposit with the Trustee, in trust, at or before maturity, of money or 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 all liability of the Authority 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 the Trustee, 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 securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established under this Indenture and shall be:

(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, premium, if any, and all unpaid interest 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 City, the Authority and the Trustee, provide money sufficient to pay the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium (if any) on the Bonds to be paid or redeemed, as such principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption), interest and premium 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 has 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 (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption), interest and premium (if any) with respect to 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). The Trustee shall be

entitled to conclusively rely on such Written Request or opinion and shall be fully protected, in each case, in relying thereon.

SECTION 10.04. *Unclaimed Funds*. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of, or interest on, any Bonds and remaining unclaimed for 2 years after the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of all of the 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 2 years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid (without liability for interest) to the Authority free from the trusts created by this Indenture, 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 Revenues*. Notwithstanding anything in this Indenture or in the Bonds contained, the Authority is not required to advance any moneys derived from any source other than the Revenues, the Additional Rental Payments and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Authority may, but is not required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

SECTION 11.02. *Limitation of Rights to Parties and Bond 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, the City 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, the City 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 corporate 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 under this Indenture.

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 is required to be given by mail, such requirement may 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 destroy such Bonds as may be allowed by law and, upon the Authority's request, 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 notices or communications 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 telephone, (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, the City 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 or the City:	City of Tracy 333 Civic Center Plaza Tracy, California 95376 Attention: Finance Director Fax: _____

If to the Trustee: U.S. Bank Trust Company, National Association
Attn.: Global Corporate Trust Services
One California Street, Suite 1000
San Francisco, CA 94111
Fax: 415-677-3768

SECTION 11.08. *Evidence of Rights of Bond Owners*. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond 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 Section 11.08.

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 Bond shall bind every future Owner of the same Bond and the Owner of every 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, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority or the City, 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 the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination unless all Bonds are so owned or held, in which case such Bonds shall be considered Outstanding for the purpose of such determination.. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such 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 the City or any other obligor on the Bonds. In case of a dispute as to such right, the Trustee shall be entitled to rely upon the advice of counsel in any decision by Trustee and shall be fully protected in relying thereon.

Upon request, the Authority shall certify to the Trustee those Bonds disqualified under this Section 11.09, and the Trustee may conclusively rely on such certifications.

SECTION 11.10. *Money Held for Particular Bonds*. The money held by the Trustee for the payment of the interest, premium, if any, or principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) 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 but without any liability for interest thereon.

SECTION 11.11. *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 (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of or interest or premium (if any) 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 11.12. *Successor Is Deemed Included in All References to Predecessor*. Whenever in this Indenture either the Authority, the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority, the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.13. *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 11.14. *Payment on Non-Business Day*. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and with the same effect as if made on such preceding non-Business Day.

SECTION 11.15. *Governing Law*. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the TRACY PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name by its Treasurer and attested to by its Secretary, and U.S. BANK TRUST COMPANY, 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.

TRACY PUBLIC FINANCING AUTHORITY

By _____
Treasurer

Attest:

_____
Secretary

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

APPENDIX A

DEFINITIONS

"Additional Bonds" means Additional Bonds issued in accordance with Section 2.08 and Section 2.09 hereof.

"Additional Rental Payments" means the amounts of additional rental which are payable by the City under Section 4.5 of the Lease or which are otherwise identified as Additional Rental Payments under the Lease.

"Assignment Agreement" means the Assignment Agreement dated as of _____ 1, 2022, between the Authority as assignor and the Trustee as assignee, as originally executed or as thereafter amended.

"Authority" means the Tracy Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California.

"Authorized Representative" means: (a) with respect to the Authority, its Chair, Vice Chair, Executive Director, Treasurer, Auditor or any other person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Chair and filed with the City and the Trustee; and (b) with respect to the City, its Mayor, City Manager, Finance Director, City Attorney or any other person designated as an Authorized Representative of the City by a Written Certificate of the City signed by its City Manager and filed with the Authority and the Trustee.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, 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 Tax Code.

"Bond Fund" means the fund by that name established and held by the Trustee under Section 5.01.

"Bond Law" means Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code.

"Bond Year" means each twelve-month period extending from November 2 in one calendar year to November 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year commences on the Closing Date and extends to and including November 1, 20__.

"Bonds" means the 2022 Bonds and any Additional Bonds.

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the City in which the Office of the Trustee is located.

"City" means the City of Tracy, a general law city and municipal corporation organized and existing under the Constitution and laws of the State of California.

"Closing Date" means the date of delivery of the Bonds to the Original Purchaser.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the 2022 Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and their respective counsel, including the Trustee's first annual administrative fee; fees, charges and disbursements of attorneys, municipal advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the 2022 Bonds; and any other cost, charge or fee in connection with the original issuance of the 2022 Bonds.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee under Section 3.03.

"Depository" means (a) initially, DTC, and (b) any other Securities Depositories acting as Depository under Section 2.04.

"Depository System Participant" means any participant in the Depository's book-entry system.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" means any of the events specified in Section 7.01.

"Excess Investment Earnings" means an amount required to be rebated to the United States of America under Section 148(f) of the Tax Code due to investment of gross proceeds of the 2022 Bonds at a yield in excess of the yield on the 2022 Bonds.

"Federal Securities" means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

"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.

"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 under the provisions hereof.

"Independent Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the Authority or the City, and who, or

each of whom (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not connected with the Authority or the City as an officer or employee of the Authority or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

"Insurance and Condemnation Fund" means the fund by that name established and held by the Trustee under Section 5.07.

"Interest Account" means the account by that name established and held by the Trustee in the Bond Fund under Section 5.02.

"Interest Payment Date" means each May 1 and November 1, commencing November 1, 2022, so long as any Bonds remain unpaid.

"Lease" means the Lease Agreement dated as of May 1, 2022, between the Authority as lessor and the City as lessee of the Leased Property, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of this Indenture.

"Lease Payment Date" means, with respect to any Interest Payment Date, the Business Day immediately preceding such Interest Payment Date.

"Lease Payments" means the amounts payable by the City under Section 4.3(a) of the Lease, including any prepayment thereof and including any amounts payable upon a delinquency in the payment thereof.

"Leased Property" means the real property described in Appendix A to the Lease, together with all improvements and facilities at any time situated thereon.

"Net Proceeds" means amounts derived from any policy of casualty insurance or title insurance with respect to the Leased Property, or the proceeds of any taking of the Leased Property or any portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

"Nominee" means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

"Office" means the corporate trust office of the Trustee in Los Angeles, California, or such other or additional offices as the Trustee may designate in writing to the Authority from time to time as the corporate trust office for purposes of the Indenture; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

"Original Purchaser" means Piper Sandler & Co., as original purchaser of the 2022 Bonds upon their delivery by the Trustee on the Closing Date.

"Outstanding", when used as of any particular time with reference to Bonds, means 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 10.02, including Bonds (or portions thereof) described in Section 11.09; 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 under this Indenture.

"Owner", 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.

"Permitted Encumbrances" means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid under Article V of the Lease; (b) the Site Lease, the Lease and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, material man, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date by Stewart Title Guaranty; and (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the City certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

"Permitted Investments" means any of the following:

(a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged.

(b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption)and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

(c) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by S&P.

(d) Interest-bearing deposit accounts (including certificates of deposit placed by a third party pursuant to a separate agreement between the Authority and the Trustee), time deposits, bank deposit products, trust funds, trust accounts, interest bearing deposits, overnight bank deposits or interest bearing money market accounts in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee or any of its affiliates), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by S&P; or (ii) such deposits are fully insured by the Federal

Deposit Insurance Corporation or secured at all times by collateral described in (a) or (b) above.

(e) Commercial paper rated "A-1+" or better by S&P.

(f) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "A-1+" or better by S&P.

(g) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, which funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory, custodial, transfer agency or other management services, and for which they receive and retain a fee for such services. Money market funds permitted under this paragraph shall not include funds with a floating net asset value.

(h) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by S&P, or (b) fully secured as to the payment of principal and interest by Permitted Investments described in clauses (a) or (b).

(i) Obligations issued by any corporation organized and operating within the United States of America having assets in excess of $500,000,000, which obligations are rated A or better by S&P.

(j) Bonds or notes issued by any state or municipality which are rated A or better by S&P.

(k) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by S&P at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event either of such ratings at any time falls below A.

(l) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Principal Account" means the account by that name established and held by the Trustee in the Bond Fund under Section 5.02.

"Project" means the public capital improvements described in Appendix C attached to the Lease.

"Project Costs" means, with respect to the Project, all costs of the acquisition, construction and installation thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition, construction and installation of the Improvements;

(b) obligations incurred for labor and materials in connection with the acquisition, construction and installation of the Improvements;

(c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition, construction and installation of the Improvements;

(d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the Improvements;

(e) any sums required to reimburse the City for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the acquisition, construction and installation of the Improvements;

(f) all Costs of Issuance of the Bonds and other financing costs incurred in connection with the acquisition, construction and installation of the Project; and

(g) the interest components of the Lease Payments allocable to the Project or any component thereof, which come due during the period of acquisition, construction and installation of the improvements or such component.

"Project Fund" means the fund by that name established and held by the Trustee under Section 3.04.

"Record Date" means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established and held by the Trustee under Section 5.06.

"Registration Books" means the records maintained by the Trustee under Section 2.05 for the registration and transfer of ownership of the 2022 Bonds.

"Revenues" means: (a) all amounts received by the Authority or the Trustee under or with respect to the Lease, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts described in Section 7.5(b)(v) of the Lease, and (ii) any Additional Rental Payments; and

(b) all interest, profits or other income derived from the investment of amounts in any fund or account established under this Indenture.

"Securities Depositories" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the Authority designates in written notice filed with the Trustee.

"Site Lease" means the Site Lease dated as of May 1, 2022, between the City as lessor and the Authority as lessee, as amended from time to time in accordance with its terms.

"Site Lease Payment" means the amount of $_____ which is payable by the Authority to the City on the Closing Date under Section 3 of the Site Lease.

"S&P" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business, its successors and assigns.

"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.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Term" means, with reference to the Lease, the time during which the Lease is in effect, as provided in Section 4.2 thereof.

"Term Bonds" means the Bonds maturing on November 1 in each of the years ____ and ____.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of United States of America, or its successor or successors, as Trustee hereunder as provided in Article VIII.

"2022 Bonds" means the $_____ aggregate principal amount of Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields) authorized by and at any time Outstanding under this Indenture.

"Written Certificate," "Written Request" and "Written Requisition" of the Authority or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the City by its 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.

APPENDIX B

BOND FORM

NO. R-_____ ***$_____***

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

SPECIMEN

TRACY PUBLIC FINANCING AUTHORITY

LEASE REVENUE BONDS, SERIES 2022A
(LEGACY FIELDS)

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____%	November 1, ____	_____, 2022	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: *** ***

The TRACY PUBLIC FINANCING AUTHORITY, a public body corporate and politic 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 15th 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, 2022, in which event it shall bear interest from the Original Issue 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, 2022 (the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months.

Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the designated corporate trust office of U.S. Bank Trust Company, National Association (the "Trust Office"), as trustee (the

"Trustee"). Interest hereon is payable by check of the Trustee mailed 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 as of 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 designated by such registered owner in such written request.

This Bond is not a debt of the City of Tracy (the "City"), the County of San Joaquin, the State of California, or any of its political subdivisions, and neither the City, said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties of the Authority other than the Revenues.

SPECIMEN

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields)" (the "Bonds"), in an aggregate principal amount of $_____, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code, and under an Indenture of Trust dated as of May 1, 2022, between the Authority and the Trustee (the "Indenture") and a resolution of the Authority adopted on _____ , 2022, 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 Revenues, 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 provide financing for the acquisition and construction of certain public improvements. This Bond and the interest and premium, if any, hereon are special obligations of the Authority, payable from the Revenues, and secured by a charge and lien on the Revenues as defined in the Indenture, consisting principally of lease payments made by the City under a Lease Agreement dated as of May 1, 2022, between the Authority as lessor and the City as lessee (the "Lease"). As and to the extent set forth in the Indenture, all of the 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 and premium (if any) on the Bonds.

The Authority has the authority to issue Additional Bonds under the Indenture that would be secured by and payable from Revenues on a parity basis with the Bonds.

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 premium (if any) thereon, 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 or before November 1, 20__, are not subject to optional redemption prior to their stated maturity. The Bonds maturing on or after November 1, 20__, are subject to redemption, as a whole or in part at the election of the Authority among maturities on such basis as designated by the Authority and by lot within a maturity, at the option of the Authority, on November 1, 20__, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds are subject to redemption as a whole, or in part by lot, on any date, to the extent of any net proceeds of hazard or title insurance with respect to the property which has been leased under the Lease (the "Leased Property") or any portion thereof which are not used to repair or replace the Leased Property pursuant to the Lease, or to the extent of any net proceeds arising from the disposition of the Leased Property or any portion thereof in eminent domain proceedings which the City elects to be used for such purpose pursuant to the Lease, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

The Term Bonds are subject to mandatory redemption in whole, or in part by lot, from sinking fund payments at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on November 1 in the years as set forth in the following tables:

Term Bonds Maturing
November 1, ____

Payment Date (November 1)	Payment Amount
(Maturity)	

Term Bonds Maturing
November 1, ____

Payment Date (November 1)	Payment Amount
(Maturity)	

If some but not all of the Term Bonds have been redeemed under the optional redemption provisions of the Indenture, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Authority, which shall notify the Trustee in writing of such determination

As provided in the Indenture, notice of redemption will be mailed by the Trustee by first class mail not less than 20 nor more than 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 enotice 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. Notice of any optional redemption of the Bonds may be conditioned upon receipt of funds for the redemption, and may be rescinded under the circumstances set forth in the Indenture, upon notice to the owners of such Bonds.

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.

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.

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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.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Authority or the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other

name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified by the Authority 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 Ordinance 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 Ordinance 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 certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Tracy Public Financing Authority has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Chair and attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

TRACY PUBLIC FINANCING AUTHORITY

By _____
Chair

Attest:

_____
Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This is one of the 2022 Bonds described in the within-mentioned Indenture.

Dated:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

_____

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.

APPENDIX C

FORM OF PROJECT FUND REQUISITION

DISBURSEMENT REQUEST NO.: _____

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

Re: $_____ Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields)

Ladies and Gentlemen:

In accordance with the terms of an Indenture of Trust, by and between you and the undersigned, dated as of May 1, 2022 (the "Indenture"), I am an Authorized Representative and you are hereby authorized and requested to make immediate disbursement of funds held by you in the Project Fund for Project Costs relating to the Project (as such terms are defined in the Indenture) pursuant to Section 3.04 of the Indenture.

You are hereby requested to pay from the Project Fund established by the Indenture, to the person(s), corporation(s) or other entity(ies) designated on Schedule A attached hereto, in payment of all or a portion of the Project Costs described on said Schedule.

The undersigned hereby certifies that (i) the amounts listed on Schedule A constitute Project Costs (as defined in the Indenture), (ii) no part of the amount requested herein has been included in any other request previously filed with you; (iii) to the knowledge of the undersigned, there has not been filed with or served upon the City any notice of any lien or attachment upon or claim (except for any preliminary notice of lien as may be filed in accordance with law) affecting the right of the person, corporation or other entity stated below to receive payment of the amount stated below, which lien has not been released or will not be released simultaneously with the payment requested hereunder; and (iv) the labor, services and/or materials covered hereby have been performed upon or furnished to the Improvements and the payment requested herein is due and payable under a purchase order, contract or other authorization;

Dated**:** _____, 20___.

CITY OF TRACY

By:_____
Designated Officer

SCHEDULE A

Payee (include address)	Description of Costs	Project Costs Amount

ATTACHMENT D

LEASE AGREEMENT

Dated as of May 1, 2022

between the

TRACY PUBLIC FINANCING AUTHORITY,
as lessor

and the

CITY OF TRACY,
as lessee

Relating to

$_____
Tracy Public Financing Authority
Lease Revenue Bonds, Series 2022A
(Legacy Fields)

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LEASE AGREEMENT

This LEASE AGREEMENT (this "**Lease**"), dated for convenience as of _May 1, 2022, is between the TRACY PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California, as lessor (the "**Authority**"), and the CITY OF TRACY, a general law city and municipal corporation duly organized and existing under the Constitution and laws of the State of California, as lessee (the "**City**").

B A C K G R O U N D :

1. The City wishes to finance the acquisition and construction of public improvements (the "**Project**") of the City, consisting of Phase 1E of the Legacy Fields Sports Complex and such other improvements that may be identified from time to time by the City.

2. The City and the Tracy Industrial Development Authority (the "Industrial Development Authority") are parties to a First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018 (the "**Joint Powers Agreement**"), pursuant to which the Authority was established as a joint exercise of powers authority under the Joint Exercise of Powers Act (Government Code §6500 et seq.) for the purpose of providing assistance to the City and the Industrial Development Authority with their financing programs, and for any other purposes authorized under the Bond Law (as defined in the Indenture referenced below).

3. The City has proposed to lease to the Authority certain real property and improvements of the City, as more particularly described in Appendix A attached hereto and by this reference incorporated herein (the "**Leased Property**"), under a Site Lease, dated the date hereof (the "**Site Lease**") in consideration of the payment by the Authority of an upfront rental payment (the "**Site Lease Payment**") which is sufficient to provide funds for the acquisition and construction of the Project. The Site Lease is being recorded concurrently with a memorandum of this Lease.

4. The Authority has authorized the issuance of its Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields) in the aggregate principal amount of $_____ (the "**2022 Bonds**") under an Indenture of Trust dated as of May 1, 2022 (the "**Indenture**"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"), for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with this Site Lease.

5. Under Section 2.08 and Section 2.09 of the Indenture, the Authority is authorized to issue Additional Bonds (as defined in the Indenture) payable from the Lease Payments payable by the City hereunder. Together, the 2022 Bonds and any Additional Bonds are defined as "**Bonds**" under this Lease and the Indenture.

6. In order to provide revenues that are sufficient to enable the Authority to pay debt service on the Bonds, the Authority has agreed to lease the Leased Property

back to the City under this Lease under which the City agrees to pay semiannual Lease Payments as the rental for the Leased Property.

7. The lease payments made by the City under this Lease have been assigned by the Authority to the Trustee for the security of the Bonds under an Assignment Agreement dated as of the date hereof, between the Authority as assignor and the Trustee as assignee, which has been recorded concurrently herewith.

8. The City and the Authority have found and determined that all acts and proceedings required by law necessary to make this Lease, when executed by the City and the Authority, the valid, binding and legal obligations of the City and the Authority, and to constitute this Lease 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 Lease have been in all respects duly authorized.

A G R E E M E N T :

In consideration of the material covenants contained in this Lease, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease have the respective meanings given them in the Indenture.

SECTION 1.2. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular includes the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and includes 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 do 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 Lease; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

SECTION 2.1. *Covenants, Representations and Warranties of the City.* The City makes the following covenants, representations and warranties to the Authority, the Trustee as of the date of the execution and delivery of this Lease:

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

(b) Due Execution. The representatives of the City executing the Site Lease and this Lease have been fully authorized to execute the same under a resolution duly adopted by the City Council of the City.

(c) Valid, Binding and Enforceable Obligations. The Site Lease and this Lease have been duly authorized, executed and delivered by the City and constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

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

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Site Lease and

this Lease, or the consummation of any transaction therein and herein contemplated, except as have been obtained or made and as are in full force and effect.

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

SECTION 2.2. *Covenants, Representations and Warranties of the Authority.* The Authority makes the following covenants, representations and warranties to the City, the Trustee as of the date of the execution and delivery of this Lease:

(a) Due Organization and Existence. The Authority is a joint exercise of powers authority duly organized and existing under a joint powers agreement and the laws of the State of California; has power to enter into this Lease, the Site Lease, the Assignment Agreement and the Indenture; is possessed of full power to own and hold, improve and equip real and personal property, and to lease the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) Due Execution. The representatives of the Authority executing this Lease, the Site Lease, the Assignment Agreement and the Indenture are fully authorized to execute the same pursuant to official action taken by the governing body of the Authority.

(c) Valid, Binding and Enforceable Obligations. This Lease, the Site Lease, the Assignment Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(d) No Conflicts. The execution and delivery of this Lease, the Site Lease, the Assignment Agreement and the Indenture, the consummation of the transactions herein and therein contemplated

and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Assignment Agreement and the Indenture or the financial condition, assets, properties or operations of the Authority.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, the Site Lease, the Assignment Agreement or the Indenture, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

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

ARTICLE III

DEPOSIT AND APPLICATION OF FUNDS; SUBSTITUTION AND RELEASE OF PROPERTY

SECTION 3.1. *Deposit of Moneys; Acquisition and Construction of the Project .*

(a) Deposit of Bond Proceeds. On the Closing Date, the Authority will cause the proceeds of sale of the 2022 Bonds to be deposited with the Trustee. The Trustee shall deposit such proceeds in accordance with Section 3.02 of the Indenture.

(b) Acquisition and Construction of the Project. The Authority hereby appoints the City as its agent to carry out all phases of the acquisition and construction of the Project under and in accordance with the provisions hereof. The City hereby accepts its appointment as agent of the Authority and assumes all rights, liabilities, duties and responsibilities of the Authority regarding the acquisition and construction of the Project. The City, as agent of the Authority hereunder, shall enter into, administer and enforce all purchase orders or other contracts relating to the acquisition and construction of the Project. The City shall requisition the payment of Project Costs from amounts held by the Trustee in the Project Fund, pursuant to and in accordance with Section 3.04 of the Indenture. All contracts for, and all work relating to, the acquisition and construction of the Project are subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of like facilities and property by the City.

As agent of the Authority, the City hereby agrees to supervise and provide for, or cause to be supervised and provided for, the acquisition and construction of the Project in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the City under all applicable requirements of law.

SECTION 3.2. *Substitution of Property.* The City has the option at any time and from time to time, to substitute other real property (the "**Substitute Property**") for the Leased Property or any portion thereof (the "**Former Property**"), upon satisfaction of all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(a) No Event of Default has occurred and is continuing, as certified in writing by the City.

(b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the San Joaquin County Recorder sufficient memorialization of an amendment hereof that adds the legal description of the Substitute Property to Appendix A and deletes therefrom the legal description of the Former Property, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.

(c) The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate hereunder in the Substitute Property, subject

only to Permitted Encumbrances, in an amount at least equal to the estimated value thereof.

(d) The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City.

(e) The Substitute Property does not cause the City to violate any of its covenants, representations and warranties made herein, as certified in writing by the City.

(g) The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that the useful life of the Substitute Property at least extends to November 1, 20__, that the estimated value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the aggregate Outstanding principal amount of the Bonds, and the fair rental value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the Lease Payments thereafter coming due and payable hereunder.

(h) The City has mailed written notice of such substitution to each rating agency which then maintains a rating on the Bonds.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this Section. The Authority and the City will execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Former Property and to cause the Substitute Property to become subject to all of the terms and conditions of the Site Lease, this Lease and the Assignment Agreement.

SECTION 3.3. *Release of Property.* The City has the option at any time and from time to time to release any portion of the Leased Property from this Lease (the "**Released Property**") provided that the City has satisfied all of the following requirements which are hereby declared to be conditions precedent to such release:

(a) No Event of Default has occurred and is continuing, as certified in writing by the City.

(b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the San Joaquin County Recorder sufficient memorialization of an amendment hereof, the Site Lease and the Assignment Agreement which removes the Released

Property from the Site Lease, the Assignment Agreement and this Lease.

(c) The City has certified in writing to the Authority and the Trustee that the value of the property which remains subject to this Lease following such release is at least equal to the aggregate Outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to this Lease following such release is at least equal to the Lease Payments thereafter coming due and payable hereunder.

(d) The City has mailed written notice of such release to each rating agency which then maintains a rating on the Bonds.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Authority and the City shall execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Released Property.

SECTION 3.4. *Addition of Property.* The City may, at any time it deems it necessary or advisable, amend this Lease, and enter into any necessary or advisable site or ground lease, to add additional property to the property originally leased hereunder.

If the addition to the Leased Property (the "**Addition**") is being done in connection with the issuance of Additional Bonds, the following requirements shall apply:

(a) The City shall have certified in writing to the Authority and the Trustee that (i) the Addition serves the purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City, (ii) the useful life of the Addition at least extends to November 1, 20__ or such later date specified in Section 4.2, (iii) the estimated value of the Leased Property (including the Addition) is at least equal to the aggregate Outstanding principal amount of the Bonds, and (iv) the fair rental value of the Leased Property (including the Addition) is at least equal to the Lease Payments thereafter coming due and payable hereunder. For the purposes of the certification described in clause (iv), the City may, if necessary to make such certification, assume completion of construction of the Addition if the Addition is being constructed with proceeds of the Additional Bonds as long as capitalized interest has been deposited in accordance with Section 2.08(h) of the Indenture.

(b) The City shall have delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the amendment hereto has been duly authorized, executed and delivered and the Lease as so amended represents a valid and binding obligation of the City and the Authority and that the Addition will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(c) The City shall cause to be recorded in the Office of the San Joaquin County Recorder sufficient memorialization of an amendment hereof that adds the legal description of the Addition to Appendix A, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.

(d) The City shall have delivered to the Authority and the Trustee a CLTA standard form policy of title insurance in substantially the same form as delivered in connection with the issuance and delivery of the Bonds in at least the amount of the aggregate principal amount of outstanding Bonds at the time of the Addition insuring the City's leasehold interest in the Addition to the Leased Property hereunder, together with an endorsement thereto making such policy payable to the Trustee for the benefit of the Owners, and also together with a certificate of the City to the effect that the exceptions, if any, contained in such policy do not interfere with the beneficial use and occupancy of the Leased Property by the City.

(e) The City shall have delivered to the Authority and the Trustee a copy of a written notice that the City mailed to each rating agency then rating the Bonds notifying the rating agency of the Addition.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon commence as to the Addition, and all references to the Leased Property will apply with full force and effect to the Addition.

SECTION 3.5. *Amendment of Site Lease and Assignment Agreement.* The Authority and the City shall amend the Site Lease and the Assignment Agreement as necessary in order to accomplish any Substitution, Release or Addition of property pursuant to this Article III.

ARTICLE IV

LEASE OF LEASED PROPERTY; TERM OF THIS LEASE; LEASE PAYMENTS

SECTION 4.1. *Lease of Leased Property.* The Authority hereby leases the Leased Property to the City and the City hereby leases the Leased Property from the Authority, upon the terms and conditions set forth in this Lease.

SECTION 4.2. *Term*. The Term of this Lease commences on the Closing Date and ends on the date on which the Indenture is discharged in accordance with Section 10.03 thereof, but under any circumstances not later than November 1, 20__, or if Additional Bonds have been issued under the Indenture, the last day that precedes the final maturity of Additional Bonds (if later than November 1, 20__). The provisions of this Section are subject to the provisions of Sections 6.2 and 6.3 relating to the taking in eminent domain, damage and destruction of the Leased Property in whole or in part and interference with completion of construction of the Project.

SECTION 4.3. *Lease Payments.*

(a) Obligation to Pay. Subject to the provisions of Sections 6.2 and 6.3 and the provisions of Article IX, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the respective amounts specified in Appendix B attached to this Lease, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in Appendix B (as it may be amended in connection with the issuance of Additional Bonds), and to be deposited by the City with the Trustee on each of the Lease Payment Dates specified in Appendix B (as it may be amended in connection with the issuance of Additional Bonds). Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under Article IX, and amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the Lease Payment then required to be paid hereunder. The City is not required to deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee. The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

(b) Effect of Prepayment. If the City prepays all Lease Payments in full under Sections 9.2 or 9.3, the City's obligations under this Section will thereupon cease and terminate. If the City prepays the Lease Payments in part but not in whole under Sections 9.2 or 9.3, the principal components of the remaining Lease Payments will be reduced in integral multiples of $5,000 among Lease Payment Dates on a basis which corresponds to the principal maturities of the Bonds which are redeemed thereby; and the interest component of each remaining Lease Payment will be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Bonds thereby redeemed under Section 4.01 of the Indenture.

(c) Rate on Overdue Payments. If the City fails to make any of the payments required in this Section, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest on any Outstanding Bond.

(d) Fair Rental Value. The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property, other obligations of the City and the Authority under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

(e) Assignment. The City understands and agrees that all Lease Payments have been assigned by the Authority to the Trustee in trust, under the Assignment

Agreement, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees to pay to the Trustee at its Office, all payments payable by the City under this Section and all amounts payable by the City under Article IX.

SECTION 4.4. *Source of Payments; Covenant to Budget and Appropriate.* The Lease Payments are payable from any source of available funds of the City, subject to the provisions of Section 6.3. The City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of this Lease and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. The foregoing covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the City.

SECTION 4.5. *Additional Rental Payments*. In addition to the Lease Payments, the City shall pay when due the following amounts of Additional Rental Payments in consideration of the lease of the Leased Property by the City from the Authority hereunder:

(a) all fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Leased Property, when due,

(b) all reasonable compensation to the Trustee for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture,

(c) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease or the Indenture,

(d) amounts coming due and payable as Excess Investment Earnings in accordance with Section 7.6(e), and

(e) the reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of this Lease or the Indenture, or in connection with the issuance of the Bonds, including but not limited to any and all expenses incurred in connection with the authorization, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving this Lease, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or otherwise incurred in connection with the administration of this Lease.

SECTION 4.6. *Quiet Enjoyment.* Throughout the Term of this Lease, the Authority shall provide the City with quiet use and enjoyment of the Leased Property and the City will peaceably and quietly have and hold and enjoy the Leased Property, without suit,

trouble or hindrance from the Authority, except as expressly set forth in this Lease. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority has the right to inspect the Leased Property as provided in Section 7.2.

SECTION 4.7. *Title.* Upon the termination of this Lease (other than under Section 8.2(b) hereof), all right, title and interest of the Authority in and to the Leased Property transfers to and vests in the City. The Authority shall take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

SECTION 5.1. *Maintenance, Utilities, Taxes and Assessments.* Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property are the responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and will pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Leased Property. The City waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the City under the terms of this Lease.

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

The City may, at its 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 Authority notifies the City that, in its reasonable opinion, by nonpayment of any such items the interest of the Authority in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

SECTION 5.2. *Modification of Leased Property.* The City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of this Lease. Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City under this Section; except that if any such lien is established and the City first notifies or causes to be notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

SECTION 5.3. *Liability and Property Damage Insurance.* The City shall maintain or cause to be maintained throughout the Term of this Lease, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 5.7, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

SECTION 5.4. *Property Insurance.* The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, property insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Outstanding Bonds. Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at commercially reasonable cost from reputable insurers in the judgment of the City. Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance

coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in Section 6.1.

SECTION 5.5. *Rental Interruption Insurance.* The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

SECTION 5.6. *Recordation Hereof; Title Insurance.* On or before the Closing Date the City shall, at its expense, (a) cause the Site Lease, the Assignment Agreement and this Lease, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the San Joaquin County Recorder, and (b) obtain a CLTA title insurance policy insuring the City's leasehold estate hereunder in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments under Section 9.3.

SECTION 5.7. *Insurance Net Proceeds; Form of Policies.* Each policy of insurance maintained under Sections 5.4, 5.5 and 5.6 must name the Trustee as loss payee so as to provide that all proceeds thereunder are payable to the Trustee. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease. All such policies shall provide that the Trustee is given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a certificate of the City stating that all policies of insurance required hereunder are then in full force and effect. The Trustee has no responsibility for the sufficiency, adequacy or amount of any insurance or self-insurance herein required and is fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

If any insurance maintained under Section 5.3 is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the City, the City has

no obligation to make any payment with respect to any insured event except from those reserves.

SECTION 5.8. *Installation of City's Personal Property.* The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of the City, in which neither the Authority nor the Trustee has any interest, and may be modified or removed by the City at any time, provided that the City must repair all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease prevents the City from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, so long as no such lien or security interest attaches to any part of the Leased Property.

SECTION 5.9. *Liens.* The City may not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than as herein contemplated and except for such encumbrances as the City certifies in writing to the Trustee do not materially and adversely affect the leasehold estate of the City in the Leased Property hereunder. If any such mortgage, pledge, lien, charge, encumbrance or claim does materially and adversely affect the leasehold estate of the City in the Leased Property hereunder, the City will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible; provided that the City is not required to do so prior to the time when such mortgage, pledge, lien, charge, encumbrance or claim actually causes such material adverse effect. The City will reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

SECTION 5.10. *Advances.* If the City fails to perform any of its obligations under this Article V, the Authority may (but is not required to) take such action as it deems necessary to cure such failure, including the advancement of money, and the City shall repay all such advances as Additional Rental Payments hereunder, with interest at the rate set forth in Section 4.3(c).

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

SECTION 6.1. *Application of Net Proceeds.* The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied as set forth in Section 5.07 of the Indenture.

SECTION 6.2. *Termination or Abatement Due to Eminent Domain.* If the Leased Property is taken permanently under the power of eminent domain or sold to a

government threatening to exercise the power of eminent domain, the Term of this Lease thereupon ceases as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(a) this Lease shall continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

SECTION 6.3. *Abatement Due to Damage or Destruction.* The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease continues in full force and effect and the City waives any right to terminate this Lease by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.3 to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such proceeds constitute a special fund for the payment of the Lease Payments.

SECTION 6.4. *Abatement Due to Non-Completion of the Project.* The Lease Payments are subject to abatement during any period prior to the issuance of a certificate of occupancy for the Project, if it constitutes all or a portion of the Leased Property, if there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the usable portions of the Leased Property. Such abatement will continue for the period commencing with the substantial interference with the use and occupancy of the Leased Property and ending with the substantial completion of the Project. In the event of any such interference with use and occupancy during construction of the Project, this Lease continues in full force and effect and the City waives any right to terminate this Lease by virtue of any substantial interference.

[confirm] The City has determined in its Resolution No. ___, adopted by the City Council on ____, 2022, that the City will have substantial use and occupancy of the Leased Property during construction of the Project.

ARTICLE VII

OTHER COVENANTS OF THE CITY

SECTION 7.1. *Disclaimer of Warranties.* THE AUTHORITY AND THE TRUSTEE MAKE NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE CITY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. The Authority has no liability for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease for the existence, furnishing, functioning or use of the Leased Property by the City.

SECTION 7.2. *Access to the Leased Property.* The City agrees that the Authority and any Authorized Representative of the Authority, and the Authority's successors or assigns, have the right at all reasonable times to enter upon and to examine and inspect the Leased Property or any part thereof. The City further agrees that the Authority, any Authority Representative and the Authority's successors or assigns may have such rights of access to the Leased Property or any component thereof as reasonably necessary to cause the proper maintenance of the Leased Property if the City fails to perform its obligations hereunder; *provided, however,* that neither the Authority nor any of its assigns has any obligation to cause such proper maintenance.

SECTION 7.3. *Release and Indemnification Covenants.* The City agrees to indemnify the Authority, the Trustee and their respective officers, agents, successors and assigns, against all claims, losses and damages, including legal fees and expenses, arising out of any of the following:

(a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the City,

(b) any breach or default on the part of the City in the performance of any of its obligations under this Lease,

(c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property,

(d) any intentional misconduct or negligence of any sublessee of the City with respect to the Leased Property,

(e) the acquisition, construction, improvement and equipping of the Leased Property, or the authorization of payment of the costs thereof, or

(f) the acceptance and performance of the duties of the Trustee under the Indenture, the Assignment Agreement and under this Lease.

No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or negligence under this Lease by the Authority, the Trustee or their respective officers, agents, employees, successors or assigns.

SECTION 7.4. *Assignment and Subleasing by the City.* The City may sublease the Leased Property, or any portion thereof, subject to all of the following conditions:

(a) this Lease and the obligation of the City to make Lease Payments hereunder must remain obligations of the City, as certified in writing by the City;

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

(c) no such sublease by the City may cause the Leased Property to be used for a purpose which is not authorized under the provisions of the laws of the State of California, as certified in writing by the City; and

(d) the City must furnish to the Authority and the Trustee a written opinion of Bond Counsel stating that such sublease does not cause the interest on the Bonds to become included in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State of California.

SECTION 7.5. *Amendment Hereof.* The Authority and the City may at any time amend or modify any of the provisions of this Lease, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the Outstanding Bonds; or (b) without the consent of the Trustee or any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

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

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, to conform to the original intention of the City and the Authority;

(iii) to modify, amend or supplement this Lease in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code;

(iv) to amend the description of the Leased Property to reflect accurately the property originally intended to be included therein, or in connection with any substitution or release of property under Sections 3.2 or 3.3;

(v) in the event of the issuance of Additional Bonds in order to obligate the City to pay additional amounts of Lease Payments such that the scheduled amount of Lease Payments payable after such amendment shall be sufficient to pay the principal of and interest on the 2022 Bonds and such Additional Bonds but only if (A) the City has certified to the Trustee that the estimated value of the Leased Property is at least equal to the aggregate Outstanding principal amount of the Bonds and the fair rental value of the Leased Property is at least equal to the Lease Payments thereafter coming due and payable hereunder (for the purposes of the certification described in this clause (A), the City may, if necessary to make such certification, assume completion of construction of the project being financed by the Additional Bonds if such project is all or a portion of the Leased Property as long as either (1) capitalized interest has been deposited in accordance with Section 2.08(h) of the Indenture or (2) the City has made a finding that the fair rental value of the Leased Property prior to the completion of the project is equal to or greater than the aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period), and (B) the City has filed with the Trustee written evidence that the amendments made under this clause (v) will not of themselves cause a reduction or withdrawal of any rating then assigned to the then-outstanding Bonds; or

(vi) in any other respect whatsoever as the Authority and the City deem necessary or desirable, if in the opinion of Bond Counsel such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds.

No such modification or amendment may (a) extend or have the effect of extending any Lease Payment Date or reducing any Lease Payment or any premium payable upon the prepayment thereof, without the express consent of the Owners of the affected Bonds, or (b) modify any of the rights or obligations of the Trustee without its written assent thereto. If the Trustee's consent to such modification or amendment is required, the Trustee shall be entitled to the same documents as it would be entitled to under Article IX of the Indenture for such type of modification or amendment.

SECTION 7.6. *Tax Covenants Relating to the 2022 Bonds*.

(a) Private Business Use Limitation. The City shall assure that the proceeds of the 2022 Bonds are not used in a manner which would cause the 2022 Bonds to satisfy

the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The City 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 2022 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. 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 2022 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 2022 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(d) Maintenance of Tax Exemption. The City shall take all actions necessary to assure the exclusion of interest on the 2022 Bonds from the gross income of the Owners of the 2022 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(e) Rebate of Excess Investment Earnings to United States. The City shall calculate or cause to be calculated the Excess Investment Earnings in all respects at the times and in the manner required under the Tax Code. The City shall pay the full amount of 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 Tax Code. Such payments shall be made by the City from any source of legally available funds of the City, and shall constitute Additional Rental Payments hereunder.

The City shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the 2022 Bonds, records of the determinations made under this subsection (e). In order to provide for the administration of this subsection (e), the City may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the City may deem appropriate. The Trustee has no duty or obligation to monitor or enforce compliance by the City of any of the requirements under this subsection (e).

(f) Record-Keeping. The City will retain its records of all accounting and monitoring it carries out with respect to the 2022 Bonds for at least 3 years after the 2022 Bonds mature or are redeemed (whichever is earlier); however, if the 2022 Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the 2022 Bonds.

(g) Compliance with Tax Certificate. The City will comply with the provisions of the Certificate as to Arbitrage and the Use of Proceeds Certificate with respect to the 2022 Bonds, which are incorporated herein as if fully set forth herein. The covenants of this subsection will survive payment in full or defeasance of the 2022 Bonds.

SECTION 7.7. *Continuing Disclosure*. The City shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the City as of the Closing Date, as originally executed and as it may be amended from time to time in

accordance with its terms. Notwithstanding any other provision of this Lease, failure of the City to comply with such Continuing Disclosure Certificate will not constitute an Event of Default, although any Participating Underwriter (as that term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section, including seeking mandate or specific performance by court order.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. *Events of Default Defined.* Any one or more of the following events constitute an Event of Default hereunder:

(a) Failure by the City to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding subsection (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee. If in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, the failure will not constitute an Event of Default if the City commences to cure the failure within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time, such period of time not to be longer than 180 days after the delivery of such default notice.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

SECTION 8.2. *Remedies on Default.* Whenever any Event of Default has happened and is continuing, the Authority may exercise any and all remedies available under law or granted under this Lease. Notwithstanding anything herein or in the Indenture to the contrary, neither the Authority nor the Trustee may accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights granted hereunder; except that no termination of this Lease

may be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Authority may exercise each and every one of the following remedies, subject in all respects to the limitations set forth in Section 8.3.

(a) Enforcement of Payments Without Termination. If the Authority does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) hereof, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Leased Property, or, if the Authority is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of this Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Authority. The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place the Leased Property in storage or other suitable place in the County of San Joaquin for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of the Leased Property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease constitute full and sufficient notice of the right of the Authority to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The City agrees to surrender and quit possession of the Leased Property upon demand of the Authority for the purpose of enabling the Leased Property to be re-let under this paragraph, and the City further waives the right to any rental obtained by the Authority in excess of the Lease Payments and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-leasing the Leased Property.

(b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Authority at its option may terminate this Lease and re-lease all or any portion of the Leased Property. If the Authority terminates this Lease at its option and in the manner hereinafter provided on account of default by the City (and notwithstanding any re-entry upon the Leased Property by the Authority in any manner whatsoever or the re-leasing of the Leased Property), the City nevertheless agrees to pay to the Authority all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Rental Payments. Any surplus received by the Authority from such re-leasing shall be deposited in the Bond Fund. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease. The City covenants and agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(c) Proceedings at Law or In Equity. If an Event of Default occurs and continues hereunder, the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

SECTION 8.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy is cumulative and in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default impairs any such right or power or operates as a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VIII it is not necessary to give any notice, other than as expressly required in this Article VIII or by law.

SECTION 8.4. *Agreement to Pay Attorneys' Fees and Expenses.* If the Authority or the City defaults under any of the provisions of this Lease and the nondefaulting party employs attorneys or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party; *provided, however*, that the Trustee shall not be required to expend its own funds for any payment described in this Section.

SECTION 8.5. *No Additional Waiver Implied by One Waiver.* If the Authority or the City breaches any agreement in this Lease and thereafter the other party waives the breach, such waiver is limited to the particular breach so waived and does not operate to waive any other breach hereunder.

SECTION 8.6. *Application of Proceeds.* All net proceeds received from the release of the Leased Property under this Article VIII, and all other amounts derived by the Authority or the Trustee as a result of the occurrence of an Event of Default, must be paid to and applied by the Trustee in accordance with Section 7.03 of the Indenture.

SECTION 8.7. *Trustee and Bond Owners to Exercise Rights.* Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Trustee under the Assignment Agreement for the benefit of the Bond Owners, to which assignment the City hereby consents. The Trustee and the Bond Owners shall exercise such rights and remedies in accordance with the Indenture.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

SECTION 9.1. *Security Deposit.* Notwithstanding any other provision of this Lease, the City may on any date secure the payment of the Lease Payments allocable to the Leased Property in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts on deposit in the funds and accounts established under the Indenture, is either:

(a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Appendix B, or

(b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, (which opinion must be addressed and delivered to the Trustee), together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due under Section 4.3(a), as the City instructs at the time of said deposit.

If the City makes a security deposit under this Section with respect to all unpaid Lease Payments, and notwithstanding the provisions of Section 4.2, (a) the Term of this Lease will continue, (b) all obligations of the City under this Lease, and all security provided by this Lease for said Lease Payments, will thereupon cease and terminate, excepting only the obligation of the City to make, or cause to be made all of said Lease Payments from such security deposit, and (c) under Section 4.7, title to the Leased Property will vest in the City on the date of said deposit automatically and without further action by the City or the Authority. Said security deposit constitutes a special fund for the payment of Lease Payments in accordance with the provisions of this Lease.

SECTION 9.2. *Optional Prepayment.* The City has the option to prepay the principal components of the Lease Payments in whole, or in part in any integral multiple of $5,000, from any source of legally available funds, on any date on or after November 1, 20__, at a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, together with the interest component of the Lease Payment required to be paid on such Interest Payment Date, and together with a prepayment premium equal to the premium (if any) required to be paid on the resulting redemption of Bonds under Section 4.01(a) of the Indenture. Such prepayment price shall be deposited by the Trustee in the Redemption Fund to be applied to the redemption of Bonds under Section 4.01(a) of the Indenture. The City shall give 10 days' written notice to the Trustee of its intention to prepay the Lease Payments under this Section.

SECTION 9.3. *Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain.* The City shall prepay the principal components of the Lease Payments allocable to the Leased Property in whole or in part on any date, from and to the extent of any Net Proceeds of insurance award or eminent domain award with respect to the Leased Property theretofore deposited in the Redemption Fund for that purpose under Article VI hereof and Section 5.07 of the Indenture. Such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, will be credited towards the City's obligations under this Section and applied to the corresponding redemption of Bonds under Section 4.01(b) of the Indenture.

SECTION 9.4. *Credit for Amounts on Deposit.* If the principal components of the Lease Payments are prepaid in full under this Article IX, such that the Indenture is discharged by its terms as a result of such prepayment, at the written election of the City filed with the Trustee any or all amounts then on deposit in the Bond Fund (and the accounts therein) will be credited towards the amounts then required to be so prepaid.

ARTICLE X

MISCELLANEOUS

SECTION 10.1. *Notices.* Any notice, request, complaint, demand or other communication under this Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City 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 or the City:	City of Tracy 333 Civic Center Plaza Tracy, California 95376 Attention: Finance Director Fax: _____

If to the Trustee: U.S. Bank Trust Company, National Association
Attn.: Global Corporate Trust Services
One California Street, Suite 1000
San Francisco, CA 94111
Fax: 415-677-3768

SECTION 10.2. *Binding Effect.* This Lease inures to the benefit of and binds the Authority, the City and their respective successors and assigns.

SECTION 10.3. *Severability.* If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

SECTION 10.4. *Net-net-net Lease.* This Lease is deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments are an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 10.5. *Third Party Beneficiary.* The City may direct the Authority as to the investment of funds under the Indenture, subject to compliance with the provisions of Article V and Section 6.07 of the Indenture.

SECTION 10.6. *Third Party Beneficiary.* The Trustee is hereby made a third party beneficiary hereunder with all rights of a third party beneficiary.

SECTION 10.7. *Further Assurances and Corrective Instruments.* The Authority and the City shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

SECTION 10.8. *Execution in Counterparts.* This Lease may be executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument.

SECTION 10.9. *Applicable Law.* This Lease is governed by and construed in accordance with the laws of the State of California.

SECTION 10.10. *Authority and City Representatives.* Whenever under the provisions of this Lease the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority and for the City by an Authorized Representative thereof, and any party hereto may conclusively rely upon any such approval or request.

SECTION 10.11. *Captions.* The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease.

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

TRACY PUBLIC FINANCING AUTHORITY, *as lessor*

By _____
Treasurer

Attest:

_____
Secretary

CITY OF TRACY, *as lessee*

By _____
Finance Director

Attest:

_____
City Clerk

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of that certain real property situated in the City of Tracy, County of San Joaquin, which is more particularly described as follows:

[to come]

APPENDIX B
SCHEDULE OF LEASE PAYMENTS*

Lease Payment Date**	Principal Component	Interest Component	Aggregate Lease Payment
Totals			

* This Appendix B shall be amended in connection with the issuance of any Additional Bonds.

** Lease Payment Dates are the Business Day immediately preceding each date listed in the schedule

APPENDIX C
DESCRIPTION OF PROJECT

The Project consists of Phase 1E of the Legacy Fields Sports Complex, and such other improvements that may be identified from time to time by the City.

TO BE RECORDED AND WHEN RECORDED
RETURN TO:

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Christopher K. Lynch, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX UNDER SECTION 11929 OF THE REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE LEASE

This SITE LEASE (this "**Site Lease**"), dated for convenience as of May 1, 2022, is between the CITY OF TRACY, a general law city and municipal corporation duly organized and existing under the Constitution and laws of the State of California, as lessor (the "**City**"), and the TRACY PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California, as lessee (the "**Authority**").

B A C K G R O U N D :

1. The City wishes to finance the acquisition and construction of public improvements (the "**Project**") of the City, consisting of Phase 1E of the Legacy Fields Sports Complex and such other improvements that may be identified from time to time by the City.

2. The City and the Tracy Industrial Development Authority (the "**Industrial Development Authority**") are parties to a First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018 (the "**Joint Powers Agreement**"), pursuant to which the Authority was established as a joint exercise of powers authority under the Joint Exercise of Powers Act (Government Code §6500 et seq.) for the purpose of providing assistance to the City and the Industrial Development Authority with their financing programs, and for any other purposes authorized under the Bond Law (as defined in the Indenture referenced below).

3. To that end, the City has proposed to lease to the Authority certain real property and improvements of the City, as more particularly described in Appendix A attached hereto and by this reference incorporated herein (the "**Leased Property**"), under this Site Lease, in consideration of the payment by the Authority of an upfront rental payment (the "**Site Lease Payment**") which is sufficient to provide funds for the acquisition and construction of the Project .

4. The Authority has authorized the issuance of its Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields) in the aggregate principal amount of $_____ (the "**2022 Bonds**") under an Indenture of Trust dated as of May 1, 2022 (the "**Indenture**"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"), for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with this Site Lease.

5. Under Section 2.08 and Section 2.09 of the Indenture, the Authority is authorized to issue Additional Bonds (as defined in the Indenture) payable from the Lease Payments (as defined in the Lease) payable by the City under the Lease. Together, the 2022 Bonds and any Additional Bonds are defined as "**Bonds**" under this Site Lease and the Indenture.

6. In order to provide revenues which are sufficient to enable the Authority to pay debt service on the Bonds, the Authority has agreed to lease the Leased Property back to the City under a Lease Agreement dated as of May 1, 2022 (the "**Lease**"), a memorandum of which has been recorded concurrently herewith, under which the City has agreed to pay semiannual Lease Payments as the rental for the Leased Property thereunder.

6. The lease payments made by the City under the Lease have been assigned by the Authority to the Trustee for the security of the Bonds under an Assignment Agreement dated as of May 1, 2022, between the Authority as assignor and the Trustee as assignee, which has been recorded concurrently herewith.

A G R E E M E N T :

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. *Lease of Property to Authority.* The City hereby leases the Leased Property to the Authority and the Authority hereby leases the Leased Property from the City, on the terms and conditions hereinafter set forth.

SECTION 2. *Term; Possession*. The term of this Site Lease commences on the date of recordation of this Site Lease and ends on the date on which the Indenture is discharged in accordance with Section 10.03 thereof, but under any circumstances not later than November 1, 20__ or, if Additional Bonds have been issued under the Indenture, the last day that precedes the final maturity of Additional Bonds (if later than November 1, 20__). The provisions of this Section 2 are subject in all respects to any other provisions of this Site Lease relating to the termination hereof.

SECTION 3. *Rental*. The Authority shall pay to the City as and for rental of the Leased Property hereunder, the sum of $_____ (the "**Site Lease Payment**"). The Site Lease Payment is due and payable upon the issuance of the Bonds and the execution and delivery hereof, and will be paid from the proceeds of the Bonds. The Authority and the City hereby find and determine that the total amount of the Site Lease Payment does not exceed the fair market value of the leasehold interest in the Leased

Property which is conveyed hereunder by the City to the Authority. No other amount of rental is due and payable by the Authority for the use and occupancy of the Leased Property under this Site Lease.

As provided in the Indenture, a portion of the proceeds of the Bonds will be applied to make the Site Lease Payment by depositing the Bond proceeds it receives from the Original Purchaser in the Costs of Issuance Fund and the Project Fund.

SECTION 4. *Leaseback to City*. The Authority shall lease the Leased Property back to the City under the Lease.

SECTION 5. *Assignments and Subleases*. Unless the City is in default under the Lease, the Authority may not assign its rights under this Site Lease or sublet all or any portion of the Leased Property, except as provided in the Assignment Agreement and in the Lease, without the prior written consent of the City.

SECTION 6. *Substitution, Release or Addition of Property*. If the City exercises its option under Section 3.2 of the Lease to substitute property for the Leased Property in whole or in part, such substitution shall also operate to substitute property for the Leased Property which is leased hereunder. If the City exercises its option under Section 3.3 of the Lease to release a portion of the Leased Property from the Lease, such substitution shall also operate to release such portion of the Leased Property hereunder. If the City exercises its option under Section 3.4 of the Lease to add additional property as Leased Property under the Lease, such addition shall also operate to add property as Leased Property hereunder. The description of the Leased Property which is leased under the Lease shall conform at all times to the description of the Leased Property which is leased hereunder.

SECTION 7. *Right of Entry*. The City reserves the right for any of its duly authorized representatives to enter upon the Leased Property, or any portion thereof, at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 8. *Termination*. The Authority agrees, upon the termination of this Site Lease, to quit and surrender the Leased Property in the same good order and condition as the Leased Property was in at the time of commencement of the term hereof, reasonable wear and tear excepted, and agrees that all buildings, improvements and structures then existing upon the Leased Property shall remain thereon and title thereto shall vest thereupon in the City for no additional consideration.

SECTION 9. *Default*. If the Authority defaults in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease shall be deemed to occur as a result thereof and no such remedy may include termination hereof; *provided, however*, that so long as the Lease remains in effect, the Lease Payments payable by the City under the Lease shall continue to be paid to the Trustee.

SECTION 10. *Quiet Enjoyment*. The Authority at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Leased Property,

subject to the provisions of the Lease and subject only to Permitted Encumbrances (as that term is defined in the Lease).

SECTION 11. *Waiver of Personal Liability*. All liabilities under this Site Lease on the part of the Authority are solely corporate liabilities of the Authority as a public entity, and the City hereby releases each and every member and officer of the Authority of and from any personal or individual liability under this Site Lease. No member or officer of the Authority or its governing board shall at any time or under any circumstances be individually or personally liable under this Site Lease for anything done or omitted to be done by the Authority hereunder.

SECTION 12. *Taxes*. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Property and any improvements thereon.

SECTION 13. *Eminent Domain*. If the whole or any part of the Leased Property or any improvements thereon is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid Lease Payments payable under the Lease and the balance of the award, if any, shall be paid to the City.

SECTION 14. *Partial Invalidity*. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 15. *Notices*. Any notice, request, complaint, demand or other communication under this Site Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy, telex or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy, telex or other form of telecommunication, (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 City, the Authority and 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 or the City:	City of Tracy 333 Civic Center Plaza Tracy, California 95376 Attention: Finance Director Fax: _____
If to the Trustee:	U.S. Bank Trust Company, National Association Attn.: Global Corporate Trust Services One California Street, Suite 1000 San Francisco, CA 94111 Fax: 415-677-3768

SECTION 16. *Amendment of this Site Lease*. The Authority and the City may at any time amend or modify any of the provisions of this Site Lease, but only (a) with the prior written consent of the Owners of a majority in aggregate principal amount of the Outstanding Bonds; or (b) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to make cure any ambiguity, or to cure, correct or supplement any defective provision contained herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds;

(ii) to amend any provision hereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest on the Bonds under the Tax Code, in the opinion of Bond Counsel;

(iii) to conform to any amendment of the Indenture which is made thereto in accordance with Section 9.01 of the Indenture; or

(iv) for the purpose of effectuating any substitution, release or addition of property under Section 6.

SECTION 17. *Governing Law*. This Site Lease shall be construed in accordance with and governed by the Constitution and laws of the State of California.

SECTION 18. *Third Party Beneficiary.* The Trustee is hereby made a third-party beneficiary under this Site Lease with all rights of a third party beneficiary.

SECTION 19. *Binding Effect*. This Site Lease inures to the benefit of and is binding upon the Authority, the City and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 20. *Section Headings*. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

SECTION 21. *Execution in Counterparts*. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this Site Lease may be separately executed by the Authority and the City, all with the same force and effect as though the same counterpart had been executed by both the Authority and the City.

SECTION 22. *Defined Terms*. All capitalized terms used herein and not otherwise defined have the respective meanings given those terms in the Indenture.

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

CITY OF TRACY, *as lessor*

By _____
Finance Director

Attest:

_____
City Clerk

TRACY PUBLIC FINANCING AUTHORITY, *as lessee*

By _____
Treasurer

Attest:

_____
Secretary

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of that certain real property situated in the City of Tracy, County of San Joaquin, State of California, which is more particularly described as follows:

[to come]

TO BE RECORDED AND WHEN RECORDED
RETURN TO:
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Christopher K. Lynch

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT (this "**Agreement**"), dated for convenience as of May 1, 2022, is between the TRACY PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the "**Authority**"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "**Trustee**").

B A C K G R O U N D :

1. The City of Tracy (the "**City**") wishes to finance the acquisition and construction of public improvements (the "**Project**") of the City, consisting of Phase 1E of the Legacy Fields Sports Complex and such other improvements that may be identified from time to time by the City.

2. The City and the Tracy Industrial Development Authority (the "**Industrial Development Authority**") are parties to a First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018 (the "**Joint Powers Agreement**"), pursuant to which the Authority was established as a joint exercise of powers authority under the Joint Exercise of Powers Act (Government Code §6500 et seq.) for the purpose of providing assistance to the City and the Industrial Development Authority with their financing programs, and for any other purposes authorized under the Bond Law (as defined in the Indenture referenced below).

3. The City has proposed to lease to the Authority certain real property and improvements of the City, as more particularly described in Appendix A attached hereto and by this reference incorporated herein (the "**Leased Property**"), under a Site Lease, dated as of the date hereof, between the City and the Authority (the "**Site Lease**") in consideration of the payment by the Authority of an upfront rental payment (the "**Site**

Lease Payment") which is sufficient to provide funds for the acquisition and construction of the Project. The Site Lease is being recorded concurrently herewith.

4. The Authority has authorized the issuance of its Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields) in the aggregate principal amount of $_____ (the "**2022 Bonds**") under an Indenture of Trust dated as of the date hereof (the "**Indenture**"), between the Authority and the Trustee, for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with the Site Lease.

5. Under Section 2.08 and Section 2.09 of the Indenture, the Authority is authorized to issue Additional Bonds (as defined in the Indenture) payable from the Lease Payments (as defined in the Lease) payable by the City under the Lease. Together, the 2022 Bonds and any Additional Bonds are defined as "**Bonds**" under this Assignment Agreement and the Indenture.

6. In order to provide revenues which are sufficient to enable the Authority to pay debt service on the Bonds, the Authority has agreed to lease the Leased Property back to the City under a Lease Agreement dated as of the date hereof (the "**Lease**"), a memorandum of which has been recorded concurrently herewith, under which the City has agreed to pay semiannual Lease Payments as the rental for the Leased Property thereunder.

7. The Authority has requested the Trustee to enter into this Agreement for the purpose of assigning certain of its rights under the Lease to the Trustee for the benefit of the Bond owners.

A G R E E M E N T :

In consideration of the material covenants contained in this Agreement, the parties hereto hereby formally covenant, agree and bind themselves as follows:

SECTION 1. *Defined Terms*. All capitalized terms not otherwise defined herein have the respective meanings given those terms in the Indenture.

SECTION 2. *Assignment*. The Authority hereby assigns to the Trustee, for the benefit of the Owners of all Bonds which are issued and Outstanding under the Indenture, all of the Authority's rights under the Lease (excepting only the Authority's rights under Sections 4.5, 5.10, 7.3 and 8.4 of the Lease and its rights to give consents and approvals under the Lease), including but not limited to:

(a) the right to receive and collect all of the Lease Payments from the City under the Lease;

(b) the right to receive and collect any proceeds of any insurance maintained thereunder with respect to the Leased Property, or any eminent domain award (or proceeds of sale under threat of eminent domain) paid with respect to the Leased Property; and

(c) the right to exercise such rights and remedies conferred on the Authority under the Lease as may be necessary or convenient (i) to enforce payment of the Lease Payments and any amounts required to be deposited in the Insurance and Condemnation Fund established under Section 5.07 of the Indenture, or (ii) otherwise to protect the interests of the Bond Owners in the event of a default by the City under the Lease.

The Trustee shall administer all of the rights assigned to it by the Authority under this Agreement in accordance with the provisions of the Indenture, for the benefit of the Owners of Bonds. The assignment made under this Section 2 is absolute and irrevocable, and without recourse to the Authority.

SECTION 3. *Acceptance*. The Trustee hereby accepts the assignments made herein for the purpose of securing the payments due under the Lease and Indenture to, and the rights under the Lease and Indenture of, the Owners of the Bonds, all subject to the provisions of the Indenture. The recitals contained herein are those of the Authority and not of the Trustee, and the Trustee assumes no responsibility for the correctness thereof.

SECTION 4. *Conditions.* This Agreement confers no rights and imposes no duties upon the Trustee beyond those expressly provided in the Indenture. The assignment hereunder to the Trustee is solely in its capacity as Trustee under the Indenture, and the Trustee shall have the same rights, protections, immunities and indemnities hereunder as afforded to it under the Indenture.

SECTION 5. *Execution in Counterparts*. This Agreement may be executed in any number of counterparts, each of which is an original and all together constitute one and the same agreement. Separate counterparts of this Agreement may be separately executed by the Trustee and the Authority, both with the same force and effect as though the same counterpart had been executed by the Trustee and the Authority.

SECTION 6. *Binding Effect*. This Agreement inures to the benefit of and binds the Authority and the Trustee, and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 7. *Governing Law*. This Agreement is governed by the Constitution and laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers as of the day and year first written above.

TRACY PUBLIC FINANCING AUTHORITY

By _____
Treasurer

Attest:

_____
Secretary

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as *Trustee*

By _____
Authorized Representative

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of that certain real property situated in the City of Tracy, County of San Joaquin, which is more particularly described as follows:

[to come]

$_____
TRACY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2022A
(Legacy Fields Phase 1E)

BOND PURCHASE AGREEMENT

_____, 2022

Tracy Public Financing Authority
c/of City of Tracy
333 Civic Center Plaza
Tracy, California 95376

City of Tracy
333 Civic Center Plaza
Tracy, California 95376

Ladies and Gentlemen:

Piper Sandler & Co., as underwriter (the "**Underwriter**"), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this "**Purchase Agreement**") with the Tracy Public Financing Authority (the "**Authority**") and the City of Tracy, California (the "**City**"), which, upon the acceptance of the Authority and the City, will be binding upon the Authority, the City and the Underwriter. This offer is made subject to acceptance by the Authority and by the City by the execution of this Purchase Agreement and delivery of the same to the Underwriter prior to 11:59 P.M., Pacific Standard Time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the City at any time prior to the acceptance hereof by the Authority and the City. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture of Trust, dated as of May 1, 2022 (the "**Indenture**"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**").

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the Tracy Public Financing Authority Lease Revenue Bonds, Series 2022A (Legacy Fields Phase 1E) in the aggregate principal amount of $_____ (the "**Bonds**"). The Bonds will be dated as of their date of delivery. Interest on the Bonds shall be payable semiannually on May 1 and November 1 in each year, commencing November 1, 2022 and will mature, bear interest and be subject to redemption prior to maturity as set forth in Exhibit A hereto. The purchase price for the Bonds shall be equal to $_____ (being the aggregate principal amount thereof, [plus/less] [net] original issue [premium/discount] of $_____, less an underwriter's discount of $_____).

Section 2. The Bonds. The Bonds shall be secured by a pledge of Revenues consisting primarily of Lease Payments ("**Lease Payments**") to be paid by the City pursuant to a Lease Agreement, dated as of May 1, 2022, between the Authority, as lessor, and the City, as lessee (the "**Lease Agreement**"), concerning the leaseback of certain real property and improvements (the

"**Leased Property**"). The Authority's right to receive the Lease Payments due under the Lease Agreement and to exercise remedies upon default thereunder shall be assigned to the Trustee for the benefit of the owners of the Bonds pursuant to an Assignment Agreement, dated as of May 1, 2022 (the "**Assignment Agreement**"), by and between the Authority and the Trustee.

The Bonds shall be as described in, and shall be secured under and pursuant to the Indenture substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the Authority, the City and the Underwriter.

The proceeds of the Bonds shall be used (i) to finance the acquisition and construction of public capital improvements of the City, consisting of Phase 1E of the Legacy Fields Sports Complex and such other improvements that may be identified from time to time by the City; and (ii) to pay the costs of issuance of the Bonds.

The Bonds, this Purchase Agreement, the Indenture, the Lease Agreement, the Site Lease, dated as of May 1, 2022 (the "**Site Lease**"), under which the City will lease the Leased Property to the Authority, the Assignment Agreement and a resolution adopted by the Board of Directors of the Authority on _____, 2022 (the "**Authority Resolution**") authorizing the issuance of the Bonds and the execution and delivery of the Authority Documents (hereinafter defined) are collectively referred to herein as the "**Authority Documents**."

This Purchase Agreement, the Continuing Disclosure Certificate, dated as of May 1, 2022 (the "**Continuing Disclosure Certificate**"), executed and delivered by the City, the Lease Agreement, the Site Lease and the resolution adopted by the City Council of the City on _____, 2022 (the "**City Resolution**") authorizing the execution and delivery of the City Documents (hereinafter defined) are collectively referred to herein as the "**City Documents**."

Section 3. Public Offering and Establishment of Issue Price.

(a) The Underwriter agrees to make an initial public offering of all of the Bonds at the public offering prices (or yields) set forth on Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as the Underwriter deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The City and the Authority acknowledge and agree that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the City and the Authority, on one hand, and the Underwriter, on the other; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of The Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City or Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City or Authority on other matters); (iv) the Underwriter has financial and other interests that differ from those of the City and the Authority; and (v) the City and Authority have consulted their own legal, financial and other advisors to the extent they have deemed appropriate.

(b) The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Authority under this section to establish the issue price of the Bonds may be taken on behalf of the Authority by CSG Advisors Incorporated (the "**Municipal Advisor**") and any notice or report to be provided to the Authority may be provided to the Municipal Advisor.

(c) Except as otherwise set forth in Exhibit A, the Authority will treat the first price at which 10% of each maturity of the Bonds (the "**10% test**") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of the Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

(d) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in Exhibit A, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column "Hold the Offering Price Rule Used," as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "**hold-the-offering-price rule**"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Authority when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to: (1) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it

until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public; and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Authority acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on: (A) in the event that a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires; and (B) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "**public**" means any person other than an underwriter or a related party;

(ii) "**underwriter**" means: (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a "**related party**" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) "**sale date**" means the date of execution of this Purchase Agreement by all parties.

Section 4. The Official Statement. By its acceptance of this proposal, the Authority and the City ratify, confirm and approve of the use and distribution by the Underwriter prior to the date hereof of the preliminary official statement relating to the Bonds dated _____, 2022 (including the cover page, all appendices and all information incorporated therein and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "**Preliminary Official Statement**") that

authorized officers of the City deemed "final" as of its date, for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), except for certain information permitted to be omitted therefrom by Rule 15c2-12. The Authority and the City hereby agree to deliver or cause to be delivered to the Underwriter, within seven business days of the date hereof, copies of the final official statement, dated the date hereof, relating to the Bonds (including all information previously permitted to have been omitted by Rule 15c2-12), including the cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the Authority, the City and the Underwriter (the "**Official Statement**") in such quantity as the Underwriter shall reasonably request to comply with Section (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the "**MSRB**").

The Underwriter hereby agrees that it will not request that payment be made by any purchaser of the Bonds prior to delivery by the Underwriter to the purchaser of a copy of the Official Statement. The Underwriter agrees: (i) to provide the Authority and the City with final pricing information on the Bonds on a timely basis; and (ii) to promptly file a copy of the Official Statement, including any supplements prepared by the Authority or the City with the MSRB at http://emma.msrb.org. The Authority and the City hereby approve of the use and distribution by the Underwriter of the Preliminary Official Statement in connection with the offer and sale of the Bonds. The Authority and the City will cooperate with the Underwriter in the filing by the Underwriter of the Official Statement with the MSRB.

Section 5. Closing. At 8:30 a.m., Pacific Standard Time, on May __, 2022, or at such other time or date as the Authority and the Underwriter agree upon (the "**Closing Date**"), the Authority shall deliver or cause to be delivered to the Trustee, the Bonds, in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), so that the Bonds may be authenticated by the Trustee and credited to the account specified by the Underwriter under DTC's FAST procedures. Concurrently with the delivery of the Bonds, the Authority and the City will deliver the documents hereinafter mentioned at the offices of Jones Hall, A Professional Law Corporation, San Francisco, California ("Bond Counsel"), or another place to be mutually agreed upon by the Authority, the City and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents, is herein called the "**Closing**."

The Bonds shall be registered in the name of Cede & Co., as nominee of DTC in denominations of five thousand dollars ($5,000) or any integral multiple thereof. The Authority and the City acknowledge that the services of DTC will be used initially by the Underwriter in order to permit the issuance of the Bonds in book-entry form, and agree to cooperate fully with the Underwriter in employing such services.

Section 6. Representations, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Underwriter and the City that:

(a) The Authority is a public body, duly organized and existing under the Constitution and laws of the State of California (the "**State**"), including Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "**JPA Act**") and the First Amended and Restated Joint Powers Agreement, dated as of October 17, 2018 (the "**JPA Agreement**"), between the City and the Tracy Industrial Development Authority.

(b) The Authority has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the Authority Documents.

(c) By all necessary official action, the Authority has duly authorized and approved the Authority Documents, has duly authorized and approved the Preliminary Official Statement, will, by execution thereof, duly authorize and approve the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Authority Documents and the consummation by it of all other transactions contemplated by the Authority Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against joint powers authorities in the State. The Authority has complied, and will at the Closing be in compliance in all material respects, with the terms of the Authority Documents.

(d) The Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party which breach or default has or may have a materially adverse effect on the ability of the Authority to perform its obligations under the Authority Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the Authority Documents, if applicable, and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

(e) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of its obligations in connection with the Authority Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due

performance by, the Authority of its obligations under the Authority Documents have been duly obtained.

(f) The Authority hereby agrees that it will notify the other parties hereto if, within the period from the date of this Purchase Agreement to and including the date twenty-five (25) days following the end of the underwriting period (as defined herein), the Authority discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case, which might cause the Official Statement (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the Authority having been accomplished, or threatened in writing to the Authority: (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Lease Payments with respect to the Lease Agreement or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the other Authority Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Authority or its authority to issue the Bonds; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the Authority; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) To the Authority's knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph 6(g).

(i) The information in the Official Statement set forth under the caption "INTRODUCTION—The Authority" does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) The Authority will refrain from taking any action, or permitting any action to be taken, with regard to which the Authority may exercise control, that results in the loss of the tax-exempt status of the interest on the Bonds.

(k) The Authority will refrain from taking any action, or permitting any action to be taken, to reduce the amount of the Lease Payments while the Bonds are Outstanding, and the Authority will collect the Lease Payments in accordance with the Lease Agreement.

(l) Any certificate signed by any officer of the Authority authorized to execute such certificate in connection with the execution, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the Authority to the Underwriter and the City as to the statements made therein but not of the person signing such certificate.

Section 7. Representations, Warranties and Covenants of the City. The City represents, warrants and covenants to the Underwriter and the Authority that:

(a) The City is duly organized and validly existing as a municipal corporation under the Constitution and laws of the State.

(b) The City has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the City Documents.

(c) By all necessary official action, the City has duly authorized and approved the City Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in, the City Documents and the consummation by it of all other transactions contemplated by the City Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the City Documents will constitute the legally valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against municipal corporations in the State. The City has complied, and will at the Closing be in compliance in all material respects, with the terms of the City Documents.

(d) The City is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party which breach or default has or may have a materially adverse effect on the ability of the City to perform its obligations under the City Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the City Documents, if applicable, and compliance with the provisions on the City's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as may be provided by the City Documents.

(e) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of

the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the City of its obligations in connection with the City Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Preliminary Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the City Documents have been duly obtained.

(f) The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement do not and will not contain and up to and including the Closing will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading (except that this representation does not include statements in the Official Statement under the caption "UNDERWRITING" and information regarding DTC and its book-entry only system, as to which no view is expressed).

(g) The City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(h) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the City having been accomplished, or threatened in writing to the City: (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Lease Payments with respect to the Lease Agreement or of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds, or the City Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation, or contesting the powers of the Authority to issue the Bonds; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the City; and (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) To the City's knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph 7(h).

(j) Until the date which is twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined), if any event shall occur of which the City is aware that would cause the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading (except that this representation does not include information regarding DTC and its book entry only system, as to which no view is expressed), the City shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter's reasonable opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time and the City shall promptly furnish to the Underwriter a reasonable number of copies of such supplement. As used herein, the term "**end of the underwriting period**" means the later of such time as: (i) the Authority delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Underwriter at or prior to the Closing Date of the Bonds and shall specify a date (other than the Closing Date) to be deemed the "end of the underwriting period."

(k) Except as disclosed in the Preliminary Official Statement and the Official Statement, the City has not within the last five years failed to comply in any material respect with any continuing disclosure undertakings with regard to Rule 15c2-12, to provide annual reports or notices of material events specified in such rule.

(l) The City will refrain from taking any action, or permitting any action to be taken, with regard to which the City may exercise control, that results in the loss of the tax-exempt status of the interest on the Bonds.

(m) The financial statements relating to the receipts, expenditures and cash balances of the City as of June 30, 2021 attached as Appendix C to the Official Statement fairly represent the receipts, expenditures and cash balances of the City. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the City or in its operations since June 30, 2021 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(n) To the extent required by law, the City will undertake, pursuant to the Continuing Disclosure Certificate and the other City Documents, to provide annual reports and notices of certain events, if material. A description of this undertaking is set forth in Appendix E to the Preliminary Official Statement and will also be set forth in the Official Statement.

(o) Except in connection with the issuance of refunding bonds pursuant to the terms of the Indenture or as permitted under the Lease Agreement due to damage, destruction, or substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof, the City will refrain from taking any action, or permitting any action to be taken, to reduce the amount of the Lease Payments while the Bonds are Outstanding, and the City will pay the Lease Payments in accordance with the Lease Agreement.

(p) Any certificate signed by any officer of the City authorized to execute such certificate in connection with the execution, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the City to the Underwriter and the Authority as to the statements made therein but not of the person signing such certificate.

Section 8. Conditions to the Obligations of the Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the statements of the officers and other officials of the Authority and of the City, as well as authorized representatives of Bond Counsel and the Trustee made in any Bonds or other documents furnished pursuant to the provisions hereof; to the performance by the Authority and the City of their obligations to be performed hereunder at or prior to the Closing Date; and to the following additional conditions:

(a) The representations, warranties and covenants of the City and the Authority contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) At the time of Closing, the City Documents and the Authority Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the City Documents, the Authority Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(c) At the time of the Closing, no material default shall have occurred or be existing under the City Documents, Authority Documents, or any other agreement or document pursuant to which any of the City's financial obligations were executed and delivered, and the City shall not be in default in the payment of principal or interest with respect to any of its financial obligations, which default would materially adversely impact the ability of the City to pay the Lease Payments.

(d) In recognition of the desire of the Authority, the City and the Underwriter to effect a successful public offering of the Bonds, and in view of the potential adverse impact of any of the following events on such a public offering, this Purchase Agreement shall be subject to termination in the discretion of the Underwriter by notification, in writing, to the Authority and the City prior to delivery of and payment for the Bonds, if at any time prior to such time, regardless of whether any of the following statements of fact were in existence or known of on the date of this Purchase Agreement:

(i) any event shall occur which makes untrue any material statement or results in an omission to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading, which event, in the reasonable opinion of the Underwriter would materially or adversely affect the ability of the Underwriter to market the Bonds; or

(ii) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or

by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority affecting the federal or State tax status of the Authority or the City, or the interest on or with respect to bonds or notes (including the Bonds); or

(iii) any legislation, ordinance, rule or regulation shall be enacted by any governmental body, department or authority of the State, or a decision by any court of competent jurisdiction within the State shall be rendered which materially adversely affects the market price of the Bonds; or

(iv) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental authority having jurisdiction of the subject matter, to the effect that: (i) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended; or (ii) the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(v) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(vi) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any domestic governmental authority or by any domestic national securities exchange, which are material to the marketability of the Bonds; or

(vii) a general banking moratorium shall have been declared by federal, State or New York authorities, or the general suspension of trading on any national securities exchange; or

(viii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is materially adverse such as to make it, in the sole judgment of the Underwriter, impractical or inadvisable to proceed with the purchase or delivery of the Bonds as contemplated by the Official Statement (exclusive of any amendment or supplement thereto); or

(ix) any rating of the Bonds or the rating of any obligations of the City secured by the City's general fund shall have been downgraded or withdrawn by a national rating service, which, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(x) the commencement of any action, suit or proceeding described in Section 6(g) or Section 7(h).

(e) at or prior to the Closing, the Underwriter shall receive the following documents, in each case to the reasonable satisfaction in form and substance of the Underwriter:

(i) The Authority Resolution relating to the Bonds and authorizing the execution and delivery of the Bonds and the Authority Documents and the Official Statement signed by an authorized official of the Authority;

(ii) The City Resolution relating to the Bonds and authorizing the execution and delivery of the City Documents and the delivery of the Bonds and the Official Statement signed by an authorized official of the City;

(iii) The City Documents and the Authority Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

(iv) The approving opinion of Bond Counsel dated the Closing Date and addressed to the Authority and the City, in substantially the form attached as Appendix D to the Official Statement, and a reliance letter thereon addressed to the Underwriter;

(v) A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the Underwriter, to the effect that:

(A) the statements on the cover of the Official Statement and in the Official Statement under the captions "INTRODUCTION," THE LEASED PROPERTY," "THE 2022 BONDS," "SECURITY FOR THE 2022 BONDS," and "TAX MATTERS," and in Appendix B—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" and Appendix D—"PROPOSED FORM OF OPINION OF BOND COUNSEL," excluding any material that may be treated as included under such captions and appendices by any cross-reference, insofar as such statements expressly summarize provisions of the City Documents, the Authority Documents and Bond Counsel's final opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects as of the Closing Date, provided that Bond Counsel need not express any opinion with respect to any financial or statistical data contained therein or with respect to the book-entry system in which the Bonds are initially delivered;

(B) The Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the City and the Authority, as applicable, and are the valid, legal and binding agreements of the City and the Authority, as applicable, enforceable in accordance with their respective terms, except that the rights and obligations under the Purchase Agreement and the Continuing Disclosure Certificate are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein;

(C) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(vi) The Official Statement, executed on behalf of the Authority and the City, and the Preliminary Official Statement;

(vii) Evidence that the ratings on the Bonds are as described in the Official Statement;

(viii) A certificate, dated the Closing Date, signed by a duly authorized officer of the Authority satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the Authority contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the Authority, and the Authority has complied with, in all material respects, all of the terms and conditions of this Purchase Agreement required to be complied with by the Authority at or prior to the Closing Date; (ii) no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Authority is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which would have a material adverse impact on the Authority's ability to perform its obligations under the Authority Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument;

(ix) A certificate, dated the Closing Date, signed by a duly authorized officer of the City satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the City contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the City, and the City has complied with, in all material respects, all of the terms and conditions of the Purchase Agreement required to be complied with by the City at or prior to the Closing Date; (ii) no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the information and statements contained in the Official

Statement (other than information in the Official Statement under the caption "UNDERWRITING" and information regarding DTC and its book entry only system) did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; and (iv) the City is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including but not limited to the Lease) or other instrument to which the City is a party or is otherwise subject, which would have a material adverse impact on the City's ability to perform its obligations under the City Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument;

(x) An opinion dated the Closing Date and addressed to the Underwriter, of the City Attorney of the City, as Counsel to the Authority, to the effect that:

(A) The Authority is a public body, organized and existing under the Constitution and laws of the State, including the JPA Act and the JPA Agreement;

(B) The Authority Resolution has been duly adopted by the Authority at a regular meeting, is in full force and effect and has not been modified, amended, rescinded or repealed since its date of adoption;

(C) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental authority or body, pending, with service of process upon the Authority having been accomplished, or threatened in writing against the Authority, challenging the creation, organization or existence of the Authority, or the validity of the Authority Documents or seeking to restrain or enjoin the collection of Lease Payments with respect to the Lease Agreement or the repayment of the Bonds or in any way contesting or affecting the validity of the Authority Documents or contesting the authority of the Authority to enter into or perform its obligations under any of the Authority Documents;

(D) The execution and delivery of the Authority Documents and the issuance of the Bonds and compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Authority is subject, which breach or default has or may have a material adverse effect on the ability of the Authority to perform its obligations under the Authority Documents; and

(xi) an opinion dated the Closing Date and addressed to the Underwriter, of the City Attorney of the City, to the effect that:

(A) The City is a municipal corporation, corporate and politic, duly organized and existing under the Constitution and laws of the State;

(B) The City Resolution has been duly adopted by the City Council, is in full force and effect and has not been modified, amended, rescinded or repealed since its date of adoption;

(C) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental authority or body, pending, with service of process upon the City having been accomplished, or threatened in writing against the City, challenging the creation, organization or existence of the City, or the validity of the City Documents or seeking to restrain or enjoin the payment of the Lease Payments or the repayment of the Bonds or in any way contesting or affecting the validity of the City Documents or contesting the authority of the City to enter into or perform its obligations under any of the City Documents, or which, in any manner, questions the right of the City to pay the Lease Payments under the Lease Agreement;

(D) The execution and delivery of the City Documents and compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject, which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the City Documents; and

(xii) An opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, in its capacity as Disclosure Counsel, dated the Closing Date and addressed to the Authority, the City and the Underwriter, to the effect that, no facts have come to attention of Disclosure Counsel that have caused such counsel to believe that the Preliminary Official Statement, as of its date, or the Official Statement, as of its date and as of the Closing Date (except for the following items, which are expressly excluded from the scope of this sentence: any financial, statistical and demographic data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, and information regarding DTC and its book-entry only system, that is contained or incorporated by reference in the Preliminary Official Statement or the Official Statement and the appendices to the Preliminary Official Statement or the Official Statement) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xiii) An opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel to the Underwriter, in form and substance satisfactory to the Underwriter;

(xiv) An opinion of counsel to the Trustee, addressed to the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter and to Bond Counsel;

(xv) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee in form and substance satisfactory to the Underwriter;

(xvi) The preliminary and final Statement of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code;

(xvii) A copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system;

(xviii) The tax and nonarbitrage certificate of the Authority and the City in form and substance to the reasonable satisfaction of Bond Counsel and the Underwriter;

(xix) A certificate, dated the date of the Preliminary Official Statement, of the City, as required under Rule 15c2-12;

(xx) A certificate, dated the date of the Preliminary Official Statement, of the Authority, as required under Rule 15c2-12;

(xxi) Certified copies of the JPA Agreement and all amendments thereto and related certificates issued by the Secretary of State of the State;

(xxii) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Indenture and the authentication and delivery of the Bonds by the Trustee;

(xxiii) A copy of an ALTA or CLTA title insurance policy in an amount equal to the principal amount of the Bonds, insuring the City's leasehold interest in the Leased Property, subject only to permitted encumbrances or such other encumbrances approved in writing by the Underwriter; and

(xxiv) Such additional legal opinions, certificates, proceedings, instruments or other documents as Bond Counsel or the Underwriter may reasonably request.

Section 9. Changes in Official Statement. After the Closing, neither the Authority nor the City will adopt any amendment of or supplement to the Official Statement to which the Underwriter shall reasonably object in writing. Within 90 days after the Closing or within 25 days following the "end of the underwriting period," whichever occurs first, if any event relating to or affecting the Bonds, the Trustee, the City or the Authority shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. The City and the Authority shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the MSRB. The Underwriter acknowledges that the "end of the underwriting period" will be the Closing Date.

Section 10. Expenses. The Authority or the City will pay or cause to be paid the approved expenses incident to the performance of its obligations hereunder and certain expenses relating to the sale of the Bonds, including, but not limited to (a) the cost of the preparation and printing or other reproduction of the Authority Documents and the City Documents (other than this Purchase Agreement); (b) the fees and disbursements of Bond Counsel, Disclosure Counsel, the

Municipal Advisor and any other experts or other consultants retained by the Authority or the City; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds; (e) the cost of providing immediately available funds on the Closing Date; (f) the cost of the printing or other reproduction of the Preliminary Official Statement and Official Statement and any amendment or supplement thereto, including a reasonable number of certified or conformed copies thereof; (g) the Underwriter's out-of-pocket expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter on behalf of the City's employees which are incidental to implementing this Purchase Agreement; and (h) the fees for counsel to the Underwriter. The Underwriter will pay the expenses of the preparation of this Purchase Agreement, including CDIAC fees, CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds.

Section 11. Notices. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Piper Sandler & Co., 3626 Fair Oaks Blvd., Suite 100, Sacramento, CA 95864, Attention: Dennis McGuire. All notices or communications hereunder by any party shall be given and served upon each other party. Any notice or communication to be given the Authority under this Purchase Agreement may be given by delivering the same in writing to the Tracy Public Financing Authority, c/o City of Tracy, 333 Civic Center Plaza, Tracy, California 95376, Attention: Finance Director. Any notice or communication to be given the City under this Purchase Agreement may be given by delivering the same in writing to the City of Tracy, 333 Civic Center Plaza, Tracy, California 95376, Attention: Finance Director.

Section 12. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority and the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

Section 13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 14. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 15. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

PIPER SANDLER & CO.

By: _____
Title: Authorized Officer

Accepted as of the date first stated above:

CITY OF TRACY

By: _____
Its: Finance Director

Time of Execution: _____ a.m./p.m. Pacific Time

TRACY PUBLIC FINANCING AUTHORITY

By: _____
Its: Treasurer

Time of Execution: _____ a.m./p.m. Pacific Time

EXHIBIT A

$18,190,000
TRACY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2022A
(Legacy Fields Phase 1E)

MATURITY SCHEDULE

Maturity Date (November 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Initial Offering Price*	*10% Test Used*	*Hold the Offering Price Rule Used*

[C] Priced to first optional redemption date of _____ 1, 20__ at _____.
[T] Term Bond.

EXHIBIT B

$_____
TRACY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2022A
(Legacy Fields Phase 1E)

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Piper Sandler & Co. (the "**PJC**"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the "**Bonds**").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

(a) PJC offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "**Initial Offering Prices**") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated _____, 2022, by and among PJC, the Issuer and the City of Tracy, PJC has agreed in writing that: (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "**hold-the-offering-price rule**"); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "**General Rule Maturities**."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "**Hold-the-Offering-Price Maturities**."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the _____, 2022 (the Sale Date), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the Tracy Public Financing Authority.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "**related party**" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2022.

(h) *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents PJC's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, a Professional Law Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

PIPER SANDLER & CO.

By:_____
Name:_____

Dated: May __, 2022

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(*Attached*)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

April 19, 2022

AGENDA ITEM 3.C

REQUEST

APPOINT TWO APPLICANTS TO SERVE ON THE TRANSPORTATION ADVISORY COMMISSION

EXECUTIVE SUMMARY

On April 30, 2022, terms for two of the Transportation Advisory Commission members will expire. A recruitment was conducted, and appointments need to be made to fill those positions.

DISCUSSION

On April 30, 2022, the term of two of the City of Tracy Transportation Advisory Commissioners will expire. To fill the vacancies, the City Clerk's office conducted a recruitment beginning on February 10, 2022, ending on March 3, 2022, during which time two applications were received.

On April 11, 2022, a Council subcommittee consisting of Council Members Dan Arriola and Eleassia Davis, interviewed two applicants for the City of Tracy Transportation Advisory Commission. In accordance with Resolution No. 2021-200, the Council subcommittee will recommend candidates for appointment to the City of Tracy Transportation Advisory Commission.

STRATEGIC PLAN

This item is a routine operational item and does not relate to any of the Council's Strategic Plans.

FISCAL IMPACT

There is no fiscal impact.

RECOMMENDATION

That Council, by motion, approve the subcommittee's recommendations and reappoint Tim Silva and appoint Rajpal Dhillon to the Transportation Advisory Commission to serve a 4-year term beginning on May 1, 2022, and ending on April 30, 2026.

Prepared by: Necy Lopez, Deputy City Clerk

Reviewed by: Adrianne Richardson, City Clerk
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

Attachment A: Resolution 2021-200

RESOLUTION 2021-200

ADOPTING A COUNCIL POLICY ESTABLISHING A SELECTION PROCESS FOR APPOINTMENTS TO CITY ADVISORY BODIES AND REPEALING RESOLUTION NO. 2021-131

WHEREAS, On September 7, 2021, the Tracy City Council adopted Resolution 2021-131 establishing a policy for the selection process for appointments to City advisory Bodies and repealing Resolution 2020-009;

WHEREAS, The current policy states that Council shall appoint two Council Members to serve on a subcommittee to review applications, interview applicants and recommend a candidate for appointment to the board, commission or committee, and

WHEREAS, Council wishes to amend the language of Section 2 (D)(1) to state that Council shall appoint two members *and an alternate* to serve on a subcommittee to review applications, interview applicants and recommend a candidate for appointment to the board, commission or committee.

NOW, THEREFORE BE IT RESOLVED, the City Council of the City of Tracy hereby adopts the Council Policy Establishing a Selection Process for Appointments to City Advisory Bodies, attached as Exhibit A, and thereby repeals and supersedes Resolution No. 2021-131.

****

The foregoing Resolution 2021-200 was passed and adopted by the Tracy City Council on the 21st day of December, 2021, by the following vote:

AYES: COUNCIL MEMBERS: ARRIOLA, BEDOLLA, DAVIS, VARGAS, YOUNG
NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE
ABSTAIN: COUNCIL MEMBERS: NONE

MAYOR

ATTEST:

CITY CLERK

COUNCIL POLICY ESTABLISHING A SELECTION PROCESS FOR APPOINTMENTS TO CITY ADVISORY BODIES

(Exhibit "A" to Resolution No. 2021-200)

SECTION 1: PURPOSE

To establish a selection process for appointments to City advisory bodies including defining residency requirements, in accordance with Government Code sections 54970 et seq.

SECTION 2: SELECTION PROCESS FOR APPOINTEE BODIES

A. On or before December 31st of each year, the City Clerk shall prepare an appointment list of all regular and ongoing boards, commissions and committees that are appointed by the City Council of the City of Tracy. The list shall contain the following information:

   1. A list of all appointee terms which will expire during the next calendar year, with the name of the incumbent appointee, the date of the appointment, the date the term expires and the necessary qualifications for the position.

   2. A list of all boards, commissions and committees whose members serve at the pleasure of the Council and the necessary qualifications of each position.

   3. The list of appointments shall be made available to the public for a reasonable fee that shall not exceed actual cost of production. The Tracy Public Library shall receive a copy of the list.

B. Whenever a vacancy occurs in any board, commission or committee, whether due to expiration of an appointee's term, resignation, death, termination or other causes, a special notice shall be posted in the office of the City Clerk, The Tracy Public Library, the City website, and in other places as directed within twenty (20) days after the vacancy occurs. Final appointment to the board, commission or committee shall not be made by the City Council for at least ten (10) working days after the posting of the notice in the Clerk's office. If Council finds an emergency exists, the Council may fill the unscheduled vacancy immediately.

C. Appointments shall be made for the remainder of the term created by the vacancy except as follows:

   1. If appointee will fill an un-expired term with six months or less remaining, the appointment shall be deemed to be for the new term.

   2. If the vacancy is filled by an emergency appointment the appointee shall serve only on an acting basis until the final appointment is made pursuant to section 2.

D. The Council shall use the following selection process to provide an equal opportunity for appointment to a board, commission or committee:

1. Council shall appoint two Council members and an alternate to serve on a subcommittee to review applications, interview applicants and recommend a candidate for appointment to the board, commission or committee.

2. If the Council subcommittee determines there are multiple qualified candidates, the subcommittee may recommend the Council establish an eligibility list that will be used to fill vacancies that occur in the following twelve (12) months.

3. At the Council subcommittee's discretion, the chair (or designee) of the board, committee or commission for which a member will be appointed, can participate in the interviews.

E. An individual already serving on a City of Tracy board, committee or commission may not be appointed to serve on an additional City of Tracy board, committee, or commission concurrently.

SECTION 3: DEFINITION OF RESIDENCY REQUIREMENTS

A. The following definitions shall be used to determine whether residency requirements are met for boards and commissions to which the Tracy City Council appoints members:

1. Tracy Planning Area means the geographical area defined in the City of Tracy General Plan and any amendments thereto.

2. City of Tracy means within the city limits of the City of Tracy.

3. Citizen means a resident of the City of Tracy.

4. Tracy School District means the geographical area served by the Tracy Unified School District.

5. Sphere of Influence shall be the geographical area approved by the Local Agency Formation Commission (LAFCo) of San Joaquin County and any amendments thereto.

B. Residency, as defined above and as set forth in the applicable bylaws for each board or commission, shall be verified annually by the City Clerk. The residency must be verifiable by any of the following means:

1. Voter registration,

2. Current California Driver's License or Identification,

3. Utility bill information (phone, water, cable, etc.),

4. Federal or State tax returns.

C. Members of boards or commissions shall notify the City Clerk in writing within thirty (30) days of any change in residency. If the change in residency results in the board member or commissioner no longer meeting the residency requirements, the member shall tender their resignation to the City Clerk who shall forward it to the City Council.

April 19, 2022

AGENDA ITEM 3.D

REQUEST

ADOPT A RESOLUTION AMENDING THE 2022 CALENDAR OF REGULAR TRACY CITY COUNCIL MEETINGS BY REMOVING THE JULY 19, 2022, AND DECEMBER 20, 2022, REGULAR MEETINGS, RESCINDING RESOLUTION 2021-174 AND CANCELLING THE JANUARY 3, 2023 REGULAR CITY COUNCIL MEETING

EXECUTIVE SUMMARY

According to the Tracy Municipal Code section 2.04.020 regular meetings of the City Council occur on the first and third Tuesday of each month at 7:00 pm. The City Council has previously removed regular meetings from its calendar, most recently for the January 4, 2022, March 15, 2022, and August 2, 2022, meetings. Staff believes the removal of the July 19, 2022, December 20, 2022, and January 3, 2023 meetings from the City Council meeting calendar will allow staff to manage workloads and focus on crucial projects as well as allow for staff and City Council members to plan vacations and holiday/family celebrations and not affect the orderly review of City business.

DISCUSSION

Historically, Council has cancelled certain meetings given anticipated conflicts with state and local events of importance like elections and National Night Out (an annual event that occurs on the first Tuesday in August), and during holiday periods to eliminate the need to prepare and publish an agenda. On December 7, 2021 Council adopted Resolution 2021-174 which approved the cancellation of the January 4, 2022 meeting and the August 2, 2022 for National Night Out. The March 15, 2022 regular meeting was cancelled due to Council attending national conferences.

At this time, consideration of a summer and winter legislative recess is being proposed. Other agencies, and several cities “go dark” or recess for purposes of a summer or winter break.

Summer Legislative Recess - The August 2, 2022 regular meeting was cancelled due to National Night out. To allow for a summer legislative recess, staff is proposing adding the cancellation of the July 19, 2022 regular Council meeting. This would allow additional time between summer meetings and would provide a significant period during which Council and staff could plan vacations, manage workloads and focus on crucial projects.

Winter Legislative Recess - The December 20, 2022, and January 3, 2023 meetings are set during holiday weeks and the Council as well as staff would benefit from the ability to plan and schedule family vacations and holiday celebrations during these periods.

The 2022 General Election will be held on November 8, 2022, and the certified statement of the results of the election are required to be submitted to the governing body within 30 days of the election. This would mean that the Registrar of Voters would have up to December 8, 2022 to submit the results of the Election to the governing body. December 6, 2022 is the first regular meeting in December. If Council choses to cancel the December 20, 2022

meeting for a winter legislative recess, and the City Clerk does not receive the official election results in time, a special meeting could be held on Tuesday, December 13, 2022 to declare the results of the 2022 General Municipal Election and perform the swearing in of the newly elected Council candidates.

Accordingly, the City Manager is requesting that the City Council consider removing these additional three meetings from the City Council regular meeting calendar. Should a matter rise to a level of urgency requiring the meetings be returned to the City Council calendar, it is recommended that the City Council provide the City Manager with the authority to add a meeting back to the City Council meeting calendar. The Council on its own initiative could also add the meeting back on the City Council meeting calendar.

STRATEGIC PLAN

This agenda item is a routine operational item and does not relate to the Council's four strategic priorities.

FISCAL IMPACT

The removal of these meetings could save funds related to broadcast of meetings.

RECOMMENDATION

That the City Council, by resolution, authorize an amendment to 2022 calendar of regular Tracy City Council meetings by removing the July 19, 2022, and December 20, 2022, regular meetings, rescind Resolution 2021-174 and cancel the January 3, 2023 meeting.

Prepared by: Adrianne Richardson, City Clerk

Reviewed by: Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENTS:

A – Resolution 2021-174

ATTACHMENT A

RESOLUTION 2021-174

ESTABLISHING A 2022 CALENDAR OF REGULAR TRACY CITY COUNCIL MEETINGS

WHEREAS, In accordance with Tracy Municipal Code 2.04.020, regular meetings of the City Council shall be held at 7:00 p.m. on the first and third Tuesday of each month in Council Chambers, and

WHEREAS, Special meetings and workshops may be called by the City Manager, Mayor or a majority of Council members as needed, and

WHEREAS, The City Council may also schedule special meetings and/or workshops as it deems necessary, and

WHEREAS, Adopting a meeting calendar each year for the upcoming year allows for proper agenda planning and can provide for recess periods, holidays, or election days, and

WHEREAS, Staff is recommending that the City Council adopt the following 2022 regular meeting calendar.

TRACY CITY COUNCIL 2022 MEETING CALENDAR			
Date	**Type**	**Date**	**Type**
January 4 – Cancel Regular Meeting		July 5	Regular
January 18	Regular	July 19	Regular
February 1	Regular	August 2 – Cancel (National Night Out)	
February 15	Regular	August 16	Regular
March 1	Regular	September 6	Regular
March 15	Regular	September 20	Regular
April 5	Regular	October 4	Regular
April 19	Regular	October 18	Regular
May 3	Regular	November 1	Regular
May 17	Regular	November 15	Regular
June 7	Regular	December 6	Regular
June 21	Regular	December 20	Regular

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Tracy hereby approves the 2022 Regular Meeting Calendar listed in this resolution.

* * * * * * * * * * * * * * * * *

The foregoing Resolution 2021-174 was adopted by the Tracy City Council on the 7th day of December 2021, by the following vote:

AYES: COUNCIL MEMBERS: ARRIOLA, BEDOLLA, DAVIS, VARGAS, YOUNG
NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE
ABSTAIN: COUNCIL MEMBERS: NONE

MAYOR

ATTEST:

CITY CLERK

RESOLUTION 2022-

RESOLUTION AMENDING THE 2022 CALENDAR OF REGULAR TRACY CITY COUNCIL MEETINGS BY REMOVING THE JULY 19, 2022, AND DECEMBER 20, 2022, REGULAR MEETINGS, RESCINDING RESOLUTION 2021-174 AND CANCELLING THE JANUARY 3, 2023 REGULAR CITY COUNCIL MEETING

WHEREAS, In accordance with Tracy Municipal Code 2.04.020, regular meetings of the City Council shall be held at 7:00 p.m. on the first and third Tuesday of each month in Council Chambers, and

WHEREAS, Special meetings and workshops may be called by the City Manager, Mayor or a majority of Council Members as needed, and

WHEREAS, The City Council may also schedule special meetings and/or workshops as it deems necessary, and

WHEREAS, Adopting a meeting calendar each year for the upcoming year allows for proper agenda planning and can provide for recess periods, holidays, or election days. On December 7, 2021 City Council adopted Resolution 2021-174 approving the 2022 calendar of regular Tracy City Council meetings; and

WHEREAS, Staff is recommending that the City Council amend the 2022 calendar of regular Tracy City Council meetings to add the cancellation of the July 19, 2022 and December 20, 2022 regular Council meetings to allow for staff and City Council members to plan vacations and holiday family celebrations and not affect the orderly review of City business. Staff is also recommending the cancellation of the January 3, 2023 regular meeting.

TRACY CITY COUNCIL 2022 MEETING CALENDAR			
Date	**Type**	**Date**	**Type**
January 4 – Cancel Regular Meeting		July 5	Regular
January 18	Regular	July 19 – Cancel Regular Meeting	
February 1	Regular	August 2 – Cancel (National Night Out)	
February 15	Regular	August 16	Regular
March 1	Regular	September 6	Regular
March 15	Regular	September 20	Regular
April 5	Regular	October 4	Regular
April 19	Regular	October 18	Regular
May 3	Regular	November 1	Regular
May 17	Regular	November 15	Regular
June 7	Regular	December 6	Regular
June 21	Regular	December 20 – Cancel Regular Meeting	
		January 3, 2023 – Cancel Regular Meeting	

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Tracy hereby approves the amendment to the 2022 Regular Meeting Calendar listed in this resolution.

* * * * * * * * * * * * * * * * *

The foregoing Resolution 2022- was adopted by the Tracy City Council on the 19th day of April 2022, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

_____
MAYOR

ATTEST:

_____
CITY CLERK