

Tuesday, November 19, 2019, 7:00 P.M.

City Council Chambers, 333 Civic Center Plaza, Tracy

Web Site: www.cityoftracy.org

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 (209/831-6000) 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. Each citizen will be allowed a maximum of five minutes for input or testimony. At the Mayor'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 Council direction. A motion and roll call vote may enact the entire Consent Calendar. No separate discussion of Consent Calendar items will occur unless members of the City Council, City staff or the public request discussion on a specific item at the beginning of the meeting.

Addressing the Council on Items not on the Agenda - The Brown Act prohibits discussion or action on items not on the posted agenda. Members of the public addressing the Council should state their names and addresses for the record, and for contact information. The City Council's Procedures for the Conduct of Public Meetings provide that "Items from the Audience" following the Consent Calendar will be limited to 15 minutes. "Items from the Audience" listed near the end of the agenda will not have a maximum time limit. Each member of the public will be allowed a maximum of five minutes for public input or testimony. However, a maximum time limit of less than five minutes for public input or testimony may be set for "Items from the Audience" depending upon the number of members of the public wishing to provide public input or testimony. The five minute maximum time limit for each member of the public applies to all "Items from the Audience." Any item not on the agenda, brought up by a member of the public shall automatically be referred to staff. In accordance with Council policy, if staff is not able to resolve the matter satisfactorily, the member of the public may request a Council Member to sponsor the item for discussion at a future meeting. 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.

Presentations to Council - Persons who wish to make presentations which may exceed the time limits are encouraged to submit comments in writing at the earliest possible time to ensure distribution to Council and other interested parties. Requests for letters to be read into the record will be granted only upon approval of the majority of the Council. Power Point (or similar) presentations need to be provided to the City Clerk's office at least 24 hours prior to the meeting. All presentations must comply with the applicable time limits. Prior to the presentation, a hard copy of the Power Point (or similar) presentation will be provided to the City Clerk's office for inclusion in the record of the meeting and copies shall be provided to the Council. Failure to comply will result in the presentation being rejected. Any materials distributed, including those distributed within 72 hours of a regular City Council meeting, to a majority of the Council regarding an item on the agenda shall be made available for public inspection at the City Clerk's office (address above) during regular business hours.

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.

CALL TO ORDER
PLEDGE OF ALLEGIANCE
INVOCATION
ROLL CALL
PRESENTATIONS

1. CONSENT CALENDAR

- 1.A. WAIVE SECOND READING AND ADOPT ORDINANCE 1275, AN ORDINANCE AMENDING PROVISIONS OF CHAPTER 5.24 (WASTE DISPOSAL) OF TITLE 5 (SANITATION AND HEALTH) OF THE TRACY MUNICIPAL CODE
- 1.B. WAIVE SECOND READING AND ADOPT ORDINANCE 1276, AN ORDINANCE OF THE CITY OF TRACY ADDING A NEW CHAPTER 5.26 (DISCHARGE OF FATS, OILS AND GREASE) OF TITLE 5 (SANITATION AND HEALTH) OF THE TRACY MUNICIPAL CODE

2. ITEMS FROM THE AUDIENCE

3. REGULAR AGENDA

- 3.A. PUBLIC HEARING TO CONSIDER ADOPTION OF A RESOLUTION OF NECESSITY AUTHORIZING THE INITIATION OF EMINENT DOMAIN PROCEEDINGS TO ACQUIRE RIGHT-OF-WAYS AND TEMPORARY CONSTRUCTION EASEMENTS FROM CERTAIN REAL PROPERTIES FOR THE WIDENING OF CORRAL HOLLOW ROAD FROM WEST SCHULTE ROAD TO LINNE ROAD, AND AUTHORIZE THE DEPOSIT OF \$15,200 FOR STEVENSON PARCEL, \$48,000 FOR TLC, INC. PARCEL, \$29,400 FOR PRABHAKARAN PARCEL, \$10,400 FOR CARTER PARCEL, \$90,300 FOR DURKEE PARCEL, \$57,100 FOR GALVAO PARCEL, \$23,800 FOR SCHIRMER PARCEL, \$39,600 FOR KING PARCEL, AND \$32,300 FOR SALOMON AND REITZ PARCEL, WITH THE STATE OF CALIFORNIA CONDEMNATION DEPOSIT FUND
- 3.B. CONDUCT A PUBLIC HEARING REGARDING AN ORDINANCE ADOPTING, BY REFERENCE, THE 2019 CALIFORNIA BUILDING AND RELATED CODES, SPECIFYING WHICH APPENDICES APPLY TO THE CITY OF TRACY, RE-ADOPTING CERTAIN EXISTING SECTIONS OF TITLE 9 OF THE TRACY MUNICIPAL CODE, ADOPTING LOCAL STANDARDS RELATED TO EMERGENCY HOUSING, STRAW-CLAY CONSTRUCTION, CORROSIVE SOILS, EXTERIOR PALLET STORAGE, RADIO AMPLIFICATION SYSTEMS, OTHER EMERGENCY RESPONDER REQUIREMENTS AND FLOOD PLAIN REGULATIONS
- 3.C. ADOPT RESOLUTION SUPPLEMENTING RESOLUTION NO. 2017-025 TO AUTHORIZE THE ISSUANCE AND SALE OF SPECIAL TAX BONDS FOR THE PURPOSE OF FINANCING AUTHORIZED FACILITIES, AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS
- 3.D. PUBLIC HEARING TO CONSIDER ADOPTION OF A PRECISE PLAN LINE (ALIGNMENT) FOR THE CHRISMAN ROAD EXTENSION FROM GRANT LINE ROAD TO THE FUTURE I-205 FREEWAY INTERCHANGE

- 3.E. INTRODUCE ORDINANCES AMENDING CHAPTER 6.36 OF THE TRACY MUNICIPAL CODE (TMC) REGARDING COMMERCIAL CANNABIS ACTIVITY AND AMENDING SECTION 10.08.3196 OF THE TMC REGARDING ESTABLISHING ZONING AND LOCATION REQUIREMENTS FOR COMMERCIAL CANNABIS ACTIVITY IN TRACY
- 3.F UPDATE ON MEASURE V FUNDED PROJECTS, APPROVE PROJECT PRIORITIES, AND PROVIDE STAFF DIRECTION
- 3.G. ADOPT COUNCIL MEETING PROTOCOLS AND RULES OF PROCEDURE

- 4. ITEMS FROM THE AUDIENCE
- 5. STAFF ITEMS
- 6. COUNCIL ITEMS
- 7. ADJOURNMENT

AGENDA ITEM 1.A

REQUEST

WAIVE SECOND READING AND ADOPT ORDINANCE 1275, AN ORDINANCE AMENDING PROVISIONS OF CHAPTER 5.24 (WASTE DISPOSAL) OF TITLE 5 (SANITATION AND HEALTH) OF THE TRACY MUNICIPAL CODE

EXECUTIVE SUMMARY

Ordinance 1275 was introduced at the regular Council meeting held on November 5, 2019. Ordinance 1275 is before Council for adoption.

DISCUSSION

The Central Valley Regional Water Quality Control Board (CVRWQCB) sets forth waste discharge requirements for the City of Tracy's Wastewater Treatment Plant (WWTP) through a National Pollutant Discharge Elimination System (NPDES) permit, pursuant to Section 402 of the Clean Water Act (CWA) and implementing regulations adopted by the United States Environmental Protection Agency (USEPA) and Chapter 5.5, Division 7 of the California Water Code.

The proposed ordinance will amend Chapter 5.24 of Title 5 of the Tracy Municipal Code (TMC) in accordance with the CVRWQCB 2018 Pretreatment Compliance Audit (PCA) of the City of Tracy's Pretreatment Program. The changes to Chapter 5.24 of the TMC address requirements and recommendations from the PCA.

Ordinance 1275 is before City Council for adoption.

STRATEGIC PLAN

This agenda item does not relate to the Council's Strategic Plans.

FISCAL IMPACT

The City's monitoring and administration of the recommendations are funded through the Wastewater's operational budget. The amendments to the ordinance allows the City to establish permit fees and penalties to recapture the costs associated with the management and administration of the ordinance. There are no current fees in place for these costs. Staff will include these fees in the upcoming Master Fee Schedule update.

RECOMMENDATION

That City Council adopt Ordinance 1275.

Prepared by: Jessica Nunes, Deputy City Clerk
Reviewed by: Adrienne Richardson, City Clerk
Midori Lichtwardt, Assistant City Manager
Approved by: Jenny Haruyama, City Manager

ORDINANCE 1275

AN ORDINANCE OF THE CITY OF TRACY AMENDING PROVISIONS OF CHAPTER 5.24 (WASTE DISPOSAL) OF TITLE 5 (SANITATION AND HEALTH) OF THE TRACY MUNICIPAL CODE

WHEREAS, The City of Tracy is subject to state and federal regulations regarding the disposal of waste that protect the health and safety of the public; and

WHEREAS, The City's current waste disposal regulations must be updated to ensure consistency with these regulations and reflect changes in departmental responsibilities.

The City Council of the City of Tracy does ordain as follows:

SECTION 1: Chapter 5.24, Waste Disposal, of the Tracy Municipal Code is hereby amended to read as set forth in Attachment A and incorporated by reference herein.

SECTION 2: This Ordinance shall take effect thirty (30) days after its final passage and adoption.

SECTION 3: 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 1275 was introduced at a regular meeting of the Tracy City Council on the 5th day of November 2019, and finally adopted on the 19th day of November, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK

Title 5 – SANITATION AND HEALTH
Chapter 5.24 - WASTE DISPOSAL

Article 1. - General Provisions

5.24.010 - Purpose and policy.

- (a) The purpose of this chapter is to provide uniform requirements for discharges into the City wastewater collection and treatment system and also to protect the local environment from the disposal of other undesirable wastes or materials.
- (b) This chapter enables the City to:
 - (1) Comply with the administrative provisions of the Clean Water Grant Regulations, the water quality requirements set by the Regional Water Quality Control Board, national standards of performance, State and Federal toxic discharge and pretreatment standards and any other criteria which are required or authorized by State or Federal law related to waste disposal;
 - (2) Prevent the introduction of pollutants into the wastewater system which will interfere with the operation of the system, pass through the system inadequately treated, contaminate the resultant sludge or impair the opportunity to recycle products of the treatment process;
 - (3) Provide for the equitable distribution of costs related to wastewater treatment and collection. This includes collection of revenues necessary for the maintenance of adequate wastewater collection and treatment systems and to provide sufficient funds for capital outlay, bond service costs, capital improvements and depreciation;
 - (4) Provide for the issuance of permits to certain persons who are, by contract or agreement with the City, users of the City publicly owned treatment works (POTW).
- (c) This article regulating waste disposal shall supersede all previous ordinances governing the items covered in this chapter. In the event there are any conflicts or inconsistencies between the provisions of this article and other provisions previously written in the City's Codes, the provisions of this chapter shall apply.
- (d) The provisions of this chapter shall apply to the direct or indirect discharge of all liquid wastes carried to the City's publicly owned treatment works (POTW). Except as otherwise provided, the Director of Utilities enforces the provisions of this chapter.

(Prior code § 5-6.101; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.020 - Definitions.

(Prior code § 5-6.102; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.030 - Adoption of definitions.

Unless otherwise defined herein, terms shall be as adopted in the latest edition of Standard Methods for the Examination of Water and Wastewater, published by the American Public Health Association, the American Water Works Association, and the Water Pollution Control Federation.

(Prior code § 5-6.102.1; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.040 - Definitions used in the article.

For purposes of this chapter, the following words, phrases, and abbreviations shall have the meanings respectively ascribed to them in this section unless the context specifically indicates otherwise.

"Act" or "the Act" means the Federal Water Pollution Control Act, also known as the Clean Water Act.

"Amalgam process wastewater" means any wastewater generated and discharged by a dental discharger through the practice of dentistry that may contain dental amalgam.

"Amalgam separator" means a collection device designed to capture and remove dental amalgam from the amalgam process wastewater of a dental facility

"Applicant" means any person or group of persons, who applies for sewer service or a wastewater discharge permit.

An "authorized representative" of an industrial user shall be:

- (1) A responsible corporate officer such as a president, secretary, treasurer, or a vice-president of the corporation in charge of a principal business function, or any other person who performs similar policy- or decision-making functions for the corporation;
- (2) A manager of one or more manufacturing, production, or operating facilities, provided, the manager is authorized to make management decisions which govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiate and direct other comprehensive measures to assure long-term environmental compliance with environmental laws and regulations; can ensure that the necessary systems are established or actions taken to gather complete and accurate information for control mechanism requirements; and where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures;
- (3) A duly authorized representative of a responsible corporate officer of the individual user if the authorization is made in writing by the responsible corporate officer; the authorization specifies either an individual or a position having responsibility for the overall operation of the facility from which the Industrial Discharge originates, such as the position of plant manager, operator of a well, or well field superintendent, or a position of equivalent responsibility, or having overall responsibility for environmental matters for the company; and the written authorization is submitted to the Control Authority;
- (4) A general partner or proprietor if the company is a partnership or sole proprietorship respectively;
- (5) If an authorization under paragraph (3) of this section is no longer accurate because a different individual or position has responsibility for the overall operation of the facility, or overall responsibility for environmental matters for the company, a new authorization satisfying the requirements of paragraph (3) of this section must be submitted to the Control Authority prior to or together with any reports to be signed by an authorized representative.

"Batch process" means a treatment process in which a tank or vessel is filled with wastewater (or solution), the wastewater (or solution) is treated to meet discharge standards and is then released into the sanitary system. A batch process is not continuous.

"Biochemical oxygen demand (BOD)" means that quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure five (5) days at

twenty (20°) degrees centigrade expressed in terms of weight and concentration (milligrams per liter, mg/l).

"Bypass" means the intentional diversion of waste streams from any portion of an industrial user's treatment facility.

"Categorical pretreatment standard" is any regulation containing pollutant discharge limits promulgated by EPA in accordance with sections 307(b) and (c) of the Act (33 U.S.C. section 1317) that apply to a specific category of users and that appear in 40 CFR chapter I, subchapter N, parts 405—471.

"Centralized waste treatment (CWT) facility" means any facility that treats (for disposal, recycling or recovery of material) any hazardous or non-hazardous industrial wastes, hazardous or non-hazardous industrial wastewater, and/or used material received from off-site. "CWT facility" includes both a facility that treats waste received exclusively from off-site and a facility that treats wastes generated on-site as well as waste received from off-site.

"Cesspool" means an underground reservoir, such as a cistern, well, or tank, used for receiving drainage or sewage from a residence.

"City" means the City of Tracy, City Manager or his designee, or the City Council of Tracy.

"Chemical oxygen demand (COD)" means the measure of chemically oxidizable material in domestic or other wastewaters as determined by appropriate testing procedures and expressed in terms of mass per volume (mg/l).

"Code" means the Tracy Municipal Code.

"Commercial user" means any user of the sewerage system, except those specifically classified as residential user or industrial user, whose premises are used to provide a product or service for retail or wholesale. Commercial shall include, but shall not be limited to retail stores, restaurants, office buildings, laundries, hotels, motels, healthcare facility, mobile businesses, and other private businesses and service establishments.

"Composite sample" means a collection of individual samples obtained at intervals during a specified period of time. Flow-proportioned composite samples are obtained by collecting incremental samples with volumes proportional to flow. The resulting mixture (composite sample) forms a representative sample of the waste stream discharged during the sample period.

"Compatible pollutant" means a combination of biochemical oxygen demand, suspended solids, pH, fecal coliform bacteria, plus other pollutants that the City's POTW facilities are designed to accept and/or remove. Some compatible pollutants may be considered incompatible when discharged in significant quantities.

"Control authority" means the division of the City of Tracy, Utilities Department, which administers the POTW pretreatment program.

"Cooling water" means the water discharged from any use such as air conditioning, cooling or refrigeration, or to which the only pollutant added is heat.

"Council" means the City Council of the City of Tracy.

"Customer" means any person, firm, association, corporation, or governmental agency served or entitled to be served by the City, for or without compensation.

"Daily maximum limit" means the maximum allowable discharge limit of a pollutant during a calendar day. Where daily maximum limits are expressed in units of mass, the daily discharge is the total mass discharged over the course of the day. Where daily maximum limits are expressed in terms of a concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day.

"Dental amalgam" means an alloy of elemental mercury and other metal(s) that is used in the practice of dentistry.

"Dental discharger" means a facility where the practice of dentistry is performed, including, but not limited to, institutions, permanent or temporary offices, clinics, home offices, and facilities owned and operated by Federal, state or local governments, that discharges wastewater to the POTW.

"Developer" means any person, or group of persons, who requests the Council to extend its sewage collection facilities.

"Development" means a parcel of land on which dwelling units, commercial or industrial buildings or other improvements are built.

"Direct discharge" means the discharge of treated or untreated wastewater directly to the waters of the State of California.

"Director" means the Director of Utilities of the City or his authorized representative, acting within the scope of his assigned duties.

"Domestic user" means a user discharging domestic wastewater from a private dwelling.

"Domestic wastewater" means the liquid and solid and waterborne wastes derived from the ordinary living processes of humans of such character as to permit satisfactory disposal, without special treatment, into the public sewer or by means of a private disposal system.

"Dwelling unit" means a single unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation. For the purpose of this article, a mobile home space shall be considered a dwelling unit. More than one dwelling unit per structure and/or lot shall be deemed multiple dwelling units.

"Enforcement Compliance Schedule Agreement (ECSA)" means a mutual agreement between the City and the user amending the permitted pretreatment practices and/or installation of equipment to insure permit compliance.

"Environmental Protection Agency" or "EPA" means the U.S. Environmental Protection Agency, or where appropriate, the term may also be used as a designation for the Administrator or other duly authorized official of said agency.

"Fats, oils, and grease (FOG)" means any substance such as vegetable or animal product that is used in, or is a byproduct of, the cooking or food preparation process, and that becomes or may become viscous, or solidifies or may solidify, with a change in temperature or other conditions.

"Finance Director" means the Finance Manager of the City of Tracy.

"Floor area" means the area included within the surrounding exterior walls of a building or portion thereof, exclusive of ramps, docks, vents, shafts, and courts. The floor area of a building, or portion thereof, not provided with surrounding exterior walls shall be the usable area under the horizontal projection of the floor or roof above.

"Food service establishment (FSE)" means food facilities defined in California Uniform Retail Food Facilities Law (CURFFL) Section 113789 of the Health and Safety Code, and any commercial or industrial entity within the boundaries of the sanitary sewer service area of the municipal wastewater control facility, operating in a permanently constructed structure such as a room, building, or place, or portion thereof, maintained, used, or operated for the purpose of storing, preparing, serving, or manufacturing, packaging, or otherwise handling food for sale to other entities, or for consumption by the public, its members or employees, and which has any process or device that uses or produces FOG, or grease vapors, steam, fumes, smoke or odors that are required to be removed by mechanical ventilation as required by Health and Safety

Code Section 114149. An establishment that limits its food preparation activities to those defined as "limited food preparation" in Health and Safety Code Section 113818 is not considered a FSE when engaged only in reheating, hot holding or assembly of ready to eat food products, provided that the establishment has no wastewater discharge containing a significant amount of FOG.

"Grab sample" means a sample which is taken from a waste stream on a one-time basis with no regard to the rate of flow in the waste stream and without consideration of time.

"Holding tank waste" means any waste from holding tanks such as those located on or in vessels, chemical toilets, campers, trailers, septic tanks, and vacuum-pump tank trucks.

"Incompatible pollutant" means any pollutant which is not a compatible pollutant as defined herein.

"Indirect discharge" means the discharge or the introduction of pollutants from any non-domestic source regulated under section 307(b) or (c) of the Act (33 U.S.C. 1317) into the POTW (including holding tank waste discharged into the system).

"Industrial user" or "user" means any source of indirect discharge.

"Industrial wastewater" means all water-carried wastes and wastewater of the community, excluding domestic wastewater, and shall include all wastewater from any producing, manufacturing, processing, agricultural or other operation. These may also include wastes of human origin similar to domestic wastewaters.

"Inspector" means a person authorized by the Director to inspect any development discharging or anticipating discharge to wastewater conveyance, processing and disposal facilities.

"Instantaneous limit" means the maximum concentration of a pollutant allowed to be discharged at any time, determined from the analysis of any discrete or composited sample collected, independent of the industrial flow rate and the duration of the sampling event.

"Institutional user" means any user, including any outside user, public or private, operating a nonprofit school, church, hospital, lodge or club.

"Interference" means a Discharge which, alone or in conjunction with a discharge or discharges from other sources, both:

(1) Inhibits or disrupts the POTW, its treatment processes or operations, or its sludge processes, use or disposal; and

(2) Therefore is a cause of a violation of any requirement of the POTW's NPDES permit (including an increase in the magnitude or duration of a violation) or of the prevention of sewage sludge use or disposal in compliance with the following statutory provisions and regulations or permits issued thereunder (or more stringent State or local regulations): Section 405 of the Clean Water Act, the Solid Waste Disposal Act (SWDA) (including title II, more commonly referred to as the Resource Conservation and Recovery Act (RCRA), and including State regulations contained in any State sludge management plan prepared pursuant to subtitle D of the SWDA), the Clean Air Act, the Toxic Substances Control Act, and the Marine Protection, Research and Sanctuaries Act.

"Mass emission rate" means the weight of material discharged to the sewer system during a given time interval. Unless otherwise specified, the mass emission rate shall mean pounds per day of a particular constituent or combination of constituents.

"May" means permissive.

"Milligrams per liter" means a unit of the concentration of water or wastewater constituent. It is 0.001 g of the constituent in 1,000 ml of water. It has replaced the formerly commonly used unit "parts per million," to which it is approximately equivalent in reporting the results of water and wastewater analysis.

"National pretreatment standard," "pretreatment standard" or "standard" means any regulation containing pollutant discharge limits promulgated by the EPA in accordance with sections 307(b) and (c) of the Act which applies to industrial users. This term includes prohibitive discharge limits established pursuant to section 403.5 of this Act.

"New construction" means any structure planned or under construction for which a connection permit has not been issued.

"New source" means:

(1) any building, structure, facility or installation from which there is or may be a Discharge of pollutants, the construction of which commenced after the publication of proposed Pretreatment Standards under section 307(c) of the Act which will be applicable to such source if such Standards are thereafter promulgated in accordance with that section, provided that:

- (i) The building, structure, facility or installation is constructed at a site at which no other source is located; or
- (ii) The building, structure, facility or installation totally replaces the process or production equipment that causes the discharge of pollutants at an existing source; or
- (iii) The production or wastewater generating processes of the building, structure, facility or installation are substantially independent of an existing source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the existing source should be considered.

(2) Construction on a site at which an existing source is located results in a modification rather than a New Source if the construction does not create a new building, structure, facility or installation meeting the criteria of paragraphs (m)(1)(ii) or (m)(1)(iii) of this section, but otherwise alters, replaces, or adds to existing process or production equipment.

(3) Construction of a new source as defined under this paragraph has commenced if the owner or operator has:

- (i) Begun, or caused to begin as part of a continuous onsite construction program:
 - (A) Any placement, assembly, or installation of facilities or equipment; or
 - (B) Significant site preparation work including clearing, excavation, or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment; or
- (ii) Entered into a binding contractual obligation for the purchase of facilities or equipment which are intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss,

and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this paragraph.

"Normal working day" means the period of time during which production and/or operation is taking place. "Pass-through" means a discharge which exits the POTW into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the POTW's NPDES permit (including an increase in the magnitude or duration of a violation).

"Permittee" means a person who has applied for and received permission to discharge pollutants into Tracy's sewerage system subject to the requirements and conditions established by the City.

"Person" means any individual, partnership, co-partnership, firm, company, corporation, association, joint stock company, trust, estate, governmental entity or any other legal entity, or their legal representative, agents or assigns. The masculine gender shall include the feminine and the singular shall include the plural where indicated by the context.

"Pesticides" means those compounds, including, but not limited to, DDT (dichlorodipheyltrichloroethane, both isomers), DDE (dichlorodiphenylethylene), DDD (dichlorodiphenyldichloroethane), aldrin, benzene hexachloride (alpha, beta and gamma isomers), chlordane, endrin, endrin aldehyde, 2,3,7,8-tetrachlorodibenzo-p-dioxin (TCDD), toxaphene, alpha-endosulfan, beta-endosulfan, endosulfan sulfate, heptachlor, heptachlor epoxide, dieldrin.

"pH" means the logarithm of the reciprocal of the quantity of hydrogen ions in moles per liter of solution used in expressing both acidity and alkalinity on a scale ranging from zero to fourteen (14) where seven (7) represents neutrality, numbers less than seven (7) increasing acidity, and more than seven (7) increasing alkalinity.

"Pollutant" means any dredged spoil, solid waste, incinerator residue, sewage, garbage, sewage sludge, munitions, chemical wastes, biological materials, radioactive materials, heat, wrecked, or discharged equipment, rock, sand, cellar dirt and industrial, municipal, and agricultural waste discharged into water.

"Pollution" means the man-made or man-induced alteration of the chemical, physical, biological, and the radiological integrity of water.

"Polychlorinated biphenyls (PCB)" means those compounds, including, but not limited to, Aroclors, 1016, 1221, 1228, 1232, 1248, 1254, 1260, and 1262.

"Pretreatment or treatment" means the reduction of the amounts of pollutants, the concentration of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater to a less harmful state prior to or in lieu of discharging or otherwise introducing such pollutants into a POTW. The reduction or alteration can be obtained by physical, chemical or biological processes or process changes or other means, except as prohibited by 40 CFR section 403.6(d).

"Pretreatment requirements" means any substantive or procedural requirements related to pretreatment, other than a national pretreatment standard imposed on an industrial user.

"Priority pollutants" means a listing of the toxic pollutants identified by EPA as having the greatest environmental concern and as incompatible and requiring pretreatment prior to discharge in order to prevent interference with POTW's operation, sludge contamination or treatment system pass-through into receiving waters or into the atmosphere.

"Public agency" means the State of California and any city, county, district, other local authority or public body of or within this State.

"Publicly owned treatment works (POTW)" means a treatment works as defined by section 212 of the Act (33 U.S.C. 1292) which is owned in this instance by the City. This definition includes any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes and other conveyances only if they convey wastewater to a POTW Treatment Plants. For the purposes of this chapter, "POTW" shall also include any sewers that convey wastewaters to the POTW from persons outside the City who are, by contract or agreement with the City, users of the City's POTW.

"Public sewer" means a sewer owned and operated by the City. All public sewers must be constructed in accordance with Tracy's regulations and specifications for construction of sanitary sewers.

"RCRA" means Resource Conservation and Recovery Act of 1976 (42 U.S.C. 6901, et seq.).

"Regulatory agencies" means those agencies affecting the operation of Tracy's sewer system, including, but not limited to, the following:

- (1) United States Environmental Protection Agency, San Francisco and Washington, DC (EPA);
- (2) California State Water Resources Control Board (SWRCB); and
- (3) California Regional Water Quality Control Board (RWQCB).

"Regulatory compliance schedule agreement (RCSA)" means an agreement between the City and permittee to implement pretreatment practices and/or install equipment to ensure compliance with future revised categorical pretreatment standards or revised discharge limitations.

"Routine sampling" means sampling conducted prior to any enforcement action(s) initiated by the City. Sampling shall consist of either grab or composite sampling which may be conducted at the Director and/or designee's discretion.

"Sanitary sewage" means the portion of sewage exclusive of industrial wastes and stormwaters.

"Sanitary sewer" means a sewer to which storm, surface and ground waters are not intentionally admitted.

"Sanitary waste" means domestic wastewater.

"Sewage" means water carrying wastes from residences, business buildings, institutions and industrial establishments, together with such other waters as may be present, or any combination of such wastes and water. Also see wastewater.

"Sewage facilities" means any and all facilities used for collecting, conveying, pumping, treating and disposing of wastewater.

"Sewage works" means all sewer and facilities operated for carrying, collecting, pumping, treating, and disposing of sewage; also POTW.

"Sewer" means a pipe or conduit for carrying sewage.

"Sewer lateral" means a pipe or pipe and appurtenances that conveys wastewater from the plumbing of a structure to a sewer main. .

"Sewer main or main sewer" means a sanitary sewer pipe owned and controlled by the City of Tracy. The sewer main does not include any portion of the sewer lateral.

"Shall" means mandatory.

"Side sewer" means a connection with a sewer lateral from a house or other structure; also building sewer.

"Significant industrial user" means, except as provided in subsection (3) of this definition:

- (1) All industrial users subject to categorical pretreatment standards under 40 CFR 403.6 and 40 CFR chapter I, subchapter N; and
- (2) Any other industrial user that: discharges an average of 25,000 gallons per day or more of process wastewater to the POTW (excluding sanitary, non-contact cooling and boiler blowdown wastewater); contributes a process waste stream which makes up five (5) percent or more of the average dry weather hydraulic or organic capacity of the POTW treatment plant; or is designated as such by the Control Authority as defined in 40 CFR 403.12(a) on the basis that the industrial user has a reasonable potential for adversely affecting the POTW's operation or for violating any pretreatment standard or requirement (in accordance with 40 CFR 403.8(f)(6)).
- (3) The City may determine that an industrial user subject to categorical pretreatment standards under section 403.6 and 40 CFR chapter I, subchapter N is a non-significant categorical industrial user rather than a significant industrial user on a finding that the industrial user never discharges more than 100 gallons per day of total categorical wastewater, (excluding sanitary, non-contact cooling and boiler blowdown wastewater, unless specifically included in the pretreatment standard) and the following conditions are met:
 - (i) The industrial user, prior to the City's finding, has consistently complied with all applicable categorical pretreatment standards and requirements;
 - (ii) The industrial user annually submits the certification statement required in 40 CFR section 403.12(q) together with any additional information necessary to support the certification statement; and
 - (iii) The industrial user never discharges any untreated concentrated wastewater. (iv) Upon finding that an industrial user meeting the criteria in subsection (1) of this definition has no reasonable potential for adversely affecting POTW's operation or for violation of any pretreatment standards or requirement, the City may at any time, on its own initiative or in response to a petition received from an industrial user, and in accordance with 40 CFR 403.8(f)(6), determine that such industrial user is not a significant industrial user.
- (4) Has, in his wastes, toxic pollutants in toxic amounts as defined in the standards issued under section 307a of the Federal Act;
- (5) Is found by the City to have a significant impact, either singularly or in combination with other contributing industries, on the POTW or sewage collection system;
- (6) Is otherwise subject to Federal categorical pretreatment standards under 40 CFR 403.6 and 40 CFR chapter I, subchapter N; or
- (7) Has a discharge of wastewater which may contain, at any given time, any of the components as referred to in section 5.24.110, Limitations on Radioactive Wastes, and in section 5.24.060, Limitations on Wastewater Strength.

"Significant noncompliance" if the violation meets one or more of the following criteria:

- (1) Chronic violations of wastewater discharge limits, defined here as those in which sixty-six (66) percent or more of all of the measurements taken during a six (6) month period exceed (by any magnitude) a numeric Pretreatment Standard or Requirement, including instantaneous limits, as defined by 40 CFR 403.3(l);
- (2) Technical review criteria (TRC) violations, defined here as those in which thirty-three (33) percent or more of all of the measurements for each pollutant parameter taken during a six (6) month period equal or exceed the product of the numeric Pretreatment Standard or Requirement including instantaneous limits, as defined by 40 CFR 403.3(l) multiplied by the applicable TRC (TRC = 1.4 for BOD, TSS, fats, oil, and grease, and 1.2 for all other pollutants except pH);
- (3) Any other violation of a Pretreatment Standard or Requirement as defined by 40 CFR 403.3(l) (daily maximum, longer-term average, instantaneous limit, or narrative Standard) that the Control Authority determines has caused, alone or in combination with other discharges, interference or pass-through (including endangering the health of POTW personnel or the general public);
- (4) Any discharge of a pollutant that has caused imminent endangerment to human health, welfare or to the environment or has resulted in the POTW's exercise of its emergency authority to halt or prevent such a discharge;
- (5) Failure to meet, within ninety (90) days after the schedule date, a compliance schedule milestone contained in a local control mechanism or enforcement order for starting construction, completing construction, or attaining final compliance;
- (6) Failure to provide, within forty-five (45) days after the due date, required reports such as baseline monitoring reports, ninety (90) day compliance reports, periodic self-monitoring reports, and reports on compliance with compliance schedules;
- (7) Failure to accurately report noncompliance;
- (8) Any other violation or group of violations which the Control Authority determines will adversely affect the operation or implementation of the local pretreatment program.

"Slug discharge or slug load means any discharge at a flow rate or concentration which could cause a violation of the general discharge prohibitions contained in TMC 5.24.050. A slug discharge is any discharge of a non-routine, episodic nature, including, but not limited to, an accidental spill or a non-customary batch discharge, which has a reasonable potential to cause interference or pass through, or in any other way violate the POTW's regulations, local limits, or permit conditions; also batch dump.

"Standard industrial classification (SIC)" means a classification pursuant to the Standard Industrial Classification Manual issued by the Executive Office of the President, Office of Management and Budget, 1972.

"State" means the State of California.

"Storm sewers or storm drains" means a sewer which carries storm and surface water but excludes sewage and polluted industrial wastes.

"Stormwater" means any flow occurring during or following any form of natural precipitation and resulting therefrom.

"Suspended solids" means the total suspended matter that floats on the surface of, or is suspended in water, wastewater or other liquids, and which is removable by laboratory filtering.

"Temporary user" means any discharger who is granted temporary permission by the City to discharge unpolluted water, storm drainage or ground water to the City's sewerage facilities.

"Total organic carbon (TOC)" means the measure of total organic carbon in domestic or other wastewater as determined by the appropriate testing procedure.

"Total halomethane" means the sum of all quantifiable values greater than 0.01 milligrams per liter of the following components: bromodichloromethane, dibromochloromethane, chloroform, bromoform, methylene chloride, chloromethane, and bromomethane. Halomethane means a methane molecule having one or more halogen atoms attached to it, including, but not limited to, bromodichloromethane, dibromochloromethane, chloroform, bromoform, methylene chloride, chloromethane, and bromomethane. Halogen atom means fluorine, chlorine, bromine, or iodine.

"Total oil and grease" means the hexane extractable material recovered by the Oil and Grease method which may include non-volatile petroleum hydrocarbons, waxes, animal fats, mineral and vegetable oils, soaps, sulfur compounds, organic dyes, chlorophylls.

"Total toxic organics (TTO)" means the summation of all quantifiable values greater than 0.01 milligrams per liter for the toxic organics listed in 40 CFR 401.15.

"Toxic pollutant" means any pollutant or combination of pollutants listed as toxic in regulations promulgated by the Administrator of the Environmental Protection Agency under the provision of CWA 307(a) or other Acts.

"Unpolluted water" means water to which no constituent has been added either intentionally or accidentally.

"User" means any person who contributes, causes or permits the contribution of wastewater into the City's POTW.

"User charge" means a charge established and levied by the City that provides for the operation and maintenance expenses, capital expansion, capital recovery and adequate reserves for the sewage treatment works upon residential, commercial and industrial users in proportion to the use of the treatment works by their respective class.

"Waste" means sewage and any and all other waste substances, liquid, solid, gaseous or radioactive, associated with human habitation or of human or animal nature, including such wastes placed within containers of whatever nature prior to and for the purpose of disposal.

"Wastehauler" means any person carrying on or engaging in vehicular transport of waste as part of, or incidental to, any business for the purpose of discharging said waste into the City's system.

"Waste manifest" means that form required by regulatory bodies such as EPA, the Department of Transportation, the California Department of Health Services, the City of Tracy and/or the United States Government for all generators and/or transporters who transport, or offer for transport, hazardous, universal, or liquid waste for off-site treatment, recycling, storage or disposal.

"Wastewater" means the liquid and water-carried industrial or domestic wastes from dwellings, commercial buildings, industrial facilities, and institutions, together which may be present, whether treated or untreated, which is contributed into or permitted to enter the POTW. Also see sewage.

"Wastewater constituents and characteristics" means the individual chemical, physical, bacteriological and radiological parameters, including volume and flow rate and such other parameters that serve to define, classify or measure the quality and quantity of wastewater.

(1) Abbreviations. The following abbreviations shall have the designated meanings:

BOD	Biochemical Oxygen Demand
CFR	Code of Federal Regulations
COD	Chemical Oxygen Demand
EPA	Environmental Protection Agency
L	Liter
mg	Milligrams
mg/L	Milligrams per liter
NPDES	National Pollutant Discharge Elimination System
POTW	Publicly Owned Treatment Works
SIC	Standard Industrial Classification
SIU	Significant Industrial User
SNC	Significant Noncompliance
SS	Suspended Solids
SWDA	Solid Waste Disposal Act, 42 U.S.C. 6901, et seq.
TMC	Tracy Municipal Code
TSS	Total Suspended Solids
USC	United States Code

(2) Word Usage. Words used in this article in the singular may include the plural and plural the singular. Use of masculine shall include feminine and use of feminine shall include masculine.

(Ord. 1119 §§ 1, 2, 2008; prior code § 5-6.102.2; Ord. No. 1237, § 1(Att. A), 8-15-2017)

Article 2. - Regulations

5.24.050 - Prohibitions on discharge.

(a) No person shall discharge to the City's sewer system wastes which cause, threaten to cause, or are capable of causing, either alone or by interaction with other substances:

- (1) A fire or explosion; prohibited materials include, but are not limited to, gasoline, kerosene, naphtha, benzene, toluene, xylene, ethers, alcohols, ketones, aldehydes, peroxides, chlorates, perchlorates, bromates, carbides, hydrides, and sulfides.
 - (i) Wastestreams with a closed-cup flashpoint of less than 140 degrees Fahrenheit or sixty (60°) degrees Centigrade (using the test methods specified in 40 CFR 261.21).
- (2) Any solid or viscous substance of such a size or in such a quantity that it may cause an obstruction to the flow in the sewer system or be detrimental to proper operation of the POTW. Such objectionable substances shall include, but are not limited to, asphalt, dead animals, offal, feathers, whole blood, bones, hair, fleshings, ashes, sand, mud, grit,

straw, industrial process shavings, metal, glass, rags, lint, tar, plastics, wood, manure, paper products, either whole or ground;

- (3) Danger to life or safety of any person or that which threatens the health of the public;
 - (4) Impairment of the effective maintenance or operation of the sewerage system;
 - (5) Pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems;
 - (6) The discharge of any pollutant, including oxygen-demanding pollutants (such as biochemical oxygen demand (BOD)), released in a discharge at a flow rate or pollutant concentration that will cause interference in the wastewater treatment process;
 - (7) Any waste containing an incompatible pollutant;
 - (8) Any compatible pollutant in excess of that permitted in the City's permit or special agreement;
 - (9) The City's effluent or any other product of the treatment process, residues, sludges or scums, to be unsuitable for reclamation, reuse or disposal;
 - (10) Discoloration or any other condition which affects the quality of the City's treatment works effluent in such a manner that receiving water quality requirements established by regulatory agencies cannot be met;
 - (11) Quantities or rates of flow which overload the City's collection or treatment facilities, or cause excessive City collection or treatment cost, or may use a disproportionate share of the City's facilities;
 - (12) Any discharge of any pollutant that causes pass-through is prohibited;
 - (13) Conditions which violate any statute or any rule, regulation, or ordinance of any public agency or State or Federal regulatory body having jurisdiction over the discharge of wastewater through the sanitary sewer system;
 - (14) Any water or wastes having a pH lower than six (6.0) or higher than nine (9.0) or having any other corrosive property capable of causing damages or injuries to structures, equipment, or personnel of the City;
 - (15) Any wastewater with heat in amounts which will inhibit biological activity in the POTW resulting in interference, but in no case wastewater with a temperature at the introduction into the POTW which exceeds 104 degrees Fahrenheit (forty (40°) degrees Centigrade) or exceeds 140 degrees Fahrenheit (sixty (60°) degrees Centigrade) at the point of discharge;
 - (16) Any wastes requiring an excessive quantity of chlorine or other chemical compound used for disinfection purposes;
 - (17) Any water or wastes containing algacides, fungicides, antibiotics, insecticides, herbicides, strong oxidizing agents, or strong reducing agents.
 - (18) Petroleum oil, nonbiodegradable cutting oil, or products of mineral oil origin in amounts that will cause interference or pass through;
 - (19) Any trucked or hauled pollutants, except at discharge points designated by the POTW;
- (b) No person shall discharge by vehicular transport, rail car, or dedicated pipeline, directly or indirectly, to the POTW any substance that is defined as a hazardous waste by the Regulatory Agencies.

- (c) No person shall transport from one location or facility to another for the purpose of treating or discharging it directly or indirectly to the POTW without written permission from the Director.
- (d) Bypass is prohibited, and the City may take enforcement action against an industrial user for a bypass, unless:
- (1) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage. Severe property damage means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production;
 - (2) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and (3) If an industrial user knows in advance of the need for a bypass, it shall submit prior notice to the City, if possible, at least ten (10) days before the date of the bypass. An industrial user shall submit oral notice of an unanticipated bypass that exceeds applicable pretreatment standards to the City within twenty-four (24) hours from the time the industrial user becomes aware of the bypass. A written submission shall also be provided within five (5) days of the time the industrial user becomes aware of the bypass. The written submission shall contain a description of the bypass and its cause; the duration of the bypass, including exact dates and times, and, if the bypass has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the bypass. The City may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

The City may approve an anticipated bypass, after considering its adverse effects, if the City determines that it will meet the three (3) conditions listed in subsection (d)(2) of this section.

An industrial user may allow any bypass to occur which does not cause pretreatment standards or requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the above provisions.

(Ord. 1119 § 3, 2008; prior code § 5-6.201; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.060 - Limitations on wastewater strength.

- (a) No person shall discharge wastewater containing constituents in excess of the quantities listed in Table 1.

TABLE 1
DISCHARGE LIMITS, mg/L

Constituent	Limit mg/L
Antimony	3.56
Arsenic	0.05

Beryllium	0.46
Cadmium	0.05
Chromium	1.18
Copper	1.51
Cyanide (Total)	0.34
Lead	0.6
Mercury	0.03
Molybdenum	0.14
Nickel	0.17
Selenium	0.05
Silver	0.94
Zinc	1.4
Ammonia	265
Sulfate	300
Sulfide	10
Total Oil and Grease	200
Nonpolar Oil and Grease (mineral/petroleum origin)	100
Benzene	0.13
bis(2-ethylhexyl)phthalate	5.1
Chlorobenzene	2.35
Chloroform	0.42
1,4-Dichlorobenzene	2.6
Dichloromethane	1.5
cis 1,3 Dichloropropene	0.09
Ethylbenzene	1.59
Total Halomethanes	10
Phenol	125
Tetrachloroethene (PCE)	0.51
Toluene	1.31
1,1,1-Trichloroethane	1.55
Trichloroethene (TCE)	0.71

The term "free cyanide" means those cyanides amenable to chlorination as described in the Annual Book of ASTM Standards, 1972, Standard D 2-36-72 Method B, page 553.

(b) No person shall discharge any wastewater:

- (1) In violation of any applicable federal categorical or state standards or other local regulations covering wastewater disposal;
- (2) Containing constituents in excess of the levels stated in their annual discharge permit.

The above limits may be modified by Council resolution for purposes of preventing POTW pass-through and/or interference.

(Ord. 1119 § 3, 2008; prior code § 5-6.202, as amended by § 1, Ord. 966 C.S., eff. January 15, 1998; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.070 - Accidental discharges/slug discharges.

(a) Each user will ensure that the POTW is protected from discharge of prohibited materials or other substances regulated by this chapter. Such protection shall be provided and maintained by the user at the owner's or user's own cost and expense. Detailed plans showing protection shall be submitted to the City for review and shall be approved by the City before construction of the facility. All existing users shall complete such a plan within twelve (12) months of the date that these ordinances become effective. No user who commences contribution to the POTW after the effective date of this chapter shall be permitted to introduce pollutant(s) into the system until accidental/slug discharge procedures have been approved by the City. Review and approval of such plans and operating procedures shall not relieve the industrial user from the responsibility to modify the user's facility as necessary to meet the requirements of this chapter.

The Director or designee shall evaluate whether each SIU needs an accidental discharge/slug discharge control plan or other action to control Slug Discharges. The Director may require any User to develop, submit for approval, and implement such a plan or take such other action that may be necessary to control Slug Discharges. Alternatively, the Director may develop such a plan for any User. An accidental discharge/slug discharge control plan shall address, at a minimum, the following:(i) Description of discharge practices, including non-routine batch discharges;

(ii) Description of stored chemicals;

(iii) Procedures for immediately notifying the POTW of slug discharges, including any discharge that would violate a prohibition under 40 CFR 403.5(b), with procedures for follow-up written notification within five (5) days;

(iv) If necessary, procedures to prevent adverse impact from accidental spills, including inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site run-off, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants, (including solvents), and/or measures and equipment for emergency response.

(b) Notification. Users are required to notify the Director immediately of any changes at its facility affecting the potential for a slug discharge. In the case of an accidental or slug load discharge, it is the responsibility of the user to immediately notify the POTW of the incident. Notification shall identify the location of the discharge, the type, concentration, and volume of waste, and corrective actions taken and/or anticipated.

- (c) Written Notification. Within five (5) days following an accidental/slug discharge, the user shall submit to the Director a detailed written report describing the cause of the discharge and the measures to be taken by the user to prevent similar future occurrences. Such notification shall not relieve the user of any expense, loss, damage, or other liability which may be incurred as a result of damage to the POTW, fish kills, or any other damage to person or property; nor shall such notification relieve the user of any fine, civil penalties, or other liability which may be imposed by this chapter or other applicable law.

(Prior code § 5-6.203; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.080 - Prohibition on storm drainage and ground water.

Storm water, ground water, rain water, street drainage, subsurface drainage or yard drainage shall not be discharged through direct or indirect connections to a sewer unless a permit is issued by the City. The City may approve the discharge of such water only when no reasonable alternative method of disposal is available. If a permit is granted for the discharge of such water into a sewer, the user shall pay the applicable charges and fees and meet such other conditions as required by the City. Discharge of hazardous or toxic materials, or water containing hazardous or toxic materials, into the storm drain system is prohibited.

(Prior code § 5-6.204; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.090 - Dilution water.

Any water added for the purpose of diluting wastes in lieu of treatment, to reduce the concentrations of pollutants present, or as a partial substitute for treatment is prohibited.

(Prior code § 5-6.205; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.100 - Prohibition on unpolluted water.

Unpolluted water, including, but not limited to cooling water, process water or blow-down from cooling towers or evaporative coolers shall not be discharged through direct or indirect connection to a sewer unless a permit is issued by the City. The City may approve the discharge of such water only when no reasonable alternative method of disposal is available. If a permit is granted for the discharge of such water into a community sewer, the user shall pay the applicable charges and fees and shall meet such other conditions as required by the City.

(Prior code § 5-6.206; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.110 - Limitations on radioactive wastes.

No person shall discharge, or cause to be discharged, any radioactive waste into a public sewer except:

- (a) When the person is authorized to use radioactive materials by the State Department of Health or other governmental agency empowered to regulate the use of radioactive materials; and
- (b) When the waste is discharged in strict conformity with current California Radiation Control Regulations (California Administrative Code, Title 17) for safe disposal; and
- (c) When the person is in compliance with all rules and regulations of all other applicable regulatory agencies; and
- (d) When a permit has been obtained from the City.

(Prior code § 5-6.207; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.120 - Limitations on the use of grinders.

Wastes from garbage grinders shall not be discharged into a community sewer except:

- (a) Wastes generated in normal preparation of food by residential users; or
- (b) Where the user has obtained a permit for that specific use from the City, and agrees to undertake whatever self-monitoring is required to enable the City to equitably determine the charges and fees based on the waste constituents and characteristics.

Such grinders must shred the waste to a degree that all particles will be carried freely under normal flow conditions prevailing in the community sewer. Garbage grinders shall not be used for grinding plastic, paper products, inert materials, or garden refuse.

(Prior code § 5-6.208; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.130 - Notification of hazardous waste discharges.

- (a) All Industrial Users shall notify the City, EPA Regional Waste Management Division Director, and State hazardous waste authorities in writing of any discharge into the POTW of a substance, which, if otherwise disposed of, would be a hazardous waste under 40 CFR part 261. Such notification must include the name of the hazardous waste as set forth in 40 CFR part 261, the EPA hazardous waste number, and the type of discharge (continuous, batch, or other). If the Industrial User discharges more than 100 kilograms of such waste per calendar month to the POTW, the notification shall also contain the following information to the extent such information is known and readily available to the Industrial User: An identification of the hazardous constituents contained in the wastes, an estimation of the mass and concentration of such constituents in the wastestream discharged during that calendar month, and an estimation of the mass of constituents in the wastestream expected to be discharged during the following twelve (12) months. Industrial users shall provide the notification no later than 180 days after the discharge of the listed or characteristic hazardous waste. Any notification under this subsection need be submitted only once for each hazardous waste discharged. However, notifications of changed discharges must be submitted under 40 CFR 403.12(j). The notification requirement in this section does not apply to pollutants already reported under the self-monitoring requirements of 40 CFR 403.12 (b), (d), and (e).
- (b) Dischargers are exempt from the requirements of this section during a calendar month in which they discharge no more than fifteen (15) kilograms of hazardous wastes, unless the wastes are acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e). Discharge of more than fifteen (15) kilograms of non-acute hazardous wastes in a calendar month, or of any quantity of acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e), requires a one-time notification.

Subsequent months during which the Industrial User discharges more than such quantities of any hazardous waste do not require additional notification.

- (c) In the case of any new regulations under Section 3001 of RCRA identifying additional characteristics of hazardous waste or listing any additional substance as a hazardous waste, the Industrial User must notify the City of Tracy, the EPA Regional Waste Management Waste Division Director, and State hazardous waste authorities of the discharge of such substance within ninety (90) days of the effective date of such regulations.

- (d) In the case of any notification made under paragraph (a) of this section, the Industrial User shall certify that it has a program in place to reduce the volume and toxicity of hazardous wastes generated to the degree it has determined to be economically practical.

(Prior code § 5-6.209; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.140 - Limitations of the point of discharge.

- (a) No person, except local sewerage agencies involved in maintenance functions of sanitary sewer facilities, shall discharge any wastewater, waste products, solids or other fluids directly into a manhole or other opening in a sewer other than through an approved building sewer, unless, upon a written application by the user and payment of the applicable user charges and fees, the City issues a permit for such direct discharges.
- (b) No person except the City sewerage agencies shall leave open an unprotected sewer manhole.
- (c) Accidental spills into a City manhole must be reported to Tracy's POTW immediately by phone.

(Prior code § 5-6.210; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.150 - Holding tank wastes.

- (a) No person shall discharge any holding tank waste into a community sewer unless he has been issued a permit by the City and the Public Health Services of San Joaquin County unless otherwise allowed by the City under the terms and conditions of their permit. A separate permit must be secured for each separate discharge. This permit will state the specific location of discharge, the time of day the discharge is to occur, the volume of the discharge and the wastewater constituents and characteristics. If a permit is granted for discharge of such waste into a sewer, the user shall pay the applicable charges and fees and shall meet such other conditions as required by the City.
 - (1) An exception to the above is that no permit will be required of City residents for discharge of domestic wastes from recreational vehicle holding tanks provided that such discharges are made into a City approved facility designed to receive such wastes.

(Prior code § 5-6.211; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.160 - Pretreatment requirements.

The City shall implement and enforce its POTW Pretreatment Program as determined necessary. Users shall make wastewater acceptable under the limitations established therein before discharging into any sewer. Any facilities required to pretreat wastewater to a level acceptable to the City shall be provided and maintained at the user's expense. Detailed plans showing the pretreatment facilities and operating procedures shall be submitted to the City before construction of the facility, along with an application for a permit to discharge wastewater, or a compliance schedule, as necessary. The review and approval of such plans and operating procedures will in no way relieve the user from the responsibility of modifying the facility as necessary to provide an effluent which complies with the provisions of this article. In such cases of non-compliance, the user will be subject to all the provisions of Article 6 of this chapter including the requirement for a compliance schedule for the installation and proper management of new pretreatment technology.

(Prior code § 5-6.212; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.170 - Screened industrial wastes.

No person shall discharge, cause, allow or permit to be discharged into the sanitary sewer system, or any part thereof, any industrial wastes unless such wastes have first been passed through twenty (20) mesh screens. This includes any garbage or any fruit, vegetable, animal, fish, or other solid industrial wastes resulting from the processing, packaging, or canning of fruits, vegetables, fish or other foods or products.

The Director, by written permit, may authorize the discharge into the sanitary sewer system of such wastes if they are first passed through screens having larger openings if the Director is satisfied that such larger openings will provide screening efficiency and effectiveness equal to or better than that provided by the above specified openings.

Each person who shall discharge, cause, allow, or permit to be discharged into the sanitary sewer system of the City, or any part thereof, any such wastes resulting from the processing, packaging or canning of fruits, vegetables, fish, or other foods or products shall install within or upon the premises from which such wastes are discharged, before such discharge of any wastes is made into the City's sanitary sewer system, or any part of such system, and thereafter maintain in good operating order, screens as specified in this section and appurtenances thereto, including, but not limited to all the necessary conveyors and elevators, all in sufficient quantity and of sufficient size and quality, to continuously and effectively screen not less than 100 percent of the peak hydraulic and solids loading imposed upon such screens and appurtenances during any processing period.

No one shall discharge any screened waste into the sanitary sewer system, or any part of the system, unless and until he shall obtain from the Director advanced approval to do so. The Director may require such persons to provide to the Director a report prepared by a registered engineer which shows, to the satisfaction of the Director, that the provisions of this section have been complied with by the discharger. The Director may also make such field tests and investigations as he deems necessary to satisfy himself that the provisions of this section have been complied with by the discharger. The Director shall not give such written approval if any such wastes cannot be processed successfully by the physical and biological processing units of the waste treatment plant.

Any and all equipment, sewer, pipelines, floor drains, or other facilities capable of discharging any garbage, fruit, vegetable, animal, fish, or any other solid industrial wastes resulting from the processing or packaging of the above or other foods or products into the sanitary system, or any part thereof, before such wastes have been screened as required by this section shall hereafter be locked, closed, and sealed in an approved manner. No person shall remove any such lock or seal, and no person shall discharge, or cause, or permit to be discharged, into any such equipment, sewers, pipelines, floor drains, or other facilities capable of discharging into the sanitary sewer system, or any part thereof, any unscreened industrial wastes without first having obtained from the Director his consent to do so.

(Prior code § 5-6.212.1; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.180 - Oil, sand and lint separators.

(a) Oil and sand interceptors. Oil or sand interceptors shall be provided by the waste discharger in service stations, auto repair shops, carwashes, and other facilities when, in the reasonable opinion of the City, they are necessary for the proper handling of any flammable wastes, sand, grease, oil or other harmful ingredients, except that such interceptors shall not be required for private living quarters or dwelling units. All interceptors shall be of the type and capacity approved by the City and shall be so located as to be readily and easily accessible for

cleaning and inspections. Discharges from urinals, toilets, wash basins and other fixtures containing fecal material shall not flow through the interceptor.

Oil and sand interceptors shall be constructed of impervious materials capable of withstanding abrupt and extreme changes in temperature. They shall be of substantial construction, water-tight and equipped with easily removable covers which when bolted in place, shall be gas-tight and water-tight.

When installed, all oil and sand interceptors shall be maintained by and at the discharger's expense in continuously efficient operation. Maintenance shall include the complete removal of all contents, including floating materials, wastewater and bottom sludges and solids. The discharger shall keep written records and documentation of all cleaning, repair, calibration, and maintenance required to demonstrate compliance with this section. Records shall be kept at the facility for a minimum of three (3) years and be made available upon request for inspection and copying by the Director.

Decanting or discharging of removed waste back into the trap or interceptor from which the waste was removed or any appurtenance of the wastewater collection system is strictly prohibited.

(b) Sand/lint Separators. All industrial or commercial wastes which contain, or are likely to contain sand or grit and/or lint, shall be passed through a suitable separator before discharge to the City sewer system. The separator shall be of a type and capacity approved by the City and shall be located as to be readily accessible for cleaning and inspection.

(c) Before installation of any interceptor or separator, approval must be obtained from the City. The City has the right of final approval of the type and required size of the grease, oil and sand interceptors.

(d) Food service establishments shall follow chapter 5.26.

(Prior code § 5-6.212.2; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.190 - Pretreatment required by federal categorical standards.

All users subject to national categorical pretreatment standards found in 40 CFR Chapter I, subchapter N, Parts 405-471 shall be required to meet those standards by the compliance dates specified in those requirements or, in the case of new industrial users, upon commencement of the discharge. Upon the promulgation of new standards for a particular industrial category, those limitations shall immediately apply. Where process effluent is mixed prior to treatment with wastewaters other than those generated by the regulated process, fixed alternative discharge limits may be derived by the City pursuant to EPA regulations set forth in 40 CFR Section 403.6. Local limits established by this document, however, take precedence over a categorical standard, if the local limit is more stringent.

Within ninety (90) days following the date for final compliance with applicable pretreatment standards or, in the case of a new source, following commencement of the introduction of wastewater into the POTW, the user, subject to pretreatment standards and requirements, shall submit to the Director a compliance report indicating the nature and concentration of all pollutants in the discharge and the average and maximum daily flow from the regulated processes which are limited by pretreatment standards. Pollutant data shall be based on, but not limited to, at least one flow-paced composite sample. The report shall state whether the applicable pretreatment standards or requirements are being met on a consistent basis and, if not, what additional operation and maintenance and/or pretreatment is necessary to bring the user into compliance

with the applicable pretreatment standards or requirements. This statement shall be signed by an authorized representative of the industrial user, and certified by a qualified professional.

Those users who are not in compliance with the applicable pretreatment standards or requirements by the compliance dates must enter into an Enforcement Compliance Schedule Agreement and will be subject to all the provisions of Article 6 of this chapter.

- (a) National Categorical Standards found in 40 CFR Chapter I, Subchapter N, Parts 405-471 are hereby incorporated in this chapter.

(Prior code § 5-6.212.3; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.200 - Separation of industrial and domestic wastewaters.

All domestic or sanitary wastewaters from rest rooms, showers, drinking fountains, etc., shall be kept separate from all industrial wastewaters until the industrial wastewaters have passed through any required pretreatment system or device and the sampling or flow measuring point.

(Prior code § 5-6.213; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.210 - Duty to connect premises producing wastewater to the City's sewer system.

- (a) Unless otherwise specifically provided by this section, no person owning or using real property within the City limits shall construct or use any system for the disposal of any waste, wastewater, or sewerage, other than through the City's wastewater system.
- (b) Exceptions for private domestic sewer systems.
 - (1) If, as of the effective date of the ordinance codified in this section or as of the date which the subject real property is annexed to the City, a person is using a private disposal system for domestic wastewater (including any privy, privy vault, septic tank, or cesspool) which has been constructed and is operated and maintained in accordance with all applicable federal, state and San Joaquin County Environmental Health Department regulations, then the person may continue to use the private disposal system.
- (c) Any person permitted to use a private disposal system for domestic wastewater in accordance with this section shall be required to connect to the City's wastewater sewer system within 120 days after receiving written notice from the City that all of the following have occurred:
 - (1) The private disposal system has failed, as indicated by: (i) the surfacing of sewerage following clean up and pumping of the private disposal system; or (ii) the collapse of the private disposal system structure; and
 - (2) There is a connection point to the City's wastewater sewer system which is within 200 feet from any boundary of the subject property; and
 - (3) There is adequate sewer line and sewer treatment capacity available to serve the subject property.
- (d) Any person required to connect to the City's wastewater sewer system in accordance with subsection (c) of this section shall:
 - (1) Pay to the City all applicable fees related to the connection to the City's wastewater sewer system.

- (2) Provide for a separate connection to the City's wastewater sewer system for each building or structure served; provided, however, two (2) or more buildings or structures on the same lot may be served by one connection if adequate written documentation is submitted to the City Engineer which establishes the need.
- (e) The City declares that any private disposal system for domestic wastewater (including any privy, privy vault, septic tank, or cesspool) which is used in violation of this section shall constitute a public nuisance, and the City may use any legal means to abate the nuisance.

(Ord. 986 § 2, 1998; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.220 - Duty to connect premises producing domestic waste with the sewer system.

(Ord. 986 § 1 (part), 1998; prior code § 5-6.215; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.230 - Duty to connect premises producing industrial waste with the sewer system.

No person owning any premises within the limits of the City and no user of any premises within the limits of the City on which industrial waste is produced shall discharge industrial waste into the domestic waste sewer lines or into the industrial waste sewer lines without first obtaining a permit from the City for a connection thereto. No such person or user shall use any means of industrial waste disposal other than through the domestic waste sewer lines or the industrial waste sewer lines unless approval has been obtained from all concerned regulatory agencies and a permit has been obtained from the City. The City declares that any unapproved means of industrial waste disposal on any premises within the City limits shall constitute a public nuisance and may invoke any legal means to abate the same.

(Prior code § 5-6.216; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.240 - Maintenance and inspections of sewer connections.

Each user shall keep his sewer connections in good order at his expense and shall be liable for all damages resulting from his failure to do so. Any City inspector shall be admitted at all reasonable hours to any premises connected with the sewer system for the purpose of checking plumbing fixtures, protecting the right of the City, and determining facts relevant to the establishment, computation, and billing of the sewer service charges provided for in this article, including, in the case of industrial users, the examination of the user's records for purposes of checking the quantities of industrial waste produced, and compliance with this chapter.

(Prior code § 5-6.217; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.250 - Permits to connect—General.

(Ord. 986 § 1 (part), 1998; prior code § 5-6.218; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.260 - Disposal of unacceptable waste.

Waste not permitted to be discharged into the community sewer must be transported to a State-approved disposal site. The required waste manifest must be completed and a copy kept at the facility. The waste hauling manifest must be made available upon demand by the City, and retained for a minimum of three (3) years. All users are subject to applicable requirements under Section 204(b) and 405 of the Clean Water Act and Subtitles C and D of the Resource Conservation and Recovery Act.

(Prior code § 5-6.219; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.270 - Approval of plans for sewage construction.

No person, other than employees of the City or persons contracting to do work for the City shall construct, or cause to be altered, any public sewer, sewer lateral, house connection or industrial connection sewer, sewage pumping plant, pollution control plant, or other sewage facility within the City where existing or proposed wastewater flows will be discharged directly or indirectly to the facilities of the City without first obtaining approval of the plans and specifications from the City. The applicant shall submit to the City for approval construction plans and such specifications and other details as required to describe fully the proposed sewage facility. The plans shall have been prepared under the supervision of, and shall be signed by, an engineer of suitable training, currently registered in the State of California.

Plans for sewage construction shall be designed in accordance with the standard specifications as adopted by the City and shall also meet all special design requirements as determined necessary by the City to meet any special conditions encountered.

An approval of plans for sewage construction shall expire one year after the date of approval and issuance of permit.

(Prior code § 5-6.220; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.280 - General standards of design.

The sewage collection system facilities shall be developed consistent with the system adopted by Council resolution. The construction of sewage collection facilities shall conform to the City standard specifications and plans approved by the City Engineer.

All fees shall be subject to provisions in Chapter 4, Article 1 of the Code as adopted by Council resolution.

(Prior code § 5-6.221; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.290 - Repair of private sewage disposal system.

(Ord. 986 § 1 (part), 1998; prior code § 5-6.222; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.300 - Duty to protect public water system.

All dischargers into the City sewage system shall take all measures necessary to provide protection against backflow of water from the user premises into the City potable water system. All protective back-flow prevention devices must meet all requirements of the "Regulations Relating to Cross-Connections" from Title 17 of the California Administrative Code and/or Title 11, Chapter 11.04, Section 11.04.050 of the Tracy Municipal Code.

(Prior code § 5-6.223; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.310 - Notification to employees.

A notice shall be permanently posted on the permittee's bulletin board or other prominent place advising employees whom to call in the event of a prohibited discharge. Employers shall insure that all employees who may cause or suffer such a discharge to occur are advised of the emergency notification procedure.

(Prior code § 5-6.224; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.320 - Applications outside of limits of city.

The Council may, at its discretion, refuse the use of the sewer system to any applicant whose property is located outside the limits of the City.

(Prior code § 5-6.225; Ord. No. 1237, § 1(Att. A), 8-15-2017)

Article 3. - Wastewater Volume Determination

5.24.330 - Metered water supply.

When charges and fees are based upon the water usage, such charges and fees shall be applied against the total amount of water used from all sources unless, in the opinion of the City, significant portions of water received are not discharged to a community sewer. The total amount of water used from public and private sources will be determined by means of public meters or private meters, installed and maintained at the expense of the user and approved by the City.

(Prior code § 5-6.301; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.340 - Metered wastewater volume and metered diversions.

When charges and fees are based upon water usage and where, in the opinion of the City, a significant portion of the water received from any metered source does not flow into the community sewer because of the principal activity of the user or removal by other means, the charges and fees will be applied against the volume of water discharged from such premises into the community sewer. Written notification and proof of the diversion of water must be provided by the user, and approved by the City, if the user is to avoid the application of the charges and fees against the total amount of water used from all sources. The user may install a meter of a type and at a location approved by the City and at the user's expense. Such meter shall measure either the amount of sewage discharged or the amount of water diverted. Such meters shall be maintained at the expense of the user and be tested for accuracy at the expense of the user when deemed necessary by the Director.

(Prior code § 5-6.302; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.350 - Estimated wastewater volume.

(Prior code § 5-6.303; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.360 - Users without source meters.

For users where, in the opinion of the City, it is unnecessary or impractical to install meters, the charges and fees may be based upon an estimate of the volume to be discharged, prepared by the City. A rational method will be used to estimate the quantity of wastewater discharged and may consider such factors as the number of fixtures, seating capacity, population equivalent, annual production of goods and services or such other determinations of water use necessary to estimate the wastewater volume discharged.

(Prior code § 5-6.303.1; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.370 - Users with source meters.

For users who, in the opinion of the City, divert or discharge a significant portion of their flow from a community sewer, the charges and fees may be based upon an estimate of the flow and

volume to be discharged, prepared by the user and approved by the City, provided the user obtains a Wastewater Discharge Permit and pays the applicable charges and fees. The estimate must include the method and calculations used to determine the wastewater volume and may consider such factors as the number of fixtures, seating capacity, population equivalents, annual production of goods and services, or such other determinations of water use necessary to estimate the wastewater volume discharged.

(Prior code § 5-6.303.2; Ord. No. 1237, § 1(Att. A), 8-15-2017)

Article 4. - Wastewater Discharge Surveys, Permits, Monitoring, and Administration

5.24.380 - Application.

Article 4 does not apply to "dwelling units."

(Prior code § 5-6.401; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.390 - Wastewater discharge surveys.

All potential dischargers, as determined by the City, may be required to have an annually updated Discharge Survey Report on file with the City. The Discharge Survey Report may include, but not be limited to, nature of user's business, production quantities, hours of operation, number and classification of employees, or other information which related to the user's operation, including the chemical constituents and quantity of liquid or gaseous materials stored on site even though they are not normally discharged.

(Prior code § 5-6.402; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.400 - Wastewater discharge permits.

(Prior code § 5-6.403; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.410 - Mandatory discharge permits.

All significant industrial users proposing to connect to or discharge into the City's sewer shall obtain a wastewater discharge permit before connecting to or discharging into the City's sewer. All existing significant industrial users shall obtain a wastewater discharge permit within 180 days after the effective date of the ordinance codified in this chapter.

- (a) Within 180 days after the effective date of a categorical pretreatment standard or 180 days after the final administrative decision made upon a category determination submission under 40 CFR 403.6(a)(4), whichever is later, existing industrial users subject to such categorical standards and currently discharging to or scheduled to discharge to the POTW shall submit to the City a report which contains the information required in section 5.24.440(a)—(l) of this Code.
- (b) New sources and sources that become industrial dischargers to the City's sewer system subsequent to the promulgation of an applicable categorical standard shall submit to the City a report which contains the information required in section 5.24.440(a)—(l) of this Code ninety (90) days prior to the commencement of discharge.
- (c) The City has the right to condition or deny any new or increased contributions of pollutants or changes in the nature of pollutants discharged to the POTW by any discharger where such discharges do not meet applicable pretreatment standards and

requirements, or where such contributions would cause the POTW to violate its NPDES permit.

- (d) All discharge permits are subject to all provisions of this chapter and all other regulations, charges for use and fees established by the City. The condition of wastewater discharge permits shall be uniformly enforced by the City in accordance with this chapter and all applicable State and Federal regulations.

(Ord. 1119 § 5, 2008: prior code § 5-6.403.1; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.420 - Temporary permits.

A permit shall be required of all users granted temporary permission to discharge unpolluted water, storm drainage, and groundwater into the sanitary sewer. This temporary permit may be granted when no alternative method of disposal is reasonably available. The provisions of Section 5.24.050 (Prohibitions on Discharge) of this chapter pertaining to wastewater strength and characteristics shall apply.

Users granted permission to discharge wastes of uncertain effect upon the treatment process may be required to obtain a bond by the City.

(Prior code § 5-6.403.2; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.430 - Wastehauler permits.

(a) All persons owning vacuum or "cesspool" pump trucks or other liquid waste transport trucks and desiring to discharge septic tank, seepage pit, or cesspool contents, industrial liquid wastes, or other liquid wastes to sewerage facilities of the City or to facilities that discharge directly or indirectly to such sewerage facilities shall first obtain a wastehauler discharge permit. All applicants shall complete the application form, pay the appropriate fees, and agree, in writing, to abide by all permit requirements.

(b) The Utilities Director and/or designee shall require haulers of industrial waste to obtain wastewater discharge permits. The Director shall require generators of hauled industrial waste to obtain wastewater discharge permits. The Director also may prohibit the disposal of hauled industrial waste. The discharge of hauled industrial waste is subject to all other requirements of this chapter. No load may be discharged without prior consent of the Director. The Director may require the industrial waste hauler or generator to provide a waste analysis of any load prior to discharge.

(c) Hauled waste may be introduced into the POTW only at locations designated by the Utilities Director, and at such times as are established by the Director. Such waste shall not violate Article 2 of this chapter, any requirements of the discharge permit, or any other requirements established by the City. Wastehaulers shall also be subject to all State, County, and RCRA regulations related to waste disposal. Any violations of these requirements are subject to enforcement actions in Article 6 of this chapter.

(d) Each hauler, prior to discharging, may be subject to having his waste sampled, visually inspected, and/or analyzed by a laboratory as required by the Utilities Director and/or designee.

(e) All wastehaulers, prior to discharging, must provide a waste discharge report (waste manifest) for every load. This report shall include, at a minimum, the name and address of the waste hauling company, truck identification, names and addresses of sources of waste, driver signature, and volume and characteristics of waste.

(Prior code § 5-6.403.3; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.440 - Permit application and baseline monitoring report.

Users seeking a Wastewater Discharge Permit shall complete and file with the Director, an application in the form prescribed by the Director. This application will require the submission of a baseline monitoring report supplying, but not limited to, the following information:

- (a) Name, address, and SIC number of applicant;
- (b) Names of executive officers and owners;
- (c) Type of business, products produced, and average rate of production;
- (d) Wastewater constituents and characteristics including, but not limited to, those mentioned in Section 5.24.060, from each regulated process as determined by a laboratory approved by the City;
- (e) Total, average, and peak wastewater flow rates, including daily, monthly, and seasonal variations. These flows shall include those from regulated process streams or other streams as necessary;
- (f) Site plans, floor plans, mechanical and plumbing plans, and details to show all sewers and appurtenances by size, location, and elevation, including:
 - (1) Pretreatment equipment,
 - (2) Grease, oil and sand interceptors,
 - (3) Back-flow prevention devices,
 - (4) Chemical storage areas,
 - (5) Spill containment structures,
 - (6) Location of stormwater system,
 - (7) Hazardous waste management;
- (g) Material Safety Data Sheets for chemicals stored on the premises;
- (h) Spill prevention and control measures;
- (i) List of any environmental permits in possession of the applicant;
- (j) Anticipated pretreatment equipment and/or construction required by the applicant to meet all provisions of this chapter;
- (k) Existing users shall submit the results of sampling and analysis of the regulated waste streams. Such results will include the nature and concentration of the regulated pollutants in each waste stream, also the time, date and place of sampling and the methods of analysis.

Baseline sampling data shall be based on, but not be limited to, a minimum of one sampling analysis of pollutants. New users may be permitted to submit verifiable estimates of production, flow and the presence and quantity of regulated pollutants in its wastestream, where justified by feasibility considerations, and sampling is impractical;

- (l) Certification. A statement, reviewed by an authorized representative of the Industrial User and certified to by a qualified professional, indicating whether Pretreatment Standards are being met on a consistent basis, and, if not whether additional operation

and maintenance (O and M) and/or additional pretreatment is required for the Industrial User to meet the Pretreatment Standards and Requirements.

- (m) Other information may be required to properly evaluate the permit application. After evaluation and acceptance of the information supplied, the City may issue the appropriate permit to discharge wastewater.

(Prior code § 5-6.403.4; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.450 - Permit conditions.

Wastewater Discharge Permits shall be expressly subject to all provisions of this chapter and all other ordinances, regulations, charges and fees established by the City. The conditions of Wastewater Discharge Permits shall be uniformly enforced by the Director in accordance with this chapter, and applicable State and Federal regulations. Permits may contain the following:

- (a) The unit charge or schedule of charges and fees for the wastewater to be discharged to a community sewer;
- (b) The average and maximum allowable wastewater constituents and characteristics;
- (c) Limits on rate and time of discharge or requirements for flow regulations and equalization;
- (d) Requirements for installation of monitoring, inspection, and sampling facilities, as specified by the City;
- (e) Pre-treatment requirements;
- (f) Specifications for monitoring programs which may include sampling locations, frequency, and method of sampling, number, types, standards for tests reporting schedule, and frequency of calibration of flow monitoring equipment;
- (g) Requirements for submission of technical reports or discharge reports;
- (h) Requirements for maintaining plant records relating to wastewater discharge as specified by the City and affording the City access thereto;
- (i) Mean and maximum mass emission rates, or other appropriate limits when incompatible pollutants (as in the users wastewater discharge);
- (j) Requirements for maintaining manifests, hazardous, or pretreatment wastes;
- (k) A statement that the City has the right to enter the property to inspect, monitor, collect samples, and to inspect and copy monitoring and discharge records;
- (l) The civil and criminal penalties and fees that can be levied for non-compliance with the permit conditions, City ordinance and State or Federal regulations;
- (m) Specifications, by type, as to what waste streams are authorized for discharge;
- (n) Minimum requirements for a slug discharge/accidental discharge plan are given in section 5.24.070 of this chapter;
- (o) Notification requirements;
- (p) Other conditions as deemed appropriate by the Director to insure compliance with this chapter.

(Ord. 1119 § 6, 2008; prior code § 5-6.403.5; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.460 - Duration of permits.

All permits shall be issued for a period of one year, unless determined otherwise by the Director. In no case shall permits be issued longer than five (5) years from date of issuance. All users must apply for permit renewal a minimum of ninety (90) days prior to the expiration of the existing permit. Permits are renewed annually by the City's Continuing Operating Permit.

(Prior code § 5-6.403.6; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.470 - Permit modifications.

Within ninety (90) days of the promulgation of a National Categorical Pretreatment Standard, the wastewater discharge permit of users subject to such standards shall be revised as required for compliance with such standards within the time frame prescribed by such standard.

The terms and conditions of the permit may be subject to modification by the City during the term of the permit as limitations or requirements are modified or other just cause exists. Any change or new conditions in the permit shall require the permittee to enter into an Enforcement Compliance Schedule Agreement (as per Section 5.24.710) with the City.

(Prior code § 5-6.403.7; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.480 - Transfer of wastewater permit.

Wastewater discharge permits are issued to a specific user for a specific operation. A wastewater discharge permit shall not be reassigned or transferred or sold to a new owner, new user, different premises, or a new or changed operation without the approval of the City. Any succeeding owner or user shall also reapply and comply with the terms and conditions of the existing permit until a new permit is issued.

(Prior code § 5-6.403.8; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.490 - Special agreements.

Special agreements between the City and any persons or agency may be established when, in the opinion of the City, unusual or extraordinary circumstances compel special terms and conditions. Such special agreements may contain special provisions relating to the particular industry with which the agreement is made. All such agreements shall be subject to meeting provisions of all regulating agencies, including the Federal Categorical Pretreatment Standards.

(Prior code § 5-6.403.9; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.500 - Out of city industrial permits/discharges.

Industrial wastewater discharge permits for dischargers located outside of the City's service area but tributary to the City's sewerage facilities, may be issued by the local sewerage agency after approval by the City and/or through special agreement. Inspection of the discharger's plant to determine compliance with industrial waste discharge regulations will be made under a coordinated plan of inspection developed by the affected agencies. Industrial waste discharge regulations and effluent limitations of affected agencies will apply to the discharger unless one agency specifically waives its requirements. The discharger must meet Federal Categorical Limits.

(Prior code § 5-6.403.10; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.510 - Wastewater monitoring.

(Prior code § 5-6.404; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.520 - Right of entry.

The Director or his duly authorized representative shall be permitted to enter all wastewater facilities of all properties served by the City for purposes of inspection, observation, measurement, sampling, testing, or any other duty in accordance with the provisions of this chapter.

(Prior code § 5-6.404.1; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.530 - Monitoring facilities.

Users who propose to discharge, or who in the judgment of the City could discharge now or in the future, wastewater with constituents and characteristics different from that produced by a dwelling unit may be required to install and maintain a monitoring facility at the user's expense, at a location acceptable to the Director and constructed in accordance with the City's requirements and construction standards and specifications.

When, in the judgment of the City, an existing user requires a monitoring facility, the user will be so notified in writing. Construction must be complete within ninety (90) days following written notification unless a time extension is otherwise granted by the City.

(Prior code § 5-6.404.2; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.540 - Inspection and sampling.

The City may inspect the facilities and inspect and copy monitoring and discharge records of any user to ascertain whether the purpose of this chapter is being met and all requirements are being complied with. All users, except domestic users, of premises where wastewater is created or discharged, shall allow the City or its representative ready access at all reasonable times to all parts of the premises for the purposes of inspection or sampling or in the performance of any of their duties. The City shall have the right to set up on the user's property, except domestic users, such devices as are necessary to conduct sampling or metering operations. Where a user has security measures in force which would require proper identifications and clearance before entry into their premises, the user shall make necessary arrangements with their security guards so that upon presentation of suitable identification, personnel from the City will be permitted at any time to enter without delay for the purposes of performing their specific responsibilities.

(Prior code § 5-6.404.3; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.550 - Data collection.

Measurements of flow rates, flow volumes, COD, BOD, TOC, grease, and suspended solids for use in determining the annual industrial wastewater treatment charges and such measurements of other constituents believed necessary by the Director may be required of each discharger. All sampling analyses and flow measurements of industrial wastewater shall be performed by a state certified independent laboratory, by a laboratory of the industrial discharger approved by the Director, or by personnel of the City, at the discretion of the Director. If performed by the City's personnel, an appropriate charge shall be paid by the discharger requesting the test. Prior to the submittal to the City of data developed in the laboratory of an industrial discharger, the results shall be verified by a responsible administrative official of the industrial discharger under the penalty of perjury.

All analyses shall be performed in accordance with procedures established in Section 304 (g) of the Act and contained in 40 CFR, Part 136 and amendments thereto or with any other test procedures approved by the EPA Administrator. Any independent laboratory or discharger performing tests shall furnish any required test data or information of the test methods or equipment used if requested to do so by the Director.

All dischargers making periodic measurements shall furnish and install at the control manhole or other appropriate location a calibrated flume, weir, flowmeter, or similar device approved by the Director and suitable to measure the industrial wastewater flow rate and total volume. A recording and totalizing register for flowage may be required by the Director. In lieu of wastewater flow measurement, the Director may accept records of water usage and adjust the flow volumes by suitable factors to determine the peak and average flow rates for the specific industrial wastewater discharge. All devices used to measure the industrial wastewater flow rate and total volume shall be calibrated and certified, as required by the Director, by an approved service. Copies of the certifications shall be submitted to the Director along with monitoring reports.

Those industrial wastewater dischargers required by the Director to make periodic measurements of the industrial wastewater flow and constituents shall annually make the minimum number of such measurements required. Grab samples must be used for pH, cyanide, total phenols, oil and grease, sulfide, and volatile organic compounds. For all other pollutants, 24-hour composite samples must be obtained through flow-proportional composite sampling techniques, unless time-proportional composite sampling or grab sampling is authorized by the Director for specific pollutant analyses or in demonstrated situations where flow-proportional sampling is not feasible. Dischargers required to sample on only a few days per year shall collect representative samples of their discharge on the required monitoring dates. Industrial plants with large fluctuations in the quantity or quality of wastewater may be required to provide continuous sampling and analysis for every working day. When required by the Director, the discharger shall install and maintain, in proper order, automatic flow, proportional sampling, and/or automatic analysis and recording equipment.

Measurements to verify the quantities of waste flows and waste constituents reported by industrial dischargers will be conducted on a random basis by personnel of the City.

(Prior code § 5-6.404.4; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.560 - Reporting requirements.

- (a) Signatory Requirement. All required user reports must contain the following statement, and be signed by an "authorized representative" of the user (as defined in section 5.24.040 of this chapter):

Statement: "I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who managed the system, or those persons directly responsible for gathering the information, the information submitted is to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for a knowing violation."

- (b) Compliance Date Report. Within ninety (90) days following the date for final compliance with applicable categorical pretreatment standards or, in the case of a new source, following commencement of the introductions of the wastewater into the POTW, any industrial user subject to categorical pretreatment standards and requirements shall submit to the Director a report indicating the nature and concentration of all pollutants in the discharge from the

regulated processes which are limited by pretreatment standards or requirements. The report shall state whether the applicable pretreatment standards or requirements are being met on a consistent basis and, if not, what additional operation and maintenance and/or pretreatment is necessary to bring the user into compliance with the applicable pretreatment standards or requirements. This statement shall be signed by an authorized representative of the industrial user, and certified to by a qualified professional.

(c) Periodic Compliance Reports.

- (1) Any industrial user subject to a categorical pretreatment standard, after the compliance date of such pretreatment standard, or, in the case of a new source, after commencement of the discharge into the POTW, shall submit to the Director during the months of June and December, unless required more frequently in the pretreatment standard or by the Director, a report indicating the nature, concentration of pollutants and volume of the effluent which are limited by such pretreatment standards or required in the permit. Users subject to production-based categorical standards must report the actual average production rate for the reporting period. At the direction of the Director and in consideration of such factors as local high or low flow rates, holidays, budget cycles, etc., they may agree to alter the months during which the above reports are to be submitted. This report shall be signed by an authorized representative of the industrial user.
- (2) Significant noncategorical industrial users shall submit to the Director at least once every six months (on dates specified by the Director) a description of the nature, concentration, and flow of the pollutants required to be reported by the City. These reports shall be based on sampling and analysis performed in the period covered by the report, and performed in accordance with the techniques described in 40 CFR part 136 and amendments thereto. Where 40 CFR part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the Administrator determines that the part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analysis shall be performed by using validated analytical methods or any other applicable sampling and analytical procedures, including procedures suggested by the POTW or other persons, approved by the Administrator. This sampling and analysis may be performed by the City of Tracy in lieu of the significant noncategorical industrial user. Where the City of Tracy itself collects all the information required for the report, the noncategorical significant industrial user will not be required to submit the report.
- (3) Monthly monitoring reports submitted to the Director for the purpose of collecting wastewater user fees must be submitted no later than the seventh (10th) day of the month following that reported.
- (4) To verify the user's operating data, the Director may require a user to submit an inventory of all wastewater streams and production data.
- (5) All users are required to notify the City prior to making any changes to their facility, operations or production methods that will substantially change the volume or character of the pollutants in their discharge or affect the potential for a slug discharge.
- (6) If sampling by an industrial user indicates a violation of limits set by this chapter or State or Federal regulations, the user must notify the City within twenty-four (24) hours of becoming aware of the violation. The user must then repeat the sampling and analysis and submit the results of the repeat analysis to the City within thirty (30) days after becoming aware of the violation.

- (7) If a user subject to the reporting requirement in this section monitors any regulated pollutant at the appropriate sampling location more frequently than required by the Director, using the procedures prescribed in this section, the results of this monitoring shall be included in the report.
- (d) Compliance Schedule Agreement Reporting. For any user subject to an Enforcement Compliance Schedule Agreement or a Regulatory Compliance Schedule Agreement the following conditions shall apply:
 - (1) The schedule shall contain increments of progress in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the Industrial User to meet the applicable categorical Pretreatment Standards (e.g., hiring an engineer, completing preliminary plans, completing final plans, executing contract for major components, commencing construction, completing construction, etc.).
 - (2) No increment referred to in paragraph (d)(1) of this section shall exceed 9 months.
 - (3) Not later than 14 days following each date in the schedule and the final date for compliance, the Industrial User shall submit a progress report to the Director including, at a minimum, whether or not it complied with the increment of progress to be met on such date and, if not, the date on which it expects to comply with this increment of progress, the reason for delay, and the steps being taken by the Industrial User to return the construction to the schedule established. In no event shall more than 9 months elapse between such progress reports to the Director.

(Ord. 1119 § 7, 2008; prior code § 5-6.404.5; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.570 - Recordkeeping requirements.

All industrial users shall maintain records of all information resulting from any monitoring activities (whether or not such monitoring activities are required by this chapter) for a minimum of three (3) years. These records shall be made available upon request for inspection and copying by the Director. This period of retention shall be extended during the course of any unresolved litigation regarding the user or the POTW or when requested by the Director, appropriate State or EPA officials.

All analytical monitoring results shall include:

- (a) The date, exact place, method and time of sampling and the names of the persons taking the samples;
- (b) The dates analyses were performed;
- (c) The analytical techniques/methods used;
- (d) The results of such analyses.

(Prior code § 5-6.404.6; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.580 - Confidential information.

All information and data on a user obtained from reports, questionnaires, permit applications, permits, monitoring programs, and inspections shall be available to the public or other governmental agencies without restriction in accordance with state law, unless the user specifically requests and is able to demonstrate to the satisfaction of the City that the release of

such information would divulge information, processes, or methods which would be detrimental to the user's competitive position.

When requested by the person furnishing the report, the portions of a report which have been determined confidential, as above, shall not be made available for inspection by the public but shall be made available to State agencies or agencies of the Federal government.

Wastewater constituents and characteristics will not be recognized as confidential information.

(Prior code § 5-6.404.7; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.590 - Discrepancies between the actual and the reported industrial wastewater discharge quantities.

Should measurements or other investigations reveal that the industrial discharger is discharging at a flow rate or at a combination of flow, biochemical oxygen demand, or suspended solids significantly in excess of that stated on the industrial wastewater permit, or in excess of the quantities reported to the City by the discharger and upon which the industrial wastewater treatment fee is based, the discharger shall apply for an amended industrial wastewater permit and shall be assessed for all delinquent charges, plus an administrative charge of ten (10) percent of the delinquent charges. An industrial discharger found in violation shall, in the absence of other evidence, be presumed to have been discharging at the determined parameter value over the preceding three (3) years or subsequent to the previous City verification of quantity parameter, whichever period is shorter.

For the purpose of establishing the correct treatment fees, at least two (2) twenty-four (24) hour composite samples and two (2) flow measurements shall be obtained by the City, with all costs of sampling and analysis to be paid by the discharger. The data obtained from such samplings, along with any other relevant information obtained by the City or presented by the discharger, shall be used by the Director in determining the quantity parameters for use in the formula.

(Prior code § 5-6.404.8; Ord. No. 1237, § 1(Att. A), 8-15-2017)

Article 5. - Wastewater User Charges and Fees

5.24.600 - Purpose of wastewater charges and fees.

The purpose of the wastewater user charges and fees is to raise revenue for the cost of maintenance, construction, operation and improvement of the City POTW facilities. The sewage facilities include the collection, treatment, analysis and disposal of sewage, sludge, industrial sewage, industrial waste, septic tank truck waste, and the reclamation of water therefrom as a by-process.

(Prior code § 5-6.501; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.610 - Classification of users.

All users are classified by the City either by assigning each one to a "user classification" category according to the principal activity conducted on the user's premises, by individual user analyzation, or by a combination thereof. The purpose of such collective and/or individual classification is to facilitate the regulation of wastewater discharges based on wastewater constituents and characteristics, to provide an effective means of source control, and to establish a system of charges and fees which will insure an equitable recovery of the City's cost. Users are

classified as single-family, multi-family, septage (wastehauler), commercial I, commercial II, commercial III, or industrial dischargers.

(Ord. 1052 § 2, 2003: prior code § 5-6.502; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.620 - Fees and charges.

In order to recover from the users of the City's wastewater disposal system the cost of implementing the program established by this chapter, the City Council may adopt by resolution fees and charges which may include:

- (a) Fees for reimbursement of costs of setting up and operating the City's pretreatment programs;
- (b) Fees for monitoring, inspections and surveillance procedures;
- (c) Fees for recurring accidental discharge procedures and construction;
- (d) Fees for permit applications;
- (e) Fees for filing appeals;
- (f) Fees for consistent removal by the City of pollutants otherwise subject to federal pretreatment standards;
- (g) Other fees as the City may deem necessary to carry out the requirements contained herein;
- (h) Connection charges based on wastewater constituents and characteristics, and capacity entitlements;
- (i) Fees for sampling and testing;
- (j) Fees as reimbursement of costs of setting up and operating a city-wide clean-up program of hazardous household wastes.

(Ord. 1052 § 3, 2003: prior code § 5-6.503; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.630 - Revenue recovery program.

All user charges shall be derived from the City Revenue Recovery Program. Users of the POTW shall be required to reimburse the City for all costs related to operation and maintenance, capital expenditures and reserve requirements for providing wastewater collection, treatment and disposal. User charges are developed by first estimating the City's annual revenue requirements, including those portions that were grant funded, and then determining for each user classification based on each user's proportionate share of all the costs of providing the sewerage service. Proportionate shares are derived from unit charges attributed to total and peak wastewater flows, Biochemical Oxygen Demand and total suspended solids discharged into the POTW. The operation and maintenance portion of the revenue required is derived from the unit charges related to total annual discharges into the POTW and the capital expenditures portion of the revenue required is derived from unit charges related to the peak discharges into the POTW. Other measurements of the organic content of the wastewater of a discharger, such as COD or TOC may be used, once a relationship between BOD and the parameter of measure is determined, instead of BOD This relationship shall be used by the City in determining the charge for use.

(Prior code § 5-6.504; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.640 - Special situations.

Notwithstanding any other provision of this article, the City Council shall have the power to establish, by ordinance or by agreement with the user, the monthly wastewater service charges applicable to any public corporation, political subdivision, City, County, District, the State, or the United States of America, or any department or agency of any thereof (including any agency of the City), or applicable to any user outside the limits of the City.

(Ord. 1052 § 4, 2003: prior code § 5-6.504.1; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.650 - Capacity regulation, allocation and connection fees.

All connections to the sewer systems and conditions and fees associated with the capacity entitlement determination process are provided for in the Code as adopted by Council resolution.

(Prior code § 5-6.505; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.651 - Capacity reservation charge.

In the event an industry ceases operation and the wastewater capacity is not used, the wastewater capacity may be reserved for future use by paying a capacity reservation charge. The monthly capacity reservation charge shall be calculated as twenty-five (25) percent of the average monthly wastewater billing for the previous two (2) years. The capacity shall be reserved for a maximum period of two (2) years, unless the period is extended by written agreement authorized by the City Council. The capacity reservation charge shall be prorated if only a portion of the capacity is to be reserved. The capacity reservation charge shall be paid monthly. A capacity reservation charge is necessary as the majority of the City's wastewater treatment costs do not change with the volume of wastewater treated and it is in the best public interest to have the wastewater treatment plant fully utilized. Failure to pay the capacity reservation charge will result in the capacity reverting to the City to reallocate in accordance with City Council adopted policies. The capacity reservation charge only applies to significant industrial users as defined in Section 5.24.040.

(§ 2, Ord. 966 C.S., eff. January 15, 1998; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.660 - Sewer service charges, billing, payment and delinquencies.

Except as otherwise provided, all sewer service charges shall be billed and made payable and otherwise conform with the provisions of Chapter 3 of Title 11 of this Code.

(Prior code § 5-6.506; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.670 - Duties of director of public works and finance director.

It shall be the duty of the Director to monitor all connections to the sewer system, and subject to the approval of the Council, to establish and administer such reasonable rules and regulations applicable to the use and operation of the sewer system and the sewage treatment and disposal system as may be deemed advisable or necessary provided, however, such rules and regulations so established shall not be in conflict with any provisions of this article and shall be at all times subject to appeal under section 5.24.810. It shall be the duty of the Finance Director to collect all sewer service charges. The Finance Director shall keep an accurate accounting and records showing the source, amount, and disposition of all funds received from sewer service charges and connection fees.

(Ord. 1111 § 4 Exh. A (part), 2007: prior code § 5-6.507; Ord. No. 1237, § 1(Att. A), 8-15-2017)

Article 6. - Enforcement, Non-Compliance Fees and Abatement

5.24.680 - Enforcement responsibilities.

- (a) The City Manager shall insure enforcement of this chapter by coordinating the actions of Finance Director and the Director of Utilities and any other City departments concerned with implementing and enforcing the City's Enforcement Response Plan. The Director of Utilities is hereby charged with the enforcement of all of the provisions of this chapter except where otherwise directed.
- (b) The City can require compliance with the terms of this chapter by issuing administrative orders that are enforceable in a court of law or by directly seeking court action.

(Prior code § 5-6.601; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.690 - Preliminary determination of non-compliance and related fees.

If routine sampling reveals non-compliance by the discharger with the mass emission rates or conditions specified in the user's permit, then the user shall pay to the City non-compliance fees as specified in Schedule A of Tables I and II, and City laboratory fees as set by the Council resolution in effect at the time of non-compliance. The City may, however, impose a minimum fine of One Thousand and no/100ths (\$1,000.00) Dollars per day for each violation of this chapter. The non-compliance fees shall be in addition to and not in lieu of said fines.

- (a) Routine sampling shall be conducted in the time, place, manner and frequency determined at the sole discretion of the Director.
- (b) The fees specified shall commence on the date the sampling is started and shall continue to accumulate for each day sampled.

(Prior code § 5-6.602.1; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.700 - Probation order.

- (a) Grounds. In the event the Director determines that a permittee has discharged in violation of any provision of this chapter, or the terms, conditions and limitations of its discharge permit, or has not made payment of all amounts owed to the City for user charges, non-compliance fees or any other fees, the Director may issue a Probation Order, whereby the permittee must comply with all directives, conditions, and requirements therein within the time prescribed.
- (b) Probation Order—Non-Compliance Charges. If at any time while a Probation Order is in effect, a permittee discharges effluent to the City's sewerage system which is not in compliance with the Probation Order, the terms, conditions or limitations specified in the permittee's discharge permit, or with any provision of the chapter, then the permittee shall pay fees to the City as specified in Schedule B of Tables I and II of the adopted non-compliance fees, and the permittee may be assessed all other costs incurred during the sampling, including labor, equipment, materials, overhead, and laboratory fees, in addition to the foregoing.
- (c) Probation Order—Permit Suspension. If at any time while a Probation Order is in effect, a permittee discharges effluent to the City's sewerage system which is not in compliance with the Probation Order, the terms, conditions or limitations specified in the permittee's discharge permit, or with any provision of this chapter, the permittee shall be subject to permit suspension pursuant to the provisions of Section 5.24.740 of this chapter.
- (d) Probation Order—Expiration. A Probation Order issued by the Director shall be in effect for a period not to exceed ninety (90) days. Upon satisfactory compliance with the terms of the

Probation Order and expiration thereof, any fees to be assessed due to subsequent non-compliance by Permittee shall be in accordance with Schedule A of Tables I and II of the adopted non-compliance fees.

(Prior code § 5-6.602.2; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.710 - Enforcement compliance schedule agreement (ECSA).

- (a) Grounds. Upon determination that an industrial user is in noncompliance with the terms, conditions or limitations specified in a permit or any provision of this chapter, and needs to construct and/or acquire and install equipment related to pretreatment, the Director may require the permittee to enter into an ECSA which will, upon the effective date of the ECSA, amend the permittee's permit. The ECSA shall contain the terms and conditions by which a permittee must operate during its term and shall provide specific dates for achieving compliance with each term and condition for construction and/or acquisition and installation of required equipment related to pretreatment.

An ECSA shall have a maximum term of 180 days, and upon showing of good cause, including but not limited to reasonable progress under the terms of the ECSA, it may be extended by the Director for an additional period of not to exceed 180 days.

- (b) ECSA—Payment of Amounts Owed. An ECSA shall not be approved by the City until such time as all amounts owed to the City, including user fees, non-compliance fees, deposits or civil penalties are paid in full, or an agreement for deferred payment secured by collateral or a third party, is approved by the City.
- (c) ECSA—Non-Compliance Charges. If, during the term of an ECSA, sampling reveals noncompliance by the permittee with the terms, conditions or limitations specified in the user's permit, or any provision of this chapter, the permittee shall pay the fees as specified in Schedule B of Tables I and II of the adopted non-compliance fees, and may be assessed all other costs incurred during the sampling, including labor, equipment, materials, and overhead.
- (d) ECSA—Permit Suspension/Revocation. If compliance is not achieved in accordance with the terms and conditions of an ECSA during its term or after expiration, the Director may issue an order suspending or revoking the discharge permit pursuant to Section 5.24.740 of this chapter.
- (e) ECSA—Expiration. If, following the expiration of an ECSA, sampling reveals non-compliance by the permittee with the terms, conditions or limitations specified in the permit, or any provision of this chapter, the permittee shall pay fees as specified in Schedule B of Tables I and II of the adopted non-compliance fees. If the permittee remains in consistent compliance for a two (2) year period, then fees shall initially be established in accordance with Schedule A, Tables I and II.

(Prior code § 5-6.602.3; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.720 - Regulatory Compliance Schedule Agreement (RCSA).

If Federal Categorical Pretreatment Standards are adopted or revised by the United States Environmental Protection Agency, or in the event the City enacts revised discharge limitations, the Director, upon determination that an industrial user would not be in compliance with the future limitations, shall require the industrial user to enter into a RCSA with the City under terms and conditions that would provide for achieving compliance with all new standards by the industrial user on a specific date.

During the period said RCSA is in effect, any discharge by permittee in violation of the RCSA will require payment of non-compliance fees in accordance with Schedule A of Tables I and II of the adopted non-compliance fee.

Upon RCSA expiration, or in the event of non-compliance by permittee, non-compliance fees shall initially be established in accordance with Schedule A of Tables I and II of the adopted non-compliance fees. Enforcement actions thereafter will be based on applicable provisions of this chapter.

(Prior code § 5-6.602.4; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.730 - Batch dumps.

When the City determines that a user has discharged concentrated non-compatible pollutants to the sewerage system in a manner or method that is not approved by the City, non-compliance fees shall be assessed as set forth in Schedule C of Tables I and II of the adopted non-compliance fees. In addition, the user may be subject to permit suspension or permit revocation in accordance with Section 5.24.740 as well as additional legal enforcement remedies available to the City.

(Prior code § 5-6.602.5; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.740 - Administrative orders.

- (a) Notice of Violation. The Utilities Director and/or designee may issue a written notice of violation to any user who has violated, or continues to violate, any provision of this chapter, a wastewater discharge permit or order issued hereunder, or any other pretreatment standard or requirement, indicating possible enforcement actions and/or actions to be performed by user to comply with provisions of this chapter.
- (b) Cease and Desist Orders. When the City finds that a discharge of wastewater has taken place in violation of prohibitions or limitations of this chapter or the provisions of a wastewater discharge permit, in addition to all other requirements and actions provided herein, the Director may issue a cease and desist order and direct that those persons not complying with such prohibitions, limitations, requirements or provisions:
 - (1) Cease discharge immediately; or
 - (2) Comply immediately; or
 - (3) Comply in accordance with a time schedule set forth by the City.
- (c) Public Nuisance. Discharges of wastewater in any manner in violation of this chapter or of any order issued by the Director as authorized by this chapter are hereby declared a public nuisance and shall be corrected or abated as directed by the City. Any person creating a public nuisance is guilty of a misdemeanor.
- (d) Termination of Service. In addition to all other requirements and actions provided herein, the City may revoke any wastewater discharge permit or terminate sewerage service to any customer found in violation of the provisions of this chapter or whose discharge presents or may present, danger to the environment or that threatens to interfere with the POTW's operation. All costs for reinstituting service shall be paid by the permittee. Prior to termination of service, unless immediate termination is required, the Director shall notify, in writing, the owner and tenant, if any, of such property that service is intended to be so terminated and conduct a hearing thereon as herein provided. Such notice shall be mailed to the owner at the address shown on the records of the Assessor of the County and a copy shall be delivered to the tenant or posted conspicuously on the property. The notice shall state the date of the

proposed termination of service and the reason therefore and the date the Utilities Department shall hold a hearing upon such intended termination. Such hearing shall not be held less than fifteen (15) days after the giving of notice as herein required. At the hearing, the permittee shall have an opportunity to respond to the allegations set forth in the notice. After the hearing, the Director and/or designee shall make his determination and should he find grounds for the termination of service, he shall have the right to revoke that permit. The decision shall be reduced to writing within ten (10) days after submission of the cause by the parties thereto, and shall contain a brief statement of facts found to be true, the order of the Director or other person sitting as hearing officer. A copy shall be mailed or delivered to the permittee or his legal counsel. The revocation hearing shall be conducted in accordance with procedures established by the Director of Utilities and approved by the City Attorney.

- (e) Immediate Termination of Service. The City may immediately, without prior written notification, suspend sewerage service when such suspension is necessary, in order to stop an actual discharge which presents or may present an imminent or substantial endangerment to the health or welfare of persons, or cause the City to violate any State or federal law or regulation.

(Prior code § 5-6.603; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.750 - Enforcement.

Any wastewater discharger who discharges or causes the discharge of prohibited wastewaters which cause damages to the City's facility, detrimental effects on treatment processes, or other damages resulting in costs to the City shall be liable to the City for all damages occasioned thereby.

- (a) Injunction. Whenever a violation of the provisions of this chapter or a Federal or State pretreatment standard or requirement occurs, the City may, in addition to any other action provided herein, petition the Superior Court for the issuance of a preliminary or permanent injunction, or both, as may be appropriate in restraining the continuance of such violation.
- (b) Civil Penalties. Any person who violates any provision of this chapter or permit condition, or who violates any cease and desist order, prohibition or effluent limitation, may be liable civilly for a minimum penalty of One Thousand and no/100ths (\$1,000.00) Dollars per day for each day such violation occurs. The legal counsel of the City shall petition the Superior Court to impose, assess and recover such penalties.
- (c) Criminal Penalties. Any person who violates a provision of this chapter or permit condition, or who violates a cease and desist order, prohibition or effluent limitation, is guilty of a misdemeanor punishable as set forth in section 1.04.030.

(Ord. 1040 § 5 Exh. E (part), 2002; prior code § 5-6.604; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.760 - List of violators.

The Director shall annually publish in any paper of general circulation that provides meaningful notice within the City a list of the industrial users, which were in significant noncompliance of applicable pretreatment requirements or standards at least once during the twelve (12) previous months. The notification shall summarize any enforcement actions taken against the industrial user(s) during the same twelve (12) month period.

(Ord. 1119 § 8, 2008: prior code § 5-6.605; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.770 - Damage to facilities.

When a discharge of waste causes an obstruction, damage, or any other impairment to City facilities, the City may assess a charge against the user for the work required to clean or repair the facility and add such charge to the user's sewer service charge.

(Prior code § 5-6.606; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.780 - Falsifying of information.

Any person who knowingly makes any false statement, representation, record, report, plan or other document filed with the City or knowingly renders inaccurate any monitoring device or method required under this chapter, becomes subject to civil and criminal penalties set forth in this chapter.

(Prior code § 5-6.607; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.790 - Right of entry.

In order to affect its powers, the City may enter upon private property, except domestic user property, at any reasonable time, for the purpose of inspection, maintenance of sanitary and waste disposal facilities, or inspection, copying, monitoring and discharge of records to determine compliance with this chapter.

(Prior code § 5-6.608; Ord. No. 1237, § 1(Att. A), 8-15-2017)

(Prior code § 5-6.609; Ord. No. 1237, § 1(Att. A), 8-15-2017)

5.24.810 - Appeals.

The City costs incurred by reason of appeals by a permittee, which result in additional sampling and study, will be charged directly to the permittee.

Any user, permit applicant or permit holder affected by any decision, action or determination made by the Director interpreting or implementing the provisions of this chapter or in any permit issued herein, may file with the Director written request for reconsideration within ten (10) days setting forth in detail the facts supporting the user's request for reconsideration. Such facts must include a statement listing newly discovered relevant facts that were not known or available to the user at the date of the hearing. The Director shall render a decision on the request for reconsideration to the user, permit applicant or permit holder in writing within fifteen (15) days of receipt of request. If the ruling on the request for reconsideration made by the Director is unacceptable, or if there is no request for reconsideration and the original ruling is unacceptable, the person requesting reconsideration may file an appeal to the City Manager under section 1.12.010.

(Ord. 1111 § 4 Exh. A (part), 2007; prior code § 5-6.610; Ord. No. 1237, § 1(Att. A), 8-15-2017)

Article 7. - Severability

5.24.820 - Severability.

If any provision of this chapter or the application to any person or circumstances is held invalid, the remainder of the chapter or the application of such provisions to other persons or other circumstances shall not be affected.

(Prior code § 5-6.701; Ord. No. 1237, § 1(Att. A), 8-15-2017)

Article 8. – Requirements for dental dischargers

5.24.830 – Pretreatment standards for dental dischargers

Immediately, for any dental discharger whose first discharge to the POTW occurs after July 14, 2017 (new source) or no later than July 14, 2020, for any dental discharger whose first discharge to the POTW occurs on or before July 14, 2017 (existing source) is subject to this article and must achieve the following pretreatment standards:

(a) Removal of dental amalgam solids from all amalgam process wastewater by one of the following methods:

(1) Installation, operation, and maintenance of one or more amalgam separators that meet the following requirements:

(i) Compliant with either the American National Standards Institute (ANSI) American National Standard/American Dental Association (ADA) Specification 108 for Amalgam Separators (2009) with Technical Addendum (2011) or the International Organization for Standardization (ISO) 11143 Standard (2008) or subsequent versions so long as that version requires amalgam separators to achieve at least a 95% removal efficiency. Compliance must be assessed by an accredited testing laboratory under ANSI's accreditation program for product certification or a testing laboratory that is a signatory to the International Laboratory Accreditation Cooperation's Mutual Recognition Arrangement. The testing laboratory's scope of accreditation must include ANSI/ADA 108-2009 or ISO 11143.

(ii) The amalgam separator(s) must be sized to accommodate the maximum discharge rate of amalgam process wastewater.

(iii) A dental discharger subject to this part that operates an amalgam separator that was installed at a dental facility prior to June 14, 2017, satisfies the requirements of paragraphs (a)(1)(i) and (ii) of this section until the existing separator is replaced as described in paragraph (a)(1)(v) of this section or until June 14, 2027, whichever is sooner.

(iv) The amalgam separator(s) must be inspected in accordance with the manufacturer's operating manual to ensure proper operation and maintenance of the separator(s) and to confirm that all amalgam process wastewater is flowing through the amalgam retaining portion of the amalgam separator(s).

(v) In the event that an amalgam separator is not functioning properly, the amalgam separator must be repaired consistent with manufacturer instructions or replaced with a unit that meets the requirements of paragraphs (a)(i) and (ii) of this section as soon as possible, but no later than 10 business days after the malfunction is discovered by the dental discharger, or an agent or representative of the dental discharger.

(vi) The amalgam retaining units must be replaced in accordance with the manufacturer's schedule as specified in the manufacturer's operating manual or when the amalgam retaining unit has reached the maximum level, as specified by the manufacturer in the operating manual, at which the amalgam separator can perform to the specified efficiency, whichever comes first.

(2) Installation, operation, and maintenance of one or more amalgam removal device(s) other than an amalgam separator. The amalgam removal device must meet the following requirements:

(i) Removal efficiency of at least 95 percent of the mass of solids from all amalgam process wastewater. The removal efficiency must be calculated in grams recorded to three decimal places, on a dry weight basis. The removal efficiency must be demonstrated at the maximum water flow rate through the device as established by the device manufacturer's instructions for use.

(ii) The removal efficiency must be determined using the average performance of three samples. The removal efficiency must be demonstrated using a test sample of dental amalgam that meets the following particle size distribution specifications: 60 percent by mass of particles that pass through a 3150 µm sieve but which do not pass through a 500 µm sieve, 10 percent by mass of particles that pass through a 500 µm sieve but which do not pass through a 100 µm

sieve, and 30 percent by mass of particles that pass through a 100 µm sieve. Each of these three specified particle size distributions must contain a representative distribution of particle sizes.

(iii) The device(s) must be sized to accommodate the maximum discharge rate of amalgam process wastewater.

(iv) The device(s) must be accompanied by the manufacturer's manual providing instructions for use including the frequency for inspection and collecting container replacement such that the unit is replaced once it has reached the maximum filling level at which the device can perform to the specified efficiency.

(v) The device(s) must be inspected in accordance with the manufacturer's operation manual to ensure proper operation and maintenance, including confirmation that amalgam process wastewater is flowing through the amalgam separating portion of the device(s).

(vi) In the event that a device is not functioning properly, it must be repaired consistent with manufacturer instructions or replaced with a unit that meets the requirements of paragraphs (a)(2)(i) through (iii) of this section as soon as possible, but no later than 10 business days after the malfunction is discovered by the dental discharger, or an agent or representative of the dental discharger.

(vii) The amalgam retaining unit(s) of the device(s) must be replaced as specified in the manufacturer's operating manual, or when the collecting container has reached the maximum filling level, as specified by the manufacturer in the operating manual, at which the amalgam separator can perform to the specified efficiency, whichever comes first.

(viii) The demonstration of the device(s) under paragraphs (a)(2)(i) through (iii) of this section must be documented in the One-Time Compliance Report.

5.24.840 – Best management practices for dental dischargers

(a) Waste amalgam including, but not limited to, dental amalgam from chair-side traps, screens, vacuum pump filters, dental tools, cuspidors, or collection devices, must not be discharged to the POTW.

(b) Dental unit water lines, chair-side traps, and vacuum lines that discharge amalgam process wastewater to the POTW must not be cleaned with oxidizing or acidic cleaners, including but not limited to bleach, chlorine, iodine and peroxide that have a pH lower than 6 or greater than 8.

(c) Owners and operators of dental dischargers shall ensure that all staff members who handle amalgam waste are trained in the proper handling, management and disposal of mercury-containing material and fixer-containing solutions, and shall maintain training records that shall be available for inspection by the Utilities Director and/or designee during normal business hours.

(d) Amalgam waste shall be stored and managed in accordance with the instructions of the recycler or hauler of such materials.

(e) The use of bulk mercury is prohibited. Only precapsulated dental amalgam is permitted.

5.24.850 – Exemptions

The following types of dental practices are exempt from all parts of this article except the One Time Compliance Report:

(a) Dental dischargers that exclusively practice one or more of the following dental specialties: Oral pathology, oral and maxillofacial radiology, oral and maxillofacial surgery, orthodontics, periodontics, or prosthodontics;

(b) Wastewater discharges from a mobile unit operated by a dental discharger;

(c) Dental dischargers that do not discharge any amalgam process wastewater to the POTW, such as dental dischargers that collect all dental amalgam process wastewater for transfer to a Centralized Waste Treatment facility; or

(d) Dental Dischargers that do not place dental amalgam, and do not remove amalgam except in limited emergency or unplanned, unanticipated circumstances, and that certify such to the

City of Tracy Utilities Director as required in 5.24.860 are exempt from any further requirements of this part.

5.24.860 – Reporting and recordkeeping requirements

(a) All dental dischargers located within the tributary to the City's sewerage facilities must submit a One Time Compliance Report complying with the following requirements:

(1) Deadlines. For existing sources, a One-Time Compliance Report must be submitted to the Utilities Director or designee no later than October 12, 2020, or 90 days after a transfer of ownership. For new sources, a One-Time Compliance Report must be submitted to the Director or designee no later than 90 days following the introduction of wastewater into the POTW.

(2) Signature and certification. The One-Time Compliance Report must be signed and certified by a responsible corporate officer, a general partner or proprietor if the dental discharger is a partnership or sole proprietorship, or a duly authorized representative in accordance with the requirements of section 5.24.560(a).

(3) Contents. The One-Time Compliance Report form for dental dischargers shall be obtained from the Utilities Director or designee and shall contain all standards required by 40 CFR 441.50(3).

(4) Transfer of ownership notification. If a dental discharger transfers ownership of the facility, the new owner must submit a new One-Time Compliance Report to the Utilities Director no later than 90 days after the transfer.

(5) Retention period. As long as a Dental Discharger subject to this part is in operation, or until ownership is transferred, the Dental Discharger or an agent or representative of the dental discharger must maintain the One-Time Compliance Report required at paragraph (a) of this section and make it available for inspection in either physical or electronic form.

(b) Dental Dischargers or an agent or representative of the dental discharger subject to the requirements of 5.24.830 must maintain and make available for inspection in either physical or electronic form, for a minimum of three years:

(1) Documentation of the date, person(s) conducting the inspection, and results of each inspection of the amalgam separator(s) or equivalent device(s), and a summary of follow-up actions, if needed.

(2) Documentation of amalgam retaining container or equivalent container replacement (including the date, as applicable).

(3) Documentation of all dates that collected dental amalgam is picked up or shipped for proper disposal in accordance with 40 CFR 261.5(g)(3), and the name of the permitted or licensed treatment, storage or disposal facility receiving the amalgam retaining containers.

(4) Documentation of any repair or replacement of an amalgam separator or equivalent device, including the date, person(s) making the repair or replacement, and a description of the repair or replacement (including make and model).

(5) Dischargers or an agent or representative of the dental discharger must maintain and make available for inspection in either physical or electronic form the manufacturers operating manual for the current device.

AGENDA ITEM 1.B

REQUEST

WAIVE SECOND READING AND ADOPT ORDINANCE 1276, AN ORDINANCE OF THE CITY OF TRACY ADDING A NEW CHAPTER 5.26 (DISCHARGE OF FATS, OILS AND GREASE) OF TITLE 5 (SANITATION AND HEALTH) OF THE TRACY MUNICIPAL CODE

EXECUTIVE SUMMARY

Ordinance 1276 was introduced at the regular Council meeting held on November 5, 2019. Ordinance 1276 is before Council for adoption.

DISCUSSION

The Central Valley Regional Water Quality Control Board (CVRWQCB) sets forth waste discharge requirements for the City of Tracy's Wastewater Treatment Plant (WWTP) through a National Pollutant Discharge Elimination System (NPDES) permit, pursuant to Section 402 of the Clean Water Act (CWA) and implementing regulations adopted by the United States Environmental Protection Agency (USEPA) and Chapter 5.5, Division 7 of the California Water Code.

The proposed ordinance will add Chapter 5.26 of Title 5 of the Tracy Municipal Code (TMC) regarding the fats, oils, and grease program in accordance with requirements and recommendations from the CVRWQCB 2016 inspection report. The fats, oils, and grease program will benefit the enforcement and operations of the wastewater treatment.

Ordinance 1276 is before City Council for adoption.

STRATEGIC PLAN

This agenda item does not relate to the Council's Strategic Plans.

FISCAL IMPACT

The City's monitoring and administration of the recommendations are funded through the Wastewater's operational budget. The amendments to the ordinance allows the City to establish permit fees and penalties to recapture the costs associated with the management and administration of the ordinance. There are no current fees in place for these costs. Staff will include these fees in the upcoming Master Fee Schedule update.

RECOMMENDATION

That City Council adopt Ordinance 1276.

Prepared by: Jessica Nunes, Deputy City Clerk
Reviewed by: Adrienne Richardson, City Clerk
Midori Lichtwardt, Assistant City Manager
Approved by: Jenny Haruyama, City Manager

ORDINANCE 1276

AN ORDINANCE OF THE CITY OF TRACY ADDING A NEW CHAPTER 5.26 (DISCHARGE OF FATS, OILS, AND GREASE) OF TITLE 5 (SANITATION AND HEALTH) OF THE TRACY MUNICIPAL CODE

WHEREAS, The City of Tracy is subject to state and federal regulations regarding the disposal of fats, oils, and grease that protect the health and safety of the public; and

WHEREAS, The City's current waste disposal regulations do not include regulations regarding fats, oils, and grease and thus must be updated to ensure consistency with state regulations and reflect changes in departmental responsibilities.

The City Council of the City of Tracy does ordain as follows:

SECTION 1: A new Chapter 5.26, Discharges of Fats, Oils, and Grease, is hereby added to the Tracy Municipal Code and shall read as set forth in Attachment A and incorporated by reference herein.

SECTION 2: This Ordinance shall take effect thirty (30) days after its final passage and adoption.

SECTION 3: 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 1276 was introduced at a regular meeting of the Tracy City Council on the 5th day of November 2019, and finally adopted on the 19th day of November, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK

Title 5- SANITATION AND HEALTH

Chapter 5.26 – DISCHARGES OF FATS, OILS, AND GREASE

Article 1. - General Provisions

5.26.010 - Purpose and policy.

(a) The purpose of this chapter is to facilitate the maximum beneficial use of the City's sewer system while preventing blockages of the sewer lines resulting from discharges of fats, oils and grease (FOG) into the public sewer, and to specify appropriate FOG discharge requirements for food service establishments as defined herein.

(b) This chapter shall be known as the FOG control program.

(c) The provisions set forth in this chapter are designed to ensure compliance with Federal, State and local laws and regulations, and to allow the City to meet applicable standards.

(d) This chapter also establishes quantity and quality standards on all discharges containing FOG, which may alone or collectively cause or contribute to FOG accumulation in the sewer facilities causing or potentially causing or contributing to the occurrence of sanitary sewer overflows.

5.26.020 – Applicability.

This chapter shall apply to discharges of wastewater containing FOG conveyed to the public sewer from any commercial or institutional food service establishment, including Significant Industrial users, unless their wastewater discharge permit states otherwise. All industrial users, as defined in 5.24.020, are subject to local, state, and/or Federal pretreatment regulations and shall be regulated under Chapter 5.24 as well.

5.26.030 - Definitions used in the article.

(a) Unless otherwise defined herein, terms related to water quality shall be as adopted in the latest edition of Standard Methods for Examination of Water and Wastewater, published by the American Public Health Association, the American Water Works Association and the Water Environment Federation. The testing procedures for waste constituents and characteristics shall be as provided in 40 CFR 136 (Code of Federal Regulations).

(b) Other terms not herein defined are defined as being the same as set forth in 5.24.040 of the Tracy Municipal Code and the latest adopted applicable editions of the California Codes applicable to building construction adopted pursuant to the California Building Standards Law.

(c) Subject to the foregoing provisions, the following definitions shall apply in this chapter:

“Best management practices” or “BMPs” mean activities, prohibitions, maintenance procedures and other management practices to prevent or reduce the introduction of FOG into the public sewer.

“Blockage” means a partial or complete obstruction of wastewater flowing through a sewer pipeline.

“Brown grease” means floatable FOG, settled solids and associated wastewater retained by grease interceptors and grease traps.

“Change in law” means a change to any State or Federal law, permit or regulation; changes to the City Code; changes to any City NPDES permit or waste discharge requirement; or the subsequent existence of any court order, consent decree, injunction or other regulatory or legal imposition that affects the use and/or operation of the City’s sanitary sewer system and any other public or private sanitary sewer systems, lines or other public or private infrastructure that connects to the City’s sanitary sewer system.

“Change in operations” means any change in the ownership, food types, or operational procedures that have the potential to change the amount of FOG discharged by an FSE to the City’s wastewater collection and treatment system.

“City” means the City of Tracy, a municipal corporation.

“Collection system” means the public sewer system consisting of all pipes and conveyance system components conveying wastewater to the City’s wastewater treatment plant.

“Compliance schedule agreement” means an agreement between the city and a FSE when the FSE is in noncompliance with the requirements of the applicable FOG wastewater discharge permit.

“Composite sample” means a collection of individual samples obtained at intervals during a specified period of time. Flow-proportioned composite samples are obtained by collecting incremental samples with volumes proportional to flow. The resulting mixture (composite sample) forms a representative sample of the waste stream discharged during the sample period.

“Design hydraulic depth” means total operating depth of interceptor contents at which interceptor is designed to operate.

“Director” means the City of Tracy Director of Utilities or authorized representative.

“Enforcement officer” means any City employee or agent of the City with authority to enforce the provisions of this chapter and the authority to make any decision, on behalf of the Director, required or called for by this chapter.

“Fats, oils and grease” or “FOG” means any substance such as vegetable or animal product that is used in, or is a byproduct of, the cooking or food preparation process, and that becomes or may become viscous, or solidifies or may solidify, with a change in temperature or other conditions.

“FOG control program” means the FOG control program identified in and developed pursuant to this chapter.

"Food grinder" means any device installed in the plumbing or sewage system for the purpose of grinding food waste or food preparation by products for the purpose of disposing it in the sewer system.

"Food service establishment (FSE)" means food facilities defined in California Uniform Retail Food Facilities Law (CURFFL) Section 113789 of the Health and Safety Code, and any commercial or industrial entity within the boundaries of the sanitary sewer service area of the regional wastewater control facility, operating in a permanently constructed structure such as a room, building, or place, or portion thereof, maintained, used, or operated for the purpose of storing, preparing, serving, or manufacturing, packaging, or otherwise handling food for sale to other entities, or for consumption by the public, its members or employees, and which has any process or device that uses or produces FOG, or grease vapors, steam, fumes, smoke or odors that are required to be removed by mechanical ventilation as required by Health and Safety Code Section 114149. An establishment that limits its food preparation activities to those defined as "limited food preparation" in Health and Safety Code Section 113818 is not considered a FSE when engaged only in reheating, hot holding or assembly of ready to eat food products, provided that the establishment has no wastewater discharge containing a significant amount of FOG.

"Grab sample" means a sample taken from a waste stream on a one-time basis without regard to the flow in the waste stream and without consideration of time.

"Grease control device" means any grease interceptor, grease trap or other mechanism, device or process which attaches to, or is applied to, wastewater plumbing fixtures and lines, the purpose of which is to trap, collect and/or treat FOG prior to it being discharged into the public sewer.

"Grease interceptor" means a multicompartment device that primarily uses gravity to separate FOG from the wastewater as it moves from one compartment to the next. The design, construction, sizing and installation of grease interceptors shall conform to this chapter and the most current edition of the [California Plumbing Code](#). In the event of conflict, this chapter will control.

"Grease trap" means a grease control device that is used to serve individual plumbing fixtures. A grease trap is typically installed indoors, under or near a dishwashing sink.

"Hot spots" mean sewer lines that have experienced grease related blockages or SSOs and that must be cleaned or maintained frequently to avoid blockages of the public sewer.

"Inspector" means a person authorized by the Director to inspect any existing or proposed wastewater generation, conveyance, processing and/or disposal facilities.

"Institution" means a school, church, hospital, lodge, club, convalescent home or other similar entity.

"Interceptor" means a "grease interceptor."

"Manifest" means that receipt which is retained by the generator of wastes for disposing recyclable wastes or liquid wastes as required by the city.

"New construction" means any structure planned or under construction for which a connection permit has not been issued.

"Person" means any individual, partnership, co-partnership, firm, company, corporation, association, joint stock company, trust, estate, governmental entity or any other legal entity, or

their legal representative, agents or assigns. The masculine gender shall include the feminine and the singular shall include the plural where indicated by the context.

"Public sewer" means a sewer owned and operated by the City. All public sewers must be constructed in accordance with Tracy's regulations and specifications for construction of sanitary sewers.

"Remodel" or "remodeling" means any physical and/or operational change to an FSE that involves any one or a combination of the following:

- (1) Under-slab plumbing in the food processing area;
- (2) A 30 percent or greater increase in the net public seating area;
- (3) A 30 percent or greater increase in the size of the kitchen area;
- (4) Any change in the size or type of food preparation equipment;
- (5) Any remodel, addition, alteration or repair valued greater than \$75,000.00.

"Sanitary sewer" means a sewer to which storm, surface and ground waters are not intentionally admitted.

"Sanitary waste" means domestic wastewater.

"Sanitary sewer overflow" or "SSO" means any overflow, spill, release, discharge or diversion of untreated or partially treated wastewater from a sanitary sewer system.

"Sewage facilities" means any and all facilities used for collecting, conveying, pumping, treating and disposing of wastewater.

"Sewer lateral" means the pipe between the City's sewer main line and the customer's service connection.

"Sludge" means any solid, semi-solid and/or liquid decant, sediment or supernatant from a manufacturing process, utility service, tank, vault or FOG control facility.

"Storm sewers or storm drains" means a sewer which carries storm and/or surface run-off water but excludes domestic sewage and polluted industrial wastes.

"Variance" means an approval granted to a permittee to vary from a specific requirement or requirements of this chapter when it can be demonstrated that the requirement(s) can be met with an equal or better process, technology or method.

"Waste" means sewage and any and all other waste substances, liquid, solid, gaseous or radioactive, associated with human habitation or of human or animal nature, including such wastes placed within containers of whatever nature prior to and for the purpose of disposal.

"Wastehauler" means any person carrying on or engaging in vehicular transport of waste as part of, or incidental to, any business for the purpose of discharging said waste into the City's system.

"Wastewater" means the liquid and water-carried industrial or domestic wastes from dwellings, commercial buildings, industrial facilities, and institutions, together which may be present, whether treated or untreated, which is contributed into or permitted to enter the POTW.

"Wastewater constituents and characteristics" means the individual chemical, physical, bacteriological and radiological parameters, including volume and flow rate and such other parameters that serve to define, classify or measure the quality and quantity of wastewater.

"Yellow grease" means spent cooking oil and other fats and oils collected from commercial or industrial cooking operations. Yellow grease is typically collected in bins outside of the FSE for recycling.

Article 2. - Regulations and Requirements

5.26.040 - Prohibitions.

The following prohibitions shall apply to all FSEs:

(a) Installation of food grinders in the plumbing system of new construction of FSEs shall be prohibited. Furthermore, all food grinders shall be removed from all existing FSEs within one hundred eighty (180) working days of the effective date of this chapter, except when expressly allowed, in writing, by the Director.

(b) Introduction of any additives into a FSE's wastewater system for the purpose of emulsifying FOG or biologically/chemically treating FOG for grease remediation or as a supplement to interceptor maintenance, unless a specific written authorization or FOG wastewater disposal permit from the Director is obtained.

(c) Disposal of waste cooking oil into the public sewer or storm drain is prohibited.

(d) Discharge of water or wastewater with temperatures in excess of 140° Fahrenheit into any grease interceptor or grease control device is prohibited.

(e) Discharge of wastes from toilets, urinals, wash basins, and other fixtures containing fecal materials to sewer lines intended for grease interceptor service, or vice versa, is prohibited.

(f) Discharge of any waste including FOG and solid materials removed from a grease control device to the public sewer is prohibited. Grease removed from grease interceptors shall be transported to an approved disposal or recycling facility.

(g) Operation of grease interceptors with FOG and solids accumulation exceeding 25 percent of the design hydraulic depth of the grease interceptor is prohibited. The grease and solids layers combined shall not exceed 25 percent of the total interceptor liquid depth.

(h) Increasing the use of water or in any other manner attempting to dilute a discharge as a way of achieving compliance with these regulations is prohibited.

5.26.050 – FOG discharge limitation.

No FSE shall discharge or cause to be discharged into the sewer system FOG that exceeds a concentration level adopted by the council or that may accumulate and/or cause or contribute to blockages in the sewer system or at the sewer lateral which connects the FSE to the sewer system.

5.26.060 – Requirements for best management practices.

(a) All FSEs shall implement best management practices in accordance with the requirements and guidelines established by the city under its FOG control program in an effort to minimize the discharge of FOG to the sewer system.

(b) All FSEs shall be required, at a minimum, to comply with the following best management practices, when applicable:

(1) Installation of drain screens. Drain screens shall be installed on all drainage pipes, including floor drains, in food preparation, dishwashing, and mop sink areas.

(2) Segregation and collection of yellow grease. All yellow grease shall be collected and stored properly in recycling receptacles such as barrels or drums. Such recycling receptacles shall be maintained properly to ensure that they do no leak. Licensed waste haulers or an approved recycling facility must be used to dispose of waste cooking oil and all manifests and paperwork shall be available for inspection by the city.

(3) Disposal of food waste. All food waste shall be disposed of directly into the trash or garbage, and not into sinks. Double-bagging food wastes that have the potential to leak in trash bins is highly recommended.

(4) Maintenance of kitchen exhaust filters. Kitchen exhaust filters shall be cleaned as frequently as necessary to be maintained in good operating condition. The wastewater generated from cleaning kitchen exhaust filters, floor mats and kitchen equipment shall be disposed of in compliance with these regulations.

(5) Employee training. At the time of hiring and at least annually employees of the FSE shall be trained by ownership/management or permittee on the following subjects:

(i) How to “dry wipe/scrape” pots, pans, dishware, utensils, equipment and work areas into containers, such as trash cans or bins, before washing to remove FOG;

(ii) How to properly dispose of garbage, food waste and solids in enclosed plastic bags prior to disposal in trash bins or containers to prevent leaking and odors;

(iii) The location and use of absorption products to clean under fryer baskets and other locations where FOG may be spilled or dripped;

(iv) How to properly dispose of grease or oils from cooking equipment into a grease receptacle such as a barrel or drum without spilling/splashing.

Training shall be documented and employee signatures retained indicating each employee's attendance and understanding of the practices reviewed. Training records shall be available for review at any reasonable time by the Director or designee. Training records shall be retained for a minimum of three (3) years.

5.26.070 – FOG pretreatment requirements.

Every FSE is required at the time of construction, remodel, and/or change in operations to install, operate and maintain a grease interceptor necessary to maintain compliance with the objectives of this chapter, subject to the waiver provisions of Section 5.26.080. The grease

interceptor installed shall be adequate to separate and remove FOG contained in wastewater from the FSE prior to discharge to the public sewer as determined by the most current edition of the [California Plumbing Code](#). Fixtures, equipment and drain lines located in the food preparation and clean-up areas of an FSE shall be connected to the grease interceptor. Dishwashers shall not be connected to the grease interceptor. Compliance shall be established as follows:

(a) New Construction of Food Service Establishments. New construction of FSEs shall include installation of grease interceptor(s) prior to commencing discharges of wastewater to the sewer system.

(b) Existing Food Service Establishments:

(1) Existing FSEs, which have caused or contributed to grease-related blockage in the sewer system, or which have sewer laterals connected to hot spots, or which have been determined to contribute significant FOG to the sewer system by the Director based on inspection or sampling, shall be deemed to have reasonable potential to adversely impact the sewer system, and shall install grease interceptors within one hundred eighty (180) working days upon notification by the Director.

(2) Existing FSEs or FSEs that change ownership, that undergo remodeling or a change in operations as defined in Section 5.26.030 of this chapter, shall be required to install a grease interceptor.

5.26.080 – Grease interceptor requirements.

(a) All FSEs shall provide wastewater acceptable to the city under the requirements and standards established herein before discharging to any city sewer. Any FSE required to provide FOG pretreatment shall install, operate, and maintain an approved type and adequately sized grease interceptor necessary to maintain compliance with the objectives of this chapter.

(b) Grease interceptor design, construction, sizing and installation shall conform to the most current edition of the [California Plumbing Code](#). Grease interceptors shall have a minimum of two (2) compartments.

(c) The grease interceptor shall be installed at a location where it shall be at all times easily accessible for inspection, cleaning, and removal of accumulated grease.

(d) An access manhole, with a minimum diameter of 24 inches, shall be provided over each grease interceptor chamber and each sanitary tee within the interceptor. The access manholes shall extend at least to finished grade and be designed and maintained to prevent the entry of groundwater or stormwater runoff. The manholes shall also have readily removable covers to facilitate inspection, grease removal, and wastewater sampling activities.

(e) All grease interceptors are required to have grease retention fittings as designed for proper function. Any interceptor that does not have grease retention fittings shall be repaired and/or retrofitted with appropriate grease retention fittings.

5.26.090 – Grease interceptor maintenance requirements.

(a) Grease interceptors shall be maintained in efficient operating condition by periodic inspection and removal of the full content of the interceptor which includes wastewater, accumulated FOG, floating materials, sludge and solids.

(b) All existing and newly installed grease interceptors shall be maintained in a manner consistent with a maintenance frequency approved by the Director pursuant to this section.

(c) No FOG that has accumulated in a grease interceptor shall be allowed to pass into any sewer lateral, sewer system, storm drain, or public right of way during maintenance activities.

(d) FSEs with grease interceptors may be required to submit data and information necessary to establish the maintenance frequency of the grease interceptors.

(e) The maintenance frequency for all FSEs with a grease interceptor shall be determined in one of the following methods:

(1) Grease interceptors shall be fully pumped out and cleaned at a frequency such that the combined FOG and solids accumulation does not exceed twenty-five (25) percent of the total design hydraulic depth of the grease interceptor. This is to ensure that the minimum hydraulic retention time and required available hydraulic volume is maintained to effectively intercept and retain FOG discharged to the sewer system.

(2) All FSEs with a grease interceptor shall maintain their grease interceptor not less than every six months.

(3) Grease interceptors shall be fully pumped out and cleaned quarterly when the frequency described in subsection (e)(1) has not been established. The maintenance frequency shall be adjusted when sufficient data have been obtained to establish an average frequency based on the requirements described in subsection (e)(1) and guidelines adopted pursuant to the FOG control program. The city may change the maintenance frequency at any time to reflect changes in actual operating conditions in accordance with the FOG control program. Based on the actual generation of FOG from the food service establishment, the maintenance frequency may increase or decrease.

(4) The owner/operator of a FSE may submit a request to the Director requesting a change in the maintenance frequency at any time. The FSE has the burden of responsibility to demonstrate that the requested change in frequency reflects actual operating conditions based on the average FOG accumulation over time and meets the requirements described in 1., and that it is in full compliance with the conditions of its permit and this chapter. Upon determination by the Director that the requested revision is justified, the permit shall be revised accordingly to reflect the change in maintenance frequency.

(5) If the grease interceptor, at any time, contains FOG and solids accumulation that does not meet the requirements described in subsection (e)(1), the FSE shall be required to have the grease interceptor serviced immediately such that all fats, oils, grease, sludge, and other materials are completely removed from the grease interceptor. If deemed necessary, the Director may also increase the maintenance frequency of the grease interceptor from the current frequency. Notice of any change to the maintenance frequency shall be given by written notice by the Director.

(f) Wastewater, accumulated FOG, floating materials, sludge/solids, and other materials removed from the grease interceptor shall be disposed of off-site properly by wastehaulers in accordance with federal, state and/or local laws.

5.26.100 – Waiver of grease interceptor requirements.

(a) Subject to the limitations contained in subsections b, c, and d of this section, the Director may grant a conditional waiver of the requirement to install a grease interceptor.

(b) An existing FSE may obtain a variance from the grease interceptor requirement to allow alternate pretreatment technology that is, at least, equally effective in controlling the FOG discharge in lieu of a grease interceptor, if the FSE demonstrates that it is impossible or impracticable to install, operate or maintain a grease interceptor. The Director's determination to grant a variance will be based upon, but not limited to, evaluation of the following conditions:

(1) There is no adequate space for installation and/or maintenance of a grease interceptor.

(2) There is no adequate slope for gravity flow between kitchen plumbing fixtures and the grease interceptor and/or between the grease interceptor and the private collection lines or the city sewer.

(3) The FSE can justify that the alternative pretreatment technology is equivalent or better than a grease interceptor in controlling its FOG discharge. In addition, the FSE must be able to demonstrate, after installation of the proposed alternative pretreatment, its effectiveness to control FOG discharge through downstream visual monitoring of the sewer system, for at least three months (with a minimum of two visual inspections; one at the beginning and one at the end of the three-month period), at its own expense. A variance may be granted if the results, as determined by the Director, show no visible accumulation of FOG in its lateral and/or tributary downstream sewer lines.

(c) The Director may grant for new construction, including remodels, a conditional waiver to any FSE and/or property owner that the Director determines to have negligible FOG discharge and insignificant impact to the public sewer. Notwithstanding the granting of a conditional waiver however, the FSE or property owner may nonetheless be required to provide space and plumbing segregation for future installation of a grease interceptor. In making the determination as to whether to grant the conditional waiver, the Director shall make all of the following findings:

(1) The quantity of FOG discharge as measured or indicated by the size of the FSE based on kitchen ventilation requirements, water usage, menu, seating capacity, number of meals served, amount of on-site consumption of prepared food, number of plumbing fixtures and other conditions does not indicate that the FSE will materially contribute to existing or potential FOG discharges.

(2) The FSE does not appear to be a significant contributor of FOG into the sewer system, which is based on an inspection of the property or sampling of FOG discharged from the FSE to the sewer system.

(3) The FSE has adopted and implemented adequate BMPs and has no recent history of non-compliance with the City's FOG related regulations and requirements.

(4) The size, grade and condition of the sewer lines serving the FSE do not indicate that the FSE has discharged an excessive amount of FOG in the sewer, and the history of maintenance, blockages and SSOs in the public sewer lines receiving flow from the FSE do not deviate substantially from those experienced in other adjacent sewer lines.

(5) There is no reason to believe that the operations of the FSE will change in the foreseeable future in a manner that may significantly increase the amount of FOG the FSE will discharge.

(6) There is no other condition reasonably related to the generation of FOG discharges into the sewer by the FSE that will, in the sound judgment of the Director, warrant the denial of the conditional waiver in the interest of protecting the public health, safety and welfare.

(d) Where the installation of a grease interceptor in an existing structure is not feasible, an FSE and/or property owner may be granted a conditional waiver of the grease interceptor requirement upon the payment of a grease disposal mitigation fee as described in Section 5.26.190. Additional requirements may also be imposed to mitigate the discharge of FOG into the public sewer. The Director's determination to grant the waiver upon the payment of a grease disposal mitigation fee will be based upon one or more of the following findings:

(1) There is inadequate space for installation and/or maintenance of a grease interceptor;

(2) There is inadequate slope for gravity flow between kitchen plumbing fixtures and the proposed grease interceptor and/or between the proposed grease interceptor and the upper lateral, the lower lateral, or the public sewer;

(3) Any other condition reasonably related to the installation, operation, maintenance and/or inspection of a grease interceptor, which makes installation and/or maintenance of a grease interceptor infeasible.

(e) Application for Conditional Waiver of Requirement for Grease Interceptor. An FSE or property owner may submit to the Director an application for conditional waiver from the grease interceptor requirement. The party applying for the conditional waiver bears the burden of demonstrating that the installation of a grease interceptor is not feasible or otherwise required. A waiver may be issued upon determination by the Director that reasons are sufficient to justify such a waiver, as provided in subsections b, c, and d of this section.

(f) Terms and Conditions of Waiver. The conditional waiver shall contain the terms and conditions that serve as the basis for its issuance. A waiver may be revoked by the Director at any time upon his or her determination that any of the terms or conditions for its issuance have not been satisfied or if the conditions upon which the waiver was based have changed so that the justification for the waiver no longer exists. The waiver shall be valid so long as the FSE remains in compliance with the terms and conditions, until the expiration date specified in the waiver, or until the conditional waiver is revoked.

(g) Revocation of Conditional Waiver of the Requirement to Install a Grease Interceptor. The Director may revoke any conditional waiver of the requirement to install a grease interceptor granted pursuant to this section, subject to the procedures and limitations provided in this subsection.

(1) Should the Director determine that, due to changed circumstances or failure to comply with the terms or conditions imposed upon the issuance of the conditional waiver, a conditional waiver that was previously issued and remains valid should be revoked, the Director shall provide notice by regular mail to the owner of the affected FSE and the property owner no less than 30 days prior to the proposed effective date of the revocation. The notice shall provide an explanation of the facts and circumstances that the Director has determined warrant revocation of the conditional waiver and an opportunity to respond in writing to the Director with information and

evidence to justify the continuation of the conditional waiver in accordance with its terms and conditions.

(2) Prior to making the final determination to revoke a conditional waiver the Director shall review and consider the written information provided pursuant to subsection (g)(1) of this section.

(3) The determination of the Director to revoke a conditional waiver granted pursuant to this section shall be set forth in a writing provided to the owner of the affected FSE and the property owner by regular mail, and shall be based on the Director's reasonable determination that one or more of the following circumstances exists or has occurred:

(i) The owner of the affected FSE and/or the property owner has failed to abide by any term or condition imposed upon the conditional waiver;

(ii) One or more of the findings made by the Director pursuant to subsection b, c, or d of this section, due to changes in the operation of the FSE, changes in the condition, use or available capacity of the sewers serving the FSE or other changed circumstances, are no longer true; or

(iii) A change in law bearing upon the use or operation of the City's sanitary sewer system requires the revocation of the conditional waiver.

5.26.110 – Commercial and institutional properties.

Any owner, or official designee, of a commercial and/or institutional property where one (1) or more FSEs are located shall be responsible for the installation and maintenance of the grease interceptor(s) serving the FSEs that are located on that property, as required by this chapter.

5.26.120 – Facilities and drawing submittal requirements.

Upon request by the Director:

(a) Any FSE and/or property owner may be required to submit to the City two (2) copies of facility site plans, floor plans, mechanical and plumbing plans, detail drawings showing all sewer locations and connections, and schematic drawings of grease interceptors, FOG control devices or other FOG control equipment and appurtenances by size, location and elevation. The submittal shall be in a form and content acceptable to the Director for review of the existing or proposed grease control device, monitoring facilities, metering facilities, and operating procedures. The review of the plans and procedures shall in no way relieve the FSE of the responsibility of modifying the facilities or procedures in the future as necessary to produce an acceptable discharge, and to meet the requirements of this chapter or the requirements of any other regulatory agency.

(b) The Director may require the drawings be prepared by a California registered civil, chemical, mechanical, or electrical engineer.

5.26.130 – Facilities monitoring and right of entry requirements.

(a) The Director may require the FSE or property owner to construct and maintain in proper operating condition at their sole expense, flow monitoring, water quality monitoring and/or sampling facilities.

(b) The location of the monitoring facilities shall be representative of actual discharge conditions.

(c) FSEs and/or owners of premises where wastewater is generated and discharged to the sewer system shall allow the Director and designees immediate and safe access to all parts of the wastewater generating and disposal facilities for the purposes of inspection and sampling during all times the FSE is open, operating, or any other reasonable time.

(d) The FSE or property owner shall, upon request, submit to the Director waste analysis plans, contingency plans, and other necessary information to verify compliance with these regulations.

(e) Testing procedures for waste constituents and characteristics shall be as provided in 40 Code of Federal Regulations 136.

(f) In the event of an emergency involving an actual or imminent SSO, the Director and designees may access adjoining businesses or properties that share a public sewer with an FSE in order to prevent or remediate the actual or imminent SSO.

5.26.140 – Monitoring and reporting conditions.

(a) The Director may require periodic reporting of the status of implementation of kitchen BMPs, in accordance with the FOG control program.

(b) If, following an inspection of the FSE, it is apparent that the FSE has not used or maintained its grease interceptor or grease removal device, has failed to properly implement kitchen BMPs, or has failed to abide by any condition imposed upon a conditional waiver granted pursuant to Section 5.26.080 of this chapter, the Director may require visual closed circuit television inspection at the sole expense of the FSE or property owner to observe the actual conditions of the sewer lateral serving the property and sewer lines downstream.

(c) The Director may require reports for self-monitoring of wastewater constituents and FOG characteristics from the FSE or property owner needed for determining compliance with any conditions or requirements as specified in this chapter. Monitoring reports of the analyses of wastewater constituents and FOG characteristics shall be in a manner and form approved by the Director and shall be submitted upon request of the Director. Failure by the FSE or property owner to perform any required monitoring, or to submit monitoring reports required by the Director constitutes a violation of this chapter and shall be cause for the City to initiate all necessary tasks and analyses to determine the wastewater constituents and FOG characteristics for compliance with any conditions and requirements specified in this chapter. The FSE and property owner shall be responsible for any and all costs and expenses of the City in undertaking such monitoring analyses and preparation of reports and such costs and expenses are deemed a debt of the owner of the pertinent FSE and the property owner to the City, enforceable and collectable as provided by law.

(d) Other reports may be required by the Director, such as compliance schedule progress reports, FOG control monitoring reports, grease interceptor and grease removal device operation and maintenance reports, and any other reports deemed reasonably appropriate by the Director to ensure compliance with this chapter

5.26.150 – Inspections and sampling conditions.

(a) The Director may inspect and sample or order the inspection and sampling of the wastewater discharges of any FSE to ascertain whether the intent of these regulations is being met and the FSE is complying with all requirements. The FSE shall allow access to the FSE premises, during normal business hours, for purposes of inspecting the FSE's grease control devices or interceptor, reviewing the manifests, receipts and invoices relating to the cleaning, maintenance and inspection of the grease control devices or interceptor.

(b) The Director shall have the right to place or order the placement on the FSE's property, or other locations as determined by the Director, such devices as are necessary to conduct sampling or metering operations. Where an FSE or property owner has security measures in force, the FSE or property owner shall make necessary arrangements so that the Director and/or an inspector shall be permitted to enter without delay for the purpose of performing their specific responsibilities.

(c) In order for the Director to determine the wastewater characteristics of the FSE for purposes of determining compliance with this chapter, the FSE shall make available for inspection and copying by the Director, an inspector, an enforcement officer and/or service personnel, all notices, monitoring reports, waste manifests, and records including, but not limited to, those related to wastewater generation and wastewater disposal. All such records shall be kept by the FSE a minimum of three (3) years.

5.26.160 – Recordkeeping requirements.

The FSE and property owner shall be required to maintain on the FSE premises copies of all manifests, receipts and invoices of all cleaning, maintenance, grease removal of/from the grease control device, disposal carrier and disposal site location for no less than three (3) years. The FSE and property owner shall, upon request, make the manifests, receipts and invoices available to the Director, any inspector and/or enforcement officer, and the public. These records shall be kept in the binder provided by the city and include but are not limited to:

(a) A record of grease interceptor, grease trap or grease control device cleaning and maintenance practices.

(b) A record of best management practices being implemented including employee training.

(c) Copies of records and manifests of wastehauling interceptor contents.

(d) Records of sampling data and sludge height monitoring for FOG and solids accumulation in the grease interceptors.

(e) Records of any spills and/or cleaning by the FSE or FSE's contractor of private lateral or private sewer system.

(f) Any other information deemed appropriate by the Director to ensure compliance with this chapter.

5.26.170 – Sewer system overflows, public nuisance, abatement orders and cleanup costs.

(a) FSEs found to have contributed to a sewer blockage, SSOs or any sewer system interferences resulting from the discharge of wastewater or waste containing FOG, shall be ordered to install and maintain a grease interceptor, and may be subject to a plan to abate the nuisance and prevent any future health hazards created by sewer line failures and blockages, SSOs or any other sewer system interferences.

(b) SSOs may cause threat and injury to public health, safety, and welfare of life and property and are hereby declared public nuisances. Furthermore, sewer lateral failures and SSOs caused by FSEs alone or collectively, are the responsibility of the private property owner or FSE, and individual(s) as a responsible officer or owner of the FSE.

(c) If the city must act immediately to contain and/or clean up an SSO caused by blockage of a private sewer lateral or private sewer system of a FSE, or because of the failure of the property owner or FSE to abate the condition causing immediate threat of injury to the health, safety, welfare, or property of the public, the city costs for such abatement may be entirely borne by the property owner or operator of the FSE, and individual(s) as responsible officer(s) or owner(s) of the FSE(s) and may constitute a debt to the city and become due and payable upon the city's request for reimbursement of such costs.

Article 3. – Fees and charges

5.26.180 – Purpose of charges and fees.

It is the purpose of Section 5.26.190 to provide for the recovery of costs from FSEs and owners of property containing FSEs for the implementation of the program established in this chapter

5.26.190 – Fees and charges.

In order to recover from the users of the City's wastewater disposal system the cost of implementing the program established by this chapter, the City Council may adopt by resolution fees and charges which may include:

(a) Fees for reimbursement of the costs to set-up, implement and operate the City's FOG program;

(b) Other fees as the City may deem necessary to carry out the requirements contained herein;

(c) Costs incurred by the City for, or as a result of, any and all required on-site sampling and analysis are deemed a debt of the owner of the pertinent FSE and the property owner to the City, enforceable and collectable as provided by law;

(d) Costs incurred by the City for closed circuit television inspection to observe the actual conditions of an FSE's sewer lateral and sewer lines downstream are deemed a debt of the owner of the pertinent FSE and the property owner to the City, enforceable and collectable as provided by law;

(e) Noncompliance Charge. Any FSE and/or property owner determined to be in noncompliance with the terms and conditions specified in any provision of this chapter may be required to pay a noncompliance charge. The purpose of the noncompliance charge is to reimburse the City for costs of additional inspection and follow-up, sampling, monitoring, laboratory analysis, treatment, disposal, and administrative processing incurred as a result of the noncompliance, and shall be in addition to and not in lieu of any penalties as may be assessed pursuant to Section 5.26.260. Noncompliance charges shall be in the amount reasonably determined by the Director;

(f) Grease Disposal Mitigation Fee:

(1) Any FSE and/or property owner subject to the provisions of subsection d of Section 5.26.080 of this chapter shall be required to pay an annual grease disposal mitigation fee to reimburse the City for the costs of increased maintenance of the public sewer as a result of the FSE's inability to adequately remove FOG from its wastewater discharge. This section shall not be interpreted to allow a new FSE or an existing FSE undergoing remodeling and/or a change in operations to operate without an approved grease interceptor unless the Director has determined that it is impossible or impracticable to install and/or operate a grease interceptor for the subject facility pursuant to the provisions of Section 5.26.080 of this chapter;

(2) The grease disposal mitigation fee for each FSE shall be based on the estimated annual increased cost of maintaining the public sewer for inspection and removal of FOG and other viscous or solidifying agents attributable to the FSE resulting from the lack of a grease interceptor.

Article 4. – Administration

5.26.200 – Falsifying information or tampering with process.

It is unlawful to make any false statement, representation; record; report; plan or other document that is filed with the City and/or the Director, or to tamper with or knowingly render inoperable any grease control device, monitoring device or method or access point required under this chapter.

5.26.210 – Notification of spill.

(a) In the event an FSE or property owner is unable to comply with any provision of this chapter due to a breakdown of equipment, accidents, or human error or the FSE or property owner has reasonable opportunity to know that their discharge will exceed the discharge provisions of this chapter, the FSE and property owner shall immediately notify the Utilities Department by telephone. If material is discharged by an FSE to the public sewer that the owner of the FSE and/or the property owner believes or reasonably should believe has the potential to cause or result in an

imminent sewer blockage or SSO, the FSE and property owner shall immediately notify the Utilities Department.

(b) Confirmation of this notification shall be made in writing to the Director postmarked no later than five (5) calendar days from the date of the incident. The written notification shall state the date of the incident, to whom the FSE and/or property owner provided notification, the reasons for the discharge or spill, what steps were taken to immediately correct the problem, and what steps are being taken to prevent the problem from recurring.

(c) Such notification shall not relieve the FSE or the property owner of any expense, loss, damage or other liability which may be incurred as a result of damage or loss to the City or any other damage or loss to persons or property; nor shall such notification relieve the FSE or the property owner of any fees, charges or other liability which may be imposed by these regulations or other applicable law.

5.26.220 – Notification of planned changes.

The FSE and the property owner shall notify the Utilities Department at least 60 days prior to any facility expansion or remodeling, process modifications that may result in new or substantially increased FOG discharges, or a change in the nature of the discharge. The FSE and the property owner shall notify the Utilities Department in writing of the proposed expansion or remodeling and shall submit any information requested by the Utilities Department for evaluation of the effect of such expansion or remodeling on the FSE's FOG discharge to the public sewer.

Article 5. – Enforcement

5.26.230 – Harmful discharge—Immediate suspension or termination of wastewater service.

(a) The City may immediately, without prior written notification, suspend sewerage service of an FSE and property owner when such suspension is necessary, in order to stop an actual or imminently threatened discharge which presents or may present an imminent or substantial endangerment to the health or welfare of persons, or cause the City to violate any State or federal law or regulation.

(b) Any person notified of a suspension or termination of wastewater service shall immediately stop or eliminate all discharges to the public sewer. In the event of a failure of the person to comply voluntarily with the suspension or termination order, the Director shall take such steps as he or she deems necessary, including immediate severance of the sewer connection, to prevent or minimize damage to the environment, collection system and/or the regional wastewater control facility. The Director may reinstate the wastewater service only upon proof that the circumstance that caused the suspension or termination of wastewater service has been adequately addressed and the circumstance no longer presents a danger to the environment or to the City's wastewater system.

5.26.240 – Failure to comply with FOG regulations—Suspension and/or termination of wastewater service.

(a) In accordance with the procedures and limitations provided in subsection (b) of Section 5.26.230, the Director may suspend and/or terminate wastewater service to an FSE and property owner when the Director determines that the FSE has failed to comply with the requirements of this chapter, with respect to any of the following particulars.

- (1) Failed to comply with the terms and conditions of a compliance schedule order;
- (2) Knowingly provided a false statement, representation, record, report, or other document to the City and/or the Director;
- (3) Refused to provide records, reports, plans, or other documents required by the City and/or the Director to determine compliance with this chapter;
- (4) Falsified, tampered with or knowingly rendered inaccurate any monitoring device or sample collection method;
- (5) Refused reasonable access to the FSE for the purpose of inspection and monitoring;
- (6) Failed to make timely payment of all amounts owed to the City imposed pursuant to this chapter;
- (7) Discharged FOG that caused an obstruction or sewer blockage in the public sewer or an SSO;
- (8) Violated grease interceptor maintenance requirements or any provision of this chapter pertaining to maintenance and operation of any grease interceptor or grease control device;
- (9) Failed to report significant changes in operations, or wastewater constituents and characteristics.

(b) For the purpose of making the determination of noncompliance pursuant to subsection a of this section, the Director may rely upon any evidence or information available and may gather other necessary information as needed through imposition of reasonable sampling and inspection requirements conducted at a time, location, manner, and frequency determined at the reasonable discretion of the Director. The inspections may include, but are not limited to, inspection of the grease control device, grease interceptor and associated manifests and documentation, or analysis of a grab or composite sample of the wastewater discharged from the FSE.

5.26.250 – Compliance time schedule in lieu of suspension or termination of wastewater service.

(a) Upon determination that a FSE is in noncompliance with the terms and conditions specified in any provision of this chapter, or needs to construct and/or acquire and install a grease control device or grease interceptor, the Director may require the FSE to enter into a compliance time schedule on terms and conditions specified by the Director.

(b) The compliance time schedule may contain terms and conditions including, but not limited to, requirements for installation of a grease control device, submittal of drawings or reports,

audit of waste hauling records, BMPs and waste minimization practices, payment of fees, or other provisions to ensure compliance with this chapter.

(c) If compliance is not achieved in accordance with the terms and conditions of a compliance time schedule during its term, the Director may issue an order suspending or terminating wastewater service pursuant to Section 5.26.240 of this chapter.

5.26.260 – Violations and penalties.

Any FSE or property owner in violation of this chapter, or the rules and regulations issued under this chapter, or who discharges or causes the discharge of prohibited wastewaters which cause damages to the City's facility, detrimental effects on treatment processes, or other damages resulting in costs to the City shall be liable to the City for all damages occasioned thereby. Any violation of this chapter is considered a public nuisance.

(a) Injunction. Whenever a violation of the provisions of this chapter or a Federal or State pretreatment standard or requirement occurs, the City may, in addition to any other action provided herein, petition the Superior Court for the issuance of a preliminary or permanent injunction, or both, as may be appropriate in restraining the continuance of such violation.

(b) Civil Penalties. Any person who violates any provision of this chapter or who violates any cease and desist order, prohibition or effluent limitation, may be liable civilly for a minimum penalty of One Thousand and no/100ths (\$1,000.00) dollars per day for each day such violation occurs. The City Attorney, at their discretion, shall petition the Superior Court to impose, assess and recover such penalties.

(c) Criminal Penalties. Violations of this chapter may be charged as infractions or misdemeanors, at the discretion of the City Attorney, in accordance with section 1.04.030.

(d) To remedy violations of this chapter, the Director is authorized to issue notices of violation, administrative citations and impose administrative civil penalties pursuant to chapter 1.04 of this Code.

(e) The remedies and provisions of this section are cumulative, and are in addition to any other remedy or provision of law.

5.26.270 - Appeals.

The City costs incurred by reason of appeals by a FSE or property owner, which result in additional sampling and study, will be charged directly to the FSE or property owner.

Any FSE or property owner affected by any decision, action or determination made by the Director interpreting or implementing the provisions of this chapter or in any permit issued herein, may file with the Director written request for reconsideration within ten (10) days setting forth in detail the facts supporting the user's request for reconsideration. Such facts must include a statement listing newly discovered relevant facts that were not known or available to the user at

the date of the hearing. The Director shall render a decision on the request for reconsideration to the user, permit applicant or permit holder in writing within fifteen (15) days of receipt of request. If the ruling on the request for reconsideration made by the Director is unacceptable, or if there is no request for reconsideration and the original ruling is unacceptable, the person requesting reconsideration may file an appeal to the City Manager under section 1.12.010.

Article 6. - Severability

5.26.280 - Severability.

If any provision of this chapter or the application to any person or circumstances is held invalid, the remainder of the chapter or the application of such provisions to other persons or other circumstances shall not be affected.

AGENDA ITEM 3.A

REQUEST

PUBLIC HEARING TO CONSIDER ADOPTION OF A RESOLUTION OF NECESSITY AUTHORIZING THE INITIATION OF EMINENT DOMAIN PROCEEDINGS TO ACQUIRE RIGHT-OF-WAYS AND TEMPORARY CONSTRUCTION EASEMENTS FROM CERTAIN REAL PROPERTIES FOR THE WIDENING OF CORRAL HOLLOW ROAD FROM WEST SCHULTE ROAD TO LINNE ROAD, AND AUTHORIZE THE DEPOSIT OF \$15,200 FOR STEVENSON PARCEL, \$48,000 FOR TLC, INC. PARCEL, \$29,400 FOR PRABHAKARAN PARCEL, \$10,400 FOR CARTER PARCEL, \$90,300 FOR DURKEE PARCEL, \$57,100 FOR GALVAO PARCEL, \$23,800 FOR SCHIRMER PARCEL, \$39,600 FOR KING PARCEL, AND \$32,300 FOR SALOMON AND REITZ PARCEL, WITH THE STATE OF CALIFORNIA CONDEMNATION DEPOSIT FUND

EXECUTIVE SUMMARY

The City has an approved Capital Improvement Project (CIP) to construct improvements for the widening of Corral Hollow Road from West Schulte Road (also known as Old Schulte Road) to Linne Road, CIP 73144 (Project). The Project is often referred to as the Corral Hollow Widening Project. The City's 2011 Transportation Master Plan requires the widening of Corral Hollow Road to improve traffic circulation in this part of the City. The Project involves widening Corral Hollow Road from existing two lanes to four lanes with median, service lane, sidewalk, storm drainage and street lights. The precise plan line for this segment of Corral Hollow Road was approved by the City Council on November 15, 2016. The Project passes through San Joaquin County's jurisdiction and the City entered into a cooperative agreement with the County on February 9, 2016, to acquire right-of-ways and complete construction in the County. The project design is complete and involves acquisition of easements and right-of-ways from adjacent property owners (55 parcels) to accommodate the road widening.

Out of fifty-five (55) parcels, the City has not been able to secure right-of-ways, easements and real properties from the remaining nine (9) parcels. In order to complete the acquisitions of right-of-ways and easements in a timely manner without delaying construction of this project, the City Council is requested to adopt a Resolution of Necessity to initiate eminent domain proceedings to acquire the subject easements and real properties. However, the City will still continue working toward completing voluntary acquisitions of such real properties and easements with the property owners during eminent domain proceedings and condemnation process.

DISCUSSION

Corral Hollow Road from West Schulte Road to Linne Road is a major roadway arterial connecting the City's north-south corridor. The City of Tracy's Transportation Master Plan (2012) identifies widening of Corral Hollow Road to improve traffic circulation and relieve congestion. With the development of Ellis and Tracy Hills project, widening of Corral Hollow Road is critical to move vehicles in this corridor.

Design of Corral Hollow Road Widening Project from West Schulte Road (also known as Old Schulte Road) to Linne Road is complete and staff has been working on acquisition of right-of-ways and easements from the fronting property owners for construction of improvements. The scope of the Project includes the widening of the road from existing two lanes to four lanes complete with medians, service lane, sidewalk, street lighting and storm drainage from West Schulte Road to Linne Road. The roadway precise plan line along with road cross section was approved by City Council on November 15, 2016.

The City prepared the Initial Study and Mitigated Negative Declaration (IS/MND) in accordance with California Environmental Quality Act (CEQA). The City Council approved the Project and adopted the IS/MND on February 20, 2018. An amendment to the IS/MND to include PGE improvements required for the project was approved by the City Council on June 18, 2019.

The City and its consultants have designed the Project so that a minimum amount of easements and private property are acquired. Construction of the improvements for widening the roadway requires the acquisition of real property for right-of-way purposes from fifty-five (55) properties owned by 52 property owners. The City completed appraisals and made offers to owners of these properties. The City has secured required properties and easements from thirty-four (34) properties and is in the process of final agreements for acquisition for twelve (12) other properties for the right-of-way purposes. The City has reached an impasse with the nine (9) property owners. The owners of record of these properties and the needed property and/or easements are as follows:

1. John and Stacey Stevenson, 26204 S. Corral Hollow Road, Tracy, California, (APN 242-030-41). A 569 square feet of frontage real property and a 925 square feet construction easement on the existing 26,930 square feet parcel.
2. Tender Loving Care, Inc., 26097 S Corral Hollow Road, Tracy, California, (APN 240-100-07). An 11,337 square feet of frontage real property (7,920 square feet encumbered by public right-of-way and 3,417 square feet unencumbered) and a 3,850 square feet construction easement on the existing 43,560 square feet parcel.
3. Prabhakaran Family Trust, 26172 S. Corral Hollow Road, Tracy, California, (APN 242-030-40). A 2,307 square feet of frontage real property and a 2,600 square feet construction easement on the existing 43,560 square feet parcel.
4. Bonny Carter, 27350 S. Corral Hollow Road, Tracy, California, (APN 244-030-13). A 5,995 square feet construction easement on the existing 81,120 square feet parcel.
5. Michael and Emily Durkee, 26909 S. Corral Hollow Road, Tracy, California, (APN 240-090-04). A 2,291 square feet of frontage real property and a 6,120 square feet construction easement on the existing 43,814 square feet parcel.
6. Maximo and Maria Galvao, 25883 S. Corral Hollow Road, Tracy, California, (APN 240-100-02). A 12,611 square feet of frontage real property (9,001 square feet encumbered by public right-of-way and 3,610 square feet unencumbered) and a 3,680 square feet construction easement on the existing 52,752 square feet parcel.

7. Mathew Schirmer, 26391 S. Corral Hollow Road, Tracy, California, (APN 240-100-15). A 6,967 square feet of frontage real property (5,085 square feet encumbered by public right-of-way and 1,660 square feet unencumbered) and a 2,515 square feet construction easement on the existing 25,369 square feet parcel.
8. Errol Gene King, et al, 26220 S. Corral Hollow Road, Tracy, California, (APN 242-030-42). A 1,630 square feet of frontage real property and a 2,085 square feet construction easement on the existing 12,992 square feet parcel.
9. Patrick Salomon and Anneliese Reitz, 26325 S. Corral Hollow Road, Tracy, California, (APN 240-100-14). A 6,058 square feet of frontage real property (4,422 square feet encumbered by public right-of-way and 1,636 square feet unencumbered) and a 2,125 square feet construction easement on the existing 22,039 square feet parcel.

The City has obtained the latest appraisals for the properties described above by an independent licensed appraiser. The owners of record of the above properties have been sent a summary of the appraisals and offers to purchase the required properties and easements. The property owners and their agents were also sent an information handbook explaining the process and their rights. All parties were also informed of this hearing to adopt the attached Resolution of Necessity and their right to speak at the City Council meeting. To date, negotiations conducted by City staff and the City's right-of-way consultants have not resulted in agreed prices for the required properties.

A check of records with the San Joaquin County Recorder on October 10, 2019, ascertained that all property owners are still owners of record for these properties. Staff recommends that a Resolution of Necessity be adopted at this time. This will allow for the filing of eminent domain proceedings to acquire the required properties. Should the owners of record wish to enter into negotiations to allow the City to purchase the property, such negotiations can occur even after filing the eminent domain action.

In order to adopt a Resolution of Necessity, a total of four (4/5) affirmative votes from the City Council are required. In addition, the Council must find and determine as follows:

1. The public interest and necessity require the proposed project.

Corral Hollow Road from Linne Road to Parkside Drive is a major arterial connecting the City's north-south corridor. The City's Roadway Master Plan identifies widening Corral Hollow Road from Linne Road to Parkside Drive. With the development of the Ellis and Tracy Hills projects, widening of this portion of Corral Hollow Road is critical to move vehicular traffic to and from the northern and southern corridors of the City.

With the development of new residential areas including the Tracy Hills and Ellis projects, a substantial volume of vehicular traffic to and from these properties is anticipated and will need to be mitigated by the widening of Corral Hollow Road.

2. The proposed project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.

To accommodate the arterial roadway as planned, additional road right-of-way is needed. Additional right-of-way averaging about 14 feet in width, and ranging from 7.5 feet to 35 feet in width, would be purchased from approximately 52 adjoining residents, churches, developers and other property owners. Temporary construction easements and long-term public utility easements will also be acquired from each property owner, as needed.

Due to historic development in the project area, the proposed Corral Hollow Road design is expected to use a minimum 88-foot wide right-of-way. The 88-foot wide right-of-way would provide two travel lanes (11-feet each) in each direction (north and south); an 8-foot wide safety/service lane in each direction; and 5.5 to 10.5-foot wide sidewalks on both sides. Between the travel lanes would be located a 14-foot wide center median/left turn pocket area that may be raised or striped. With the reduced width right-of-way, the majority of the 2-mile alignment will not include planned bicycle facilities. Instead, the project will incorporate 8-foot wide safety/service lanes located between the second 11-foot travel lane and curb.

The existing right-of-way of Corral Hollow Road is being used to the maximum extent possible. The additional right-of-way required has been minimized to the extent possible, and consists solely of frontage along the existing properties.

3. The properties described in the resolution are necessary for the proposed project.

In order for the Corral Hollow Widening Project to occur, the properties described in this report must be acquired. Otherwise, there is not enough right-of-way available to construct the new roadway and comply with the City's Transportation Master Plan.

4. That either the offer required by Section 7267.2 of the Government Code has been made to the owner or owners of record, or the offer has not been made because the owner cannot be located with reasonable diligence.

As explained previously in this report, the written offers required by California law have been provided to all of the affected property owners. Voluntary agreements have not been possible with the owners identified above.

The purpose of the hearing is not to determine value of the property, but to determine whether the requirements for adopting the resolution have been met. As discussed above, the project is necessary in order to complete roadway widening. The project has been carefully designed to minimize the amount of private property and easements necessary to construct the project.

FISCAL IMPACT

The City will need to deposit the appraised value of the properties with the State of California Condemnation Deposits Fund. These funds have been budgeted in CIP 73144, for FY 19-20, and are within the project's budgeted amount.

STRATEGIC PLAN

This agenda item is a routine operational item and is not related to the City Council's Strategic Plans.

RECOMMENDATION

That the City Council adopt a Resolution of Necessity to acquire designated property and easements located at the following addresses and Assessor Parcel Numbers (APN) by eminent domain for the purpose of constructing improvements for widening of Corral Hollow Road and further authorize the deposit of the amounts listed against each property with the State of California Condemnation Deposit fund:

1. John and Stacey Stevenson, 26204 S. Corral Hollow Road, Tracy, California, (APN 242-030-41) - \$15,200 (Attachment A)
2. Tender Loving Care, Inc., 26097 S. Corral Hollow Road, Tracy, California, (APN 240-100-07) - \$48,000 (Attachment B)
3. Prabhakaran Family Trust, 26172 S. Corral Hollow Road, Tracy, California, (APN 242-030-40) - \$29,400 (Attachment C)
4. Bonny Carter, 27350 S. Corral Hollow Road, Tracy, California, (APN 244-030-13) - \$10,400 (Attachment D)
5. Michael and Emily Durkee, 26909 S. Corral Hollow Road, Tracy, California, (APN 240-090-04) \$90,300 (Attachment E)
6. Maximo and Maria Galvao, 25883 S. Corral Hollow Road, Tracy, California, (APN 240-100-02) \$57,100 (Attachment F)
7. Mathew Schirmer, 26391 S. Corral Hollow Road, Tracy, California, (APN 240-100-15) - \$23,800 (Attachment G)
8. Errol Gene King, et al, 26220 S. Corral Hollow Road, Tracy, California, (APN 242-030-42) - \$39,600 (Attachment H)
9. Patrick Salomon and Anneliese Reitz, 26325 S. Corral Hollow Road, Tracy, California, (APN 240-100-14) – \$32,300 (Attachment I)

Agenda Item 3.A
November 19, 2019
Page 6

Prepared by: Ripon Bhatia, Senior Civil Engineer

Reviewed by: Kul Sharma, Utilities Director
Karin Schnaider, Finance Director
Andrew Malik, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
STEVENSON (2000-026008)
APN 242-030-41
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to Stevenson, recorded in Document No.2000-026008, Official Records of San Joaquin County, said parcel being Parcel D, as last said parcel is shown on the map in Book 24 of Surveys, Page 26, San Joaquin County Records and more particularly described as follows:

Beginning at the northwesterly corner of said Parcel D; thence along the northerly line of last said parcel South 89°39'01" East 14.26 feet; thence across last said parcel South 00°17'57" West 40.00 feet to the generally southerly line of last said parcel; thence along last said line North 89°39'01" West 14.20 feet to the westerly line of last said parcel, last said line also being the easterly line of Corral Hollow Road, as said road is shown on said map; thence along last said line North 00°12'09" East 40.00 feet to the **Point of Beginning**.

Containing 569 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

END OF DESCRIPTION

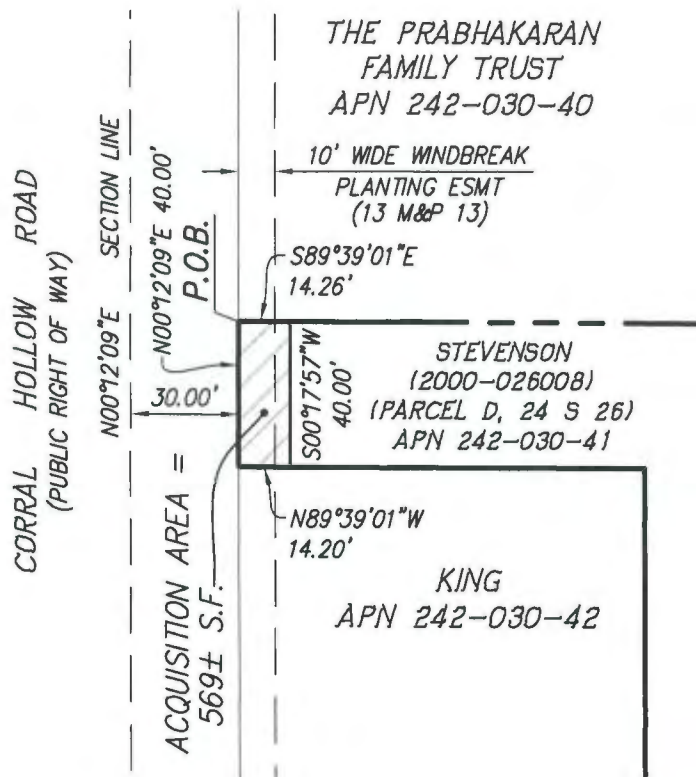
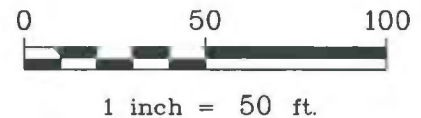
This description and its accompanying plat were prepared by or under the direction of:

April 9, 2018

Scott A. Shortlidge, PLS 6441 Date

LEGEND

	PROPERTY LINE
	ACQUISITION LINE
P.O.B.	POINT OF BEGINNING
S.F.	SQUARE FEET
	ACQUISITION AREA

GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE
GRID DISTANCES. MULTIPLY DISTANCES
BY 1.0000612 TO OBTAIN GROUND
LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED
ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\E04-APN 24203041-STEVENSON.DWG 4/10/2018 1:57:58 PM ALAN MULLEN

EXHIBIT B
PLAT TO ACCOMPANY LEGAL DESCRIPTION
RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1" = 50'

DATE:
4/9/2018

JOB NO.:
121083IP



EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
TENDER LOVING CARE, INC. (1999-101072)
APN 240-100-07
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to Tender Loving Care, Inc., recorded in Document No. 1999-101072, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northeasterly corner of said parcel; thence along the easterly line of said parcel, last said line also being the easterly line of Section 31, T2S, R5E, MDB&M, South 00°12'09" West 263.98 feet to the southerly line of said parcel; thence along last said line North 89°39'24" West 43.16 feet; thence across said parcel North 00°17'57" East 263.98 feet to the northerly line of said parcel; thence along last said line South 89°39'24" East 42.72 feet to the **Point of Beginning**.

Containing 11,337 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

END OF DESCRIPTION

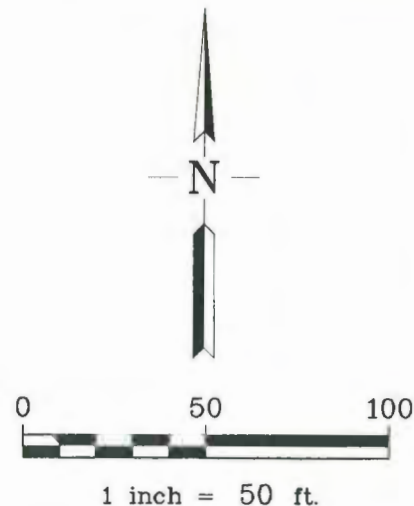
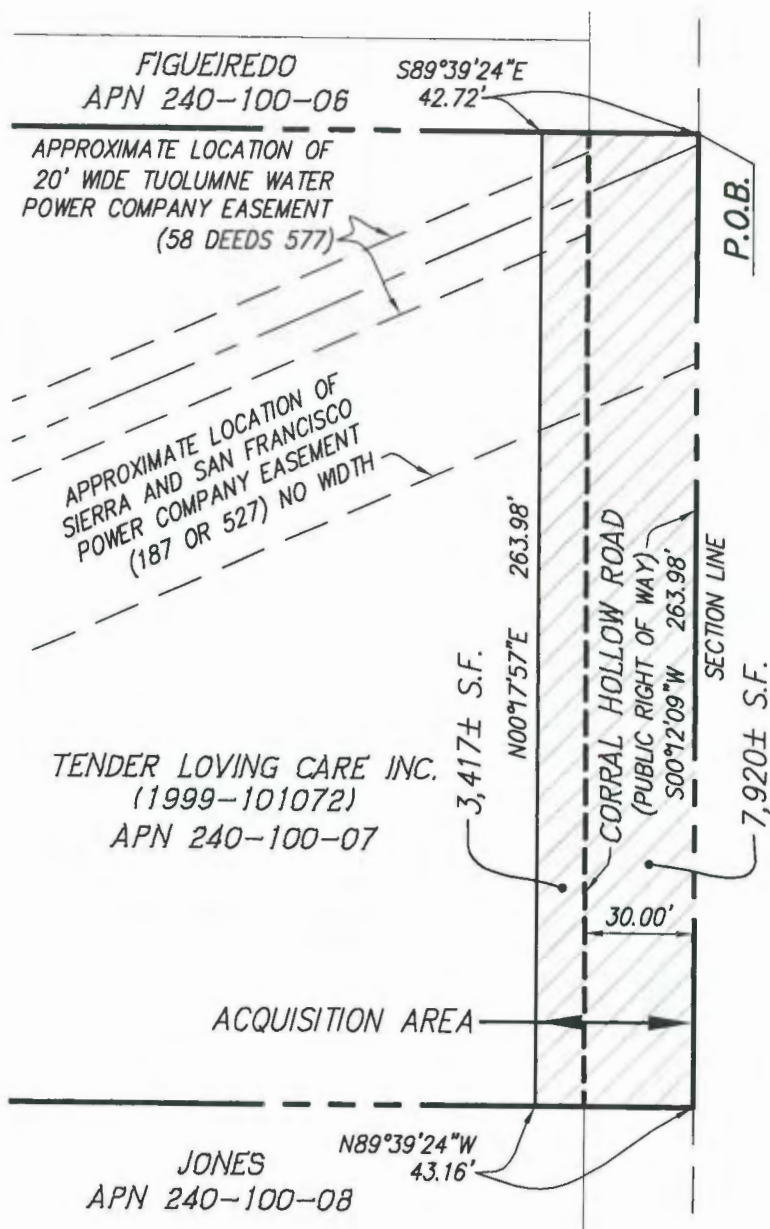
This description and its accompanying plat were prepared by or under the direction of:

April 5, 2018

Scott A. Shortlidge, PLS 6441 Date

LEGEND

-  PROPERTY LINE
-  ACQUISITION LINE
- P.O.B. POINT OF BEGINNING
- S.F. SQUARE FEET
-  ACQUISITION AREA



GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\W06-APN 24010007-TENDER LOVING CARE.DWG 4/5/2018 6:59:11 PM ALAN MULLEN

EXHIBIT B
PLAT TO ACCOMPANY LEGAL DESCRIPTION
RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA

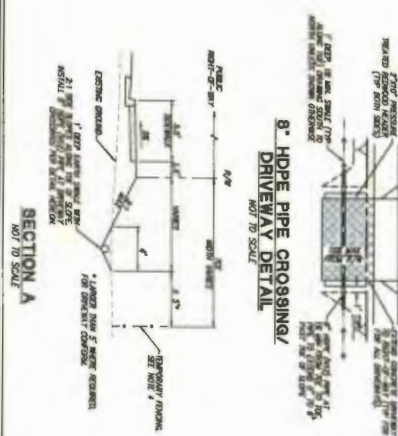
RJA
RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1" = 50'

DATE:
4/9/2018

JOB NO.:
121083IP

SEE SHEET C-7.01



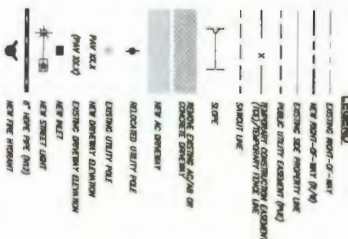
SECTION A

8" HDPE PIPE CRO891
DRIVEWAY DETAIL
NOT TO SCALE

DATE

- [illegible]

CORRAL HOLLOW ROAD

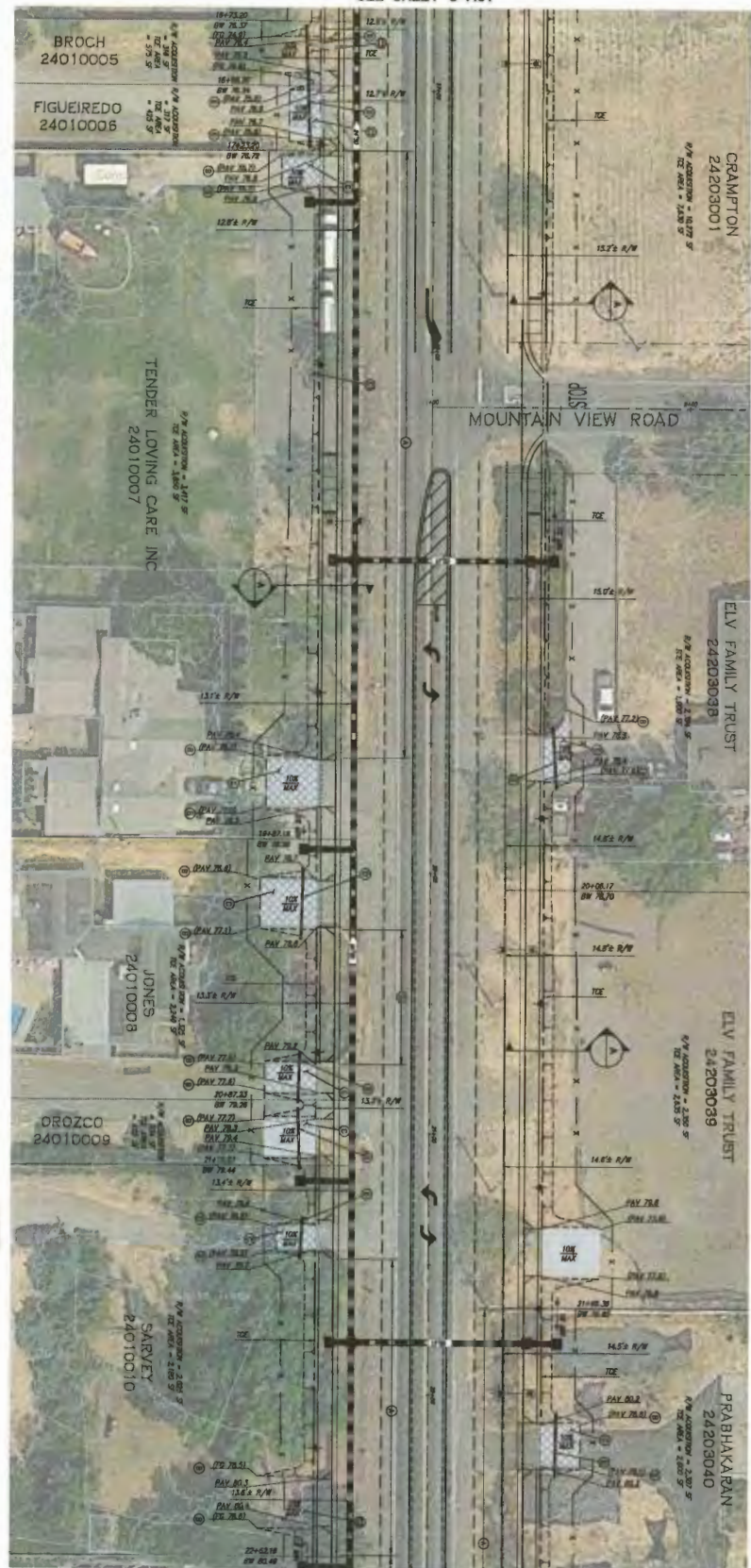


LEGEND

- EXISTING HOOT-O'-MAY
 NEW HOOT-O'-MAY (PUB)
 EXISTING JACK HOPKINS PUB
 NEW DUTCH EXHIBITION (PUB)
 EXISTING CONSTRUCTION LABORERS
 (PUB) EXISTING FINEST LINE
 SLOPE
 NEW AC DISNEY
 REMODE EXISTING AC/PAVE ON
 CONCRETE DRIVEWAY
 RELOCATED UTILITY POLE
 NEW DISNEY EXHIBITION
 EXISTING DRIVEWAY EXHIBITION
 NEW PLETT
 NEW STREET LIGHT
 NEW TREE (PUB)
 NEW TREE EXHIBITION



CAUTION! EXISTING HIGH VOLTAGE ELECTRICAL LINES EXIST PARALLEL TO, AND CROSSING THE PROJECT WORK AREA. CONTRACTOR TO USE EXTREME CAUTION.



SEE SHEET C-7.03

EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
THE PRABHAKARAN FAMILY TRUST (2016-120958)
APN 242-030-40
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to the Prabhakaran Family Trust, dated April 5, 2014 recorded in Document No.2016-120958, Official Records of San Joaquin County, said parcel being Parcel C, as last said parcel is shown on the map in Book 24 of Surveys, Page 26, San Joaquin County Records and more particularly described as follows:

Beginning at the northwesterly corner of said Parcel C; thence along the northerly line of last said parcel South 89°39'01" East 14.53 feet; thence across last said parcel South 00°17'57" West 160.19 feet to the southerly line of last said parcel; thence along last said line North 89°39'01" West 14.26 feet to the westerly line of last said parcel, last said line also being the easterly line of Corral Hollow Road, as said road is shown on said map; thence along last said line North 00°12'09" East 160.19 feet to the **Point of Beginning**.

Containing 2,307 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

END OF DESCRIPTION

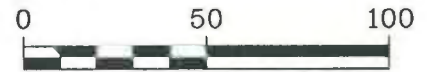
This description and its accompanying plat were prepared by or under the direction of:

April 9, 2018

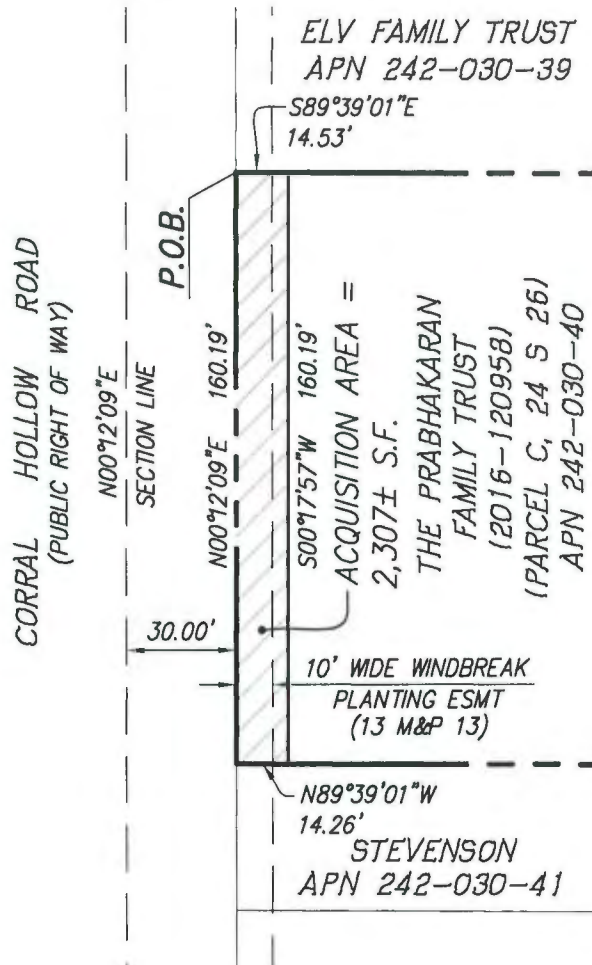
Scott A. Shortlidge, PLS 6441 Date

LEGEND

-  PROPERTY LINE
-  ACQUISITION LINE
- P.O.B. POINT OF BEGINNING
- S.F. SQUARE FEET
-  ACQUISITION AREA



1 inch = 50 ft.



GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\F03-APN 24203040-PRABHAKARAN.DWG 4/10/2018 1:48:39 PM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA

RJA

RUGGERI-JENSEN-AZAR

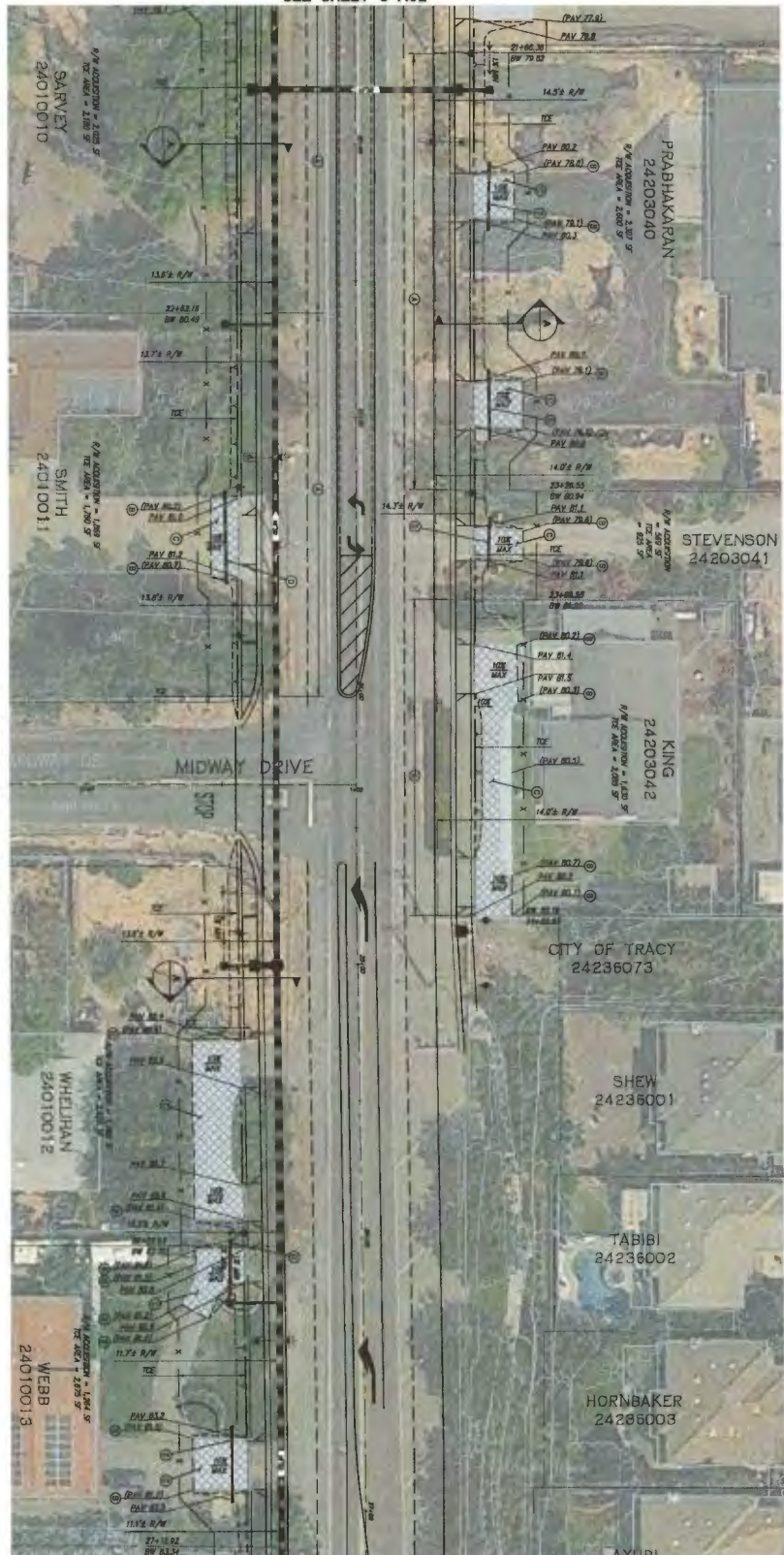
ENGINEERS • PLANNERS • SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1" = 50'

DATE:
4/9/2018

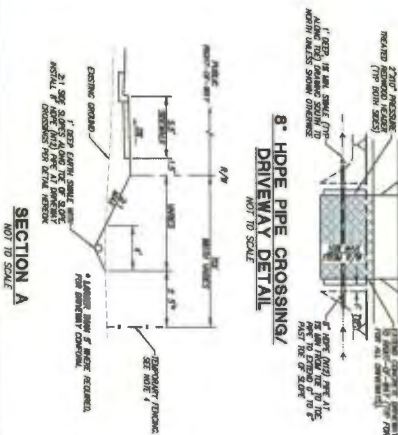
JOB NO.:
121083IP

SEE SHEET C-7.02



SEE SHEET C-7.04

CORRAL HOLLOW ROAD



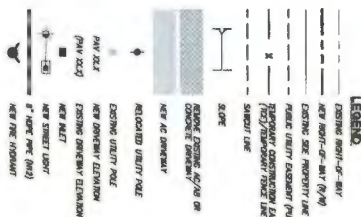
SECTION A
NOT TO SCALE

NOT TO SCALE

1. CONTRACTOR SHALL REFER TO THE "TERRING CONDITIONS, SPECIFICATIONS AND MATERIAL REQUIREMENTS" SECTION OF THE STANDARD SPECIFICATIONS FOR PUBLIC ROADWORK, LATEST EDITION, AND ANY REVISIONS THEREOF, FOR THE REQUIREMENTS OF THE PAVING PLANT FOR OPERATIONS REQUIRED WITHIN PLANT AREA OF THE PROJECT.
2. OPERATOR OF PAVING PLANT SHALL PREPARE AND MAINTAIN RECORDS OF THE PAVING PLANT OPERATIONS TO BE USED BY THE DISTRICT ENGINEER.
3. OPERATOR OF PAVING PLANT SHALL PREPARE AND MAINTAIN RECORDS OF THE PAVING PLANT OPERATIONS TO BE USED BY THE DISTRICT ENGINEER.
4. OPERATOR OF PAVING PLANT SHALL PREPARE AND MAINTAIN RECORDS OF THE PAVING PLANT OPERATIONS TO BE USED BY THE DISTRICT ENGINEER.
5. IN ACCORDANCE WITH THE STANDARD SPECIFICATIONS FOR PUBLIC ROADWORK, LATEST EDITION, THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PAVING PLANT OPERATIONS.

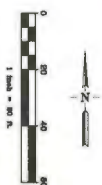
CONSTRUCTION NOTES:

- (A) REMOVE EXISTING FLOOR, SUE THIRD FLOORS SHALL BE REMOVED TO THE SLAB.
- (B) REMOVE EXISTING CONCRETE ASPHALT CONCRETE AT EXISTING CORNER.
- (C) REMOVE EXISTING CONCRETE/ASPHALT CONCRETE/PAVEMENT AND REPLACE WITH 5" AC, 1.5" AS INSTALLED 2" MIN PRESSURE TREATED REDWOOD MEMBERS PER UNIVERSITY OF THE MICHIGAN.
- (D) INSTALL 8" HOPE (M2) AT 18" MAX UNDER DIRECTLY PER EXIST. MEMBER.



LEGEND

- * DURING NIGHT-OF-BAY
 * NEW HORN-OF-BAY (NY)
 DURING THE PROPERTY LINE
 * PUBLIC UTILITY CONSTRUCTION (NY)
 * TEMPORARY CONSTRUCTION LA
 * TEMPORARY PHONE LINE
 * SHIELD LINE
 * SCORE
 * DURING EVENING ACROSS OR
 * COMPOSED ELEMENT
 * NEW AC DOWNTOWN
 * RELOCATED UTILITY POLE
 * DURING UTILITY POLE
 * NEW DOWNTOWN ELEVATION
 * DURING DOWNTOWN ELEVATION
 * NEW BUILT
 * NEW STREET LIGHT
 * NEW HORN-OF-BAY (NY)
 * NEW THE SHIELD



CAUTION! EXISTING HIGH VOLTAGE ELECTRICAL LINES EAST PARALLEL TO, AND CROSSING THE PROJECT WORK AREA. CONTRACTOR TO USE EXTREME CAUTION.



OWL TOLL FREE
1-800-227-2600
AT LEAST TWO DAYS
BEFORE YOU GO

C-7.03
OF  SHEETS

SHIFT

LOT FINE GRADING AND CONFORM
PLANS
IMPROVEMENT PLANS
CORRAL HOLLOW ROAD
WIDENING CIP-73144
CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA

DESIGNED BY	SC
DRAWN BY	FD
CHECKED BY	SD
SCALE	1/4" = 1'-0"

[illegible]

RJA
RUGGERI-JENSEN-AZAF
ENGINEERS • PLANNERS • ARCHITECTS
2541 WARREN DRIVE, SUITE 100, ROCKLIN, CA 95877
PHONE: (916) 830-8800 FAX: (916) 830-0809



CITY OF TRACY

APPROVED FOR CONSTRUCTION SUBJECT TO THE
DATA SHOWN CITY OF TRACY AND THE UNDERSIGNED
ARE NOT RESPONSIBLE FOR ERRORS AND/OR
OMISSION THAT MAY BE PRESENT ON THESE PLANS

ROBERT KANGAS, P.E. CITY ENGINEER DATE

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of San Joaquin, State of California, described as follows:

A PORTION OF THE NORTHWEST 1/4 OF SECTION 5, TOWNSHIP 3 SOUTH, RANGE 5 EAST, MOUNT DIABLO BASE AND MERIDIAN, SAN JOAQUIN COUNTY, CALIFORNIA.

BEGINNING AT A POINT ON THE EAST LINE OF CORRAL HOLLOW ROAD, SAID POINT BEING SOUTH 0° 12' WEST 1279.98 FEET AND SOUTH 89° 48' EAST 30.00 FEET FROM THE NORTHWEST CORNER OF THE NORTHWEST 1/4 OF SECTION 5, TOWNSHIP 3 SOUTH, RANGE 5 EAST, MOUNT DIABLO BASE AND MERIDIAN (SAID POINT IS ALSO 1254.98 FEET FROM THE SOUTH LINE OF VAL PICO ROAD); THENCE SOUTH 89° 48' EAST 416.80 FEET AND PARALLEL TO THE SOUTH LINE OF VAL PICO ROAD TO A POINT; THENCE SOUTH 0° 12' WEST 209.02 FEET AND PARALLEL TO THE EAST LINE OF CORRAL HOLLOW ROAD TO A POINT; THENCE NORTH 89° 48' WEST 416.80 FEET TO A POINT ON THE EAST LINE OF CORRAL HOLLOW ROAD; THENCE NORTH 0° 12' EAST 209.02 FEET ALONG THE EAST LINE OF CORRAL HOLLOW ROAD TO THE POINT OF BEGINNING.

APN: 244-030-13

**EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
DURKEE (2012-120878)
APN 240-090-04
TRACY, CALIFORNIA**

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of parcel of land described in the deed to Durkee, recorded in Document No. 2012-120878, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northeasterly corner of said parcel; thence along the easterly line of said parcel, last said line also being the westerly line of Corral Hollow Road, South $00^{\circ}12'04''$ West 169.99 feet to the southerly line of said parcel; thence along last said line North $84^{\circ}16'24''$ West 13.32 feet; thence across said parcel North $00^{\circ}12'04''$ East 56.83 feet and North $00^{\circ}13'43''$ West 100.00 feet to the northerly line of said parcel; thence along last said line South $89^{\circ}47'54''$ East 14.01 feet to the **Point of Beginning**.

Containing 2,291 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

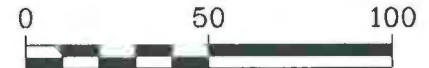
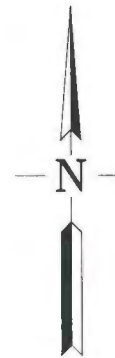
END OF DESCRIPTION

This description and its accompanying plat were prepared by or under the direction of:

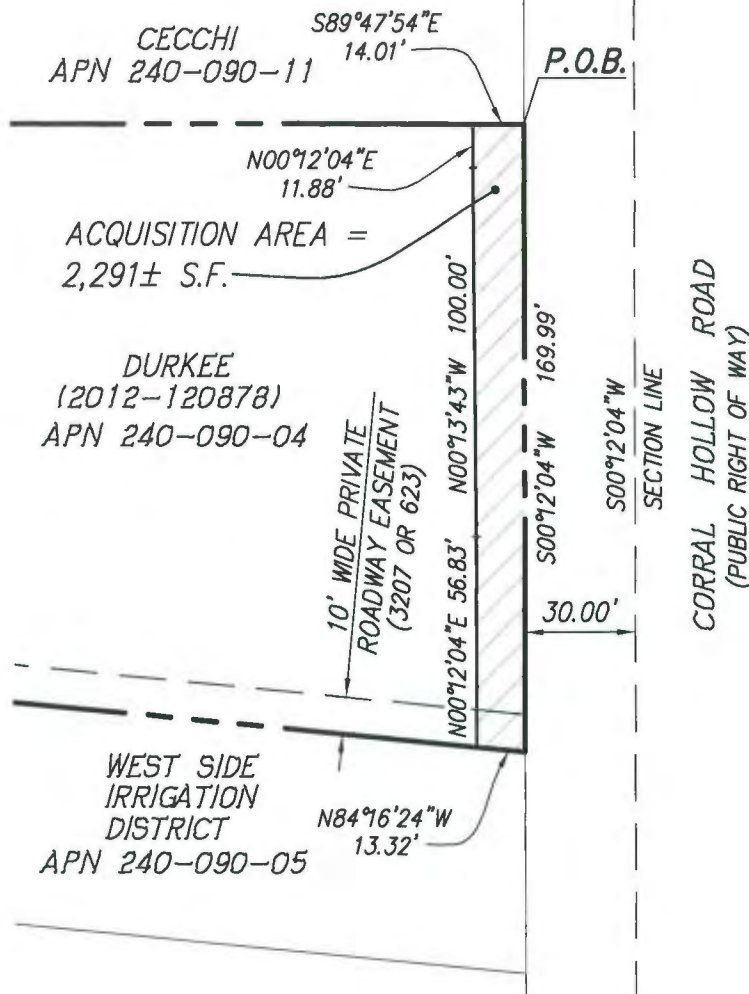
<u>April 5, 2018</u>	
Scott A. Shortlidge, PLS 6441	Date

LEGEND

	PROPERTY LINE
	ACQUISITION LINE
P.O.B.	POINT OF BEGINNING
S.F.	SQUARE FEET
	ACQUISITION AREA



1 inch = 50 ft.



GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\W18-APN 24009004-DURKEE.DWG 4/10/2018 11:08:32 AM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA



RUGGERI-JENSEN-AZAR

ENGINEERS ■ PLANNERS ■ SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1" = 50'

DATE:
4/9/2018

JOB NO.:
121083IP

SEE SHEET C-7.08

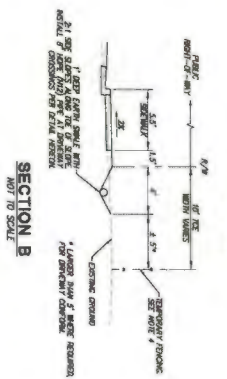


SEE SHEET C-7.08

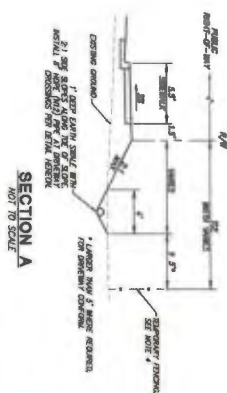
CORRAL HOLLOW ROAD



**8" HDPE PIPE CROSSING/
DRIVEWAY DETAIL**



SECTION B
NOT TO SCALE



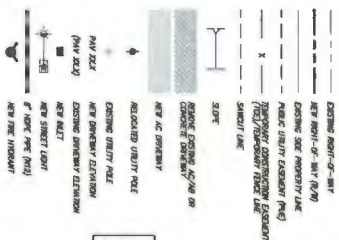
SECTION A
NOT TO SCALE

CONSTRUCTION NOTES:

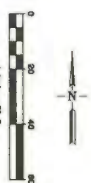
- (A) REMOVE EXISTING REINFORCEMENT. REINFORCING BARS SHALL BE REINFORCED TO THE LIMIT.
- (B) REMOVE EXISTING CONCRETE/ASPHALT CONCRETE AT DRIVEWAY CURB/PAVEMENT.
- (C) REMOVE EXISTING CONCRETE/ASPHALT CONCRETE/PAVEMENT AND REINFORCE WITH 3" A.C. AT THE INSTALLATION. THE PRESSURE TREATED REINFORCED REBAR SHALL BE DRIVEN AT THE INSTANT.
- (D) INSTALL 3" REINFORCED AT THE NEW CONCRETE/PAVEMENT.

GENERAL NOTES:

1. CONSTRUCTION SHALL REFER TO THE "CONSTRUCTIVE" DEMOLITION AND UTILITY RELOCATION PLANS FOR THE RELOCATION OF THE POWER PLANT AND OF THE 115KV.
2. CONSTRUCTION OF CLAM EXISTING RETAIN WALLS, AN IMPROVEMENT TO THE DRAIN.
3. DEMOLITION TO CUT OFF ANY EXISTING IMPOUNDMENT AND TO REMOVE EXISTING CONCRETE AND STEEL STRUCTURE EXPOSED WITHIN THE LIMITS.
4. CONSTRUCTION TO INSTALL DRAINAGE OF CLAM LIFT PILES TO BE USED TO REMOVE EXISTING ROCKS IN PLACE & TO BE USED TO REMOVE EXISTING ROCKS IN PLACE AND TO BE USED TO REMOVE EXISTING ROCKS IN PLACE AND TO BE USED TO REMOVE EXISTING ROCKS IN PLACE.
5. IN ACCORDANCE TO CONSTRUCTION PLAN (B) CONSTRUCTION SHALL BE COMPLETED OF ALL EXISTING OVERHEAD FACILITIES.



LEAD



CAUTION: EXISTING HIGH VOLTAGE ELECTRICAL LINES EXIST PARALLEL TO, AND CROSSING THE PROJECT WORK AREA. CONTRACTOR TO USE EXTREME CAUTION.



LOT FINE GRADING AND CONFORM
PLANS
IMPROVEMENT PLANS
CORRAL HOLLOW ROAD
WIDENING CIP-73144
CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA

SERIAL #1	REASONS			
LC	LOCAL	INTL	EXCISE TAX	OTHER
BRAIN #1				
#3				
CHECKED BY:				
JD				
SCALE				
cell detection				

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • ARCHITECTS
2541 MARSH DRIVE, SUITE 100, ROCKLIN, CA 95677



CITY OF TRACY

APPROVED FOR CONSTRUCTION SUBJECT TO THE DATA SHOWN. CITY OF TRACY AND THE UNDERSIGNED ARE NOT RESPONSIBLE FOR ERRORS AND/OR OMISSIONS THAT MAY BE PRESENT ON THESE PLANS.

DATE

EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
GALVAO (1987-107725)
APN 240-100-02
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to Galvao, recorded on November 25, 1987 in Document No. 1987-107725, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northeasterly corner of said parcel said corner being on the easterly line of Section 31, T2S, R5E, MDB&M; thence along said easterly line South 00°12'09" West 299.98 feet to the generally southerly line of said parcel; thence along last said line North 89°39'24" West 42.11 feet; thence across said parcel North 00°17'57" East 289.36 feet and North 44°41'22" West 15.03 feet to the northerly line of said parcel; thence along last said line South 89°39'24" East 52.23 feet to the **Point of Beginning**.

Containing 12,611 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

END OF DESCRIPTION

This description and its accompanying plat were prepared by or under the direction of:

April 5, 2018
Scott A. Shortlidge, PLS 6441 Date

LEGEND

- - - - - PROPERTY LINE
 - - - - - ACQUISITION LINE
 P.O.B. POINT OF BEGINNING
 S.F. SQUARE FEET
 [Hatched Box] ACQUISITION AREA

VALLEY COMMUNITY
 BAPTIST CHURCH
 OF TRACY
 APN 240-100-01

GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.

VALLEY COMMUNITY BAPTIST CHURCH OF TRACY
 APN 240-100-01

GALVAO
 (1987-107725)
 APN 240-100-02

SKELTON
 APN 240-100-03

S89°39'24"E
 52.23'

N44°41'22"W
 15.03'

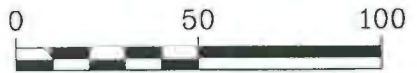
3,610± S.F.
 N00°17'57"E 289.36'

P.O.B.

CORRAL HOLLOW ROAD
 (PUBLIC RIGHT OF WAY)
 S00°12'09"W 299.98'

SECTION LINE

9,001± S.F.



1 inch = 50 ft.



SCOTT A. SHORTLIDGE, P.L.S. 6441
 APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\W01-APN 24010002-GALVAO.DWG 4/5/2018 5:42:47 PM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
 RIGHT OF WAY ACQUISITION

CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA



RUGGERI-JENSEN-AZAR

ENGINEERS ■ PLANNERS ■ SURVEYORS
 4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
 PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
 1" = 50'

DATE:
 4/9/2018

JOB NO.:
 121083IP

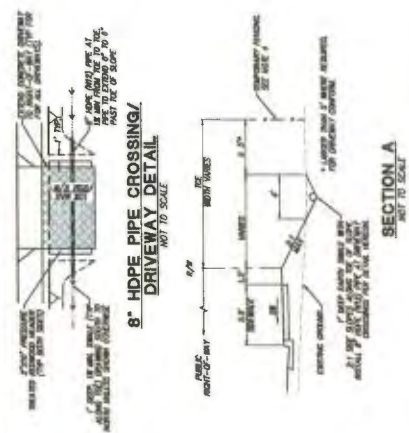
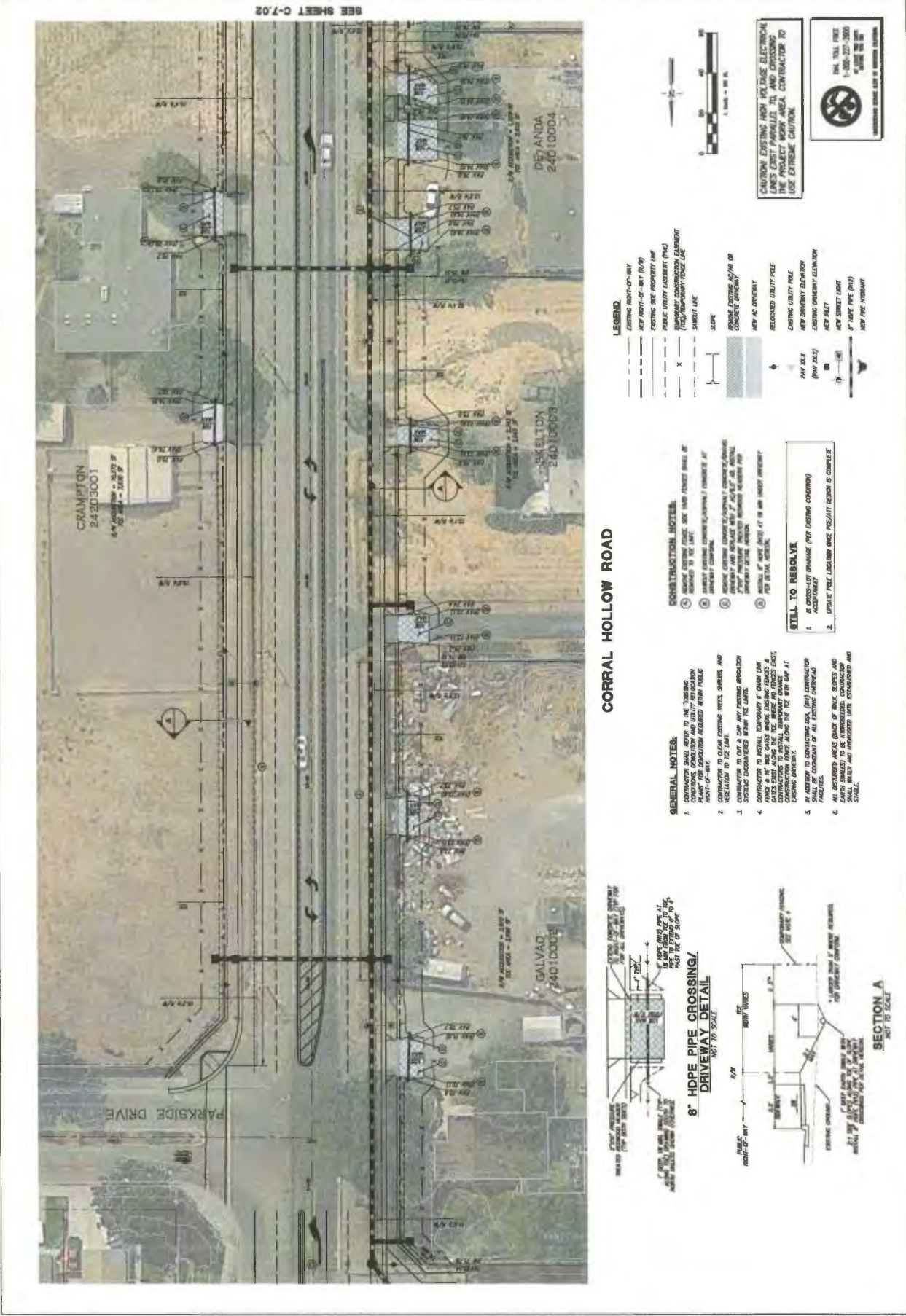


EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
SCHIRMER (2016-147893)
APN 240-100-15
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to Schirmer, recorded in Document No. 2016-147893, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northeasterly corner of said parcel; thence along the easterly line of said parcel, last said line also being the easterly line of Section 31, T2S, R5E, MDB&M, South 00°12'04" West 169.49 feet to the southerly line of said parcel; thence along last said line North 89°39'24" West 41.11 feet; thence across said parcel North 01°22'25" East 0.29 feet and North 00°12'04" East 169.20 feet to the northerly line of said parcel; thence along last said line South 89°39'24" East 41.10 feet to the **Point of Beginning**.

Containing 6,967 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

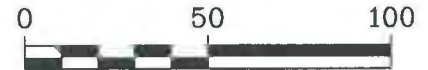
END OF DESCRIPTION

This description and its accompanying plat were prepared by or under the direction of:

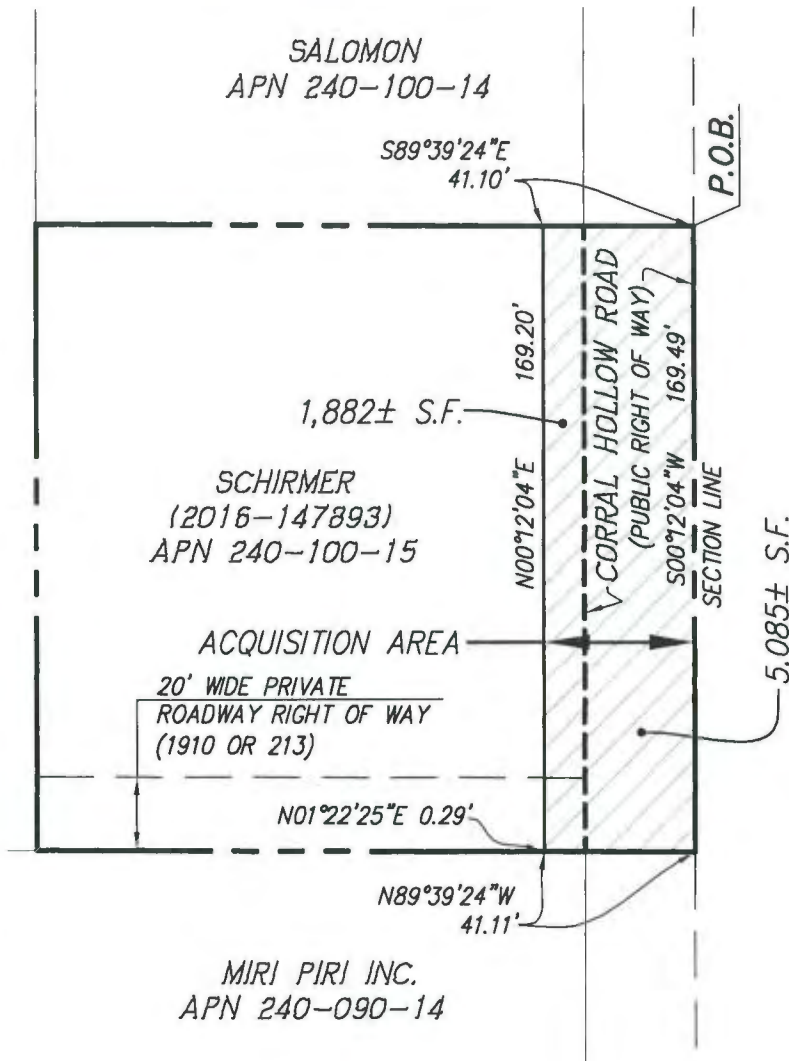
April 5, 2018
Scott A. Shortlidge, PLS 6441 Date

LEGEND

-  PROPERTY LINE
 ACQUISITION LINE
 P.O.B. POINT OF BEGINNING
 S.F. SQUARE FEET
 ACQUISITION AREA



1 inch = 50 ft.



GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
 APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\W14-APN 24010015-SCHIRMER.DWG 4/6/2018 1:27:37 PM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
 RIGHT OF WAY ACQUISITION
 CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA



RUGGERI-JENSEN-AZAR

ENGINEERS • PLANNERS • SURVEYORS
 4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
 PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
 1" = 50'

DATE:
 4/9/2018

JOB NO.:
 121083IP



EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
THE ERROL GENE KING LIVING TRUST (2012-071009)
APN 242-030-42
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to The Errol Gene King Living Trust, recorded in Document No.2012-071009, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northwesterly corner of said parcel; thence along the northerly line of said parcel South 89°39'01" East 14.20 feet; thence across said parcel South 00°17'57" West 115.61 feet to the southerly line of said parcel; thence along last said line North 89°37'58" West 14.00 feet to the westerly line of said parcel, last said line also being the easterly line of Corral Hollow Road; thence along last said line North 00°12'09" East 115.60 feet to the **Point of Beginning**.

Containing 1,630 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

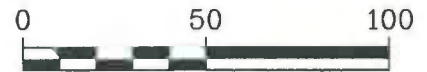
END OF DESCRIPTION

This description and its accompanying plat were prepared by or under the direction of:

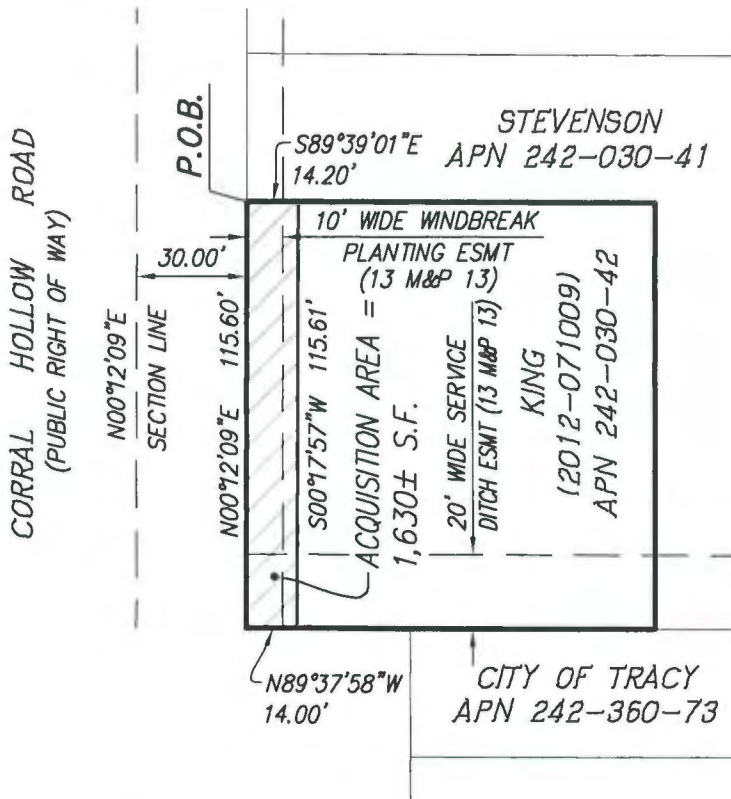
April 9, 2018
Scott A. Shortlidge, PLS 6441 Date

LEGEND

-  PROPERTY LINE
-  ACQUISITION LINE
-  P.O.B. POINT OF BEGINNING
-  S.F. SQUARE FEET
-  ACQUISITION AREA



1 inch = 50 ft.



GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\E05-APN 24203042-KING.DWG 4/10/2018 2:07:24 PM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA



RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1" = 50'

DATE:
4/9/2018

JOB NO.:
121083IP

SEE SHEET C-7.02



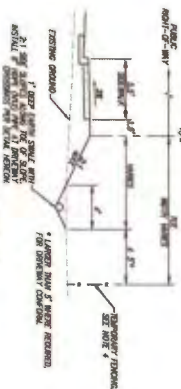
SEE SHEET C-7.04

CORRAL HOLLOW ROAD



**8" HDPE PIPE CROSSING/
DRIVEWAY DETAIL**

NOT TO SCALE



SECTION A

not to

GENERAL NOTES:

1. CONTRACTOR SHALL REFER TO THE "TESTING CONDITIONS, DETERMINATION AND UTILITY REDUCTION POINT" FOR DETERMINATION REQUIRED WITHIN THREE DAYS OF START.
2. CONTRACTOR TO CLEAR EXISTING INDEX SURFACES AND RECONSTRUCT TO THE LIMIT.
3. CONTRACTOR TO CUT A NEW FIVE LADING APPROXIMON STRIPES DISCONTINUED WITH THE CLARKS.
4. CONTRACTOR TO INSTALL TYPED-ON-5' CHAIN LINK FENCE & 1/4" INCH GAUGE WIRE EXISTING FENCE EXIST. CONTRACTOR TO REPAIR EXISTING FENCE TO CORRESPONDING TO EXISTING BOUNDARY. CONTRACTOR TO REPAIR EXISTING FENCE ALONG THE FIVE WITH ALL EXISTING OPENINGS.
5. IN ADDITION TO CONTRACTING USA, (B1) CONTRACTOR SHALL BE COMBANT OF ALL EXISTING OPENINGS FENCES.

CONSTRUCTION NOTES:

- (A) REMOVE EXISTING FENCE. SLOE VARD FENCES SHALL BE REMOVED TO THE BACK.
- (B) SAVED/ EXISTING CONCRETE/ ASPHALT/ CONCRETE AT DRIVEWAY CORNER.
- (C) REMOVE EXISTING CONCRETE/ ASPHALT/ CONCRETE/ DRIVEWAY AND REPLACE WITH 5" AC/4.5" AS. INSTALL 3"X6" PRESSURE TREATED ROUNDWOOD HEADINGS PER DRIVEWAY DETAIL HEREON.
- (D) INSTALL 3" X 6" (MIN) AT THE MAX UNPAVED DRIVEWAY FOR DETAIL HEREON.

WILEY

	LONG RECT-PLATE
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CAUTION! EXISTING HIGH VOLTAGE ELECTRICAL LINES EXIST PARALLEL TO, AND CROSSING THE PROJECT WORK AREA. CONTRACTOR TO USE EXTREME CAUTION.



C-7.03
OF 44 SHEETS

SHEET

**LOT FINE GRADING AND CONFORM
PLANS
IMPROVEMENT PLANS
CORRAL HOLLOW ROAD
WIDENING CIP-73144
CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA**

50
50-60 8%
F5
60-70 9%
30
80-90 10%
with insurance

[illegible]

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • SURVEYORS
2541 WARREN DRIVE, SUITE 100, NODALIN, CA 95677
PHONE: (916) 630-6800 FAX: (916) 930-6808



CITY OF TRACY

APPROVED FOR CONSTRUCTION SUBJECT TO THE DATA SHOWN. CITY OF TRACY AND THE UNDERSIGNED ARE NOT RESPONSIBLE FOR ERRORS AND/OR OMISSION THAT MAY BE PRESENT ON THESE PLANS.

**EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
SALOMON & REITZ (2012-027040)
APN 240-100-14
TRACY, CALIFORNIA**

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to the Salomon and Reitz, recorded in Document No. 2012-027040, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northeasterly corner of said parcel; thence along the easterly line of said parcel, last said line also being the easterly line of Section 31, T2S, R5E, MDB&M, South 00°12'04" West 147.38 feet to the southerly line of said parcel; thence along last said line North 89°39'24" West 41.10 feet; thence across said parcel North 00°12'04" East 147.39 feet to the northerly line of said parcel; thence along last said line South 89°38'50" East 41.10 feet to the **Point of Beginning**.

Containing 6,058 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

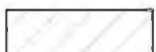
See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

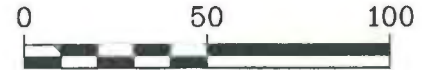
END OF DESCRIPTION

This description and its accompanying plat were prepared by or under the direction of:

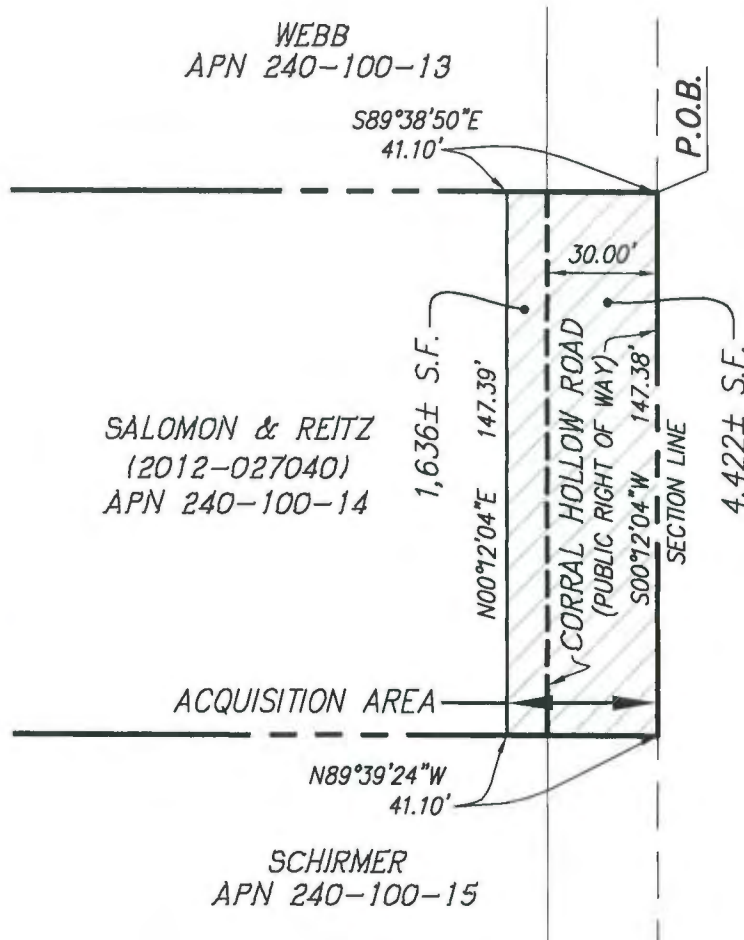
April 5, 2018
Scott A. Shortlidge, PLS 6441 Date

LEGEND

	PROPERTY LINE
	ACQUISITION LINE
P.O.B.	POINT OF BEGINNING
S.F.	SQUARE FEET
	ACQUISITION AREA



1 inch = 50 ft.



GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\W13-APN 24010014-SALOMON & REITZ.DWG 4/6/2018 11:44:16 AM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA



RUGGERI-JENSEN-AZAR

ENGINEERS • PLANNERS • SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1" = 50'

DATE:
4/9/2018

JOB NO.:
121083IP

SEE SHEET C-7.03



SEE SHEET C-7.06

CORRAL HOLLOW ROAD

R/W ACQUISITION = 12.629 SF
 RE AREA = 4.840 SF
 MIRI PIRI INC.
 2400901A

CONSTRUCTION NOTES:

2. **REPORT TO THE BOARD:** THE BOARD SHALL BE KEPT ADVISED OF THE PROGRESS OF THE PROJECT AND THE STATUS OF THE PROJECT AT ALL TIMES.
3. **REPORT TO THE BOARD:** THE BOARD SHALL BE KEPT ADVISED OF THE PROGRESS OF THE PROJECT AND THE STATUS OF THE PROJECT AT ALL TIMES.
4. **REPORT TO THE BOARD:** THE BOARD SHALL BE KEPT ADVISED OF THE PROGRESS OF THE PROJECT AND THE STATUS OF THE PROJECT AT ALL TIMES.
5. **REPORT TO THE BOARD:** THE BOARD SHALL BE KEPT ADVISED OF THE PROGRESS OF THE PROJECT AND THE STATUS OF THE PROJECT AT ALL TIMES.
6. **REPORT TO THE BOARD:** THE BOARD SHALL BE KEPT ADVISED OF THE PROGRESS OF THE PROJECT AND THE STATUS OF THE PROJECT AT ALL TIMES.
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10. **REPORT TO THE BOARD:** THE BOARD SHALL BE KEPT ADVISED OF THE PROGRESS OF THE PROJECT AND THE STATUS OF THE PROJECT AT ALL TIMES.

Legend

- [illegible]

CAUTION: EXISTING HIGH VOLTAGE ELECTRICAL LINES EXIST PARALLEL TO, AND CROSSING THE PROJECT WORK AREA. CONTRACTOR TO USE EXTREME CAUTION.



DUAL TOLL FREE
1-800-727-2600
AT LEAST TWO DAYS
BEFORE YOU DIE

SHEET
C-7.04
OF 11 SHEETS

**LOT FINE GRADING AND CONFORM
PLANS
IMPROVEMENT PLANS
CORRAL HOLLOW ROAD
WIDENING CIP-73144
CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA**

20200000 0000	SD
20200000 0000	FS
20200000 0000	SD
20200000 0000	SD

[illegible]

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • SURVEYORS
2241 MARSH DRIVE, SUITE 100, ROCKLIN, CA 95677



CITY OF TRACY		
APPROVED FOR CONSTRUCTION SUBJECT TO THE DATA SHOWN. CITY OF TRACY AND THE UNDERSIGNED ARE NOT RESPONSIBLE FOR ERRORS AND/OR OMISSION THAT MAY BE PRESENT ON THESE PLANS.		
ROBERT ARNEAD P.E.	CITY ENGINEER	DATE

RESOLUTION 2019-_____

RESOLUTION OF NECESSITY OF THE CITY OF TRACY TO CONDEMN REAL PROPERTIES IN CONNECTION WITH THE WIDENING OF CORRAL HOLLOW ROAD FROM WEST SCHULTE ROAD TO LINNE ROAD; MAKE FINDINGS AND DETERMINATIONS; AUTHORIZE EMINENT DOMAIN PROCEEDINGS AND APPLICATIONS FOR POSSESSION PRIOR TO JUDGMENT; DRAW AND DEPOSIT WARRANTS (PORTION OF STEVENSON, APN 242-030-41; TENDER LOVING CARE, APN 240-100-07; PRABHAKARAN, APN 242-030-40; CARTER, APN 244-030-13; DURKEE, APN 240-090-04; GALVAO, APN 240-100-02; SCHIRMER, APN 240-100-15; KING, APN 242-030-42; AND SALOMON/REITZ, APN 240-100-14)

WHEREAS, The City of Tracy wishes to acquire the real properties described herein for public use by the exercise of the power of eminent domain. The properties are required for the project to widen Corral Hollow Road from West Schulte Road to Linne Road (the "Project"), and

WHEREAS, Pursuant to Chapter 4, Title 7, Part 3 of the Code of Civil Procedure, written notice of the intent to consider the adoption of this resolution of necessity was sent on October 31, 2019, to the owners of record of the said properties, and

WHEREAS, Due consideration of all oral and documentary evidence introduced has been given;

NOW, THEREFORE, by vote of four (4/5) or more of its members, the City Council of the City of Tracy does find and resolve as follows:

1. The findings and declarations contained in this resolution are based upon the record before the City Council on November 19, 2019, when the City Council received and discussed the Staff Report accompanying this resolution, and the testimony, records and documents produced at the hearing, all of which are incorporated by this reference;
2. The properties to be acquired are:
 - a) John and Stacey Stevenson, 26204 S. Corral Hollow Road, Tracy, California, (APN 242-030-41). The property to be acquired consists of 569 square feet of frontage real property in fee simple, and 925 square feet for a temporary construction easement, more specifically described in **Attachment A** attached hereto and made a part hereof.
 - b) Tender Loving Care, Inc., 26097 S. Corral Hollow Road, Tracy, California, (APN 240-100-07). The property to be acquired consists of 11,337 square feet of frontage property in fee simple, and 3,850 square feet for a temporary construction easement, more specifically described in **Attachment B** attached hereto and made a part hereof.
 - c) Prabhakaran Family Trust, 26172 S. Corral Hollow Road, Tracy, California, (APN 242-030-40). The property to be acquired consists of 2,307 square feet of frontage real property in fee simple, and 2,600 square feet for a temporary construction easement, more specifically described in **Attachment C** attached hereto and made a part hereof.

- d) Bonny Carter, 27350 S. Corral Hollow Road, Tracy, California, (APN 244-030-13). The property to be acquired consists of a 5,995 square foot temporary construction easement, more specifically described in **Attachment D** attached hereto and made a part hereof.
- e) Michael and Emily Durkee, 26909 S. Corral Hollow Road, Tracy, California, (APN 240-090-04). The property to be acquired consists of 2,291 square feet of frontage real property in fee simple, and 6,120 square feet for a temporary construction easement, more specifically described in **Attachment E** attached hereto and made a part hereof.
- f) Maximo and Maria Galvao, 25883 S. Corral Hollow Road, Tracy, California, (APN 240-100-02). The property to be acquired consists of 12,611 square feet of frontage real property in fee simple, and 3,680 square feet for a temporary construction easement, more specifically described in **Attachment F** attached hereto and made a part hereof.
- g) Mathew Schirmer, 26391 S. Corral Hollow Road, Tracy, California, (APN 240-100-15). The property to be acquired consists of 6,967 square feet of frontage real property in fee simple and 2,515 square feet for a temporary construction easement, more specifically described in **Attachment G** attached hereto and made a part hereof.
- h) Errol Gene King, et al, 26220 S. Corral Hollow Road, Tracy, California, (APN 242-030-42). The property to be acquired consists of 1,630 square feet of frontage real property in fee simple, and 2,085 square feet for a temporary construction easement, more specifically described in **Attachment H** attached hereto and made a part hereof.
- i) Patrick Salomon and Anneliese Reitz, 26325 S. Corral Hollow Road, Tracy, California, (APN 240-100-14). The property to be acquired consists of 6,058 square feet of frontage real property in fee simple, and 2,125 square feet for a temporary construction easement, more specifically described in **Attachment I** attached hereto and made a part hereof.

3. The properties are to be acquired for the right-of-ways and easements for the Project, pursuant to the authority granted in Government Code sections 37350.5, 40401, 40404 and 66462.5; Title 7, Part 3 of the Code of Civil Procedure; and other provisions of law;

4. The City prepared the Initial Study and Mitigated Negative Declaration (IS/MND) in accordance with California Environmental Quality Act (CEQA). The City Council approved the Project and adopted the IS/MND on February 20, 2018. An amendment to the IS/MND to include Pacific Gas & Electric improvements required for the Project was approved by the City Council on June 18, 2019;

5. The public interest and necessity require the Project;
6. The Project is planned or located in the manner which will be most compatible with the greatest public good and the least private injury;
7. The real property interests described herein are necessary for the Project; and
8. The offers required by Section 7267.2 of the Government Code have been made to the owners of record.

Special counsel, Price, Postel & Parma LLP are hereby AUTHORIZED AND EMPOWERED:

To acquire in the name of the City of Tracy, by condemnation, the said properties in accordance with the provisions of the eminent domain law, the Code of Civil Procedure, the Government Code and the Constitution of California;

To prepare and prosecute in the name of the City of Tracy, such proceedings in the proper court as are necessary for such acquisitions; and

To deposit the probable amounts of compensation, based on appraisals, and to apply to said court for an order permitting the City of Tracy to take immediate possession and use said properties for said public uses and purposes.

The foregoing Resolution 2019-____ was passed and adopted by the City Council on the 19th day of November, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK

EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
STEVENSON (2000-026008)
APN 242-030-41
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to Stevenson, recorded in Document No.2000-026008, Official Records of San Joaquin County, said parcel being Parcel D, as last said parcel is shown on the map in Book 24 of Surveys, Page 26, San Joaquin County Records and more particularly described as follows:

Beginning at the northwesterly corner of said Parcel D; thence along the northerly line of last said parcel South 89°39'01" East 14.26 feet; thence across last said parcel South 00°17'57" West 40.00 feet to the generally southerly line of last said parcel; thence along last said line North 89°39'01" West 14.20 feet to the westerly line of last said parcel, last said line also being the easterly line of Corral Hollow Road, as said road is shown on said map; thence along last said line North 00°12'09" East 40.00 feet to the **Point of Beginning**.

Containing 569 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

END OF DESCRIPTION

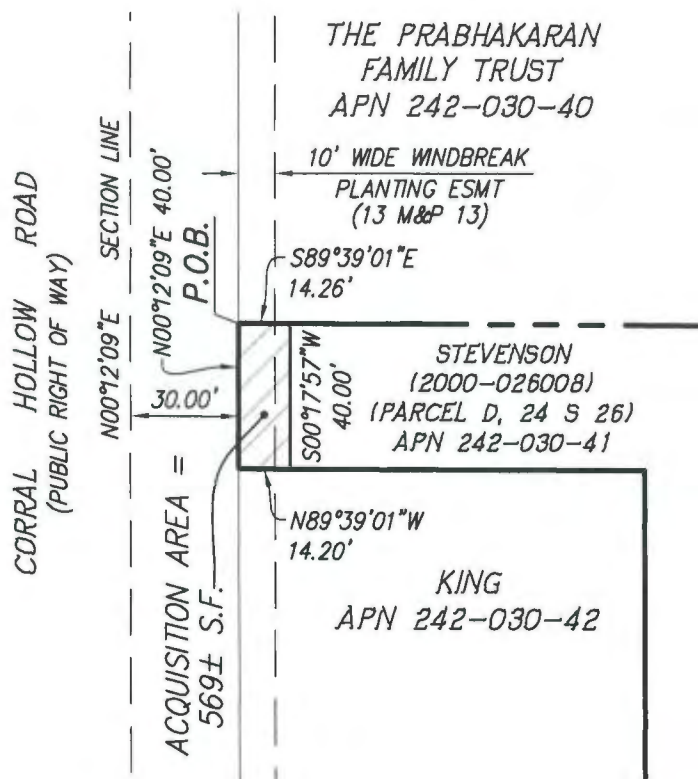
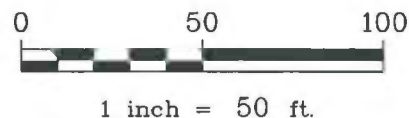
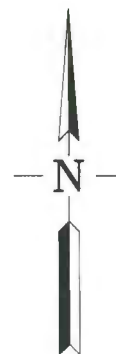
This description and its accompanying plat were prepared by or under the direction of:

April 9, 2018

Scott A. Shortlidge, PLS 6441 Date

LEGEND

	PROPERTY LINE
	ACQUISITION LINE
P.O.B.	POINT OF BEGINNING
S.F.	SQUARE FEET
	ACQUISITION AREA

GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE
GRID DISTANCES. MULTIPLY DISTANCES
BY 1.0000612 TO OBTAIN GROUND
LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED
ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\E04-APN 24203041-STEVENSON.DWG 4/10/2018 1:57:58 PM ALAN MULLEN

EXHIBIT B
PLAT TO ACCOMPANY LEGAL DESCRIPTION
RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1" = 50'

DATE:
4/9/2018

JOB NO.:
121083IP



EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
TENDER LOVING CARE, INC. (1999-101072)
APN 240-100-07
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to Tender Loving Care, Inc., recorded in Document No. 1999-101072, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northeasterly corner of said parcel; thence along the easterly line of said parcel, last said line also being the easterly line of Section 31, T2S, R5E, MDB&M, South 00°12'09" West 263.98 feet to the southerly line of said parcel; thence along last said line North 89°39'24" West 43.16 feet; thence across said parcel North 00°17'57" East 263.98 feet to the northerly line of said parcel; thence along last said line South 89°39'24" East 42.72 feet to the **Point of Beginning**.

Containing 11,337 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

END OF DESCRIPTION

This description and its accompanying plat were prepared by or under the direction of:

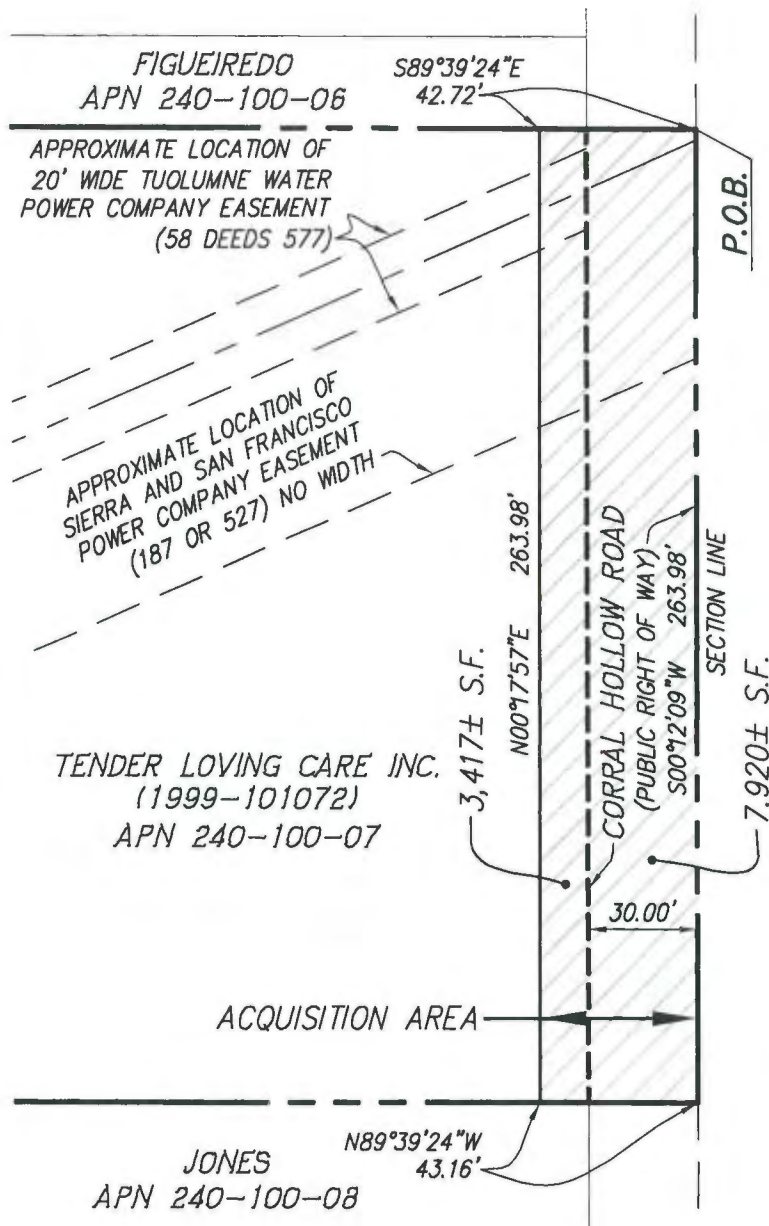
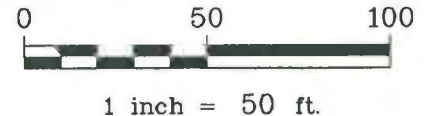
April 5, 2018

Date

Scott A. Shortlidge, PLS 6441

LEGEND

-  PROPERTY LINE
-  ACQUISITION LINE
- P.O.B. POINT OF BEGINNING
- S.F. SQUARE FEET
-  ACQUISITION AREA



GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\W06-APN 24010007-TENDER LOVING CARE.DWG 4/5/2018 6:59:11 PM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA



RUGGERI-JENSEN-AZAR

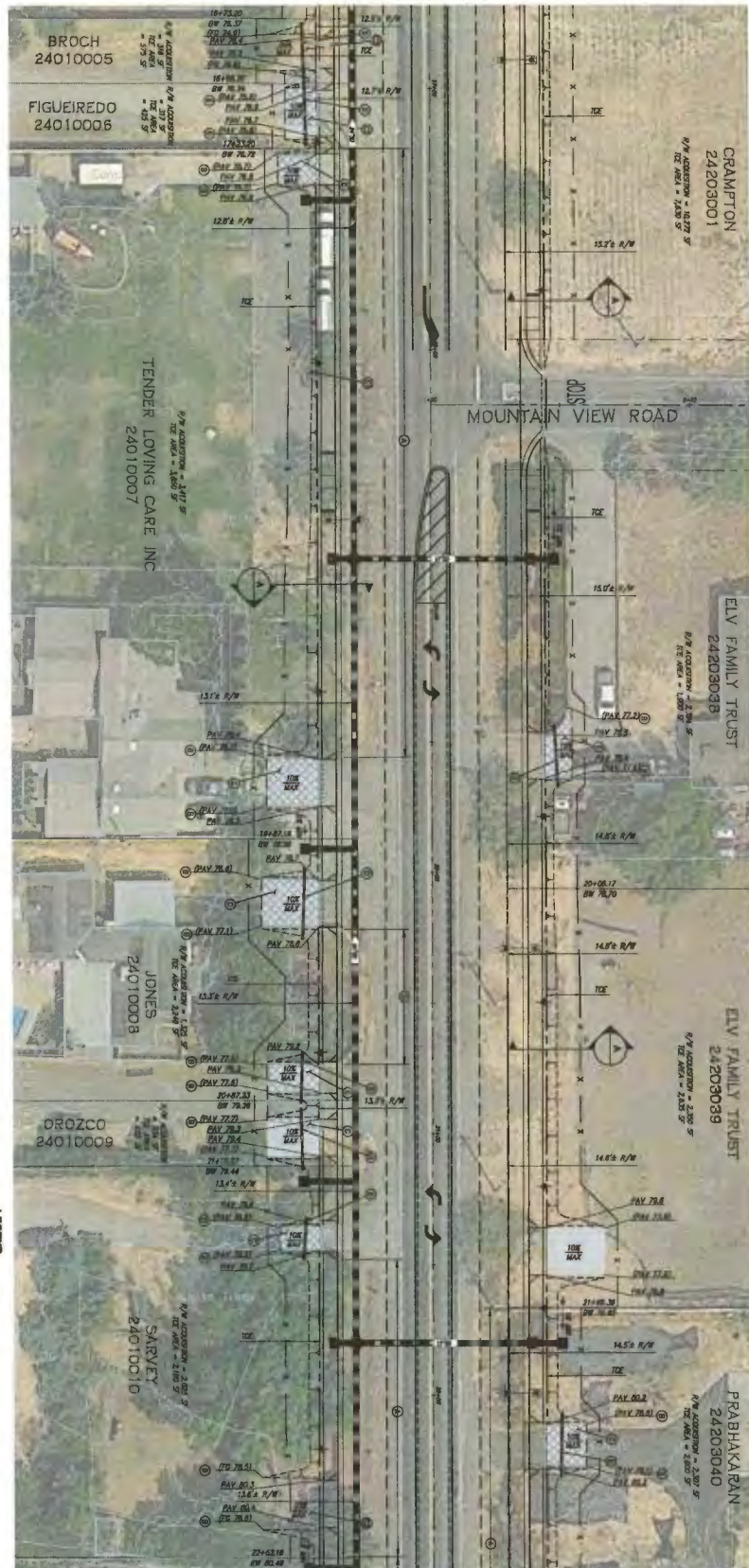
ENGINEERS ■ PLANNERS ■ SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1" = 50'

DATE:
4/9/2018

JOB NO.:
121083IP

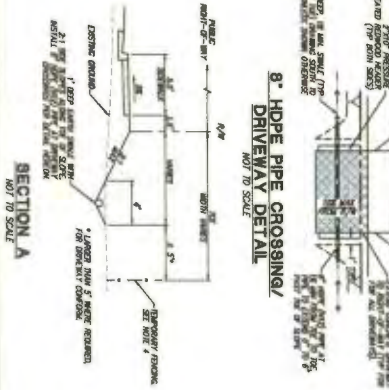
SEE SHEET C-7.01



SEE SHEET C-7.03

CORRAL HOLLOW ROAD

8" HDPE PIPE CROSSING/ DRIVEWAY DETAIL



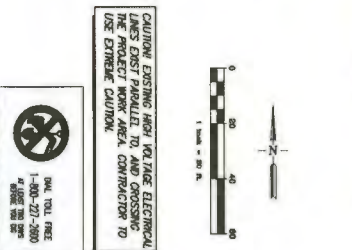
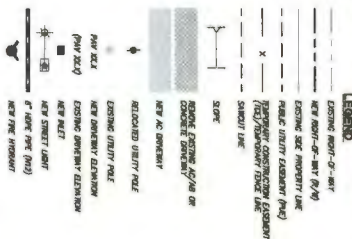
SECTION A NOT TO SCALE

GENERAL NOTES

1. CONTRACTOR SHALL VERIFY TO THE TOWN ENGINEER THAT THE EXISTING ROADWAY IS IN GOOD CONDITION AND THAT THE PROPOSED IMPROVEMENTS WILL NOT CAUSE ANY DAMAGE TO THE EXISTING ROADWAY.
2. CONTRACTOR SHALL VERIFY TO THE TOWN ENGINEER THAT THE EXISTING ROADWAY IS IN GOOD CONDITION AND THAT THE PROPOSED IMPROVEMENTS WILL NOT CAUSE ANY DAMAGE TO THE EXISTING ROADWAY.
3. CONTRACTOR SHALL VERIFY TO THE TOWN ENGINEER THAT THE EXISTING ROADWAY IS IN GOOD CONDITION AND THAT THE PROPOSED IMPROVEMENTS WILL NOT CAUSE ANY DAMAGE TO THE EXISTING ROADWAY.
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CONSTRUCTION NOTES

1. CONTRACTOR SHALL VERIFY TO THE TOWN ENGINEER THAT THE EXISTING ROADWAY IS IN GOOD CONDITION AND THAT THE PROPOSED IMPROVEMENTS WILL NOT CAUSE ANY DAMAGE TO THE EXISTING ROADWAY.
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8. CONTRACTOR SHALL VERIFY TO THE TOWN ENGINEER THAT THE EXISTING ROADWAY IS IN GOOD CONDITION AND THAT THE PROPOSED IMPROVEMENTS WILL NOT CAUSE ANY DAMAGE TO THE EXISTING ROADWAY.



C-7.02
OF 4 SHEETS

LOT FINE GRADING AND CONFORM
PLANS
IMPROVEMENT PLANS
CORRAL HOLLOW ROAD
WIDENING CIP-73144
CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA

DESIGNED BY
DRAWN BY
CHECKED BY
DATE

APPROVED BY
DATE

APPROVED BY
DATE

APPROVED BY
DATE

APPROVED BY
DATE

APPROVED BY
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APPROVED BY
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APPROVED BY
DATE

APPROVED BY
DATE

APPROVED BY
DATE

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • ARCHITECTS
1000 N. G STREET, SUITE 100, TRACY, CA 95376
PHONE: (916) 432-8800 FAX: (916) 432-8801

REGISTERED PROFESSIONAL ENGINEER
No. 48914
Exp. 8-30-08
CIVIL
STATE OF CALIFORNIA

TRACY
CITY OF TRACY

CITY OF TRACY
CITY ENGINEER
CITY OF TRACY, CALIFORNIA
CITY ENGINEER
CITY OF TRACY, CALIFORNIA

EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
THE PRABHAKARAN FAMILY TRUST (2016-120958)
APN 242-030-40
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to the Prabhakaran Family Trust, dated April 5, 2014 recorded in Document No.2016-120958, Official Records of San Joaquin County, said parcel being Parcel C, as last said parcel is shown on the map in Book 24 of Surveys, Page 26, San Joaquin County Records and more particularly described as follows:

Beginning at the northwesterly corner of said Parcel C; thence along the northerly line of last said parcel South 89°39'01" East 14.53 feet; thence across last said parcel South 00°17'57" West 160.19 feet to the southerly line of last said parcel; thence along last said line North 89°39'01" West 14.26 feet to the westerly line of last said parcel, last said line also being the easterly line of Corral Hollow Road, as said road is shown on said map; thence along last said line North 00°12'09" East 160.19 feet to the **Point of Beginning**.

Containing 2,307 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

END OF DESCRIPTION

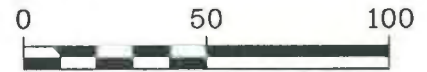
This description and its accompanying plat were prepared by or under the direction of:

April 9, 2018
Date

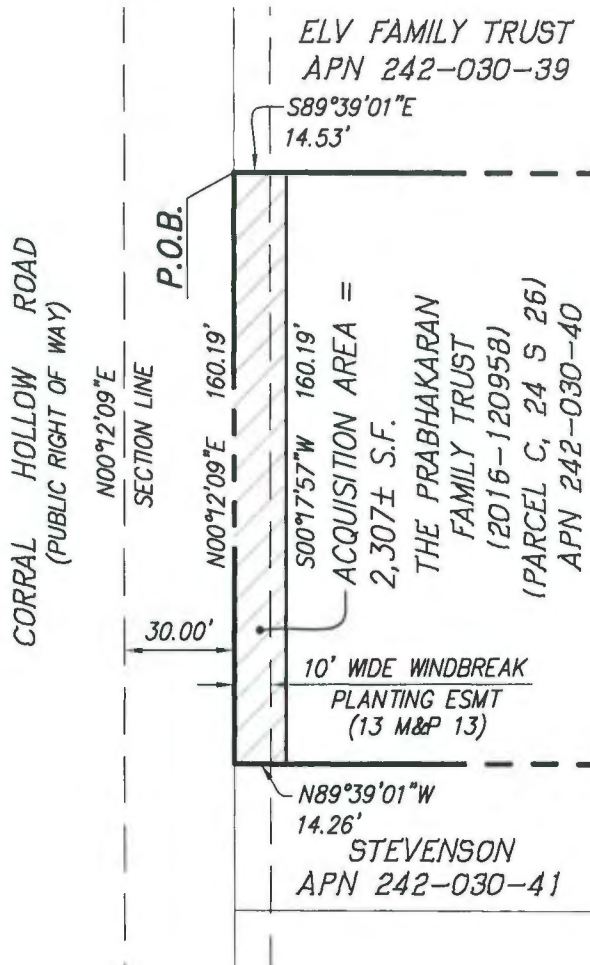
Scott A. Shortlidge, PLS 6441

LEGEND

-  PROPERTY LINE
-  ACQUISITION LINE
- P.O.B. POINT OF BEGINNING
- S.F. SQUARE FEET
-  ACQUISITION AREA



1 inch = 50 ft.



GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\F03-APN 24203040-PRABHAKARAN.DWG 4/10/2018 1:48:39 PM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA

RJA

RUGGERI-JENSEN-AZAR

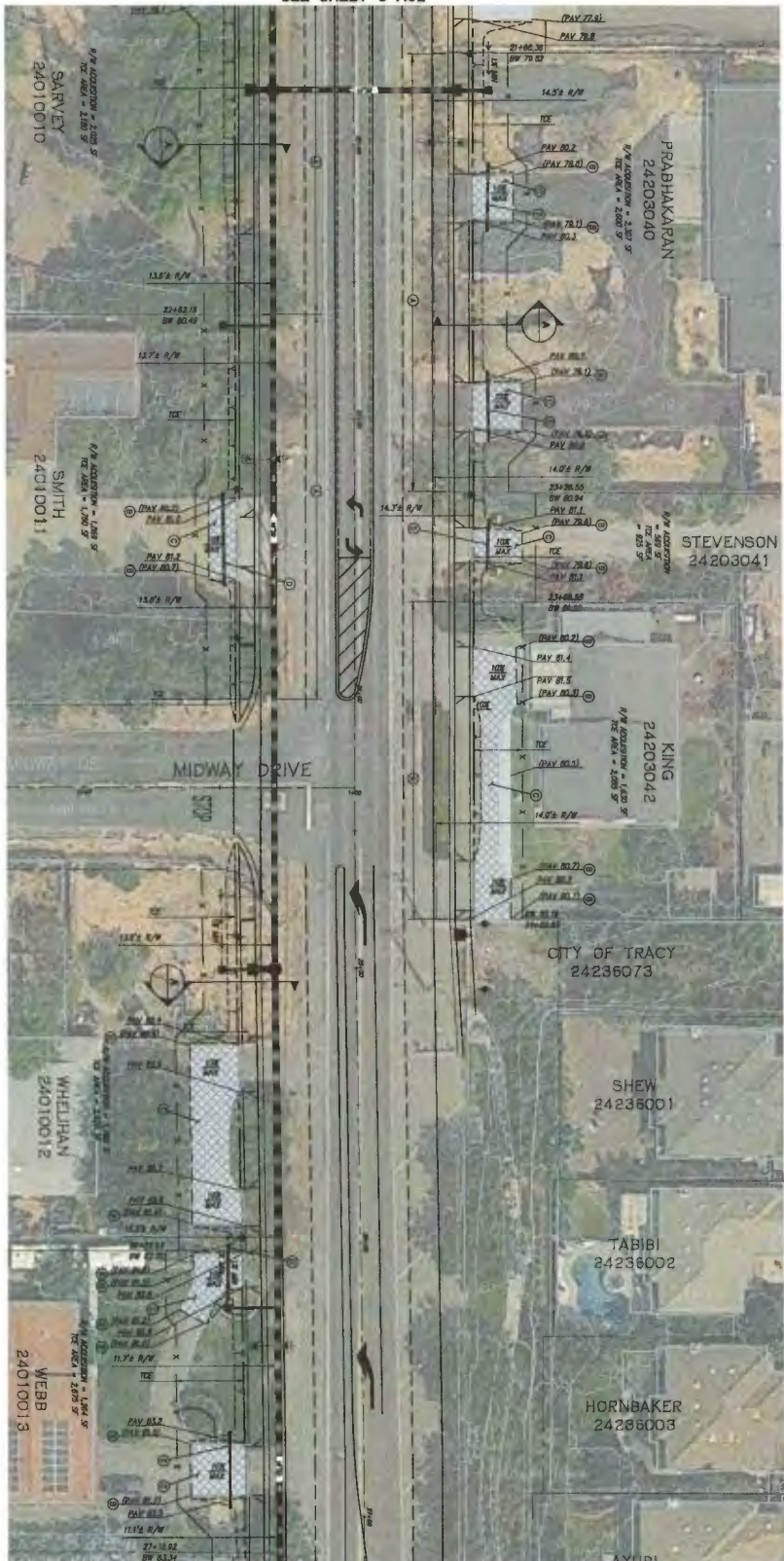
ENGINEERS • PLANNERS • SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1" = 50'

DATE:
4/9/2018

JOB NO.:
121083IP

SEE SHEET C-7.02



SEE SHEET C-7.04

CORRAL HOLLOW ROAD

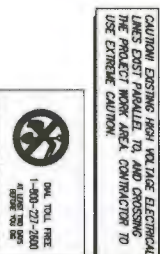
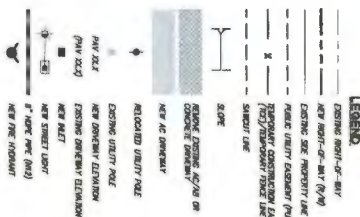


GENERAL NOTES

- CONSTRUCTION SHALL BE TO THE TYPING OF THE DRAWING AND UTILIZATION OF THE TYPING OF THE DRAWING.
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CONSTRUCTION NOTES

- REMOVE EXISTING PAVEMENT TO THE TYPING OF THE DRAWING AND UTILIZATION OF THE TYPING OF THE DRAWING.
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- REMOVE EXISTING PAVEMENT TO THE TYPING OF THE DRAWING AND UTILIZATION OF THE TYPING OF THE DRAWING.



C-7.03
SHEET
OF 4 SHEETS

LOT FINE GRADING AND CONFORM PLANS
IMPROVEMENT PLANS
CORRAL HOLLOW ROAD
WIDENING CIP-7344
CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA

DESIGNED BY
DRAWN BY
CHECKED BY
DATE

REVISIONS	DATE	BY	DESCRIPTION

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS & PLANNERS
2000 RUGGERI-JENSEN-AZAR DRIVE
FOLSOM, CA 95630
PHONE: (916) 430-8000 FAX: (916) 430-8001

REGISTERED PROFESSIONAL ENGINEER
No. 48914
Exp. 8-30-18
Civil
STATE OF CALIFORNIA

TRACY
CITY ENGINEER

CITY OF TRACY
APPROVED FOR CONSTRUCTION SUBJECT TO THE DATA SHOWN CITY OF TRACY AND THE UNDERGROUND ARE NOT RESPONSIBLE FOR ERRORS AND/OR OMISSIONS THAT MAY BE PRESENT ON THESE PLANS.
ROBERT ANGELO, P.E. CITY ENGINEER DATE

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of San Joaquin, State of California, described as follows:

A PORTION OF THE NORTHWEST 1/4 OF SECTION 5, TOWNSHIP 3 SOUTH, RANGE 5 EAST, MOUNT DIABLO BASE AND MERIDIAN, SAN JOAQUIN COUNTY, CALIFORNIA.

BEGINNING AT A POINT ON THE EAST LINE OF CORRAL HOLLOW ROAD, SAID POINT BEING SOUTH 0° 12' WEST 1279.98 FEET AND SOUTH 89° 48' EAST 30.00 FEET FROM THE NORTHWEST CORNER OF THE NORTHWEST 1/4 OF SECTION 5, TOWNSHIP 3 SOUTH, RANGE 5 EAST, MOUNT DIABLO BASE AND MERIDIAN (SAID POINT IS ALSO 1254.98 FEET FROM THE SOUTH LINE OF VAL PICO ROAD); THENCE SOUTH 89° 48' EAST 416.80 FEET AND PARALLEL TO THE SOUTH LINE OF VAL PICO ROAD TO A POINT; THENCE SOUTH 0° 12' WEST 209.02 FEET AND PARALLEL TO THE EAST LINE OF CORRAL HOLLOW ROAD TO A POINT; THENCE NORTH 89° 48' WEST 416.80 FEET TO A POINT ON THE EAST LINE OF CORRAL HOLLOW ROAD; THENCE NORTH 0° 12' EAST 209.02 FEET ALONG THE EAST LINE OF CORRAL HOLLOW ROAD TO THE POINT OF BEGINNING.

APN: 244-030-13

**EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
DURKEE (2012-120878)
APN 240-090-04
TRACY, CALIFORNIA**

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of parcel of land described in the deed to Durkee, recorded in Document No. 2012-120878, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northeasterly corner of said parcel; thence along the easterly line of said parcel, last said line also being the westerly line of Corral Hollow Road, South $00^{\circ}12'04''$ West 169.99 feet to the southerly line of said parcel; thence along last said line North $84^{\circ}16'24''$ West 13.32 feet; thence across said parcel North $00^{\circ}12'04''$ East 56.83 feet and North $00^{\circ}13'43''$ West 100.00 feet to the northerly line of said parcel; thence along last said line South $89^{\circ}47'54''$ East 14.01 feet to the **Point of Beginning**.

Containing 2,291 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

END OF DESCRIPTION

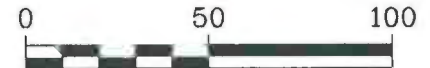
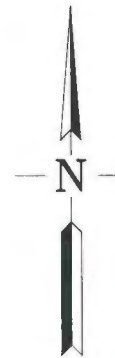
This description and its accompanying plat were prepared by or under the direction of:

April 5, 2018

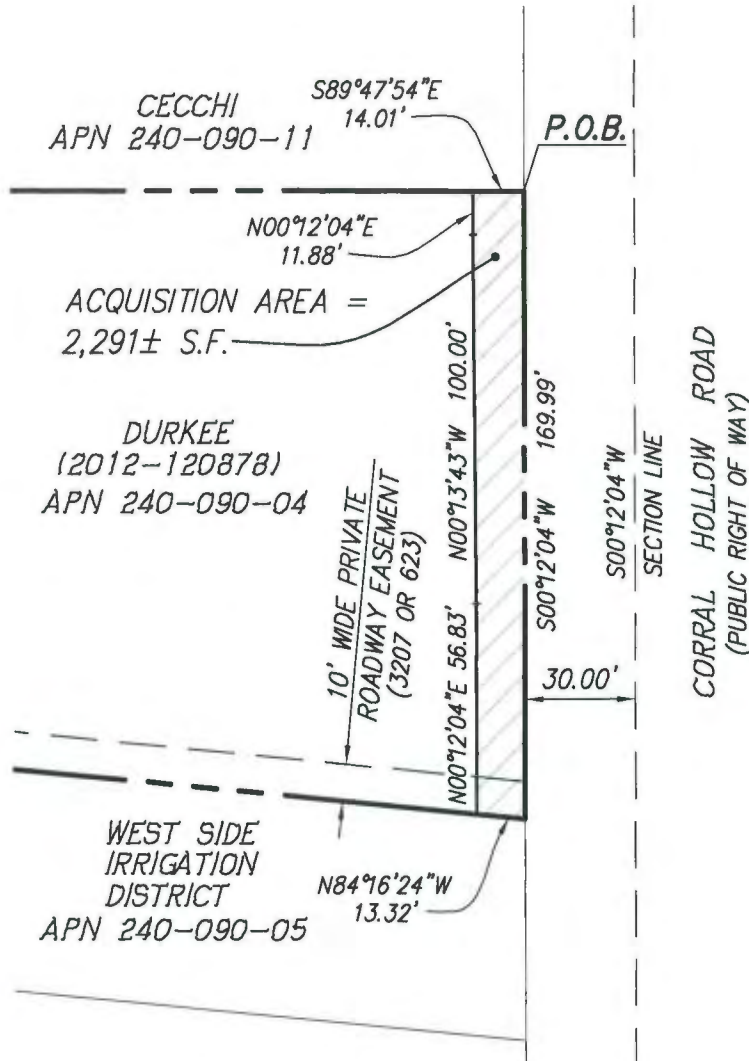
Scott A. Shortlidge, PLS 6441 Date

LEGEND

	PROPERTY LINE
	ACQUISITION LINE
P.O.B.	POINT OF BEGINNING
S.F.	SQUARE FEET
	ACQUISITION AREA



1 inch = 50 ft.



GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\W18-APN 24009004-DURKEE.DWG 4/10/2018 11:08:32 AM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA



RUGGERI-JENSEN-AZAR

ENGINEERS ■ PLANNERS ■ SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1" = 50'

DATE:
4/9/2018

JOB NO.:
121083IP

SEE SHEET C-7.08

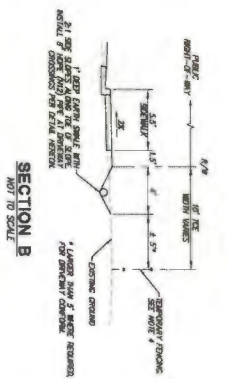


SEE SHEET C-7.08

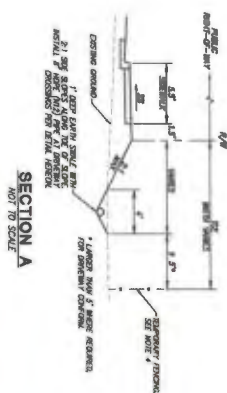
CORRAL HOLLOW ROAD



**8" HDPE PIPE CROSSING/
DRIVEWAY DETAIL**



SECTION B
NOT TO SCALE



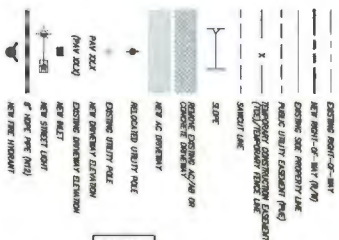
SECTION A
NOT TO SCALE

CONSTRUCTION NOTES:

- [illegible]

三〇

- [illegible]



LEAD

	ENDING POINT OF WAY
	END OF WAY - 100' R/W
	ENDING SIDE WALK LINE
	ENDING SIDE WALK LINE
	ENDING SIDE WALK LINE
	ENDING SIDE WALK LINE
	ENDING SIDE WALK LINE
	ENDING SIDE WALK LINE
	ENDING SIDE WALK LINE

CAUTION: EXISTING HIGH VOLTAGE ELECTRICAL LINES EXIST PARALLEL TO, AND CROSSING THE PROJECT WORK AREA. CONTRACTOR TO USE EXTREME CAUTION.



C-7.07
OF 44 SHEETS

SHEET

**LOT FINE GRADING AND CONFORM
PLANS
IMPROVEMENT PLANS
CORRAL HOLLOW ROAD
WIDENING CIP-73144
CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA**

REMOVED BY	REMOVERS		
LC	TABLE	DATE	REASON FOR
REMOVED BY			ATTENTION
F3			
CHECKED BY			
SD			
SCALD			
all records			

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • ARCHITECTS
2541 WARREN DRIVE, SUITE 100, ROOSE, CA 95677



CITY OF TRACY

APPROVED FOR CONSTRUCTION SUBJECT TO THE DATA SHOWN. CITY OF TRACY AND THE UNDERSIGNED ARE NOT RESPONSIBLE FOR ERRORS AND/OR OMISSION THAT MAY BE PRESENT ON THESE PLANS.

EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
GALVAO (1987-107725)
APN 240-100-02
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to Galvao, recorded on November 25, 1987 in Document No. 1987-107725, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northeasterly corner of said parcel said corner being on the easterly line of Section 31, T2S, R5E, MDB&M; thence along said easterly line South 00°12'09" West 299.98 feet to the generally southerly line of said parcel; thence along last said line North 89°39'24" West 42.11 feet; thence across said parcel North 00°17'57" East 289.36 feet and North 44°41'22" West 15.03 feet to the northerly line of said parcel; thence along last said line South 89°39'24" East 52.23 feet to the **Point of Beginning**.

Containing 12,611 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

END OF DESCRIPTION

This description and its accompanying plat were prepared by or under the direction of:

April 5, 2018
Scott A. Shortlidge, PLS 6441 Date

LEGEND

- - - - - PROPERTY LINE
 - - - - - ACQUISITION LINE
 P.O.B. POINT OF BEGINNING
 S.F. SQUARE FEET
 [Hatched Box] ACQUISITION AREA

VALLEY COMMUNITY
 BAPTIST CHURCH
 OF TRACY
 APN 240-100-01

GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE
 GRID DISTANCES. MULTIPLY DISTANCES
 BY 1.0000612 TO OBTAIN GROUND
 LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED
 ON GROUND LEVEL DISTANCES.

VALLEY COMMUNITY BAPTIST CHURCH OF TRACY
 APN 240-100-01

GALVAO
 (1987-107725)
 APN 240-100-02

SKELTON
 APN 240-100-03

S89°39'24"E
 52.23'

N44°41'22"W
 15.03'

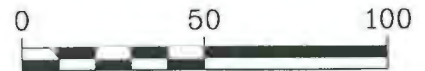
3,610± S.F.
 N00°17'57"E 289.36'

P.O.B.

CORRAL HOLLOW ROAD
 (PUBLIC RIGHT OF WAY)
 S00°12'09"W 299.98'

SECTION LINE

9,001± S.F.



1 inch = 50 ft.



SCOTT A. SHORTLIDGE, P.L.S. 6441
 APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\W01-APN 24010002-GALVAO.DWG 4/5/2018 5:42:47 PM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
 RIGHT OF WAY ACQUISITION

CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA

RJA

RUGGERI-JENSEN-AZAR

ENGINEERS ■ PLANNERS ■ SURVEYORS
 4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
 PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
 1" = 50'

DATE:
 4/9/2018

JOB NO.:
 121083IP



- ### STILL TO RESOLVE
1. IS CROSS-LOT DRAINAGE (PER EXISTING CONVENTION) ACCEPTABLE?
 2. IMPROVE POLE LOCATION SINCE POE/AIT DESIGN IS CHANGING

-
- LEGEND**
- EXISTING DIRT-OF-WAY
- EXISTING SEE PROPERTY LINE
- PUBLIC UTILITY FACILITY (P.U.)
- EXISTING SEE PROPERTY LINE (P.U.)
- SARNEY LINE
- SLOPE
- ROADS, EXISTING, AND/OR CONCRETE DRIVEWAYS
- NEW AC DRIVEWAY
- RELOCATED UTILITY POLE
- EXISTING UTILITY POLE
- NEW DRIVEWAY ELEVATION
- EXISTING DRIVEWAY ELEVATION
- NEW STREET LIGHT
- NEW FIRE HYDRANT

CAUTION! EXISTING HIGH VOLTAGE ELECTRICAL LINES EXIST PARALLEL TO AND CROSSING THE PROJECT WORK AREA. CONTRACTOR TO USE EXTREME CAUTION.

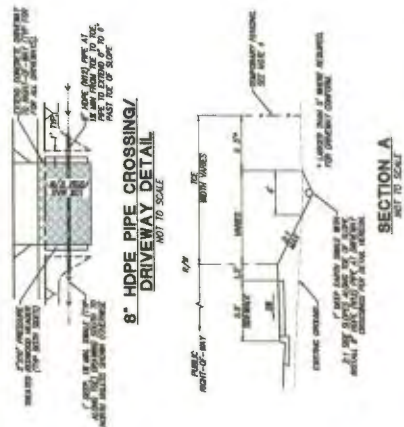


EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
SCHIRMER (2016-147893)
APN 240-100-15
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to Schirmer, recorded in Document No. 2016-147893, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northeasterly corner of said parcel; thence along the easterly line of said parcel, last said line also being the easterly line of Section 31, T2S, R5E, MDB&M, South 00°12'04" West 169.49 feet to the southerly line of said parcel; thence along last said line North 89°39'24" West 41.11 feet; thence across said parcel North 01°22'25" East 0.29 feet and North 00°12'04" East 169.20 feet to the northerly line of said parcel; thence along last said line South 89°39'24" East 41.10 feet to the **Point of Beginning**.

Containing 6,967 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

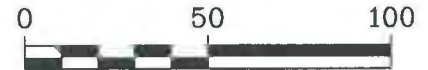
END OF DESCRIPTION

This description and its accompanying plat were prepared by or under the direction of:

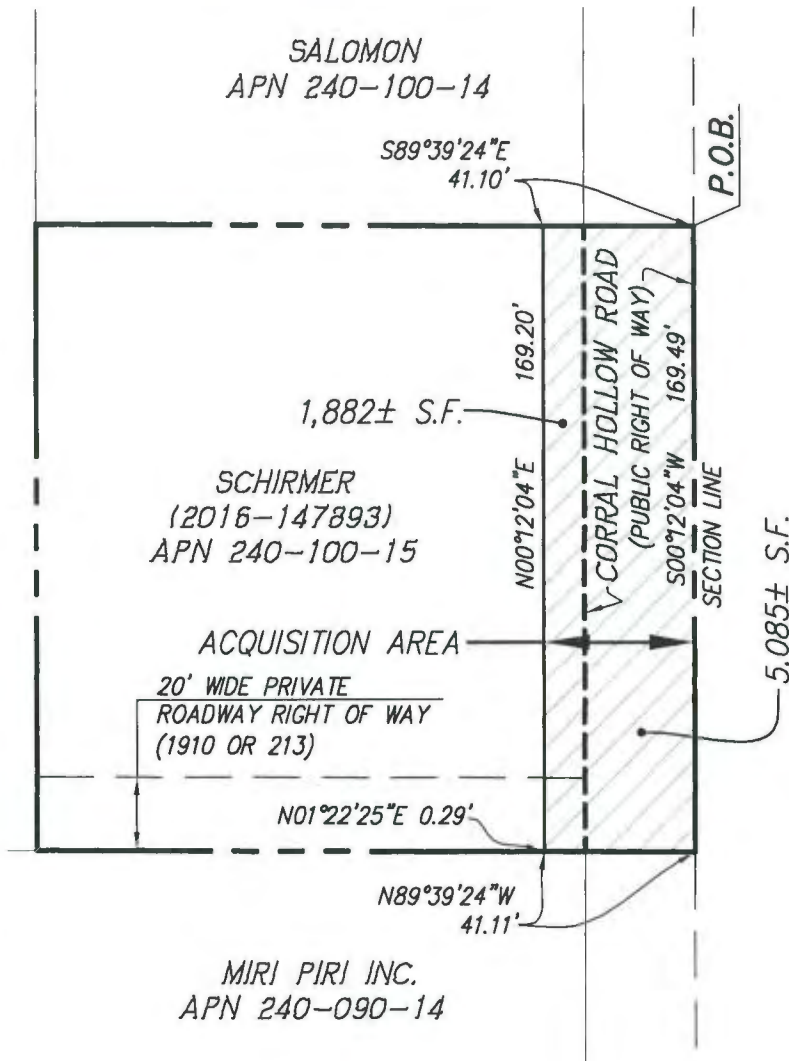
April 5, 2018
Scott A. Shortlidge, PLS 6441 Date

LEGEND

-  PROPERTY LINE
 ACQUISITION LINE
P.O.B. POINT OF BEGINNING
S.F. SQUARE FEET
 ACQUISITION AREA



1 inch = 50 ft.



GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
 APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\W14-APN 24010015-SCHIRMER.DWG 4/6/2018 1:27:37 PM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
 RIGHT OF WAY ACQUISITION
 CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA



RUGGERI-JENSEN-AZAR

ENGINEERS • PLANNERS • SURVEYORS
 4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
 PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
 1" = 50'

DATE:
 4/9/2018

JOB NO.:
 121083IP



EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
THE ERROL GENE KING LIVING TRUST (2012-071009)
APN 242-030-42
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to The Errol Gene King Living Trust, recorded in Document No.2012-071009, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northwesterly corner of said parcel; thence along the northerly line of said parcel South 89°39'01" East 14.20 feet; thence across said parcel South 00°17'57" West 115.61 feet to the southerly line of said parcel; thence along last said line North 89°37'58" West 14.00 feet to the westerly line of said parcel, last said line also being the easterly line of Corral Hollow Road; thence along last said line North 00°12'09" East 115.60 feet to the **Point of Beginning**.

Containing 1,630 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

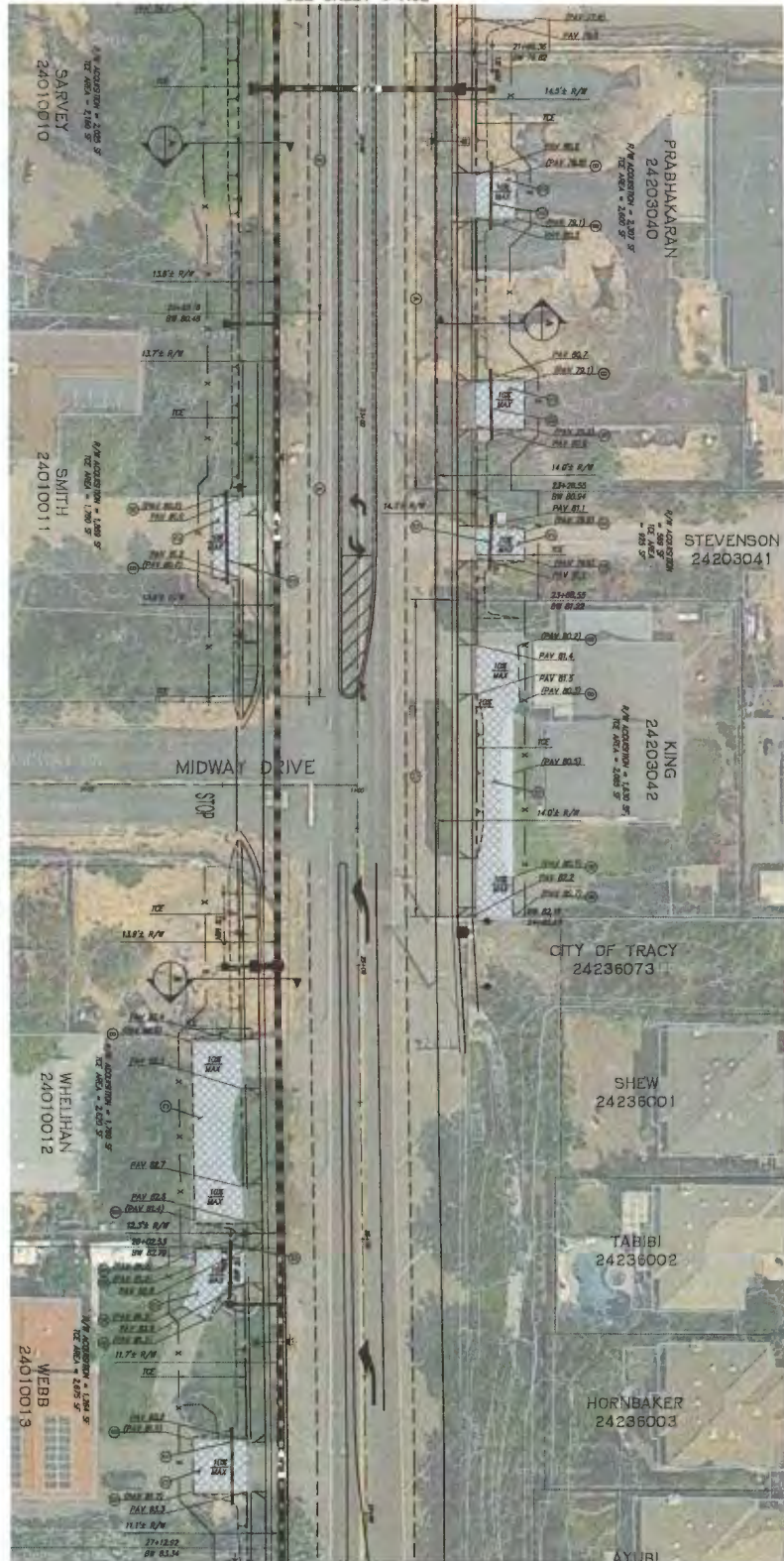
END OF DESCRIPTION

This description and its accompanying plat were prepared by or under the direction of:

April 9, 2018
Date

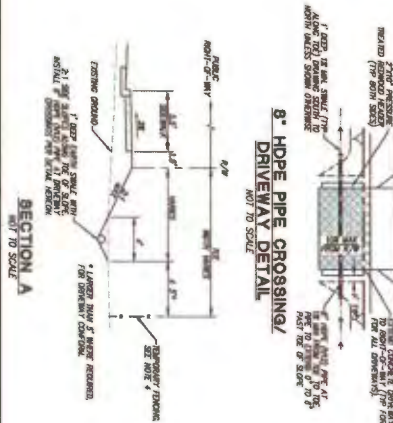
Scott A. Shortlidge, PLS 6441

SEE SHEET C-7.02



SEE SHEET C-7.04

CORRAL HOLLOW ROAD



GENERAL NOTES:

- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.
- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.
- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.
- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.
- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.

CONSTRUCTION NOTES:

- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.
- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.
- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.
- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.
- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.



CONSTRUCTION NOTES:

- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.
- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.
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- CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE TRACYPUBLIC WORKS SPECIFICATIONS, LATEST EDITION, UNLESS OTHERWISE NOTED.

EXHIBIT A
LEGAL DESCRIPTION
PUBLIC RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD
SALOMON & REITZ (2012-027040)
APN 240-100-14
TRACY, CALIFORNIA

Real property situate in the City of Tracy, County of San Joaquin, State of California described as follows:

Being a portion of the parcel of land described in the deed to the Salomon and Reitz, recorded in Document No. 2012-027040, Official Records of San Joaquin County and more particularly described as follows:

Beginning at the northeasterly corner of said parcel; thence along the easterly line of said parcel, last said line also being the easterly line of Section 31, T2S, R5E, MDB&M, South 00°12'04" West 147.38 feet to the southerly line of said parcel; thence along last said line North 89°39'24" West 41.10 feet; thence across said parcel North 00°12'04" East 147.39 feet to the northerly line of said parcel; thence along last said line South 89°38'50" East 41.10 feet to the **Point of Beginning**.

Containing 6,058 square feet (ground level area) of land, more or less.

The distances written herein are Grid Distances. Multiply distances by 1.0000612 to obtain Ground Level Distances.

See Exhibit B - Plat to Accompany Legal Description which is attached hereto and made a part hereof:

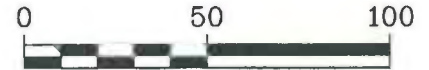
END OF DESCRIPTION

This description and its accompanying plat were prepared by or under the direction of:

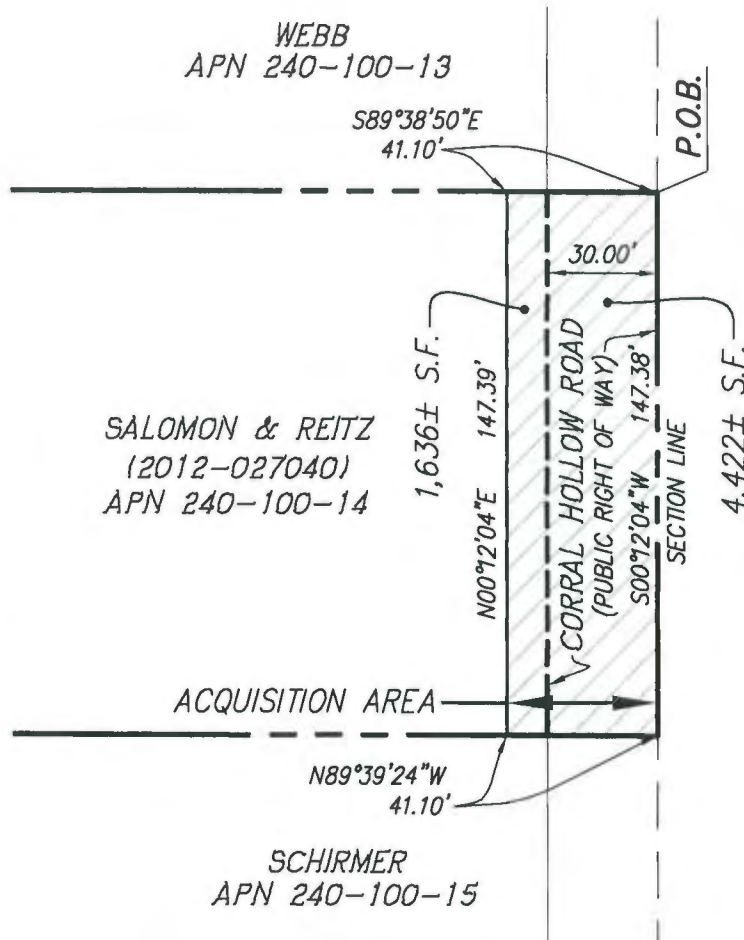
April 5, 2018
Scott A. Shortlidge, PLS 6441 Date

LEGEND

	PROPERTY LINE
	ACQUISITION LINE
P.O.B.	POINT OF BEGINNING
S.F.	SQUARE FEET
	ACQUISITION AREA



1 inch = 50 ft.



GRID FACTOR NOTE:

THE DISTANCES SHOWN HEREON ARE GRID DISTANCES. MULTIPLY DISTANCES BY 1.0000612 TO OBTAIN GROUND LEVEL DISTANCES.

AREA NOTE:

ACQUISITION AREA SHOWN IS BASED ON GROUND LEVEL DISTANCES.



SCOTT A. SHORTLIDGE, P.L.S. 6441
APRIL 9, 2018

G:\JOB2012\121083-IP\MAPPING\PLATS\CHR-RW\CHR TO SECTION LINE\W13-APN 24010014-SALOMON & REITZ.DWG 4/6/2018 11:44:16 AM ALAN MULLEN

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION
RIGHT OF WAY ACQUISITION
CORRAL HOLLOW ROAD

CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA



RUGGERI-JENSEN-AZAR

ENGINEERS • PLANNERS • SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1" = 50'

DATE:
4/9/2018

JOB NO.:
121083IP

SEE SHEET C-7.03



SEE SHEET C-7.06

CORRAL HOLLOW ROAD

R/W ACQUISITION = 12.629 SF
 RE AREA = 4.840 SF
 MIRI PIRI INC.
 2400901A

CONSTRUCTION NOTES:

- [illegible]

Legend

- [illegible]

CAUTION: EXISTING HIGH VOLTAGE ELECTRICAL LINES EXIST PARALLEL TO, AND CROSSING THE PROJECT WORK AREA. CONTRACTOR TO USE EXTREME CAUTION.



DUAL TOLL FREE
1-800-727-2600
AT LEAST TWO DAYS
BEFORE YOU DIE

SHEET
C-7.04
OF 11 SHEETS

**LOT FINE GRADING AND CONFORM
PLANS
IMPROVEMENT PLANS
CORRAL HOLLOW ROAD
WIDENING CIP-73144
CITY OF TRACY, SAN JOAQUIN COUNTY, CALIFORNIA**

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SD
SCALE:
0.00000000

[illegible]

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • SURVEYORS
2241 MARSH DRIVE, SUITE 100, ROCKLIN, CA 95677



CITY OF TRACY		
APPROVED FOR CONSTRUCTION SUBJECT TO THE DATA SHOWN. CITY OF TRACY AND THE UNDERSIGNED ARE NOT RESPONSIBLE FOR ERRORS AND/OR OMISSION THAT MAY BE PRESENT ON THESE PLANS.		
ROBERT ARNEAD P.E.	CITY ENGINEER	DATE

AGENDA ITEM 3.B

REQUEST

CONDUCT A PUBLIC HEARING REGARDING AN ORDINANCE ADOPTING, BY REFERENCE, THE 2019 CALIFORNIA BUILDING AND RELATED CODES, SPECIFYING WHICH APPENDICES APPLY TO THE CITY OF TRACY, RE-ADOPTING CERTAIN EXISTING SECTIONS OF TITLE 9 OF THE TRACY MUNICIPAL CODE, ADOPTING LOCAL STANDARDS RELATED TO EMERGENCY HOUSING, STRAW-CLAY CONSTRUCTION, CORROSIVE SOILS, EXTERIOR PALLET STORAGE, RADIO AMPLIFICATION SYSTEMS, OTHER EMERGENCY RESPONDER REQUIREMENTS AND FLOOD PLAIN REGULATIONS

EXECUTIVE SUMMARY

The 2019 California Building and Fire Codes are mandated to be enforced throughout California six months after the publication date regardless of the local adoption process. The state-mandated effective date of local enforcement occurs on January 1, 2020. The first reading of the proposed ordinance took place on November 5, 2019. Because the City is adopting the California Building and Fire Codes by reference, the City is required to hold a public hearing during the second reading of the ordinance in accordance with Government Code Sections 50022.1-50022.10.

DISCUSSION

New versions of the various building and fire codes (California Codes) related to building design and construction are adopted by the State of California every three years. As new codes are adopted by the legislature, the City of Tracy amends our local ordinances as necessary. The codes under current consideration are the 2019 California Codes that replace the 2016 versions as set forth in Title 24 of the California Code of Regulations. These California Codes include the following:

- California Building Code (CBC),
- California Fire Code, (CFC),
- California Mechanical Code (CMC),
- California Plumbing Code (CPC),
- California Electrical Code (CEC),
- California Energy Code (CEnC),
- California Residential Code (CRC),
- California Existing Building Code (CEBC),
- California Green Standards Building Code (CGBSC),
- California Historical Building Code (CHBC).

Additionally, some of the California Codes are amended International Codes (copyrighted by the International Code Council or ICC), Uniform Codes (copyrighted by the International Association of Plumbing and Mechanical Officials or IAPMO) and the National Electric Code (copyrighted by the National Fire Protection Association or NFPA),

having been amended by various state agencies and ratified by the California State Building Standards Commission.

These codes provide minimum requirements and standards for the protection of life, limb, health, property, safety and welfare of the general public, owners and occupants of buildings. The California Health and Safety Code requires cities to enforce the most recent editions of the California Codes. As such, the 2019 California Codes are required by the State to be enforced beginning January 1, 2020.

However, local agencies, such as Tracy, are able to adopt appendices that are not uniformly required otherwise. In addition to the mandated 2019 California Codes mentioned above, City staff is recommending adoption of certain appendices. This approach was also taken in 2016, and with previous building code updates.

The following list of California Codes and corresponding appendices are recommended for adoption:

- 2019 California Building Code: Appendices C, F, H, I, K, O
- 2019 California Electrical Code: No appendices to be adopted
- 2019 California Mechanical Code: Appendices D and F
- 2019 California Plumbing Code: Appendices A, B, C, D, E, G, H, I, J and K
- 2019 California Energy Code: No appendices to be adopted
- 2019 California Residential Code: Appendices H, I, O, R, S, W and X
- 2019 California Historical Building Code: Appendix A
- 2019 California Existing Building Code: No appendices to be adopted
- 2019 California Green Building Standards Code: No appendices to be adopted
- 2019 California Fire Code: Appendices B, BB, C, CC, D, F, H, L and N

Local Amendments to the Building Codes

As stated above, although most of the 2019 California Codes have appendices, such are not applicable unless adopted locally. Some of the local amendments contained within the proposed ordinance are those that have been previously adopted by the City. Those specific items are excluded from this discussion but the new amendments are mentioned below. Not all appendices are proposed for local adoption.

The list below identifies all of the appendices recommended for approval and briefly clarifies the reason for recommendation; another list follows that also includes the appendices not recommended for approval and the rationale for the decision.

Recommended Appendices for Local Adoption

- 2019 CBC Appendix C; gives specific requirements and definitions related to agricultural buildings wherever such exist within the City limits
- 2019 CBC Appendix F; gives specific requirements enabling rodent-proofing
- 2019 CBC Appendix H; provides requirements for unique construction aspects of commercial signage
- 2019 CBC Appendix I; provides standards for the construction of residential patio

- covers when not designed and constructed per the CRC
- 2019 CBC Appendix K; provides state-mandated requirements for the Central Valley Flood Protection Plan within the 200-year flood plain for Group R-3 and R-3.1 occupancies designed and constructed under the CBC.
- 2019 CBC Appendix O; provides construction standards for emergency housing where a declaration of emergency has been issued
- 2019 CRC Appendix H; provides requirements for unique aspects of residential patio construction
- 2019 CRC Appendix I; gives specific standards related to private sewage disposal wherever such exists within the City limits
- 2019 CRC Appendix O; provides requirements for unique construction aspects of automatic vehicular gates and mirrors the requirements of the CFC
- 2019 CRC Appendix R; provides requirements for straw clay construction where such may be used
- 2019 CRC Appendix S; provides requirements for straw bale construction where such may be used
- 2019 CRC Appendix W; provides standards associated with State-mandated regulations for a 200-year flood event
- 2019 CRC Appendix X; provides construction standards for emergency housing where a declaration of emergency has been issued
- 2019 CMC Appendix D; provides fuel supply requirements specific to mobile home parks and recreational vehicle parks
- 2019 CMC Appendix F; provides additional sizing information for venting systems and outdoor combustion and ventilation opening design requirements
- 2019 CPC Appendix A; provides standardization to the sizing of water supply systems
- 2019 CPC Appendix B; provides explanatory direction for combination waste and vent systems
- 2019 CPC Appendix C; clarifies procedures for the design and approval of engineered plumbing systems, alternate materials and equipment not specifically covered in other parts of the CPC
- 2019 CPC Appendix D; provides standardization for sizing of storm water and drainage systems
- 2019 CPC Appendix E; provides criteria for the design and installation of manufactured and/or mobile home park plumbing and drainage systems
- 2019 CPC Appendix G; provides requirements for the sizing of venting systems for Category I appliances
- 2019 CPC Appendix H; where private sewage disposal is existing or approved, this appendix provides the necessary requirements
- 2019 CPC Appendix I; provides standardization for specific plumbing installations
- 2019 CPC Appendix J; provides design information for combination of indoor and outdoor combustion and ventilation opening design
- 2019 CPC Appendix K; provides standards where potable rainwater catchment systems are installed
- 2019 CHBC Appendix A; clarifies if modifications made to qualified historical buildings meet Federal and State requirements as the CHBC is intended to work in conjunction with both Federal and State standards
- 2019 CFC Appendix B; provides criteria for fire flow requirements

- 2019 CFC Appendix BB; provides criteria for fire flow requirements specific to private and public schools
- 2019 CFC Appendix C; provides criteria for hydrant location and appropriate number thereof
- 2019 CFC Appendix CC; provides criteria for hydrant location and appropriate number thereof specific to private and public schools
- 2019 CFC Appendix D; provides additional requirements as it relates to Fire Department emergency access to buildings
- 2019 CFC Appendix F; clarifies hazardous materials placarding requirements based on NFPA 704
- 2019 CFC Appendix H; creates a standard for a hazardous materials management plan and hazardous materials inventory sheets
- 2019 CFC Appendix L; provides requirements for fire fighter air replenishment systems
- 2019 CFC Appendix N provides standards for haunted houses where none currently exist.

The list below identifies all of the appendices and annexes not recommended for adoption, and also briefly clarifies the reason for exclusion from recommendation. Additionally, annexes that are included within certain codes contain non-mandatory information relative to the use of the code and are not part of the enforceable requirements of the code. Therefore, annexes contained in the codes are not necessary to adopt locally.

Appendices and Annexes Not Recommended for Local Adoption

- 2019 CBC Appendix A; the City's Human Resources Department already provides employee qualifications
- 2019 CBC Appendix B; TMC already has Building Board of Appeals provisions
- 2019 CBC Appendix D; this appendix allows for the creation of fire districts that will require more restrictive construction standards than the current building code allows; for example conventional wood frame construction would not be permitted within any designated fire district.
- 2019 CBC Appendix E; the appendix is reserved
- 2019 CBC Appendix G; TMC Title 9 contains requirements for flood-resistant construction which have been recently reviewed and approved by FEMA and DWR
- 2019 CBC Appendix J; on-site grading is performed in accordance with the City standards developed by the Engineering Division
- 2019 CBC Appendix L; requires accelerographs to be installed in buildings to record earthquake acceleration
- 2019 CBC Appendix M; provides tsunami-generated flood hazard regulatory criteria; the City is not in a coastal area and therefore does not require tsunami protection.
- 2019 CBC Appendix N; provides requirements for a replicable building program that mirrors the City's existing master-plan program.
- 2019 CRC Appendix A the appendix is reserved
- 2019 CRC Appendix B; the appendix is reserved
- 2019 CRC Appendix C; the appendix is reserved

- 2019 CRC Appendix D; the appendix is reserved
- 2019 CRC Appendix E; the appendix is reserved
- 2019 CRC Appendix F; Tracy is a low potential hazard area for radon, the lowest in the U.S., therefore radon-resistant construction is not needed
- 2019 CRC Appendix G; the appendix is reserved
- 2019 CRC Appendix J; references International Code sections that are not enforceable in California and the City will use the CEBC where necessary
- 2019 CRC Appendix K; sound transmission requirements already found in CBC
- 2019 CRC Appendix L; the City uses a fee schedule located in the 1997 Uniform Administrative code
- 2019 CRC Appendix M; the appendix is reserved
- 2019 CRC Appendix N; the appendix is reserved
- 2019 CRC Appendix P; the appendix is reserved
- 2019 CRC Appendix Q; the proposed construction standards for tiny houses provides too great of a deviation from the life safety standards of the code, such as lesser requirements for guardrail heights and clear head room height within the structures
- 2019 CRC Appendix T; provides solar-ready provisions that already exist in the CEnC
- 2019 CRC Appendix U; the appendix is reserved
- 2019 CRC Appendix V; repetitive requirements already found in the CBC
- 2019 CEBC Appendix A; provides guidelines for voluntary seismic strengthening for existing buildings of various types and since the guidelines are voluntary the appendix does not need to be adopted
- 2019 CEBC Appendix B; references sections in the International Building Code that are not enforceable in California
- 2019 CEBC Appendix C; provides guidelines for voluntary retrofitting of existing structures to meet high wind areas and are not necessary for adoption
- 2019 CMC Appendix A; this appendix is a form to calculate the HVAC loads for a residential system and is not necessary to adopt
- 2019 CMC Appendix B; the City does not place gas equipment in operation and therefore does not need these prescriptive procedures
- 2019 CMC Appendix C; the City does not install and test oil fuel-fired equipment and therefore does not need these prescriptive procedures
- 2019 CMC Appendix E; provides a comprehensive set of technical provisions that would mandate additional sustainable practices than what is already required through the CGBSC
- 2019 CMC Appendix G; provides an example calculation that is not necessary to adopt
- 2019 CGBSC Appendix A4; provides voluntary residential standards such as higher levels of landscape irrigation design, recycled content requirements, thermal insulation requirements and mandatory cool roof and permeable paving requirements; because they are voluntary it is not necessary to adopt
- 2019 CGBSC Appendix A5; provides voluntary commercial requirements such as higher levels of requirements for fuel-efficient vehicles, recycled building materials, cool roofing, outdoor lighting and interior pollutant controls; because they are voluntary it is not necessary to adopt
- 2019 CGBSC Appendix A-6.1; provides additional standards for facilities regulated

by the State

- 2019 CEC Annex A; identifies product safety standards which are informational and not necessary to adopt
- 2019 CEC Annex B; provides an alternate method for calculating ampacities and is not necessary to adopt
- 2019 CEC Annex C; provides conduit and tubing fill tables that are useful but not necessary to adopt
- 2019 CEC Annex D; provides load calculation examples that are helpful to understand load calculations but not necessary to adopt
- 2019 CEC Annex E; provides information related to types of construction that are not necessary to adopt
- 2019 CEC Annex F; provides information for critical operations power systems and is not necessary to adopt
- 2019 CEC Annex G; provides parameters for supervisory control and data acquisition systems (SCADA) but is not necessary to adopt
- 2019 CEC Annex H; the City already has administrative provisions for the CEC
- 2019 CEC Annex I; provides recommended torque tables as informational tables only and therefore, is not necessary to adopt
- 2019 CEC Annex J; provides accessibility requirements that are already found in the CBC
- 2019 CPC Appendix F; provides redundant requirements already found in Appendix L of the 2019 CFC
- 2019 CPC Appendix L; provides a comprehensive set of technical provisions that would mandate additional sustainable practices than what is already required through the CGBSC
- 2019 CPC Appendix M; provides a peak water demand calculator that is based on model code requirements and not specific to California
- 2019 CEnC Appendix 1-A; provides a list of the standards referenced in the CEnC and is not necessary to adopt
- 2019 CEnC Appendix 1-B; provides referenced Energy Commission documents incorporated in the Energy Code and therefore do not need to be adopted
- 2019 CFC Appendix A; provides a standard for an appeals board other than what the TMC has already provided
- 2019 CFC Appendix E; is informational only and is not intended for adoption
- 2019 CFC Appendix G; is informational only and is not intended for adoption
- 2019 CFC Appendix I; represents a redundancy of elements of inspection already being accomplished
- 2019 CFC Appendix J; provides a standard for a building information sign wherein the Fire Department incident preplanning operations provide the equivalent information.
- 2019 CFC Appendix K; requires existing ambulatory care facilities to be upgraded to meet current requirements

Additional Explanation for the Recommended Adoption of Various Appendices and Amendments

California AB 2913 established that permits for construction will remain active for 12 months after initial issuance. The language in the California Codes state that a permit

expires after 180 days of inactivity. Staff recommends amending the administrative provisions of the 2019 California Codes to have permits expire 12 months after the issuance date to comply with state law.

The City's General Plan requires that finished floor elevations of buildings constructed in the flood plain be set at a minimum of one foot above the base flood elevation. However, the current Tracy Municipal Code floodplain regulations do not harmonize with this requirement. Therefore, in order to avoid conflicting requirements, staff recommends that the floodplain regulations be modified to be the same as the General Plan requirements.

California is experiencing a current housing shortage throughout the state. Compounding this housing shortage is the ever-present threat from a natural disaster.

The City of Tracy could experience urban conflagration, severe flooding or a significant seismic event. As such, there is a possibility of the need for emergency housing. Staff recommends the adoption of CBC appendix O and CRC appendix X which provide construction standards for emergency housing that may be used upon the declaration of a shelter crisis. Having these standards available will provide standards for emergency shelters to be quickly and safely constructed. It is recommended to modify the section related to lofts in these shelters. Specifically, loft guardrails are allowed to be set at a lower height than the current CRC language specifies elsewhere in the code regarding guardrails. Therefore, in order to be consistent, guardrails will be required to have the same minimum height as required elsewhere in the code.

Staff is proposing the adoption of CRC appendix R straw-clay construction. This appendix will provide standards for construction with straw-clay materials for non-load bearing walls. This is a newer methodology that provides a green alternative to traditional construction materials. Having these standards available will provide an opportunity for builders to lessen the environmental impact of construction.

The CBC and CRC have always contained certain structures that are exempt from requiring a permit. One of these exemptions is fences not exceeding 7 feet. The intent of this exemption was to exclude wooden fences that have very little effect on the built environment. However, there are cases in which fences should not be exempt; such as when they act as a pool barrier or are constructed of masonry or concrete over 4 feet in height. Requiring a permit for the rebuilding of a fence surrounding a swimming pool will ensure that such a fence will meet the current code requirements to help to prevent accidental drownings. Additionally, Tracy is located in the second most seismically volatile area in the world. As such, enabling the construction of a massive and heavy masonry or concrete fence without a permit could unwittingly foster substandard construction that could collapse during a tremor and cause property damage and/or injury/death during a seismic event. Staff, therefore recommends that the administrative provisions of the code now clarify the exemptions for fence permits.

Another exemption from requiring a building permit that is vague and needs further clarification is the exemption of one-story detached structures of less than 120 square feet. While the area is limited, there is not a limit to the height of such a structure noted in the exception of the code. The residential code provides prescriptive construction

method for wood wall framing to a maximum story height of 11 feet 7 inches to meet wind and seismic demands. To construct structures with story height greater than 11 feet 7 inches would require engineered design. Therefore, staff is proposing that the City of Tracy limit the exception of one-story 120 square-foot accessory structures to 11 feet 7 inches in height as a code amendment to the administrative provisions of the code.

Staff is also proposing other editorial changes to the TMC within Title 9. These editorial changes consist of relocating and renaming sections in order to increase consistency and readability throughout Title 9.

Most of the changes noted within the 2019 California Codes from previous editions should have minimal impact upon construction, yet constitute a continued effort to achieve the highest levels of health and life safety in the built environment under specified minimum standards.

However, the most significant changes are the requirements found in the CEnC related to increased energy efficiencies including a requirement that all new residential building less than three stories have a photovoltaic system installed. These are intended to have a positive environmental impact and bring California closer to the zero net electricity goal.

A public hearing is not required to adopt the codes by reference, if the adoption is a condition of compliance with a state statute (Government Code section 50022.2). However, a public hearing is required for adoption of the various non-mandated appendices to the codes so staff is requesting that Council conduct a public hearing to occur concurrently with adoption (second reading) of the proposed ordinance.

Local Outreach

City staff recently met with a group of community stakeholders that included business owners, designers, residential and commercial developers, and contractors in order to receive feedback and discuss in greater detail the proposed code amendments. The stakeholders expressed understanding and voiced no concerns with the proposed local amendments to the 2019 California Codes for the City of Tracy.

Upon Council adoption of the aforementioned local amendments, staff will file these amendments with both the California Building Standards Commission and the Department of Housing and Community Development.

STRATEGIC PLAN

The adoption of the 2019 California Codes does not directly support any portion of the Strategic Plan and yet is not in conflict with any of the Strategic Plan's goals or objectives.

FISCAL IMPACT

The expenses related to the adoption of the 2019 California Building, Fire, and related codes are considered in the adoption of the department budgets. There are sufficient funds for this request.

RECOMMENDATION

Staff recommends that the City Council conduct a public hearing regarding an ordinance adopting the 2019 California Building, Fire, and related codes, specifying which appendices apply to the City of Tracy and re-adopting certain existing sections of Title 9 of the Tracy Municipal Code and adopting local standards related to emergency housing, straw clay construction, corrosive soils, exterior pallet storage, radio amplification systems other emergency responder requirements flood plain regulations, waive second reading and adopt the ordinance.

Prepared by: Chris Landreth, Supervising Building Inspector

Reviewed by: Kevin Jorgensen, Building Official
William Dean, Assistant Development Services Director
Mike Wilkinson, Interim Fire Marshal
Randall Bradley, Fire Chief
Karin Schnaider, Finance Director
Andrew Malik, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

Attachment A – Proposed Ordinance adopting the various 2019 California Codes and appendices thereto, including local amendments, and repealing, amending and adding to Title 9 of the Tracy Municipal Code

ORDINANCE _____

AN ORDINANCE OF THE CITY OF TRACY ADOPTING THE 2019 CALIFORNIA BUILDING CODE, 2019 CALIFORNIA ELECTRICAL CODE, 2019 CALIFORNIA PLUMBING CODE, 2019 CALIFORNIA RESIDENTIAL CODE, 2019 CALIFORNIA MECHANICAL CODE, 2019 CALIFORNIA GREEN BUILDING STANDARDS CODE, 2019 CALIFORNIA HISTORICAL BUILDING CODE, 2019 CALIFORNIA EXISTING BUILDING CODE, AND 2019 CALIFORNIA ENERGY CODE, 2019 CALIFORNIA FIRE CODE, ADOPTING APPENDICES C, F, H, I, K AND O OF THE 2019 CALIFORNIA BUILDING CODE, APPENDICES A, B, C, D, E, G, H, I, J AND K OF THE 2019 CALIFORNIA PLUMBING CODE, APPENDICES D AND F OF THE 2019 CALIFORNIA MECHANICAL CODE, APPENDICES H, I, O, R, S, W AND X OF THE 2019 CALIFORNIA RESIDENTIAL CODE, ALL APPENDICES OF THE 2019 CALIFORNIA HISTORICAL BUILDING CODE, APPENDICES B, BB, C, CC, D, F, H, L AND N OF THE 2019 CALIFORNIA FIRE CODE, ADOPTING STANDARDS RELATED TO EMERGENCY HOUSING, STRAW-CLAY CONSTRUCTION, CORROSIVE SOILS, EXTERIOR PALLET STORAGE, RADIO AMPLIFICATION SYSTEMS, OTHER EMERGENCY RESPONSE STANDARDS, FLOODPLAIN REGULATIONS AND REPEALING SECTIONS TO REORGANIZE EXISTING ORDINANCE LANGUAGE, CORRECT CODE REFERENCES, AND CLARIFY LANGUAGE

The City Council of the City of Tracy does hereby ordain as follows:

SECTION 1: Readopted sections. Tracy Municipal Code sections 9.04.010, 9.04.020 and 9.04.040 are readopted in their entirety without change.

SECTION 2: Amended sections. Tracy Municipal Code sections 9.04.030 and 9.04.050 are hereby amended to read as follows:

9.04.030 Adoption by reference of the California Building Code.

The City hereby adopts by reference the code entitled "2019 California Building Code," Volumes 1 and 2, including appendices C, F, H, I, K and O, copyrighted by the International Code Council and the California Building Standards Commission (hereinafter "California Building Code"), as amended by this chapter. The California Building Code is on file with the City Clerk, and is available for inspection and copying in accordance with Government Code section 50022.6.

9.04.050 Amendments to the California Building Code

The City of Tracy hereby makes the following local amendments to the California Building Code:

CHAPTER 1

Section 105.2 item 1 is amended to read as follows:

1. One-story detached accessory structures used as tool and storage sheds, playhouses and similar uses, provided that the floor area is not greater than 120 square feet (11m²) and the story height does not exceed 11' 7" feet.

Section 105.2 item 2 is amended to read as follows:

2. Fences meeting all the following

1. Not exceeding 7 feet
2. Not used as a pool, spa or hot tub barrier
3. When constructed of concrete or masonry shall not exceed 4 feet in height above adjacent finished grade level

Section 105.3.2 is amended to read as follows:

Section 105.3.2 Time limitation of application. An application for a permit for any proposed work shall be deemed to have been abandoned 180 days after the date of filing, unless such application has been pursued in good faith or a permit has been issued; except that the building official is authorized to grant one or more extensions of time for additional periods not exceeding 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the building official, an application shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new application shall be submitted and corresponding fees shall be paid when an application has expired.

Section 105.5 is amended to read as follows:

Section 105.5 Expiration. Every permit issued shall become invalid unless the work on the site authorized by such permit is commenced within 12 months after its issuance, or if the work authorized on the site by such permit is suspended or abandoned for a period of 180 days after the time the work is commenced. The building official is authorized to grant, in writing, one or more extensions of time, for periods not more than 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the building official, a permit shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new permit shall be obtained and corresponding fees shall be paid when a permit has expired.

CHAPTER 5

Section 501.2 is amended to read as follows:

Section 501.2 Address Identification. New and existing buildings shall be provided and maintained with approved address identification. The identification shall comply with all of the following:

1. Not less than 4" high with a 1/2" stroke width
2. Located minimum of 6' above grade
3. Illuminated at night. Illumination shall be either internal or external at an intensity of 5.0 foot- candles
4. Numbers shall contrast with the background.
5. Numbers shall be placed on a portion of the building that is both legible and visible from the street that fronts the property
6. Numbers shall not be placed on a moveable door and shall not be obstructed from view from the street.
7. Addresses shall be Arabic numbers or alphabetical letters and conventional in form

Additionally, where access is by means of a private road and/or the building address cannot be viewed from the public way, a monument, pole or other approved sign or means shall be used to identify the structure. Where required by the fire code official, address numbers/figures shall be provided in additional approved locations to facilitate emergency response.

Multiple tenant spaces serviced by vehicular access to the rear of the building through any driveway, alleyway, or parking lot shall have numbers or addresses placed prior to occupancy on all new and existing buildings as to be plainly visible and legible from the rear access way.

Multiple tenant spaces serviced by rear access through a corridor, exit court, or exit yard shall have approved numbers or addresses displayed on the rear of the tenant space. Multiple tenant spaces that front on interior walkways or pedestrian malls shall have approved numbers or addresses placed over the entrance door in all new and existing buildings.

An illuminated annunciator or directory board shall be required at every entrance where deemed necessary by the fire code official.

CHAPTER 18

Section 1808.6.1 is amended by adding the following text to the end of the section:

3. Slabs-on-grade installed in conjunction with foundations shall also be designed to resist differential volume changes and to prevent horizontal and vertical displacement of the slab.

APPENDIX O

Section O108.2.4 is amended to read as follows:

O108.2.4 Loft Guards. Loft guards shall be located along the open side of lofts. Loft guards shall not be less than 42 inches (914 mm) in height. Loft guards shall not have openings from the walking surface to the required guard height that allow passage of a sphere 4 inches (102 mm) in diameter.

SECTION 3: Readopted sections. Tracy Municipal Code sections 9.06.010, 9.06.020 and 9.06.050 are readopted in their entirety without change.

SECTION 4: Amended sections. Tracy Municipal Code sections 9.06.030, 9.06.040 and 9.06.060 are hereby amended to read as follows:

9.06.030 Adoption by reference of the California Fire Code.

The City hereby adopts by reference the code entitled "2019 California Fire Code" including appendices B, BB, C, CC, D, F, H, L and N, copyrighted by the International Code Council and the California Building Standards Commission (hereinafter "California Fire Code"), as amended by this chapter. The California Fire Code is on file with the City Clerk, and is available for inspection and copying in accordance with Government Code section 50022.6.

9.06.040 Penalty Provisions

The California Fire Code subsection 110.4 is amended to read as follows:

110.4 Violations Penalties. Violations of this Chapter shall be enforced by the City of Tracy in accordance with the provisions of City of Tracy Municipal Code Section 9.02.040

9.06.060 Amendments to the California Fire Code.

The City of Tracy hereby makes the following local amendments to the California Fire Code:

CHAPTER 1

Section 103.2 Appointment, is hereby repealed in its entirety as it purports to give vested employment rights different than currently exists for the fire code official.

Section 105.2.3 is amended to read as follows:

Section 105.2.3 Time limitation of application. An application for a permit for any proposed work shall be deemed to have been abandoned 180 days after the date of filing, unless such application has been pursued in good faith or a permit has been issued; except that the fire code official is authorized to grant one or more extensions of time for additional periods not exceeding 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the fire code official, an application shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application.

A new application shall be submitted and corresponding fees shall be paid when an application for a permit has expired.

Section 105.3.2 is amended to read as follows:

Section 105.3.2 Extensions. Every permit issued shall become invalid unless the work on the site authorized by such permit is commenced within 12 months after its issuance, or if the work authorized on the site by such permit is suspended or abandoned for a period of 180 days after the time the work is commenced. The building official is authorized to grant, in writing, one or more extensions of time, for periods not more than 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the building official, a permit shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new permit shall be obtained and corresponding fees shall be paid when a permit has expired.”

Section 105 is amended by adding subsection 105.6.50.1 to read as follows:

Section 105.6.50.1 Christmas tree lots, haunted house or corn maze. An operational permit is required to operate a temporary or permanent operation.

Section 106 is amended by adding subsection 106.2.3 to read as follows:

106.2.3 Reinspection Fee. A reinspection fee may be assessed for each inspection, test, or reinspection when such portion of work for which an inspection is requested is not complete or when corrections requested to be inspected are not made. This section is not to be interpreted as requiring reinspection fees the first time an inspection or test is rejected for failure to comply with the requirements of the code, but as controlling the practice of requesting inspections/tests before the job is ready for such inspection or test. Reinspection fees may be assessed when the approved plans are not readily available to the inspector, for failure to provide access on the date for which the inspection/test is requested, failure for those individuals conducting the test to show up at the scheduled time or deviating from the approved plans. The fee shall be equal to all incurred costs for inspection and administrative staff at the fully burdened rate.

CHAPTER 2

Section 202 subsection FALSE ALARM is amended to read as follows:

FALSE ALARM shall mean the giving, signaling or transmission to any public fire station or company or to any officer or employee thereof, whether by telephone, spoken word or otherwise, information to the effect that there is a fire, medical emergency, rescue request, or other need for emergency service at or near the place indicated by the person giving, signaling, or transmitting such information, and there is found to be no need for emergency services.

CHAPTER 3

Section 315 is amended by adding section 315.7.8 to read as follows:

Section 315.7.8 Outside storage of pallets, palletized packing boxes, bin boxes and other combustibles.

Section 315.7.8.1 Operational permit required. An operational permit shall be obtained to store pallets, palletized packing boxes, bin boxes and other combustible materials in excess of 2500 cubic feet.

Section 315.7.8.2 Height

Pallets, palletized packing boxes, bin boxes and other combustible materials shall be stored or piled with due regard to stability but in no case greater than 15 feet in height.

Exception: Bin boxes may be stacked to a maximum height of 20 feet.

Section 315.7.8.3 Proximity to other combustible yard storage

Pallets, palletized packing boxes and bin boxes shall be stored within the limitations to other combustible yard storage as per Table 315.7.8.3 (a). The distance of stacked pallets, palletized packing boxes or bin boxes adjacent to buildings on the same lot shall comply with Table 315.7.8.3 (b)

Table 315.7.8.3 (a)
Minimum distance of piled storage to other combustible yard storage

# of Pallets Bins or boxes	Min. Ft.
<50	20 Feet
50-200	30 Feet
>200	50 Feet

Table 315.7.8.3 (b)
Minimum distance of piled or combustible storage to buildings

Building Wall Construction	# of Pallets, Bins or Boxes		
	<50	50-200	>200

Masonry without openings	0 ft.	0 ft.	15 ft.
Wood or metal With outside sprinklers	10 ft.	20 ft	30 ft.
Wood, Metal or Masonry W/O outside sprinklers	20 ft.	30 ft.	50 ft.

Section 315.7.8.4 Proximity to property line

Where pallets, palletized packing boxes, bin boxes or other combustibles are piled or stored adjacent to a property line, the distance from such storage or pile shall not be less than 20 feet to the property line.

Section 315.7.8.5 Fire access

Fire access driveways between and around pallets, palletized packing boxes, bin boxes or other combustibles shall be a minimum of 20 feet in width and maintained free from accumulation of rubbish, weeds, machinery, equipment or other obstructions that may block access or add to the fire hazard. Driveways shall be spaced so as to establish a maximum grid of storage not to exceed 50 feet by 50 feet and no pile shall exceed 2500 square feet in dimension or more than 50 feet in any one dimension. An approved turning radius around such piles shall be maintained at all times.

Section 315.7.8.6 Fencing

Outside storage of pallets, palletized packing boxes, bin boxes or other combustibles operating under a permit shall be enclosed by a suitable fence not less than 6 feet in height.

Section 315.7.8.7 Water Supply

An approved water supply and hydrants capable of supplying the required fire flow shall be provided within 400 feet or all portions of the storage area in accordance with section 507 of the 2019 California Fire Code or NFPA 1142 (where municipal water supplies are not available).

CHAPTER 4

Section 401.5 is amended by adding subsection 401.5.1 Cost to read as follows:

Section 401.5.1 Cost recovery. All costs incurred by the City to any response to a false alarm will be charged to that person, property owner, firm or corporation causing the transmission of the false alarm.

CHAPTER 5

Section 503.6 is amended to read as follows:

Section 503.6 Security gates. The installation of security gates across a fire apparatus access road shall require, prior to installation, approval by the fire code official. Where security gates are installed they shall have an approved means of emergency operation. The security gates and the emergency operation shall be maintained operational at all times. All electrically operated automatic gates across fire apparatus access roads shall be equipped with traffic preempting optical signal receivers compatible with the emitters utilized by the Fire

Department, which will activate the gate and override all command functions of the gate controller. Knox Switches shall be provided at automatic gates. The traffic preemptive optical signal receiver and key switch shall be provided on both sides of an automatic access gate where an exit loop is not provided. The automatic gate shall have a battery backup or manual mechanical disconnect readily accessible to emergency personnel in case of power failure. All gates must meet Fire Department standards deemed necessary by the fire code official for rapid, reliable access. Electric gate operators, where provided, shall be listed in accordance with UL 325.

Gates intended for automatic operation shall be designed, constructed and installed to comply with the requirements of ASTM F 2200. All manual gates shall be equipped with a Knox-Box containing a key to the gate, or an approved Knox-Padlock.

Section 505.1 is amended to read as follows:

Section 505.1 Address Identification. New and existing buildings shall be provided and maintained with approved address identification. The identification shall comply with all of the following:

1. Not less than 4" high with a 1/2" stroke width
2. Located minimum of 6' above grade
3. Illuminated at night. Illumination shall be either internally or externally at an intensity of 5.0 foot-candles
4. Numbers shall contrast with the background.
5. Numbers shall be placed on a portion of the building that is both legible and visible from the street that fronts the property
6. Numbers shall not be placed on a moveable door and shall not be obstructed from view from the street.
7. Addresses shall be Arabic numbers or alphabetical letters and conventional in form

Additionally, where access is by means of a private road and/or the building address cannot be viewed from the public way, a monument, pole or other approved sign or means shall be used to identify the structure. Where required by the fire code official, address numbers/figures shall be provided in additional approved locations to facilitate emergency response.

Multiple tenant spaces serviced by vehicular access to the rear of the building through any driveway, alleyway, or parking lot shall have numbers or addresses placed prior to occupancy on all new and existing buildings as to be plainly visible and legible from the rear access way.

Multiple tenant spaces serviced by rear access through a corridor, exit court, or exit yard shall have approved numbers or addresses displayed on the rear of the tenant space.

Multiple tenant spaces that front on interior walkways or pedestrian malls shall have approved numbers or addresses placed over the entrance door in all new and existing buildings. An illuminated annunciator or directory board shall be required at every entrance where deemed necessary by the fire code official.

Section 506.1 is amended to read as follows:

Section 506.1 Where required. Where access to or within a structure or an area is restricted because of secured openings or where immediate access is necessary for life safety or firefighting purposes, the fire code official is authorized to require a key box in which all keys necessary for entering any portion of the property, building or area shall be contained. The key box shall be manufactured by Knox (listed in accordance with UL 1037) and as a minimum size, shall be a Knox-Box 3200 series box with exterior dimensions of 5"x4"x3 3/4". Larger boxes will be required dependent upon the number of keys to be set within the box. The Knox-Box shall be installed at a height of 72" above finished grade in an accessible location approved by the fire code official. Keys within the box shall be permanently and readily identified.

Section 506 is amended by adding subsection 506.3 to read as follows:

Section 506.3 Hazardous materials management plan box. When a facility stores or uses hazardous materials, the fire code official may require the installation of a secured box manufactured by KNOX and located at the facilities primary entrance or fire control room. The plan box shall contain up-to-date hazardous materials inventory sheets (HMIS) of all of the hazardous materials stored or used within the facility, hazardous materials management plan (HMMP) and contact information of the company liaison to the fire department. The plan box shall be water proof and of sufficient size to contain HMMP and HMIS information without the need to fold the documentation.

Section 509 is amended by adding subsection 509.3 to read as follows:

509.3 Fire Control Room. All new buildings protected with an automatic fire extinguishing system shall be provided with a Fire Control Room in which shall contain system control valves and where practical, fire alarm panel, smoke exhaust controls and all other equipment (excluding fire pump) as designated by the fire code official. If the electrical power equipment is not located within the Fire Control Room, then, it shall be located in a room immediately adjacent thereto or as approved by the fire code official. The fire control room shall be located so as to be directly accessible from the exterior of the building and provided with a durable and permanent sign on the exterior of the access door to identify the space as the fire control room.

CHAPTER 9

Section 903 is amended by adding subsection 903.2.20 to read as follows:

Section 903.2.20 Automatic fire sprinklers. In addition to the requirements specified in Section 903 of this code, an automatic fire sprinkler system shall be installed throughout and maintained in operable condition in the following buildings:

1. Every building hereafter constructed in which the total area of the building is greater than 6,000 square feet including overhangs.
2. Every building hereafter constructed of three or more stories in height as defined in the building code.
3. Every building hereafter remodeled or improved within a three-year period of time when the cost of improvements (alterations and/or structural repairs to the building) requiring permits exceeds a valuation threshold as specified below and the total area of the building exceeds 6,000 square feet.

The calculation is determined using a valuation threshold of \$100,000 based on the 1985 "ENR US20 Cities" Average Construction Cost Index of 4195 adjusted by area cost

factors. The City will annually update the valuation threshold to a current amount based on the increase in the index since the last figure used.

4. Every building hereafter changed in occupancy classification and the total area is greater than 6,000 square feet, and the proposed use is deemed to be more hazardous based on risk analysis by the fire code official
5. Every building hereafter in which square footage is increased by 50% or more within a three- year period and the total square footage of the building exceeds 6000 square feet. If the additional square footage added to a building creates a total that exceeds the minimum code requirement for sprinklers for that occupancy type, then automatic sprinklers shall be required.
6. (Exception) Minor additions; not greater than 500 square feet in area to existing non-sprinklered buildings and the purpose of the addition is for accessory storage or disabled access upgrades.

Section 912.5 is amended to read as follows:

Section 912.5 Signs. A metal sign with raised letters at least 1 inch (25 mm) in size shall be mounted on all fire department connections serving automatic sprinklers, standpipes or fire pump connections. Such signs shall read: AUTOMATIC SPRINKLERS or STANDPIPES or TEST CONNECTION or a combination thereof as applicable. Where the fire department connection serves a portion of a building or a specific building among multiple buildings a sign shall be provided to reflect the appropriate building or portion of a building served.

Section 913 is amended by adding the following text to the end of the section:

Section 913.7 Meters and testing devices. Where fire pumps are provided, they shall have a test loop installed in accordance with the applicable portions of NFPA 20 Section 4.21.2.

CHAPTER 11

Section 1103.2 amended to read as follows:

Section 1103.2 Emergency responder radio coverage in existing buildings. Existing buildings that do not have approved radio coverage for emergency responders within the building based upon the existing coverage levels of the public safety communication systems of the jurisdiction shall be equipped with such coverage when any of the following conditions apply:

1. Where the use or occupancy group of the building has been changed and the use or occupancy is more hazardous.
2. Where the addition of metal racking systems, equipment, or interior walls utilizing metal, masonry or concrete materials that interfere with emergency responder radio coverage within the building as noted below:
 - a. Where multiple tenant spaces exist within a single structure, only the tenant space where improvements are made that trigger radio coverage shall have radio coverage. The improvements made to provide adequate radio coverage shall be designed, however, to have the capability to expand indoor radio coverage to all other areas of the building by adding cable and antennas if needed for subsequent improvements in these other areas of the building. Survivability of the cable pathway and "junction" locations between tenant spaces shall be addressed.
 - b. New metal racks (including required aisle and flue space) or equipment installed that increase existing metal racks (including required aisle and flue space) or equipment by 40% or greater of tenant spaces up to 100,000 square feet, 35% or greater of tenant spaces up to 400,000 square feet and 25% or greater of tenant spaces

- greater than 400,000 square feet shall require radio coverage.
- c. New metal racks (including required aisles and flue spaces) or equipment that cover 30% or greater area of the tenant space where no such improvements previously existed shall require radio coverage in tenant spaces up to 100,000 square feet; 25% or greater of tenant spaces up to 400,000 square feet and 20% or greater of tenant spaces greater than 400,000 square feet.
 - d. New masonry or concrete walls and elevated floor/ceilings and metal-framed walls or floor/ceilings installed that increase existing masonry or concrete walls and elevated floor/ceilings and metal-framed walls and floor/ceilings (area calculation) by 40% or greater of tenant spaces up to 100,000 square feet, 35% or greater of tenant spaces up to 400,000 square feet and 25% or greater of tenant spaces more than 400,000 square feet shall require radio coverage.
 - e. New masonry or concrete walls and elevated floor/ceilings and metal-framed walls or floor/ceilings installed that cover 30% or greater area of the tenant space (area calculation) where no such improvements previously existed shall require radio coverage in tenant spaces up to 100,000 square feet, 25% or greater of tenant spaces up to 400,000 square feet and 20% or greater of tenant spaces more than 400,000 square feet.
3. Every building hereafter in which square footage of the building is increased by 50% or more within a three-year period and the total square footage of the building exceeds 10,000 square feet.
Exception: 1). Group R Division 3 Occupancies and buildings constructed entirely of structural members made of wood.

APPENDIX B

Section B105.2 is amended by adding the following text to the end of the section: Exception:

5. A maximum reduction in required fire-flow of up to 50 percent, as approved by the fire code official, is allowed when the building is provided with an automatic sprinkler system installed in accordance with Section 903.3.1.1 or 903.3.1.2 as opposed to the 75% reduction values given for minimum fire flows in Table B1105.2. A reduction in required fire-flow of up to 75 percent, as approved by the fire code official, is allowed for warehouse buildings of Type I, Type II, and Type III construction provided with ESFR automatic fire sprinkler systems. The resulting fire-flow for any of these reductions shall not be less than 1500 gallons per minute for the prescribed duration according to Table B105.1(2). Reduction of fire-flow applies to the fire hydrants requirements as specified in Appendix C.

APPENDIX BB

Section BB105.1 and Exception is amended to read as follows:

Section BB105.1 The minimum fire-flow and flow duration for school buildings shall be as specified in Table BB105.1.

Exception: A reduction in required fire flow of up to 50 percent is allowed when the building is provided with an approved automatic sprinkler system. When a reduction in fire flow is used, fire flow shall not be less than 1500 gallons per minute for the prescribed duration as specified in Table BB105.1. Reduction of fire-flow applies to the fire hydrants requirements as specified in Appendix CC.

APPENDIX C

Appendix C is amended by adding section C106 to read as follows:

Section C106 Hydrant type. The fire code official shall approve the type of fire hydrants to be installed in the public right of way or on private property prior to any such installation.

Table C102.1 Number and Distribution of Fire Hydrants, footnote "b" is repealed and amended to read as follows:

Table C102.1 footnote "b"

b. Where streets are provided with median dividers that make access to hydrants difficult, cause time delay, or create undue hazard or both, or where arterial streets are provided with four or more traffic lanes, hydrant spacing shall average 500 feet on each side of the street and be arranged on an alternating basis.

APPENDIX CC

Appendix CC is amended by adding section CC106 to read as follows:

Section CC106 Hydrant type. The fire code official shall approve the type of fire hydrants to be installed in the public right of way or on private property prior to any such installation.

Table CC105.1 Number and Distribution of Fire Hydrants, footnote "b" is repealed and amended to read as follows:

Table CC105.1 footnote "b"

b. Where streets are provided with median dividers that make access to hydrants difficult, cause time delay, or create undue hazard or both, or where arterial streets are provided with four or more traffic lanes, hydrant spacing shall average 500 feet on each side of the street and be arranged on an alternating basis.

SECTION 5: Readopted sections. Tracy Municipal Code sections 9.08.010, 9.08.020, 9.08.040, 9.08.060 and 9.08.080 through 9.08.160 are readopted in their entirety without change.

SECTION 6: Amended sections. Tracy Municipal Code sections 9.08.030, 9.08.050 and 9.08.070 are hereby amended to read as follows:

9.08.030 Adoption by reference of the California Electrical Code.

The City hereby adopts by reference the code entitled "2019 California Electrical Code," copyrighted by the National Fire Protection Association and approved by the California Building Standards Commission (hereinafter "California Electrical Code"), as amended by this chapter. The California Electrical Code is on file with the City Clerk, and is available for inspection and copying in accordance with Government Code section 50022.6."

9.08.050 Amendments to the California Electrical Code

The City hereby makes the following local amendments to the California Electrical Code

SECTION 250.52(A)(5) AND 250.52(A)(7)

Section 250.52(A)(5) and 250.52(A)(7) is amended to read as follows:

Section 250.52(A)(5) Rod and Pipe Electrodes. Rod and pipe electrodes shall be not less than 2.44 m (8 ft) in length and shall consist of the following materials.

(a) Grounding electrodes of pipe or conduit shall not be smaller than metric designator 21 (trade size $\frac{3}{4}$) and any piping subject to undue corrosive action, shall be listed for corrosive soils or protected in a manner suitable for the purpose and is subject to the approval of the Building Official.

(b) Rod-type grounding electrodes of stainless steel and copper coated steel shall be at least 15.87 mm (5/8-inch) in diameter, unless listed for corrosive soils, unless listed.

Section 250.52(A)(7) Plate Electrodes. Each plate electrode shall expose not less than 0.186 m² (2 ft²) of surface to exterior soil. Electrodes of electrically conductive coated iron or steel plates, shall be at least 6.4 mm (1/4 inch) in thickness and listed for corrosive soils. Electrodes of bare ferrous plates shall not be permitted. Solid, uncoated electrodes of non-ferrous metal shall be at least 1.5mm (0.06 in) in thickness.

9.08.070 Corrosive Soils.

The City of Tracy has extensive areas where corrosive soils are present and therefore any ferrous or galvanized conduit, piping, connections or equipment in contact with the ground shall be appropriately protected unless otherwise listed.

SECTION 7: Readopted sections. Tracy Municipal Code sections 9.10.010, 9.10.020, 9.10.040 and are readopted in their entirety without change.

SECTION 8: Amended sections. Tracy Municipal Code sections 9.10.030 and 9.10.050 are hereby amended to read as follows:

“9.10.030 Adoption by reference of the California Residential Code. The City hereby adopts by reference the code entitled "2019 California Residential Code" and appendices H, I, O, R, S, W and X copyrighted by the International Code Council and the California Building Standards Commission (hereinafter "California Residential Code"), as amended by this chapter. The California Residential Code is on file with the City Clerk, and is available for inspection and copying in accordance with Government Code section 50022.6.”

9.10.050 Amendments to the California Residential Code

The City hereby makes the following local amendments to the California Residential Code

CHAPTER 1

Section R105.2 item 1 is amended to read as follows:

1. One-story detached accessory structures, provided that the floor area does not exceed

120 square feet (11.15 m²) and the story height does not exceed 11 feet 7 inches.

Section R105.2 item 2 is amended to read as follows:

2. Fences meeting all the following
 1. Not exceeding 7 feet
 2. Not used as a pool, spa or hot tub barrier
 3. When constructed of concrete or masonry shall not exceed 4 feet in height above adjacent finished grade level.

Section R105.3.2 is amended to read as follows:

Section R105.3.2 Time limitation of application. An application for a permit for any proposed work shall be deemed to have been abandoned 180 days after the date of filing, unless such application has been pursued in good faith or a permit has been issued; except that the building official is authorized to grant one or more extensions of time for additional periods not exceeding 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the building official, an application shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new application shall be submitted and corresponding fees shall be paid when an application has expired.

Section R105.5 is amended to read as follows:

Section R105.5 Expiration. Every permit issued shall become invalid unless the work on the site authorized by such permit is commenced within 12 months after its issuance, or if the work authorized on the site by such permit is suspended or abandoned for a period of 180 days after the time the work is commenced. The building official is authorized to grant, in writing, one or more extensions of time, for periods not more than 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the building official, a permit shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new permit shall be obtained and corresponding fees shall be paid when a permit has expired.

CHAPTER 3

Table R301.2(1) is amended to read as follows:

Table R301.2(1)
Climatic and geographic design Criteria

GRO UND SNO W	Wind design				SEISMI C DESIGN CATEG	SUBJECT TO DAMAGE FROM Weathering Frost Termites			WIN TER DESIGN TEMP	ICE BARRIER UNDERLA YMENT	FLOO D HAZAR DS	AIR FREE ZING INDEX	MEA N ANN UAL
	Spe ed	Topogr aphic	Spe cial	Windb orne		D1-D2	Negligi ble	NA					
0	110	NO	NO	NO	D1-D2	Negligi ble	NA	Very Hear	36.6 Deg	NO	See note	3 Deg E-Day	60.7 Deg
MANUAL J DESIGN CRITERIA"													

Elevation	Latitude	Winter heating	Summer cooling	Altitude correction	Indoor design	Design temperature	Heating temperature
140	38	32	94	1.0	70	75	38
Cooling temperature	Wind velocity	Wind velocity	Coincident wet bulb	Daily Range	Winter humidity	Summer humidity	
19	15	7.5	69	38	50%	50%	

Note: For flood hazards, refer to Flood Insurance Rate Maps, 2009, published by FEMA. Most of Tracy is in Zone X, outside the 0.1 % annual-chance floodplain. General area lying north of I-205 and small portions at the south edge of Tracy are in the 1% annual chance of 100-year floodplain, and in the 200-year floodplain published by the Department of Water Resources.

Section R319 is amended to read as follows:

R319 Address Identification. New and existing buildings shall be provided and maintained with approved address identification. The identification shall comply with all of the following

1. Not less than 4" high with a 1/2" stroke width
2. Located minimum of 6' above grade
3. Illuminated at night. Illumination shall be either internally or externally at an intensity of 5.0 foot-candles
4. Numbers shall contrast with the background.
5. Numbers shall be placed on a portion of the building that is both legible and visible from the street that fronts the property
6. Numbers shall not be placed on a moveable door and shall not be obstructed from view from the street.
7. Addresses shall be Arabic numbers or alphabetical letters and conventional in form.

Additionally, where access is by means of a private road and/or the building address cannot be viewed from the public way, a monument, pole or other approved sign or means shall be used to identify the structure. Where required by the fire code official, address numbers/figures shall be provided in additional approved locations to facilitate emergency response.

Multiple residential units serviced by vehicular access to the rear of the buildings through any driveway, alleyway, or parking lot shall have numbers or addresses placed prior to occupancy on all new buildings as to be plainly visible and legible from the rear access way.

APPENDIX X

Section AX108.2.4 is amended to read as follows:

AX108.2.4 Loft Guards. Loft guards shall be located along the open side of lofts. Loft guards shall not be less than 42 inches (914 mm) in height. Loft guards shall not have openings from the walking surface to the required guard height that allow passage of a sphere 4 inches (102 mm) in diameter.

SECTION 9: Added Section. Section 9.10.060 of the Tracy Municipal Code is hereby added to read as follows:

9.10.060 One- and two-family dwellings automatic fire suppression systems.

An automatic residential fire sprinkler system shall be installed in one- and two-family dwellings including all newly installed manufactured homes in accordance with Title 25

SECTION 10: Readopted sections. Tracy Municipal Code sections 9.12.010, 9.12.020, 9.12.040 are readopted in their entirety without change.

SECTION 11: Amended sections. Tracy Municipal Code sections 9.12.030 and 9.12.050 are amended to read as follows:

9.12.030 Adoption by reference of the California Plumbing Code.

The City hereby adopts by reference the code entitled "2019 California Plumbing Code," including appendices A, B, C, D, E, G, H, I, J and K , copyrighted by the International Association of Plumbing and Mechanical Officials and the California Building Standards Commission (hereinafter "California Plumbing Code"), as amended by this chapter. The California Plumbing Code is on file with the City Clerk, and is available for inspection and copying in accordance with Government Code section 50022.6."

9.12.050 Amendments to the California Plumbing Code

The City of Tracy hereby makes the following local amendments to the California Plumbing Code.

CHAPTER 1

Section 104.3.3 is amended to read as follows:

Section 104.3.3 Time Limitation of Application. An application for a permit for any proposed work shall be deemed to have been abandoned 180 days after the date of filing, unless such application has been pursued in good faith or a permit has been issued; except that the building official is authorized to grant one or more extensions of time for additional periods not exceeding 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the building official, an application shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application.

A new application shall be submitted and corresponding fees shall be paid when an application has expired.

Section 104.4.3 is amended to read as follows:

Section 104.4.3 Expiration. Every permit issued shall become invalid unless the work on the site authorized by such permit is commenced within 12 months after its issuance, or if the work authorized on the site by such permit is suspended or abandoned for a period of 180 days after the time the work is commenced. The building official is authorized to grant, in writing, one or more extensions of time, for periods not more than 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the building official, a permit shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new permit shall be obtained and corresponding fees shall be paid when a permit has expired.

Section 104.4.4 is amended to read as follows:

Section 104.4.4 Extensions. A permittee holding an unexpired permit shall be permitted to apply for an extension of the time within which work shall be permitted to commence under that permit where the permittee is unable to commence work within the time required by this section. The Authority Having Jurisdiction shall be permitted to extend the time for action by the permittee for a period not exceeding 180 days upon written request by the permittee showing that circumstances beyond the control of the permittee have prevented the action from being taken. However, at the discretion of the building official, a permit shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new permit shall be obtained and corresponding fees shall be paid when a permit has expired.

SECTION 12: Added section. Tracy Municipal Code section 9.12.060 is added to read as follows:

9.12.060 Corrosive Soils.

The City of Tracy has extensive areas where corrosive soils are present and therefore any ferrous or galvanized conduit, piping, connections or equipment in contact with the ground shall be appropriately protected unless otherwise listed.

SECTION 13: Readopted sections. Tracy Municipal Code sections 9.14.010, 9.14.020 and 9.14.040 are readopted in their entirety without change.

SECTION 14: Amended section. Tracy Municipal Code section 9.14.030 is hereby amended to read as follows:

9.14.030 Adoption by reference of the California Green Building Standards Code
The City hereby adopts by reference the code entitled "2019 California Green Building Standards Code" without appendices and copyrighted by the California Building Standards Commission (hereinafter "California Green Building Standards Code"), as amended by this chapter. The California Green Building Standards Code is on file with the City Clerk, and is available for inspection and copying in accordance with Government Code section 50022.6."

SECTION 15: Readopted sections. Tracy Municipal Code sections 9.16.010, 9.16.020 and 9.16.040 are readopted in their entirety without change.

SECTION 16: Amended sections. Tracy Municipal Code sections 9.16.030 and 9.16.050 are hereby amended to read as follows:

"9.16.030 Adoption by reference of the California Mechanical Code.

The City hereby adopts by reference the code entitled "2019 California Mechanical Code," and appendices D and F attached thereto, copyrighted by the International Association of Plumbing and Mechanical Officials and the California Building Standards Commission (hereinafter "California Mechanical Code"), as amended by this chapter. The California Mechanical Code is on file with the City Clerk, and is available for inspection and

copying in accordance with Government Code section 50022.6.”

9.16.050 Amendments to the California Mechanical Code.

The City of Tracy hereby make the following local amendments to the California Mechanical Code:

CHAPTER 1

Section 104.3.3 is amended to read as follows:

Section 104.3.3 Time Limitation of Application. An application for a permit for any proposed work shall be deemed to have been abandoned 180 days after the date of filing, unless such application has been pursued in good faith or a permit has been issued; except that the building official is authorized to grant one or more extensions of time for additional periods not exceeding 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the building official, an application shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new application shall be submitted and corresponding fees shall be paid when an application has expired.

Section 104.4.3 is amended to read as follows:

Section 104.4.3 Expiration. Every permit issued shall become invalid unless the work on the site authorized by such permit is commenced within 12 months after its issuance, or if the work authorized on the site by such permit is suspended or abandoned for a period of 180 days after the time the work is commenced. The building official is authorized to grant, in writing, one or more extensions of time, for periods not more than 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the building official, a permit shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new permit shall be obtained and corresponding fees shall be paid when a permit has expired.

Section 104.4.4 is amended to read as follows:

Section 104.4.4 Extensions. A permittee holding an unexpired permit shall be permitted to apply for an extension of the time within which work shall be permitted to commence under that permit where the permittee is unable to commence work within the time required by this section. The Authority Having Jurisdiction shall be permitted to extend the time for action by the permittee for a period not exceeding 180 days upon written request by the permittee showing that circumstances beyond the control of the permittee have prevented the action from being taken. However, at the discretion of the building official, a permit shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new permit shall be obtained and corresponding fees shall be paid when a permit has expired.

SECTION 17: Added section. Tracy Municipal Code section 9.16.060 is hereby added to read as follows:

9.16.060 Corrosive Soils.

The City of Tracy has extensive areas where corrosive soils are present and therefore any ferrous or galvanized ducting, conduit, piping, connections or equipment in contact with the ground shall be appropriately protected unless otherwise listed.

SECTION 18: Amended section. Tracy Municipal Code section 9.40.050 (c) (4) is hereby amended to read as follows:

Size, location and lighting. New and existing buildings shall be provided and maintained with approved address identification. The identification shall comply with all of the following

1. Not less than 4" high with a 1/2" stroke width
2. Located minimum of 6' above grade
3. Illuminated at night. Illumination shall be either internally or externally at an intensity of 5.0 foot-candles
4. Numbers shall contrast with the background.
5. Numbers shall be placed on a portion of the building that is both legible and visible from the street that fronts the property
6. Numbers shall not be placed on a moveable door and shall not be obstructed from view from the street.
7. Addresses shall be Arabic numbers or alphabetical letters and conventional in form

Additionally, where access is by means of a private road and/or the building address cannot be viewed from the public way, a monument, pole or other approved sign or means shall be used to identify the structure. Where required by the fire code official, address numbers/figures shall be provided in additional approved locations to facilitate emergency response.

Multiple tenant spaces serviced by vehicular access to the rear of the building through any driveway, alleyway, or parking lot shall have numbers or addresses placed prior to occupancy on all new and existing buildings as to be plainly visible and legible from the rear access way.

Multiple tenant spaces serviced by rear access through a corridor, exit court, or exit yard shall have approved numbers or addresses displayed on the rear of the tenant space. Multiple tenant spaces that front on interior walkways or pedestrian malls shall have approved numbers or addresses placed over the entrance door in all new and existing buildings. An illuminated annunciator or directory board shall be required at every entrance where deemed necessary by the fire code official.

SECTION 19: Readopted sections. Tracy Municipal Code sections 9.48.010, 9.48.020 and 9.48.040 are readopted in their entirety without change.

SECTION 20: Amended section. Tracy Municipal Code section 9.48.030 is hereby amended to read as follows:

9.48.030 Adoption by reference of the California Historical Building Code.

The City hereby adopts by reference the code entitled "2019 California Historical Building Code" including all appendices attached thereto and copyrighted by the California Building Standards Commission (hereinafter "California Historical Building Code"), as amended by this chapter. The California Historical Building Code is on file with the City Clerk, and is available

for inspection and copying in accordance with Government Code section 50022.6.”

SECTION 21: Readopted section. Tracy Municipal Code section 9.50.010, 9.50.020 and 9.50.040 are readopted in their entirety without change.

SECTION 22: Amended sections. Tracy Municipal Code sections 9.50.030 and 9.50.050 are amended to read as follows:

9.50.030 Adoption by reference of the California Existing Building Code.

The City hereby adopts by reference the code entitled "2019 California Existing Building Code", without appendices, copyrighted by the International Code Council and the California Building Standards Commission (hereinafter "California Existing Building Code"), as amended by this chapter. The California Existing Building Code is on file with the City Clerk, and is available for inspection and copying in accordance with Government Code section 50022.”

9.50.050 Amendments to the Existing Building Code.

The City of Tracy hereby makes the following local amendments to the Existing Building Code.

CHAPTER 1

Section 105.3.2 is amended to read as follows:

Section 105.3.2, Time limitation of application. An application for a permit for any proposed work shall be deemed to have been abandoned 180 days after the date of filing, unless such application has been pursued in good faith or a permit has been issued; except that the building official is authorized to grant one or more extensions of time for additional periods not exceeding 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the building official, an application shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new application shall be submitted and corresponding fees shall be paid when an application has expired.

Section 105.5 is amended to read as follows:

Section 105.5 Expiration. Every permit issued shall become invalid unless the work on the site authorized by such permit is commenced within 12 months after its issuance, or if the work authorized on the site by such permit is suspended or abandoned for a period of 180 days after the time the work is commenced. The building official is authorized to grant, in writing, one or more extensions of time, for periods not more than 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. However, at the discretion of the building official, a permit shall not be extended more than two times if this code or any other pertinent code, law or ordinance has been adopted subsequent to the date of application. A new permit shall be obtained and corresponding fees shall be paid when a permit has expired.

SECTION 23: Amended section. Tracy Municipal Code section 9.52.150 (c) (1) is hereby amended to read as follows:

New construction and substantial improvements shall have the lowest floor elevation, including basement, elevated 1 foot or higher above the base flood elevation. Nonresidential structures may meet the standards set forth in subsection (3) of this subsection. Upon the completion of the structure, the elevation of the lowest floor, including basement, shall be certified by a registered professional engineer or verified by the community building inspector to be properly elevated. Such certification or verification shall be provided to the Floodplain Administrator.

SECTION 24: Readopted sections. Tracy Municipal Code sections 9.64.010, 9.64.020 and 9.64.040 are readopted in their entirety without change.

SECTION 25: Amended section. Tracy Municipal Code section 9.64.030 is hereby amended to read as follows:

9.64.030 Adoption by reference of the California Energy Code.
The City hereby adopts by reference the code entitled "2019 California Energy Code," without appendices, published by the International Code Council and copyrighted by the California Building Standards Commission (hereinafter "California Energy Code"), as amended by this chapter. The California Energy Code is on file with the City Clerk, and is available for inspection and copying in accordance with Government Code section 50022.6."

SECTION 26: Title, chapter and section headings. Title, chapter, and section headings contained herein shall not be deemed to govern, limit, modify, or in any manner affect the scope, meaning or intent of the provisions of any title, chapter, or section hereof.

SECTION 27: Constitutionality. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of the Ordinance.

SECTION 28: Effective date. This Ordinance shall take effect thirty (30) days after its final passage and adoption.

SECTION 29: Publication. A summary of this ordinance shall be published and a certified copy of the full text posted in the office of the City Clerk at least five days before the City Council meeting at which the proposed ordinance is to be adopted. Within 15 days after adoption, the City Clerk shall publish a summary, and shall post in her office a certified copy, of the ordinance with the names of those Council Members voting for and against the ordinance. (Government Code section 36933(c)(1).)

* * * * *

The foregoing Ordinance _____ was introduced at a regular meeting of the Tracy City Council on the 5th day of November, 2019, and finally adopted on the _____ day of _____, 2019, by the following vote:

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

MAYOR

ATTEST:

CITY CLERK

AGENDA ITEM 3.C

REQUEST

**ADOPT RESOLUTION SUPPLEMENTING RESOLUTION NO. 2017-025 TO
AUTHORIZE THE ISSUANCE AND SALE OF SPECIAL TAX BONDS FOR THE
PURPOSE OF FINANCING AUTHORIZED FACILITIES, AND APPROVING AND
AUTHORIZING RELATED DOCUMENTS AND ACTIONS**

EXECUTIVE SUMMARY

For the purpose of financing public facilities and public services for development in the Ellis Specific Plan, the City Council previously acted under the Mello-Roos Community Facilities Act of 1982 (the “Mello-Roos Act”) to establish the following:

- City of Tracy Community Facilities District No. 2016-2 (ECFD) (the “CFD”),
- Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) (“Improvement Area No. 1”), and
- City of Tracy Community Facilities District No. 2016-2 (ECFD) (Future Annexation Area) (the “Future Annexation Area”).

Staff recommends that the City Council adopt the referenced resolution (the “2019 Bond Resolution”) for the purpose of authorizing the issuance of an initial series of bonds on behalf of the CFD with respect to Improvement Area No. 1 and approving related documents.

DISCUSSION

LOCAL GOALS AND POLICIES

Section 53312.7(a) of the Mello-Roos Act requires the City to consider and adopt local goals and policies concerning the use of the Mello-Roos Act prior to the initiation of proceedings on or after January 1, 1994 to establish a new community facilities district.

The City adopted “Amended Local Goals and Policies for Community Facilities Districts (CFDs)” on February 4, 2014, by Resolution No. 2014-019 (“Goals and Policies”).

The Goals and Policies provide guidance and conditions for the conduct by the City of proceedings for, and the issuance of bonds secured by special taxes levied in, a community facilities district established under the Mello-Roos Act.

CFD FORMATION PROCESS AND APPROVAL OF BONDS

Under the Mello-Roos Act, the City previously formed the CFD and Improvement Area No. 1 for the purpose of financing the public facilities and services described in the City Council’s Resolution No. 2017-021 adopted on February 7, 2017 (the “Resolution of Formation”).

In the Resolution of Formation, the City Council also provided for the levy of special taxes upon the land within the CFD and approved a rate and method of apportionment of special taxes for Improvement Area No. 1 (the "Improvement Area No. 1 Rate and Method") and approved an appropriations limit of \$27,000,000 for Improvement Area No. 1 (the "Improvement Area No. 1 Appropriations Limit").

Pursuant to Resolution No. 2017-022, adopted by the City Council on February 7, 2017, the City Council declared the necessity to incur bonded indebtedness and other debt on behalf of the CFD with respect to Improvement Area No. 1 in an aggregate amount not to exceed \$27,000,000 (the "Improvement Area No. 1 Indebtedness Limit").

At an election of the qualified electors in Improvement Area No. 1 held on February 7, 2017, the qualified electors approved the levy of special taxes according to the Improvement Area No. 1 Rate and Method, the Improvement Area No. 1 Indebtedness Limit and the Improvement Area No. 1 Appropriations Limit.

Pursuant to Resolution No. 2017-025, which was adopted on February 7, 2017 (the "Original Resolution of Issuance"), this Council authorized the issuance of up to \$27,000,000 of bonded indebtedness and other debt on behalf of the CFD with respect to Improvement Area No. 1, directed staff to prepare documentation for such bonded indebtedness and other debt and return to this Council for approval of such documentation, and appointed U.S. Bank National Association as fiscal agent for such bonded indebtedness and other debt (the "Fiscal Agent").

PROPOSED 2019 BONDS

Staff recommends that the City Council adopt a resolution (the "2019 Bond Resolution") to supplement the Original Resolution of Issuance for the following purposes:

- (i) provide for the issuance of the Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019 (the "2019 Bonds") in a principal amount not to exceed \$20,500,000.00,
- (ii) approve the sale of the 2019 Bonds to Piper Jaffray & Co. (the "Underwriter")
- (iii) approve the documents related to the 2019 Bonds, and
- (iv) authorize staff to take all actions necessary related to issuance of the 2019 Bonds.

TERMS OF THE 2019 BONDS

Pursuant to the Resolution, the true interest cost of the 2019 Bonds cannot exceed 5.25% and the principal amount of the 2019 Bonds cannot exceed \$20,500,000. Government Code Section 5852.1 requires the City to obtain and disclose a good faith estimate of certain information about the 2019 Bonds, including the true interest cost, the financing costs, the use of proceeds and the total payment amount, and the information is included in Appendix A of the 2019 Bond Resolution. Based upon current market

conditions, the 2019 Bonds are estimated to be issued in the amount of \$15,230,000 and carry a true interest cost of approximately 4.02%.

The Goals and Policies require a minimum value to lien ratio for special tax financings of 3:1 (the value-to-lien calculation compares the value of the property to the proposed principal amount of the 2019 Bonds and bonds issued by overlapping community facilities districts and assessment districts).

The current draft of the appraisal (the "Appraisal") prepared by Integra Realty Resources (the "Appraiser") was prepared consistent with the Goals and Policies.

The Appraisal reports that the taxable property in the CFD has a total value of \$170,721,334, resulting in an estimated value to lien ratio of approximately 8.33:1 based on the \$20,500,000 maximum authorized principal amount of the 2019 Bonds (there are no overlapping special tax or assessment bonds). The value described in the Appraisal includes two components:

Assessed Value of Completed Homes: The Appraisal reports that the assessed value of taxable parcels within the boundaries of the CFD that are completed homes with full assessed value on the San Joaquin County 2019-20 assessor's tax roll is \$163,322,334.

Appraised Value: The Appraisal estimates that the market value of taxable parcels within the boundaries of the CFD that are not completed homes with full assessed value on the San Joaquin County 2019-20 assessor's tax roll is \$7,399,000.

Because the Appraisal is not final, the proposed Resolution authorizes staff to execute a bond purchase agreement with the Underwriter only if the value to lien ratio based on the final principal amount of the 2019 Bonds will be at least 3:1.

The 2019 Bonds are a limited obligation of the City, payable only from special taxes levied in Improvement Area No. 1 and moneys in the funds and accounts established under the Fiscal Agent Agreement described below.

DOCUMENTS RELATED TO THE 2019 BONDS

The City Council is being asked to approve each of the following:

- Preliminary Official Statement. The Official Statement is the primary disclosure document for investors in the 2019 Bonds. A Preliminary Official Statement will be circulated to potential investors prior to the pricing of the 2019 Bonds. After the 2019 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 describes the special taxes to be levied in Improvement Area No. 1, each of the parcels to be taxed, and, based on information by the developers of property in Improvement Area No. 1, the development plans for the parcels within Improvement Area No. 1. The

Preliminary Official Statement will also include the Appraisal of the taxable parcels in Improvement Area No. 1.

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; the property owners in Improvement Area No. 1; CSG Advisors Incorporated, the City's municipal advisor ("Municipal Advisor"); the Underwriter; and Goodwin Consulting, the City's special tax consultant ("Special Tax Consultant").

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 2019 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 2019 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 2019 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 2019 BONDS": This section summarizes the key terms of the 2019 Bonds, including payment dates and redemption provisions.
- "SECURITY FOR THE 2019 BONDS": This section summarizes key security terms, including the City's pledge of special tax revenues, its covenant to levy special taxes according to the Improvement Area No. 1 Rate and Method, as amended, and its covenant to foreclose on parcels that are delinquent in the payment of special taxes. As described above, the 2019 Bonds are a limited obligation of the City, payable only from special taxes levied in Improvement Area No. 1 and moneys in the funds and accounts established under the Fiscal Agent Agreement.

- “THE DISTRICT AND IMPROVEMENT AREA NO. 1”: This section summarizes certain features of Improvement Area No. 1, including the appraised value of taxable property, overlapping taxes, assessments and debt and anticipated debt service coverage provided by maximum special taxes that may be levied under the RMA.
 - “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1”: This section includes information provided by the property owners in Improvement Area No. 1, and describes the proposed development in Improvement Area No. 1 and its current status.
 - “BOND OWNERS’ RISK”: This section highlights the primary risks associated with the 2019 Bonds, including failure to complete the proposed development, natural disasters and failure of property owners to pay their special taxes.
 - “LEGAL MATTERS - Tax Exemption”: This section describes the tax-exempt nature of interest on the 2019 Bonds.
- Continuing Disclosure Certificate. Under SEC Rule 15c2-12, the underwriter of the 2019 Bonds may only purchase the 2019 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.
 - Fiscal Agent Agreement. This document governs the 2019 Bonds and the use of special taxes from Improvement Area No. 1 to pay debt service on the 2019 Bonds. The special taxes will be levied on the regular County tax roll and collected by the County from each taxable parcel in Improvement Area No. 1. The County will remit these special taxes to the City. The City will remit them to the Fiscal Agent as provided for in the Fiscal Agent Agreement. The Fiscal Agent will use the revenues to (1) pay administrative costs of the CFD and (2) pay principal of and interest on the 2019 Bonds to the bond owners.
 - Bond Purchase Agreement. At the time the 2019 Bonds are sold, the City will enter into a Bond Purchase Agreement with the Underwriter, who will agree to underwrite the 2019 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 2019 Bonds may not exceed 1.25% of the par amount of the 2019 Bonds. The Underwriter was selected as underwriter for the 2019 Bonds through an RFP process, and was chosen based upon the combination of its qualifications and proposed fees.

STRATEGIC PLAN

The actions to form CFD No. 2016-2, Improvement Area No. 1 and a Future Annexation Area to finance infrastructure and services for Ellis, and the issuance of the 2019 Bonds for CFD No. 2016-2, relate to the Council’s Governance Strategic Plan, Goal 2 “Ensure continued fiscal sustainability through financial and budgetary stewardship”, and Objective No. 3 “Identify new revenue opportunities”.

FISCAL IMPACT

There is no cost to the General Fund associated with this request. The fees and expenses of the financing team, including Bond Counsel, Disclosure Counsel, Underwriter, Municipal Advisor, Special Tax Consultant and Appraiser are paid from proceeds of the 2019 Bonds or paid through an existing Cost Recovery Agreement with the developer.

RECOMMENDATION

That Council adopt the 2019 Bond Resolution.

Prepared by: Karin Schnaider, Finance Director
Christopher Lynch, Jones Hall
Scott Smith, CSG Advisors Incorporated

Reviewed by: Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

- A: Preliminary Official Statement (including Continuing Disclosure Certificates)
- B: Fiscal Agent Agreement
- C: Bond Purchase Agreement

Jones Hall Draft of November 12, 2019

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2019**NEW ISSUE****NOT RATED**

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 2019 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 "LEGAL MATTERS - Tax Exemption."

\$ _____ *

**IMPROVEMENT AREA NO. 1
OF THE CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD)
SPECIAL TAX BONDS, SERIES 2019**

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

Authority for Issuance. The bonds captioned above (the "2019 Bonds") are being issued by the City of Tracy (the "City") for and on behalf of the City of Tracy Community Facilities District No. 2016-2 (ECFD) (the "District") with respect to its Improvement Area No. 1 ("Improvement Area No. 1") under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the Resolution of Issuance (as defined herein), and a Fiscal Agent Agreement dated as of December 1, 2019 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"). See "THE 2019 BONDS – Authority for Issuance."

Security and Sources of Payment. The 2019 Bonds are payable from proceeds of Special Tax Revenues (as defined herein) levied on property within Improvement Area No. 1 according to the rate and method of apportionment of special tax approved by the City Council of the City (the "City Council"), acting as legislative body of the District, and the eligible landowner voters in Improvement Area No. 1 of the District. The 2019 Bonds are secured by a first pledge of the revenues derived from the Special Tax Revenues and the moneys on deposit in certain funds held by the Fiscal Agent under the Fiscal Agent Agreement, on a parity with bonds that may be issued in the future, subject to the conditions set forth in the Fiscal Agent Agreement. See "SECURITY FOR THE 2019 BONDS." The 2019 Bonds and any Parity Bonds (as defined herein) are referred to herein as the "Bonds."

Use of Proceeds. The 2019 Bonds are being issued to (i) finance the acquisition and construction of certain public improvements and payment of impact fees, (ii) fund a debt service reserve fund for the 2019 Bonds, and (iii) pay the costs of issuing the 2019 Bonds. See "FINANCING PLAN."

Bond Terms. Interest on the 2019 Bonds is payable on March 1, 2020, and semiannually thereafter on each March 1 and September 1. The 2019 Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. The 2019 Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the 2019 Bonds. See "THE 2019 BONDS – General Bond Terms" and "APPENDIX D – DTC and the Book-Entry Only System."

Redemption*. The 2019 Bonds are subject to optional redemption, mandatory sinking fund redemption and special redemption from prepaid Special Taxes. See "THE 2019 BONDS - Redemption."

The 2019 Bonds are not general obligations of the City, but are limited obligations, payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California (the "State") or any political subdivision thereof is pledged to the payment of the 2019 Bonds.

MATURITY SCHEDULE

(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the 2019 Bonds involves risks which may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the 2019 Bonds.

The 2019 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. Jones Hall, A Professional Law Corporation, has served as disclosure counsel to the City. Stradling Yocca Carlson & Rauth, P.C., Newport Beach, California, is serving as counsel to the Underwriter and Holland & Knight LLP, San Francisco, California, is serving as counsel to the Developer. It is anticipated that the 2019 Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about _____, 2019.

[Piper Jaffray Logo]

The date of this Official Statement is: _____, 2019.

* Preliminary; subject to change.

MATURITY SCHEDULE*

\$ _____ Serial Bonds
(Base CUSIP†: _____)

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

\$ ____ % Term Bond due September 1, 20____, Yield: ____%, Price: ____%
CUSIP† No. ____

\$ ____ % Term Bond due September 1, 20____, Yield: ____%, Price: ____%
CUSIP† No. ____

* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. None of the City, the Authority, or the Underwriter takes any responsibility for the accuracy of the CUSIP data.

CITY OF TRACY

CITY COUNCIL

Robert Rickman, *Mayor*
Nancy Young, *Mayor Pro Tem*
Dan Arriola, *Council Member*
Rhodesia Ransom, *Council Member*
Veronica Vargas, *Council Member*

CITY STAFF

Jenny Haruyama, *City Manager*
Karin Schnaider, *Finance Director*
Adrienne Richardson, *City Clerk*
Leticia Ramirez, *City Attorney*

PROFESSIONAL SERVICES

BOND COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

MUNICIPAL ADVISOR

CSG Advisors Incorporated
San Francisco, California

SPECIAL TAX CONSULTANT

Goodwin Consulting Group, Inc.
Sacramento, California

APPRAISER

Integra Realty Resources
San Francisco, California

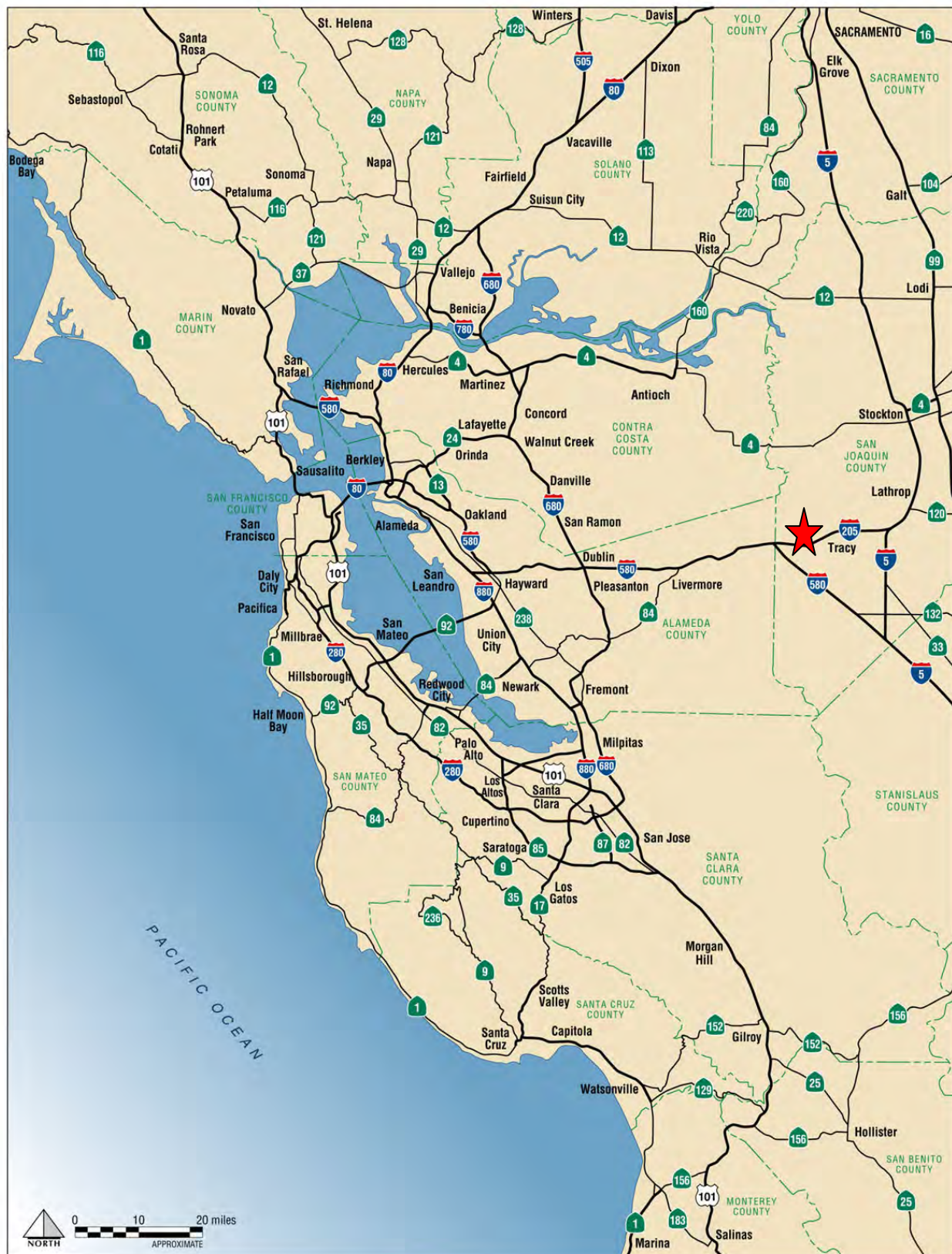
FISCAL AGENT

U.S. Bank National Association
San Francisco, California

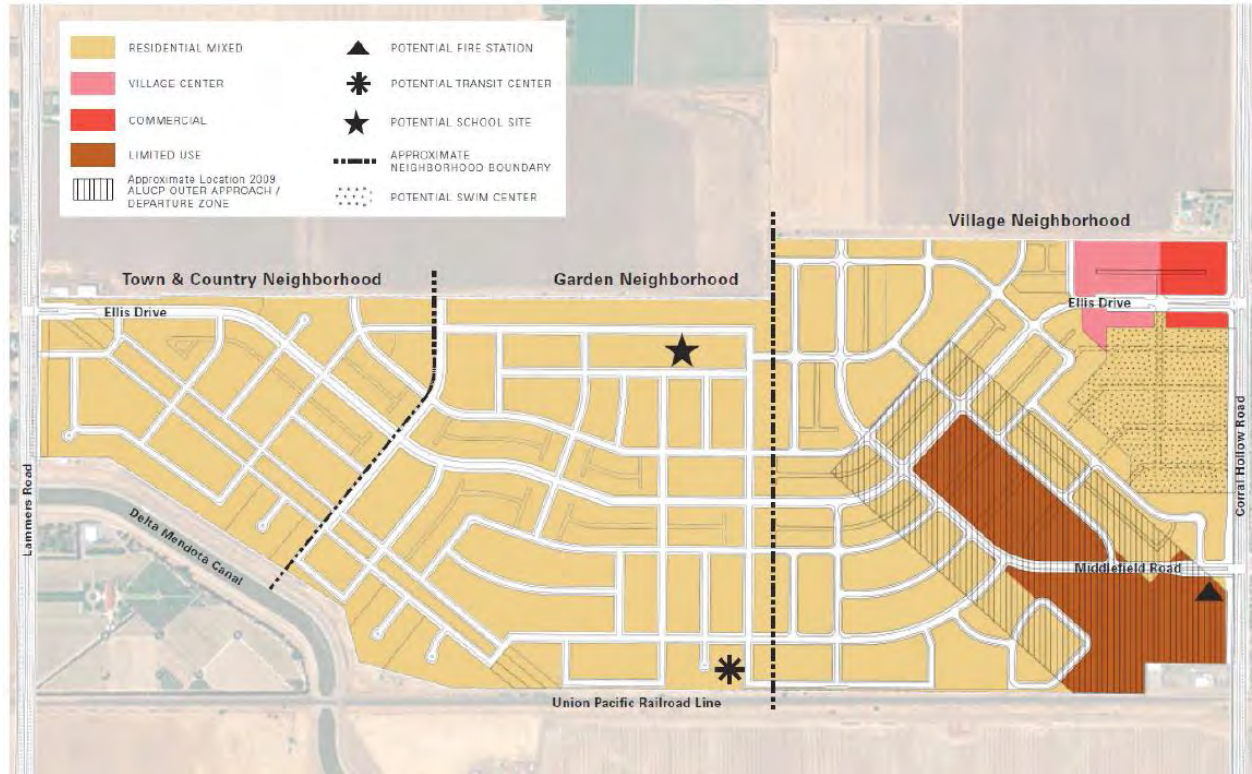
REGIONAL LOCATION MAP

City of Tracy

San Joaquin County, California

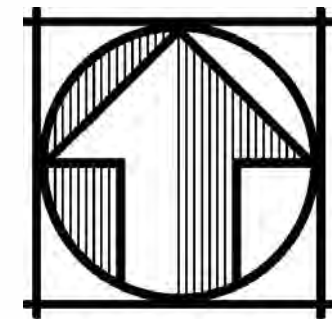
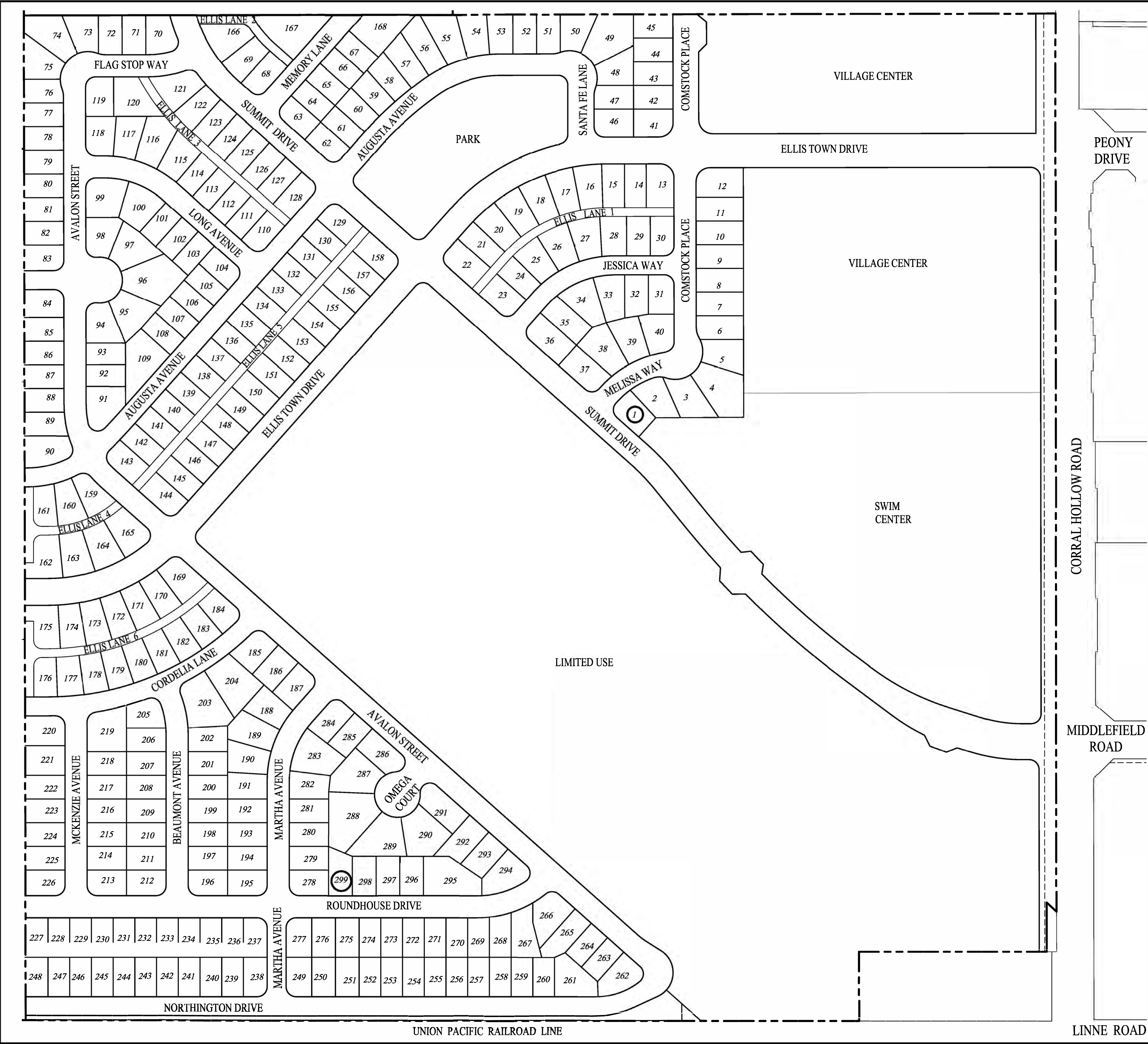


[Location Map]



ATTACHMENT 1
IMPROVEMENT AREA No. 1
CITY OF TRACY
COMMUNITY FACILITIES DISTRICT No. 2016-2
(ECFD)

THE VILLAGE	
SQUARE FOOTAGE CATEGORY	NO. OF RESIDENTIAL UNITS/ACRES
RESIDENTIAL UNITS >4,000 SQ. FEET	0 UNITS
RESIDENTIAL UNITS 2,000–4,000 SQ. FEET	299 UNITS
RESIDENTIAL UNITS <2,000 SQ. FEET	0 UNITS
ACRES OF LIMITED USE PROPERTY	41.87 ACRES
ACRES OF VILLAGE CENTER PROPERTY	15.76 ACRES



GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2019 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

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

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2019 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the District, the Community Facilities District, any other parties described in this Official Statement, or in the condition of property within Improvement Area No. 1 of the District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2019 Bonds.

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

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

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

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market prices of the 2019 Bonds at levels above those that 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 2019 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.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2019 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

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

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

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

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OFFICIAL STATEMENT

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**IMPROVEMENT AREA NO. 1 OF THE CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD)
SPECIAL TAX BONDS, SERIES 2019**

INTRODUCTION

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the “**2019 Bonds**”) to be issued by the City of Tracy (the “**City**”) on behalf of the City of Tracy Community Facilities District No. 2016-2 (ECFD) (the “**District**”) with respect to its Improvement Area No. 1 (“**Improvement Area No. 1**”).

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, the inside cover and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2019 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used but not defined in this Official Statement have the definitions given in the Fiscal Agent Agreement (as defined below).

The District and Improvement Area No. 1. The District, which currently consists solely of Improvement Area No. 1, is located in the southwestern part of the City, and comprises 152.75 acres. At the time of establishment of the District and Improvement Area No. 1, a future annexation area was also established for the District (the “**Future Annexation Area**”), and parcels may annex into the District in the future. Unless and until parcels annex into Improvement Area No. 1, they do not serve as security for the 2019 Bonds. The City currently expects that future annexations will be in one or more improvement areas other than Improvement Area No. 1.

The District and Improvement Area No. 1 were formed and established by the City Council of the City (the “**City Council**”), as legislative body of the District, under the Mello-Roos Community Facilities Act of 1982, as amended (the “**Act**”), pursuant to a resolution adopted by the City Council following a public hearing, and a landowner election at which the qualified electors of Improvement Area No. 1 authorized the City to incur bonded indebtedness with respect to Improvement Area No. 1, and approved the levy of special taxes within Improvement Area No. 1. See “THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Formation and Background.”

Authority for Issuance of the 2019 Bonds. The 2019 Bonds are issued under the Act, a resolution adopted by the City Council on February 7, 2017 (the “**Original Resolution**”), a resolution adopted by the City Council on November 19, 2019 (the “**Supplemental Resolution**,” and together with the Original Resolution, the “**Resolution of Issuance**”), and a Fiscal Agent Agreement, dated as of December 1, 2019 (the “**Fiscal Agent Agreement**”), by and between the City and U.S. Bank National Association, as fiscal agent (the “**Fiscal Agent**”). The City Council, as legislative body of the District, has

* Preliminary; subject to change.

authorized the issuance of the 2019 Bonds in an aggregate principal amount not to exceed \$20,500,000. See "THE 2019 BONDS – Authority for Issuance."

Purpose of the 2019 Bonds. Proceeds of the 2019 Bonds will be used primarily to finance the acquisition and construction of certain authorized improvements and payment of impact fees. Proceeds of the 2019 Bonds will also fund a debt service reserve fund for the 2019 Bonds and pay the costs of issuing the 2019 Bonds. See "FINANCING PLAN."

Redemption of Bonds before Maturity. The 2019 Bonds are subject to optional redemption, mandatory sinking fund redemption and special redemption from prepaid Special Taxes (as defined below). See "THE 2019 BONDS – Redemption."

Security and Sources of Payment for the 2019 Bonds. The City Council annually levies special taxes on the property in Improvement Area No. 1 (the "**Special Taxes**") in accordance with the Rate and Method of Apportionment for Improvement Area No. 1 (the "**Rate and Method**"). The 2019 Bonds are secured by and payable from a first pledge of the net proceeds of the Special Taxes (as more particularly defined in the Fiscal Agent Agreement, the "**Special Tax Revenues**"), on a parity with any bonds that may be issued in the future, subject to the conditions set forth in the Fiscal Agent Agreement. The 2019 Bonds will be additionally secured by certain funds and accounts established and held under the Fiscal Agent Agreement. See "SECURITY FOR THE 2019 BONDS."

Debt Service Reserve Fund. In order to further secure the payment of principal of and interest on the 2019 Bonds (and any series of Parity Bonds the principal of and interest on which is payable from amounts in the 2019 Reserve Fund), certain proceeds of the 2019 Bonds will be deposited into the 2019 Reserve Fund in an amount equal to the 2019 Reserve Requirement (as defined herein). See "ESTIMATED SOURCES AND USES OF FUNDS" and "SECURITY FOR THE 2019 BONDS – 2019 Reserve Fund."

Covenant to Foreclose. The City has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see "SECURITY FOR THE 2019 BONDS - Covenant to Foreclose."

Property Ownership and Development Status. The property in Improvement Area No. 1 consists of approximately 133.62 acres, including approximately 56.01 acres within Final Tract Map No. 1A 3764 and Tentative Tract Map No. 1B 3764, which has been subdivided into 299 single-family residential lots, and approximately 74.7 acres encompassing four larger parcels expected to be developed as commercial and other uses not subject to Special Taxes (but a portion of which may contain residential units, as described herein).

The land in Improvement Area No. 1 is part of a larger residential community referred to as the "Ellis Development" being developed by Surland Communities LLC, a California limited liability company (the "**Developer**"), which includes property within Improvement Area No. 1, property within Improvement Area No. 2, property identified as part of the Future Annexation Area, and future additional property that may annex into the District to a then-existing Improvement Area or to a new Improvement Area. The City currently expects that any future annexations will be in one or more improvement areas other than Improvement Area No. 1

In December 2014, CalAtlantic Group, Inc., a Delaware corporation ("**CalAtlantic**") purchased all of the property in Improvement Area No. 1 from the Developer and, in February 2018, after recording Final Tract Map No. 1B 3764, reconveyed to the Developer a portion of the Property consisting of 16 Residential Lots and the 74.7 acres of Other Use Property. CalAtlantic has constructed or is constructing homes on the remaining 283 Residential Lots within Final Tract Map Nos. 1A 3764 and 1B 3764 in three

neighborhoods known as Landmark at Ellis (“**Landmark**”), Legacy at Ellis (“**Legacy**”), and Legend at Ellis (“**Legend**”). As of October 1, 2019, CalAtlantic had closed escrow on 280 homes to individual homeowners, with the first home closings occurring in February 2017 and the final home closings expected to occur by April 2020. For additional information about the current development status and proposed development plans for the property in Improvement Area No. 1, see “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1.”

Appraised and Assessed Value of Property in Improvement Area No. 1. An appraisal of the certain property within Improvement Area No. 1, dated October 25, 2019 (the “**Appraisal**”), was prepared by Integra Realty Resources, San Francisco, California (the “**Appraiser**”) in connection with issuance of the 2019 Bonds. The appraised property consisted of 16 finished lots, two homes under construction, and six completed homes that, as of the Date of Value, did not have a complete assessed value for both land and improvements. The remaining 279 completed homes in Improvement Area No. 1 have assessed values and are not included in the property appraised in the Appraisal. The purpose of the Appraisal was to estimate the market value of the fee simple estate, subject to lien of the Special Taxes and overlapping liens, for all the taxable property within Improvement Area No. 1 as of an October 10, 2019 date of value. Subject to the assumptions contained in the Appraisal, the Appraiser estimated that the taxable property within Improvement Area No. 1, subject to the lien of the Special Taxes and overlapping liens, had an estimated value of \$170,721,334. As described in greater detail herein, up to 9 one-acre residential parcels may be developed on APN 240-140-41 in the future, in which case the parcels would be subject to the Special Tax. Given there are currently no plans in place for the conversion of these 9 acres into residential parcels, the 9 acres have not been included in the Appraisal and Special Tax revenues from such parcels have not been included in debt service coverage or allocated lien of the Special Taxes. See “THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Value of Property in Improvement Area No. 1” for further information on the Appraisal. A complete copy of the Appraisal is included in this Official Statement as APPENDIX G.

Estimated Value-to-Lien Ratios in Improvement Area No. 1. Based on the appraised and assessed value of the taxable property within Improvement Area No. 1 of \$170,721,334 and an estimated par amount of 2019 Bonds of \$_____,*, the overall value-to-lien ratio of the taxable property within Improvement Area No. 1 is approximately _____* to 1. This is an overall estimate, however, and the value-to-lien ratios of individual parcels varies widely from this ratio.

Risk Factors Associated with Purchasing the 2019 Bonds. Investment in the 2019 Bonds involves risks that may not be appropriate for some investors. See “BOND OWNERS’ RISKS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2019 Bonds.

* Preliminary; subject to change.

FINANCING PLAN

Authorized Facilities

The net proceeds of the 2019 Bonds will be used to construct and/or acquire various facilities authorized to be financed by the District, including Improvement Area No. 1, and payment of certain impact fees. For a complete list of the authorized facilities, see "THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Authorized Facilities."

Currently, the City intends to use a portion of the proceeds of the 2019 Bonds to pay a portion of the costs of acquiring and/or constructing authorized improvements serving the Ellis Development.

Estimated Sources and Uses of Funds

The estimated proceeds from the sale of the 2019 Bonds will be used as follows:

SOURCES

Principal Amount of 2019 Bonds	\$
<i>Plus/Less: Net Original Issue Premium/Discount</i>	
<i>Total Sources</i>	\$

USES

Deposit into Improvement Fund	\$
Deposit into 2019 Reserve Fund ⁽¹⁾	
Deposit into Administrative Expense Fund	
Costs of Issuance ⁽²⁾	
<i>Total Uses</i>	\$

- (1) Equal to the Reserve Requirement with respect to the 2019 Bonds as of their date of delivery.
(2) Includes, among other things, the fees and expenses of Bond Counsel and Disclosure Counsel, printing the Preliminary and Final Official Statements, the Fiscal Agent, the Municipal Advisor, and the Special Tax Consultant, and Underwriter's discount.

THE 2019 BONDS

This section generally describes the terms of the 2019 Bonds contained in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in this section are defined in APPENDIX C.

Authority for Issuance

The 2019 Bonds are issued under the Act, the Resolution of Issuance and the Fiscal Agent Agreement. Under the Resolution of Issuance, the 2019 Bonds may be issued in a maximum principal amount of \$_____.

General Bond Terms

Dated Date, Maturity and Authorized Denominations. The 2019 Bonds will be dated their date of delivery (the “**Closing Date**”) and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The 2019 Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple of \$5,000 in excess thereof.

Calculation of Interest. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2019 Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing March 1, 2020 (each, an “**Interest Payment Date**”).

Each 2019 Bond will bear interest from the Interest Payment Date next preceding its date of authentication unless:

(i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or

(ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date (as defined below) preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or

(iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Closing Date;

provided, however, that if at the time of authentication of a 2019 Bond, interest is in default thereon, such 2019 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

“**Record Date**” means the 15th day of the calendar month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

DTC and Book-Entry Only System. DTC will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC’s partnership nominee). See APPENDIX D – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Payments of Interest and Principal. For so long as DTC is used as depository for the 2019 Bonds, principal of, premium, if any, and interest payments on the 2019 Bonds will be made solely to DTC or its nominee, Cede & Co., as registered owner of the 2019 Bonds, for distribution to the beneficial owners of the 2019 Bonds in accordance with the procedures adopted by DTC.

Interest on the 2019 Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first-class mail to the registered Owner thereof at such registered Owner’s address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of 2019 Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which will continue in effect until revoked in writing, or until such 2019 Bonds are transferred to a new Owner.

The principal of the 2019 Bonds and any premium on the 2019 Bonds are payable in lawful money of the United States of America upon surrender of the 2019 Bonds at the Principal Office of the Fiscal Agent.

Redemption*

Optional Redemption from any Source other than Prepayments. The 2019 Bonds maturing on or after September 1, 20__, are subject to optional redemption as directed by the City, from sources of funds other than prepayments of Special Taxes, prior to their stated maturity on any date on or after September 1, 20__, as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the 2019 Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before August 31, ____	____%
September 1, ____ through August 31, ____	____
September 1, ____ through August 31, ____	____
September 1, ____ and any date thereafter	____

Mandatory Sinking Fund Redemption. The 2019 Bonds maturing on September 1, 20__ (the “Term Bonds”), are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Sinking Payments</u>
	\$
(maturity)	

* Preliminary; subject to change.

However, if some but not all of the Term Bonds of a given maturity have been redeemed through optional redemption or mandatory prepayment redemption, the total amount of all future Sinking Fund Payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the City, notice of which will be given by the City to the Fiscal Agent.

Redemption from Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the Reserve Fund under the Fiscal Agent Agreement will be used to redeem 2019 Bonds on the next Interest Payment Date for which notice of redemption can timely be given under the Fiscal Agent Agreement, among maturities so as to maintain substantially the same debt service profile for the 2019 Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the 2019 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, ____	____%
September 1, ____ and March 1, ____	____%
September 1, ____ and March 1, ____	____%
September 1, ____ and any Interest Payment Date thereafter	____%

See "BOND OWNERS' RISKS – Potential Early Redemption of Bonds from Prepayments" for a discussion of the potential for the 2019 Bonds to be priced with original issue premium and then be redeemed from Special Tax prepayments prior to maturity.

Purchase in Lieu of Redemption. In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2019 Bonds upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2019 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2019 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first-class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Original Purchaser, the Securities Depositories, and to the respective registered Owners of any 2019 Bonds designated for redemption, at their addresses appearing on the 2019 Bond registration books in the Principal Office of the Fiscal Agent; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2019 Bonds. In addition, the Fiscal Agent will file each notice of redemption with the MSRB through its EMMA system.

However, while the 2019 Bonds are subject to DTC's book-entry system, the Fiscal Agent will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the City and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the Beneficial Owners of the 2019 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 2019 Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Fiscal Agent Agreement.

Conditional Redemption Notice and Rescission of Redemption. Any redemption notice may specify that redemption on the specified date will be subject to receipt by the City of moneys sufficient to cause such redemption (and shall specify the proposed source of such moneys), and neither the City nor

the Fiscal Agent shall have any liability to the Owners or any other party as a result of its failure to redeem the Series 2019 Bonds as a result of insufficient moneys.

The City has the right to rescind any notice of the optional redemption of 2019 Bonds by written notice to the Fiscal Agent 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 2019 Bonds then called for redemption, and such cancellation will not constitute a default under the Fiscal Agent Agreement.

The City and the Fiscal Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Fiscal Agent Agreement.

Selection of 2019 Bonds for Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all the 2019 Bonds of any maturity or any given portion thereof, the Fiscal Agent will select the 2019 Bonds to be redeemed from all 2019 Bonds or such given portion thereof not previously called for redemption as directed by the City or, in the absence of direction by the City, on a pro rata basis among maturities, and, within a maturity, by lot in any manner which the Fiscal Agent in its sole discretion deems appropriate.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2019 Bonds called for redemption have been deposited in the Bond Fund, those 2019 Bonds will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in the notice of redemption.

Registration, Transfer and Exchange

The following provisions regarding the exchange and transfer of the 2019 Bonds apply only during any period in which the 2019 Bonds are not subject to DTC's book-entry system. While the 2019 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 D – DTC and the Book-Entry Only System."

Registration. The Fiscal Agent will keep, or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the 2019 Bonds, which will show the series number, date, amount, rate of interest and last known owner of each 2019 Bond and will at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the 2019 Bonds as provided in the Fiscal Agent Agreement.

The City and the Fiscal Agent will treat the Owner of any 2019 Bond whose name appears on the Bond register as the absolute Owner of such 2019 Bond for any and all purposes, and the City and the Fiscal Agent will not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond register for any and all purposes.

Registration of Exchange or Transfer. Any 2019 Bond may, in accordance with its terms, be transferred, upon the Bond register by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2019 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent.

2019 Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of 2019 Bonds of authorized denominations and of the same maturity.

The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the City. The Fiscal Agent will collect from the Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any 2019 Bond or 2019 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2019 Bond or 2019 Bonds, for a like aggregate principal amount.

No transfers or exchanges of 2019 Bonds will be required to be made (i) 15 days prior to the date established by the Fiscal Agent for selection of 2019 Bonds for redemption or (ii) with respect to a 2019 Bond after such 2019 Bond has been selected for redemption; or (iii) between a Record Date and the succeeding Interest Payment Date.

DEBT SERVICE SCHEDULE

The following table presents the annual debt service on the 2019 Bonds (including sinking fund redemptions), assuming there are no optional redemptions or special redemptions from Special Tax Prepayments.

Year Ending September 1	2019 Bonds Principal	2019 Bonds Interest	2019 Bonds Total
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
Total:			

Special Tax Revenues and Projected Debt Service Coverage

The Rate and Method is structured to produce Special Tax revenues from the Maximum Special Tax which, when applied to the projected debt service on the 2019 Bonds, is anticipated to result in a debt service coverage ratio of at least 110% for the life of the 2019 Bonds.

It should be noted that the City may in the future issue Parity Bonds on a parity, only for refunding purposes, with the 2019 Bonds upon the satisfaction of the conditions contained in the Fiscal Agent Agreement. See “–Formation and Background.” However, any Parity Bonds issued must meet the conditions set forth in the Fiscal Agent Agreement. See “THE 2019 BONDS – Issuance of Future Parity Bonds.”

SECURITY FOR THE 2019 BONDS

This section generally describes the security for the 2019 Bonds set forth in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in the section are defined in APPENDIX C.

General

The 2019 Bonds and any Parity Bonds (collectively, the “**Bonds**”) are secured by a first pledge (which will be effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all of the Special Tax Revenues and all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account), and, until disbursed as provided therein, in the Special Tax Fund.

The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement.

The 2019 Bonds and all Related Parity Bonds (as defined herein) will be secured by a first pledge (which pledge will be effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all moneys deposited in the 2019 Reserve Fund. The moneys in the 2019 Reserve Fund (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the 2019 Bonds and all Related Parity Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the 2019 Bonds and all Related Parity Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement.

Amounts in the Improvement Fund (and the accounts therein), the Administrative Expense Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds. The Project is not pledged to the repayment of the Bonds, nor are the proceeds of any condemnation or insurance award received by the City with respect to the Project.

“**Special Tax Revenues**” are defined in the Fiscal Agent Agreement as the proceeds of the Special Taxes received by the City, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. *However, Special Tax Revenues do not include any interest in excess of the interest due on the Bonds, or any penalties collected in connection with any such foreclosure.*

Limited Obligation

The 2019 Bonds are not general obligations of the City, but are limited obligations, payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State or any political subdivision thereof is pledged to the payment of the 2019 Bonds.

Special Taxes

Covenant to Levy Special Taxes. The Finance Director will fix and levy the amount of Special Taxes within Improvement Area No. 1 required for (i) the payment of principal of and interest on any outstanding Bonds of the District with respect to Improvement Area No. 1 becoming due and payable

during the ensuing calendar year, (ii) including any necessary replenishment or expenditure of the 2019 Reserve Fund, to the extent such replenishment has not been included in the computation of the Special Taxes in a previous Fiscal Year, (iii) an amount estimated to be sufficient to pay the Administrative Expenses, including amounts necessary to discharge any rebate obligation, during such year, (iv) an amount to cure delinquencies in the payment of principal or interest on 2019 Bonds that occurred in the previous Fiscal Year, and (v) any Project costs to be paid from Special Taxes to the extent that paying for such costs does not increase the Special Taxes levied on Undeveloped Property, all taking into account the balances in the applicable funds established under the Fiscal Agent Agreement funds and in the Special Tax Fund.

The Special Taxes so levied may not exceed the authorized amounts as provided in the proceedings under the Resolution of Formation.

Manner of Collection. Except as set forth in the Ordinance, the Fiscal Agent Agreement provides that the Special Taxes will be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property.

Because the Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the Bonds. Further, under no circumstances will the Special Tax levied against any parcel of residential property for which an occupancy permit for private residential use has been issued be increased by more than 10% as a consequence of delinquency or default by the owner of any other parcel within the District. In addition, in no event shall Special Taxes be levied after fiscal year 2056-57. See "BOND OWNERS' RISKS – Property Tax Delinquencies."

Rate and Method

General. The Special Taxes will be levied and collected according to the Rate and Method, which provides the means by which the City Council may annually levy the Special Taxes within Improvement Area No. 1, up to the maximum Special Tax rates, and to determine the amount of the Special Taxes that will need to be collected each fiscal year from the "**Taxable Property**" within Improvement Area No. 1. *As used in this Official Statement, Special Tax refers only to the Facilities Special Tax levied under the Rate and Method; although a Services Special Tax is also authorized to be levied under the Rate and Method, the Services Special Tax is not pledged to repay the 2019 Bonds.*

The following is a summary of the provisions of the Rate and Method, which should be read in conjunction with the complete text of the Rate and Method, including its attachments, which is attached as APPENDIX B. Capitalized terms used but not defined in this section have the meanings as set forth in APPENDIX B. *This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX B.*

Facilities Special Tax Requirement. Annually, at the time of levying the Special Tax, the District administrator (the "**Administrator**") will determine the minimum amount of money to be levied on Taxable Property (the "**Facilities Special Tax Requirement**"), which will be the amount required in any Fiscal Year for the following purposes:

- (i) to pay principal and interest on Bonds when due in the calendar year which begins in such Fiscal Year,

(ii) to replenish reserve funds to the extent such replenishment has not been included in the computation of the Facilities Special Tax Requirement in a previous Fiscal Year,

(iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year,

(iv) to pay Administrative Expenses, and

(v) to pay the costs of Authorized Facilities, to the extent that paying directly for such costs does not increase the Facilities Special Taxes levied on Undeveloped Property.

Annual Determination of Property Categories for Administration of Special Tax. Each Fiscal Year, the Administrator will: (i) categorize each parcel of Taxable Property as Developed Property, Developed Village Center Property, Developed Limited Use Property, Undeveloped Limited Use Property, Undeveloped Village Center Property, Undeveloped Property, Taxable Owners Association Property, or Taxable Public Property, (ii) for Developed Property, categorize each Parcel as Single Family Detached Residential Property or Other Property, (iii) based on Square Footage reflected on Building Permits issued by June 30 of the prior Fiscal Year, assign each Residential Unit to the appropriate Square Footage Category, (iv) determine the Facilities Special Tax Requirement and Services Facilities Special Tax Requirement for the Fiscal Year, and (v) determine if the Trigger Event occurred in the prior Fiscal Year. In addition, the Administrator shall, on an ongoing basis, monitor Final Maps and track the Square Footage on all Building Permits that have been issued to determine if there are any proposed Land Use Changes that would change the Expected Maximum Special Tax Revenues. If the Expected Maximum Special Tax Revenues will be revised pursuant to a proposed Land Use Change, the Administrator shall apply the steps set forth in the Rate and Method, as described further below.

In any Fiscal Year, if it is determined that:

(i) a parcel map for a portion of property in Improvement Area No. 1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then-current tax roll),

(ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and

(iii) one or more of the newly-created Parcels is in a different Development Class than other parcels created by the subdivision,

the Administrator will calculate the Special Tax for the property affected by recordation of the parcel map by determining the Special Tax that applies separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

Maximum Special Tax. The Maximum Special Tax for Fiscal Year 2019-20 for Parcels of Single-Family Detached Residential Property shall be the greater of (i) the Target Special Taxes set forth in Table 1 below, or, (ii) if there are Land Use Changes that would reduce debt service coverage on outstanding Bonds below the Required Coverage, the Maximum Special Tax determined pursuant to Section D of the Rate and Method.

Other Property. The Maximum Special Tax for Fiscal Year 2019-20 for Other Property is shown in Table 1. If Other Property is developed with condominium or town home units, the Administrator will apply the following steps to allocate the Maximum Special Tax to the Parcels within the condominium or town home buildings:

- Step 1:** Determine the Acreage of the underlying land Parcel on which the building(s) is located.
- Step 2:** Multiply the Acreage from Step 1 by the Maximum Special Tax for Other Property in the current Fiscal Year.
- Step 3:** Divide the product from Step 2 by the total number of townhomes or condominium units built or expected to be built on the underlying land Parcel to determine the Maximum Special Tax for each condominium or townhome unit, which amount will escalate by 2.0% in the next Fiscal Year and each following Fiscal Year.

Once a Special Tax has been levied and collected on a Parcel of Developed Property, the Maximum Special Tax applicable to that Parcel will not be reduced in future Fiscal Years regardless of changes in land use on the Parcel, except (i) in the event of a partial prepayment, and (ii) pursuant to Section D of the Rate and Method. Notwithstanding the foregoing, (i) if Bonds have yet to be issued for Improvement Area No. 1, the Parcels can be assigned to the appropriate Square Footage Category, and the Administrator will recalculate the Expected Maximum Special Tax Revenues based on the corresponding changes in revenues, and (ii) the actual Special Tax levied on the Parcel in any Fiscal Year may be less than the Maximum Special Tax if a lower Special Tax is calculated pursuant to the Rate and Method.

Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property. The Maximum Special Tax for Fiscal Year 2019-20 for Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property is set forth in Table 1. In addition, any amount levied on a landowner's Parcel(s) of Undeveloped Property due to such landowner's failure to make a prepayment pursuant to the Rate and Method will be added to the amount determined in the prior sentence to calculate the total Maximum Special Tax for the landowner's Parcel(s). For additional information, see APPENDIX B.

The Maximum Services Special Tax rates shown in Table 1 are shown for information purposes only and are not pledged to the payment of the Bonds.

Table 1
Improvement Area No. 1 of the City of Tracy
Community Facilities District No. 2016-2 (ECFD)
Fiscal Year 2019-20 Maximum Special Tax Rates

Square Footage Category	Target Facilities Special Tax Prior to Trigger Event (Fiscal Year 2019-20)⁽¹⁾	Target Facilities Special Tax After Trigger Event (Fiscal Year 2019-20)
Residential Units > 4,000 Square Feet	\$2,986.56 per Residential Unit	\$0 per Residential Unit
Residential Units 2,000 - 4,000 Square Feet	\$2,896.80 per Residential Unit	\$0 per Residential Unit
Residential Units < 2,000 Square Feet	\$1,888.02 per Residential Unit	\$0 per Residential Unit
Other Property	\$30,620.40 per Acre	\$0 per Acre
Undeveloped Property	\$30,620.40 per Acre	\$0 per Acre
Taxable Owners Association Property	\$30,620.40 per Acre	\$0 per Acre
Taxable Public Property	\$30,620.40 per Acre	\$0 per Acre

(1) On each July 1, the target facilities special taxes shown in this table shall be increased by an amount equal to 2.0% of the amount in effect for the prior fiscal year.

Source: Goodwin Consulting Group, Inc.

Limited Use Property. APN 240-140-41 (formerly APN 240-140-37) is defined in the Rate and Method as “**Limited Use Property.**” All Parcels created by future subdivision within this geographic area will be designated as Limited Use Property unless a Building Permit is issued that qualifies a Parcel within the designated geographic area as Single Family Detached Residential Property at which time such Parcel will be taxed based on application of the appropriate Target Facilities Special Tax for Single Family Detached Residential Property as set forth in the Rate and Method. Based on the geographic area defined as Limited Use Property, it is expected that no more than 43 Acres of property in Improvement Area No. 1 will be designated as Limited Use Property. If in any Fiscal Year, the Administrator determines that property with a Limited Use designation exceeds 43 Acres, such excess Acreage will be taxed as Other Property. Based on reference to Attachment 1 to the Rate and Method, the Administrator shall determine which Acreage is excess and should be categorized as Other Property.

The Developer expects that up to 9 one-acre residential parcels may be developed on the Limited Use Property in the future, in which case the parcels would be subject to the Special Tax. Until a Building Permit is issued that qualifies a parcel within the designated geographic area as Single Family Detached Residential Property, Parcels within the Limited Use Property are not subject to the Special Tax. Given there are currently no plans in place for the conversion of these 9 acres into residential parcels, the 9 acres have not been included in the Appraisal and Special Tax revenues from such parcels have not been included in debt service coverage or allocated lien of the Special Taxes. See “THE DISTRICT AND IMPROVEMENT AREA NO. 1 –Value of Property in Improvement Area No. 1.”

Method of Special Tax Levy. Under the Rate and Method, the Administrator will determine the Facilities Special Tax Requirement and levy the Special Tax as follows:

Step 1: In the first 15 Fiscal Years in which a Special Tax is levied within Improvement Area No. 1, the Maximum Special Tax shall be levied on each Parcel of Single Family Detached

Residential Property and Other Property, prior to applying any Capitalized Interest that is available in the District accounts. Any Special Tax proceeds collected that are determined by the Administrator to be Remainder Taxes shall be deposited into the Improvement Fund to pay costs associated with the acquisition of Authorized Facilities eligible to be financed by the Remainder Taxes under the Acquisition Agreement and that were not paid with Bond proceeds or Facilities Special Taxes levied in prior Fiscal Years.

Beginning in the 16th Fiscal Year in which a Special Tax is levied within Improvement Area No. 1 and continuing until the Trigger Event, the Special Tax shall be levied Proportionately on each Parcel of Single Family Detached Residential Property and Other Property up to 100% of the Maximum Special Tax for each Parcel for such Fiscal Year until the amount levied on Single Family Detached Residential Property and Other Property is equal to the Facilities Special Tax Requirement prior to applying any Capitalized Interest that is available in the District accounts.

Step 2: If additional revenue is needed after Step 1 and after applying Capitalized Interest to the Facilities Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year.

Step 3: If additional revenue is needed after Step 2, the Special Tax shall be levied Proportionately on each Parcel of Taxable Owners Association Property and Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel of Owners Association Property and Taxable Public Property, as applicable, for such Fiscal Year.

Exemptions. No Special Tax will be levied on the following:

- (i) Developed Limited Use Property,
- (ii) Undeveloped Limited Use Property,
- (iii) Developed Village Center Property,
- (iv) Undeveloped Village Center Property,
- (v) Public Property, except Taxable Public Property, and
- (vi) Owners Association Property, except Taxable Owners Association Property.

Partial Prepayment of Special Tax. A property owner may prepay up to 80% of the Special Tax obligation applicable to a Parcel in Improvement Area No. 1, subject to certain conditions. The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Premium and other costs, all as specified in "APPENDIX B – Rate and Method of Apportionment of Special Tax – Section I."

Covenant to Foreclose

Sale of Property for Nonpayment of Taxes. The Fiscal Agent Agreement provides that the Special Taxes are to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described below and in the Act, is to be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Foreclosure Under the Act. Under Section 53356.1 of the Act, if any delinquency occurs in the payment of the Special Tax, the City may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale.

While judicial foreclosure is not mandatory under the Act, the City will agree in the Fiscal Agent Agreement that on or about June 30 of each Fiscal Year, the Finance Director will compare the amount of Special Taxes previously levied in Improvement Area No. 1 of the District to the amount of Special Tax Revenues received by the City, and if delinquencies have occurred, proceed as follows:

Individual Delinquencies. If the Finance Director determines that any single parcel subject to the Special Tax in Improvement Area No. 1 is delinquent in the payment of Special Taxes in the aggregate amount of \$5,000 or more, then the Finance Director will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings will be commenced by the City within 90 days of such determination.

Notwithstanding the foregoing, the Finance Director may defer any such actions with respect to a delinquent parcel if (1) Improvement Area No. 1 is then participating in the "Teeter Plan" (as defined and described below), or an equivalent procedure and (2) the amount in the 2019 Reserve Fund is at least equal to the 2019 Reserve Requirement. For additional details on the Teeter Plan, see "–Special Tax Delinquencies; Teeter Plan" below.

Aggregate Delinquencies. If the Finance Director determines that (i) the total amount of delinquent Special Tax for the prior Fiscal Year for the entire Improvement Area No. 1 (including the total of delinquencies described in the above two paragraphs), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, determined by reference to the latest available secured property tax roll of the County, the Finance Director shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and shall commence foreclosure proceedings within 90 days of such determination against each parcel of land in Improvement Area No. 1 with a Special Tax delinquency.

Individual Owner Delinquencies. As to any owner of more than one parcel within Improvement Area No. 1, if the Finance Director determines that the aggregate amount of delinquent Special Taxes for all preceding tax years on all parcels owned by such owner (whether such parcels are owned solely by such owner or jointly by such owner and one or more others) exceeds \$10,000, then the Finance Director shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) shall commence foreclosure proceedings within 90 days of such determination, regardless of when such delinquencies occurred.

Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays. No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the City to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.5 of the Act, the City, as judgment creditor, is entitled to purchase any

property sold at foreclosure using a “credit bid,” where the City could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Taxes. If the City becomes the purchaser under a credit bid, the City must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of the defense, if any, put forth by the debtor and the Superior Court calendar. In addition, the ability of the City to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the “FDIC”). See “BOND OWNERS’ RISKS - Bankruptcy and Foreclosure Delays.”

Special Tax Delinquencies; Teeter Plan. In 1949, the California Legislature enacted an alternative method for the distribution of property taxes to local agencies. This method, known as the “Teeter Plan,” is found in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county collects property taxes and certain other public agencies and taxing areas located in the county receive annually the full amount of their shares of property taxes and other levies collected on the secured roll, including delinquent property taxes which have yet to be collected. While the county bears the risk of loss on unpaid delinquent taxes, it retains the penalties associated with delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

Once adopted, a county’s Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless, prior to the commencement of a fiscal year, a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, decide to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

The Board of Supervisors of San Joaquin County adopted the Teeter Plan in Fiscal Year 1994-95. The County has elected to apply its Teeter Plan to the collection of the Special Taxes in Improvement Area No. 1. To the extent that the County’s Teeter Plan continues in existence and is carried out as adopted, and to the extent the County does not discontinue the Teeter Plan with respect to the District, the County’s Teeter Plan may help protect owners of the 2019 Bonds from the risk of delinquencies in the payment of Special Tax. *There can be no assurance that the County will not modify or eliminate its Teeter Plan, or choose to remove the Improvement Area No. 1 from its Teeter Plan, while the 2019 Bonds are outstanding.*

Special Tax Fund

Deposits. Under the Fiscal Agent Agreement, the Special Tax Fund is established as a separate fund to be held by the Fiscal Agent, to the credit of which the Fiscal Agent will deposit amounts received from or on behalf of the City consisting of Special Tax Revenues and amounts transferred from the Administrative Expense Fund and the Bond Fund. The City will promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund.

Notwithstanding the foregoing,

(i) Special Tax Revenues in an amount not to exceed the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses will be separately identified by the Finance Director and shall be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the Finance Director and will be disposed of by the Fiscal Agent first, for transfer to the Bond Fund to pay any past due debt service on the Bonds; second, without preference or priority, for transfer to the 2019 Reserve Fund to the extent needed to increase the amount then on deposit in the 2019 Reserve Fund up to the then 2019 Reserve Requirement; and third, to be held in the Special Tax Fund for use as described in “–Disbursements” below; and

(iii) any proceeds of Special Tax Prepayments will be separately identified by the Finance Director and will be deposited by the Fiscal Agent as follows (as directed in writing by the Finance Director): (a) that portion of any Special Tax Prepayment constituting a prepayment of construction costs (which otherwise could have been included in the proceeds of Parity Bonds) will be deposited by the Fiscal Agent to the Bond Proceeds Account of the Improvement Fund and (b) the remaining Special Tax Prepayment will be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to the Fiscal Agent Agreement.

Disbursements. At least 7 Business Days prior to each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund, the 2019 Reserve Fund, and the Special Tax Prepayments Account to the Bond Fund such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date and any past due principal or interest on the Bonds not theretofore paid from a transfer described in the Fiscal Agent Agreement,

(ii) without preference or priority to the 2019 Reserve Fund an amount, taking into account amounts then on deposit in the 2019 Reserve Fund, such that the amount in the 2019 Reserve Fund is equal to the 2019 Reserve Requirement, and

(iii) (A) on each October 1, beginning on October 1, 2020 and continuing through the Remainder Taxes Period, all of the moneys remaining in the Special Tax Fund will be transferred to the Remainder Taxes Account and (B) on each subsequent October 1 after the end of the Remainder Tax Period, all or a portion of the moneys remaining in the Special Tax Fund will be transferred to the Remainder Taxes Account as directed by the Finance Director.

Within 15 days after the end of each Bond Year after the Remainder Taxes Account is closed pursuant to the Fiscal Agent Agreement, and after the foregoing transfers have been made, the Fiscal Agent will transfer all amounts remaining on deposit in the Special Tax Fund to the Administrative Expense Fund, to be used as set forth in the Fiscal Agent Agreement.

Bond Fund

Deposits. The Fiscal Agent will hold the moneys in the Bond Fund for the benefit of the City and the Owners of the Bonds, and will disburse those funds for the payment of the principal of, and interest and any premium on, the Bonds as described below.

There is also created in the Bond Fund a separate account to be held by the Fiscal Agent, designated the "Special Tax Prepayments Account," to the credit of which deposits will be made as provided in the Fiscal Agent Agreement.

Disbursements. At least 10 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Finance Director in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date (whether as a result of scheduled principal of and interest on the Bonds, optional redemption of the Bonds or a mandatory sinking fund redemption). On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds.

At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the Debt Service due on the Bonds on the next Interest Payment Date. In the event that amounts in the Bond Fund are insufficient for such purpose, the Fiscal Agent promptly will notify the Finance Director by telephone (and confirm in writing) of the amount of the insufficiency.

In the event that amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph with respect to any Interest Payment Date, the Fiscal Agent will do the following:

(i) Withdraw from the 2019 Reserve Fund, in accordance with the provisions of the Fiscal Agent Agreement, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to the 2019 Bonds and any Related Parity Bonds. Amounts so withdrawn from the 2019 Reserve Fund will be deposited in the Bond Fund.

(ii) Withdraw from the reserve funds, if any, established under a Supplemental Agreement related to Parity Bonds that are not Related Parity Bonds, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to such Parity Bonds. Amounts so withdrawn from any such reserve fund will be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the second sentence of the first paragraph under "Bond Fund – Disbursements" above, the Fiscal Agent will apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the bonds by reason of sinking payments.

Disbursements from the Special Tax Prepayments Account. Moneys in the Special Tax Prepayments Account will be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under the Fiscal Agent Agreement, and notice to the Fiscal Agent can timely be given under the Fiscal Agent Agreement, and will be used (together with any amounts transferred pursuant to the Fiscal Agent Agreement) to redeem Bonds on the redemption date selected in accordance the Fiscal Agent Agreement.

2019 Reserve Fund

General. In order to further secure the payment of principal of and interest on the 2019 Bonds and any series of Parity Bonds the principal of and interest on which is payable from amounts in the 2019 Reserve Fund ("**Related Parity Bonds**"), certain proceeds of the 2019 Bonds will be deposited into the 2019 Reserve Fund in an amount equal to the "**2019 Reserve Requirement**" for the 2019 Bonds (as defined below). See "ESTIMATED SOURCES AND USES OF FUNDS."

2019 Reserve Requirement. The "**2019 Reserve Requirement**" is defined in the Fiscal Agent Agreement to mean the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the 2019 Bonds and Related Parity Bonds, if any, (b) 125% of average Annual Debt Service on the 2019 Bonds and Related Parity Bonds, if any and (c) 10% of the outstanding principal of the 2019 Bonds and Related Parity Bonds, if any; provided, however:

(A) that with respect to the calculation of clause (c) above, the issue price of the 2019 Bonds or any Related Parity Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the 2019 Bonds or any Related Parity Bonds was less than 98% or more than 102% of the original principal amount of the 2019 Bonds or any Related Parity Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount;

(B) that in no event shall the amount calculated hereunder exceed the amount on deposit in the 2019 Reserve Fund on the date of issuance of the 2019 Bonds (if they are the only Bonds covered by the 2019 Reserve Fund) or the most recently issued series of Related Parity Bonds (if any Related Parity Bonds are covered by the 2019 Reserve Fund) except in connection with any increase associated with the issuance of Related Parity Bonds; and

(C) that in no event shall the amount required to be deposited into the 2019 Reserve Fund in connection with the issuance of a series of Related Parity Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested an unrestricted yield.

Disbursements. Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the 2019 Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the 2019 Bonds and any Related Parity Bonds or, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming 2019 Bonds and any Related Parity Bonds from the Bond Fund. Whenever a transfer is made from the 2019 Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund for payment of the principal of, and interest and any premium on, the 2019 Bonds and any Related Parity Bonds, the Fiscal Agent will provide written notice thereof to the Finance Director, specifying the amount withdrawn.

Qualified Reserve Fund Credit Instruments. The City has the right at any time to direct the Fiscal Agent to release funds from the 2019 Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (i) a Qualified Reserve Account Credit Instrument (as defined in the Fiscal Agent Agreement), and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the 2019 Bonds or any Parity Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation.

The City will have no obligation to replace a Qualified Reserve Account Credit Instrument or to fund the 2019 Reserve Fund with cash if, at any time that the 2019 Bonds are Outstanding, the Qualified Reserve Account Credit Instrument (or its provider) is downgraded or the provider becomes insolvent, if

there is an unscheduled termination of the Qualified Reserve Account or if for any reason insufficient amounts are available to be drawn upon under the Qualified Reserve Account Credit Instrument; provided, however, that the City will reimburse the provider, in accordance with the terms of the Qualified Reserve Account Credit Instrument, for any draws made thereon.

The City and the Fiscal Agent will comply with the terms of the Qualified Reserve Account Credit Instrument as will be required to receive payments thereunder in the event and to the extent required under the Fiscal Agent Agreement.

See APPENDIX C for a complete description of the timing, purpose and manner of disbursements from the 2019 Reserve Fund.

Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent will be invested by the Fiscal Agent in Permitted Investments, which in any event by their terms mature prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement. See APPENDIX C for a definition of “Permitted Investments.”

Issuance of Future Parity Bonds

Parity Bonds for Refunding Only. In addition to the 2019 Bonds, but subject to the maximum bonded indebtedness limit for Improvement Area No. 1, the City may issue one or more additional series of Refunding Bonds payable from the Special Tax Revenues on a parity with the 2019 Bonds (collectively, “**Parity Bonds**”), in such principal amount as may be determined by the City, under a Supplemental Agreement entered into by the City and the Fiscal Agent. Any such Parity Bonds will constitute Bonds under the Fiscal Agent Agreement and will be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding thereunder. “**Refunding Bonds**” means bonds issued by the City for the District with respect to Improvement Area No. 1, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds; provided that the principal and interest on the Refunding Bonds to their final maturity date is less than the principal and interest on the Bonds being refunded to their final maturity date, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

The City may issue such Parity Bonds subject to the specific conditions precedent set forth in the Fiscal Agent Agreement, including without limitation the following:

Refunding Bonds Only. Only Refunding Bonds may be issued as Parity Bonds.

Compliance. Following issuance of the Parity Bonds, the City shall be in compliance with all covenants set forth in the Fiscal Agent Agreement and all Supplemental Agreements, and issuance of the Parity Bonds shall not cause the City to exceed the bonded indebtedness limit of Improvement Area No. 1.

Debt Service Reserve Fund. The Supplemental Agreement providing for issuance of the Parity Bonds shall provide for a deposit to the 2019 Reserve Fund in an amount necessary such that the amount deposited therein shall equal the 2019 Reserve Requirement following issuance of the Parity Bonds.

Subordinate Bonds. Nothing in the Fiscal Agent Agreement prohibits the City from issuing any other bonds or otherwise incurring debt secured by a pledge of the Special Tax Revenues subordinate to the pledge thereof under the Fiscal Agent Agreement.

See APPENDIX C for additional details regarding the conditions for issuing Parity Bonds.

THE DISTRICT AND IMPROVEMENT AREA NO. 1

Formation and Background

Formation Proceedings. The District, Improvement Area No. 1 and the Future Annexation Area were established by the City Council under the Act on February 7, 2017, following a noticed public hearing. On the same date, an election was held in which the qualified electors within Improvement Area No. 1 approved a ballot proposition authorizing the District to incur bonded indebtedness for Improvement Area No. 1 of up to \$27,000,000 to finance the acquisition and construction of the authorized facilities, to levy the Special Taxes within Improvement Area No. 1, and to establish an appropriations limit for Improvement Area No. 1. The District is authorized to finance the construction of authorized facilities. See “FINANCING PLAN – Authorized Facilities.”

Improvement Areas; Annexation Proceedings. In addition to Improvement Area No. 1, the District includes an Improvement Area No. 2, consisting of approximately 55.1 acres, and a Future Annexation Area. The property in the Future Annexation Area may be annexed into the District in the future as an additional portion of Improvement Area No. 1, in which case it will become subject to the levy of the Special Taxes, or as one or more additional improvement areas, in which case such future improvements area(s) will be separately authorized to issue special tax bonds secured only by special taxes levied within the applicable improvement area.

The 2019 Bonds are secured only by the Special Taxes levied within Improvement Area No. 1. If and to the extent the Future Annexation Area is annexed as additional improvement areas, there will be no cross-collateralization between or among improvement areas. The City does not have any current plans to annex any parcels within the Future Annexation Area into Improvement Area No. 1.

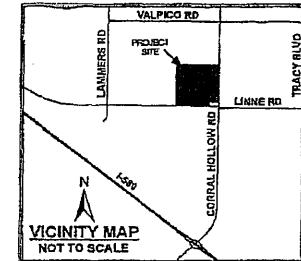
Future Allocation of Bonded Indebtedness Limit. The bonded indebtedness limit for Improvement Area No. 1 was initially established as an amount not to exceed \$27,000,000. The bonded indebtedness limit for the portion of the District that is not included in Improvement Area No. 1 was initially established as an amount not to exceed \$53,000,000. If all or a portion of the Future Annexation Area is annexed as one or more future improvement areas of the District, the maximum indebtedness of each such future improvement area will be identified in the unanimous approval executed by property owners at the time of the annexation as set forth in the Resolution of Formation, and the amount of the maximum indebtedness for that future improvement area will be subtracted from the \$53,000,000 indebtedness limit for the area of the District that is outside Improvement Area No. 1.

Description and Location

General. The District is located in the southwestern part of the City, at the Northwest intersection of Corral Hollow and Linne Roads. The land was formerly part of the County, and was annexed to the City in 2013. Improvement Area No. 1 encompasses approximately 152.75 acres. See APPENDIX A for demographic and other information regarding the City and the County.

Boundary Map. The map showing the boundaries of Improvement Area No. 1 is set forth on the following page.

SHEET 1 OF 1



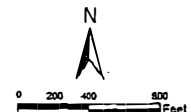
CITY CLERK
CITY OF TRACY
STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING
PROPOSED BOUNDARIES OF CITY OF TRACY COMMUNITY
FACILITIES DISTRICT NO. 2016-2 (ECFD), CITY OF TRACY,
COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, WAS
APPROVED BY THE CITY COUNCIL OF THE CITY OF TRACY
AT A REGULAR MEETING THEREOF, HELD ON THE _____
DAY OF _____, 2016, BY ITS RESOLUTION NO. _____

CITY CLERK
CITY OF TRACY
STATE OF CALIFORNIA

FILED THIS _____ DAY OF _____, 2016, AT
THE HOUR OF _____ O'CLOCK _____ M. IN BOOK _____
OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES
DISTRICTS AT PAGE _____, IN THE OFFICE OF THE
COUNTY RECORDER IN THE COUNTY OF SAN JOAQUIN,
STATE OF CALIFORNIA.

BY: KENNETH W. BLAKEMORE
RECORDER/COUNTY CLERK
COUNTY OF SAN JOAQUIN

[illegible]

Authorized Facilities

General. Under the Resolution of Formation adopted by the City Council, as the legislative body of the District, on February 7, 2017, the District (and each improvement area therein) is authorized to finance all or a portion of the costs of acquisition, construction and improvement of facilities permitted under the Act and that are required as conditions of development of property in the District, the Future Annexation Area and any other property annexed to the District (collectively, the “**Facilities**”). The Facilities include but not limited to the following:

- Public Buildings and Facilities (excluding Aquatic or Swim Center);
- Wastewater Treatment Plant Improvements and Facilities;
- Wastewater Collection Pipeline Improvements and Facilities;
- Drainage Improvements and Facilities;
- Water Improvements and Facilities;
- Roadway Improvements and Facilities including street lights traffic signals landscaped parkways landscaped medians curb gutter sidewalk pavement;
- Public Parks and Facilities (excluding Aquatic or Swim Center), including trails and bike paths; and
- Ancillary Improvements and Facilities, such as publicly-owned masonry walls and fences.

Any Facility authorized to be financed by the District and each Improvement Area as originally designated and as designated in the future in conjunction with subsequent annexations of all or any part of the Future Annexation Area or any other property may be financed through the construction and acquisition of the Facility or through the payment of fees for such Facility. The Facilities authorized to be financed may be located within or outside the boundaries of the District or any Improvement Area as originally designated and as designated in the future in conjunction with subsequent annexations of all or any part of the Future Annexation Area or any other property.

The Facilities to be financed shall include all hard and soft costs associated with the Facilities including the costs of the acquisition of land and rights-of-way the costs of design engineering and planning the costs of any environmental or traffic studies surveys or other reports costs related to landscaping and irrigation soils testing permits plan check and inspection fees insurance legal and related overhead costs coordination and supervision and any other costs or appurtenances related to any of the foregoing as further defined in one or more acquisition agreements with the developer of the property in the District and each Improvement Area therein, as originally designated and as designated in the future in conjunction with subsequent annexations of all or any part of the Future Annexation Area or any other property.

Status of Construction of Facilities. All infrastructure improvements for Improvement Area No. 1 have been completed by CalAtlantic with the exception of final punch list items. All final punch list items are expected to be completed and accepted by the City by February 2020. For additional details, see “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1 – Status of Infrastructure for Improvement Area No. 1.”

Value of Land in Improvement Area No. 1

Appraisal. The City ordered preparation of an appraisal report dated October 25, 2019 (the “**Appraisal**”), of the estimated value of the taxable land within Improvement Area No. 1 as of a October 10, 2019 date of value. The Appraisal was prepared by Integra Realty Resources, San Francisco, California (the “**Appraiser**”). The Appraisal is set forth in APPENDIX G hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, conditions and qualifications which are set forth in the Appraisal.

Parcels Appraised. The properties appraised represent various parcels within the Ellis Development. As of the date of value of the Appraisal, of the 299 assessor’s parcels representing the taxable parcels within Improvement Area No. 1 of the District, 281 have completed single-family homes. Of the 281 completed homes, six of the assessor’s parcels do not have a complete assessed value for both land and improvements. As such, a “not-less than” estimate of market value for each of the floor plans was appraised and assigned to each respective assessor’s parcel. The remaining 18 parcels consist of 16 finished lots and two homes under construction. This accounts for the entirety of Improvement Area No. 1 that is currently taxable. In particular, APN 240-140-41 (defined in the Rate and Method as “**Limited Use Property**”), has not been included in the parcels appraised. See “SECURITY FOR THE 2019 BONDS–Rate and Method” for additional details on this parcel.

Value Estimate. The Appraisal provides a market value of the appraised properties, as well as a cumulative, or aggregate, value of properties as of the October 10, 2019 date of value. The aggregate value is not the market value of the appraised properties in bulk.

The appraised valuation excludes the value of all portions of the property in Improvement Area No. 1 designated for public and quasi-public purposes, assumes the proceeds of the 2019 Bonds have been used to reimburse the completion of certain improvements associated with Improvement Area No. 1, and accounts for the impact of the lien of the Special Tax. The following estimate represents the hypothetical market value of the property to be subject to the Special Tax. The value estimate for the property as of the October 10, 2019 date of value, using the methodologies described in the Appraisal and subject to the limiting conditions and special assumptions set forth in the Appraisal, is \$170,721,334.

The Appraiser’s conclusion of value, by appraisal premise, is as follows:

Appraisal Premise	Value
Aggregate Value of Appraised Properties	\$7,399,000
Aggregate Value of Existing Homes based on Assessed Value	163,322,334
Total Aggregate Value of Appraised and Assessed Properties in Improvement Area No. 1	\$170,721,334

Value Method. Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach, and the income capitalization approach. Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type. The methodology employed in the Appraisal is the sales comparison approach.

Hypothetical Condition. The market value estimated in the Appraisal is based on a hypothetical condition that proceeds of the 2019 Bonds have been used to reimburse the completion of certain improvements associated with Improvement Area No. 1.

Assumptions and Limiting Conditions. In addition to the hypothetical condition described above, the market value of the appraised parcels is subject to a number of other assumptions and conditions which affect the estimates as to value, including, among others, the following.

- The value estimate assumes that the transfer would reflect a cash transaction or terms considered to be equivalent to cash. The estimate is also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self-interest, and assuming that neither is under undue stress. Additionally, the estimate assumes that the appraised properties within the boundaries of the District are not marketed concurrently, which would suggest a market under duress.

- The valuation analysis did not include review of a current title report of all properties to determine any possible conditions of title affecting the properties appraised. The Appraiser accepts no responsibility for matters pertaining to title.

- The Appraiser has also assumed that there is no hazardous material on or in the property that would cause a loss in value. Should future conditions and events involving hazardous material reduce the level of permitted development or delay the completion of any projected development, the value of the undeveloped land would likely be reduced from that estimated by the Appraiser. See “BOND OWNERS’ RISKS - Land Values” and “- Hazardous Substances” below.

See “APPENDIX G - The Appraisal” hereto for a description of certain assumptions made by the Appraiser. Accordingly, because the Appraiser arrived at an estimate of current market value based upon certain assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes.

Limitations of Appraisal Valuation. Property values may not be evenly distributed throughout Improvement Area No. 1; thus, certain parcels may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel. No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the 2019 Bonds are outstanding in that the City has no control over the market value of the property within Improvement Area No. 1 or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See “-Priority of Lien” below.

For a description of certain risks that might affect the assumptions made in the Appraisal, see “BOND OWNERS’ RISKS” herein. *Neither the City nor the Underwriter makes any representation as to the accuracy or completeness of the Appraisal. See APPENDIX G for the Appraisal Report.*

Value-to-Lien Ratios

The tables below show the approximate value-to-lien ratio for the parcels in Improvement Area No. 1, based on the appraised and assessed values set forth in the Appraisal, the proposed principal amount of the 2019 Bonds, and the outstanding principal amount of overlapping general obligation bonds.

No assurance can be given that the amounts shown in these tables will conform to those ultimately realized in the event of a foreclosure action following delinquency in the payment of the Special Taxes.

Table 2
Improvement Area No. 1 of the
City of Tracy Community Facilities District No. 2016-2 (ECFD)
Expected Land Uses & Estimated Values
(Development Status as of June 30, 2019)⁽¹⁾

<u>Special Tax Category</u>	<u>Taxable Parcels⁽²⁾</u>	<u>Actual FY 2019-20 Special Tax Levy⁽³⁾</u>	<u>Max Special Tax at Buildout (FY 2019-20 \$)⁽⁴⁾</u>	<u>% of Max Tax at Buildout</u>	<u>Appraised Value</u>	<u>Allocated 2019 Bond Debt^{*(5)}</u>	<u>Estimated Value-to-Lien*</u>
<u>Developed Property</u>							
Individual Homeowners	258	\$777,571	\$777,571	86.3%	\$156,891,778	\$14,237,458	11.2
CalAtlantic Owned Homes							
Completed Homes	23	69,318	69,318	7.7	10,535,556	1,269,231	8.3
Homes Under Construction	2	6,028	6,028	0.7	336,000	110,368	3.3
<i>Subtotal</i>	<i>283</i>	<i>\$852,917</i>	<i>\$852,917</i>	<i>94.6%</i>	<i>\$167,793,334</i>	<i>\$15,617,057</i>	<i>10.7</i>
<u>Undeveloped Property ⁽⁶⁾</u>							
Developer Owned Lots	3	\$0	\$9,042	1.0%	\$549,000	\$165,552	3.3
Woodside Owned Lots	13	0	39,180	4.3	2,379,000	717,391	3.3
<i>Subtotal</i>	<i>16</i>	<i>\$0</i>	<i>\$48,221</i>	<i>5.4%</i>	<i>\$2,928,000</i>	<i>\$882,943</i>	<i>3.3</i>
Total	299	\$852,917	\$901,138	100.0%	\$170,721,334	\$16,500,000	10.3

* Preliminary; subject to change.

(1) Under the Rate and Method, "Developed Property" includes Taxable Property for which a building permit for new construction was issued prior to June 30 of the prior Fiscal Year.

(2) Does not include APN 240-140-41, which is currently not subject to the special tax, but a portion of which may be in the future if the land use changes to residential use.

(3) Special Taxes were only levied against parcels of Developed Property in fiscal year 2019-20.

(4) Based on the expected residential units on all parcels at buildout, per Attachment 2 of the Rate and Method.

(5) Does not take into account overlapping bonded indebtedness. Allocated based on the maximum facilities special tax at buildout.

(6) Ownership information based on the Appraisal Report.

Source: Integra Realty Resources; Goodwin Consulting Group, Inc.

Table 3
Improvement Area No. 1 of the
City of Tracy Community Facilities District No. 2016-2 (ECFD)
Summary Value-to-Lien Ratios

Value to Lien	Taxable Parcels ⁽¹⁾	Actual FY 2019- 20 Special Tax Levy	Maximum Special Tax at Buildout (FY 2019-20 \$)	% of Max Tax at Buildout	Appraised Value	Allocated 2019 Bond Debt** ⁽²⁾	Average Value-to- Lien Ratio*
Greater than 10:1	218	\$657,017	\$657,017	72.9%	\$139,954,928	\$12,030,100	11.6
5:1 to 10:1	57	171,789	171,789	19.1	26,028,434	3,145,485	8.3
3:1 to 5:1	24	24,111	72,332	8.0	4,737,972	1,324,415	3.6
Less than 3:1 ⁽³⁾	0	0	0	0.0	0	0	0.0
Total	299	\$852,917	\$901,138	100.0%	\$170,721,334	\$16,500,000	10.3

*Preliminary; subject to change.

(1) Does not include assessor's parcel 240-140-41, which is currently not subject to the special tax, but a portion of which may be in the future if the land use changes to residential use.

(2) Does not take into account overlapping bonded indebtedness. Allocated based on the maximum facilities special tax at buildout.

Source: *Integra Realty Resources; Goodwin Consulting Group, Inc.*

Direct and Overlapping Governmental Obligations

Overlapping Debt Statement. Contained within the boundaries of Improvement Area No. 1 are certain overlapping local agencies providing public services. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting Improvement Area No. 1 as of November 1, 2019 is shown in the table below, a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. Neither the City nor the Underwriter has reviewed the Debt Report for completeness or accuracy and neither makes any 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 Improvement Area No. 1 in whole or in part. These long-term obligations are not payable from revenues of Improvement Area No. 1 (except as indicated) nor are they necessarily obligations secured by land within Improvement Area No. 1. 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 that have outstanding debt as of the date of the Debt Report and whose territory overlaps Improvement Area No. 1; (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 Improvement Area No. 1; 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 Improvement Area No. 1, as determined by multiplying the total outstanding debt of each agency by the percentage of the public agency's assessed valuation represented in column 2.

Table 4
Improvement Area No. 1 of the
City of Tracy Community Facilities District No. 2016-2 (ECFD)
Direct and Overlapping Governmental Obligations
As of November 1, 2019

2019-20 Assessed Valuation: \$171,506,480 (Land & Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 11/1/19</u>
San Joaquin Delta Community College District General Obligation Bonds	0.198%	\$375,992
Tracy Unified School District General Obligation Bonds	0.884	305,895
Jefferson School District General Obligation Bonds	6.577	2,121,560
City of Tracy Community Facilities District No. 2016-2, I.A. No. 1	100.000	--⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,803,447

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Joaquin County General Fund Obligations	0.216%	\$162,831
City of Tracy General Fund Obligations	1.449	304,245
TOTAL OVERLAPPING GENERAL FUND DEBT		\$467,076

COMBINED TOTAL DEBT \$3,270,523⁽²⁾

Ratios to 2019-20 Assessed Valuation:

Direct Debt.....	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.63%
Combined Total Debt.....	1.91%

(1) Excludes the 2019 Bonds.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: *California Municipal Statistics, Inc.*

Estimated Tax Burden on Single-Family Homes

The following table sets forth the estimated total tax burden on a developed single-family detached unit in Improvement Area No. 1, based on special tax rates for Fiscal Year 2019-20.

Table 5
Improvement Area No. 1 of the
City of Tracy Community Facilities District No. 2016-2 (ECFD)
Fiscal Year 2019-20 Illustrative Tax Bill

Assumptions

Average Assessed Value ⁽¹⁾	\$608,108
Homeowner's Exemption	(\$7,000)
Net Expected Assessed Value	\$601,108

Ad Valorem Tax Rate⁽²⁾

County General	1.000000	\$6,011
Jefferson Elem Bond 2010A	0.013600	\$82
Jefferson Elem Bond 2013B	0.008300	\$50
Jefferson Elem Bond 2014C	0.004000	\$24
SJ Delta College Bond 2014C	0.001600	\$10
SJ Delta College Bond 2015R	0.014200	\$85
SJ Delta College Bond 2018D	0.004100	\$25
Tracy-Lammersville USD 2006 2014R Bond	0.008400	\$50
Tracy-Lammersville USD 2006 2015R Bond	0.006700	\$40
Total Ad Valorem Taxes	1.060900	\$6,377

Direct Charges⁽³⁾

Tracy Rural Fire	\$138
SJC Mosq & VCTR Contr-b	\$9
Water Zone 2	\$3
CSA No 53 Haz Was	\$4
SJC Mosquito Abate	\$2
IA 1 CFD No. 2016-2 Facilities Special Tax	\$3,014
IA 1 CFD No. 2016-2 Services Special Tax	\$1,331
Total Direct Charges	\$4,500

Total Taxes and Direct Charges	\$10,877
Percentage of Net Expected Assessed Value	1.79%

(1) Based on the average assessed value for homes owned by individual homeowners.

(2) Based on the Fiscal Year 2019-20 ad valorem tax rates for the tax rate area within the District.
Ad valorem tax rates are subject to change in future years.

(3) Based on the Fiscal Year 2019-20 charges identified on the San Joaquin County-issued property tax bills. Charges subject to change in future years.

Source: San Joaquin County Tax Collector's Office; Goodwin Consulting Group, Inc.

Special Tax Collection and Delinquency Rates

The table below presents the collections and delinquencies of the Special Taxes for Fiscal Years 2017-18 and 2018-19.

Table 6
Improvement Area No. 1 of the
City of Tracy Community Facilities District No. 2016-2 (ECFD)
Special Tax Levies, Collections, and Delinquencies ⁽¹⁾

Fiscal Year	Amount Levied	Parcels Levied	Delinquencies at Fiscal Year End			Delinquencies as of 9/26/2019		
			Parcels Delinquent	Amount Delinquent	Percent Delinquent	Parcels Delinquent	Amount Delinquent	Percent Delinquent
2017-18	\$373,687	129	3	\$4,345	1.16%	0	\$0	0.00%
2018-19	788,916	267	2	4,432	0.56	2	4,432	0.56

(1) Delinquent amount does not include penalties, interest, or fees.

Source: San Joaquin County Tax Collector's Office; Goodwin Consulting Group, Inc.

Potential Consequences of Special Tax Delinquencies

General. Delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in Improvement Area No. 1 could result in draws on the 2019 Reserve Fund established for the 2019 Bonds, and perhaps, ultimately, a default in the payment on the 2019 Bonds. See "BOND OWNERS' RISKS."

The Board of Supervisors of San Joaquin County adopted the Teeter Plan in Fiscal Year 1994-95. The County has elected to apply its Teeter Plan to the collection of the Special Taxes in Improvement Area No. 1. To the extent that the County's Teeter Plan continues in existence and is carried out as adopted, and to the extent the County does not discontinue the Teeter Plan with respect to Improvement Area No. 1, the County's Teeter Plan may help protect owners of the 2019 Bonds from the risk of delinquencies in the payment of Special Tax. *There can be no assurance that the County will not modify or eliminate its Teeter Plan, or choose to remove Improvement Area No. 1 from its Teeter Plan, while the 2019 Bonds are outstanding.* See "SECURITY FOR THE 2019 BONDS – Covenant to Foreclose – Special Tax Delinquencies; Teeter Plan" for additional information.

Special Tax Enforcement and Collection Procedures. The City could receive additional funds for the payment of debt service through foreclosures sales of delinquent property, but no assurance can be given as to the amount of foreclosure sale proceeds or when foreclosure sale proceeds would be received. The City has covenanted in the Fiscal Agent Agreement to take certain enforcement actions and commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described herein. See "SECURITY FOR THE 2019 BONDS — Covenant to Foreclose."

Foreclosure actions would include, among other steps, formal City Council action to authorize commencement of foreclosure proceedings, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable Special Taxes and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the City may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Special Tax rates specified for each category of property within Improvement Area No. 1. See "SECURITY FOR THE 2019 BONDS – Rate and Method." In addition, Section 53321(d)

of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2019 Bonds. See "BOND OWNERS' RISKS."

OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1

*The information regarding the development and ownership of the Property contained under this caption, "OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1," has been provided by representatives of Surland Communities LLC, a California limited liability company (the "**Developer**"), CalAtlantic Group, Inc., a Delaware corporation ("**CalAtlantic**"), and Woodside 05N, LP ("**Woodside Homes**"), and has not been independently confirmed or verified by the Underwriter, the City, or the District. The Underwriter, the City, and the District make no representation as to the accuracy or adequacy of the information contained under this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Special Taxes securing the Bonds are personal obligations of the Developer, CalAtlantic, or Woodside, or any affiliate thereof, or any other property owner and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. See "SPECIAL RISK FACTORS" herein.*

The Ellis Project

General. The Property, which currently comprises approximately 152.75 acres located in Improvement Area No. 1, is part of a larger residential community referred to as the "Ellis Development" being developed by the Developer, which includes property within Improvement Area No. 1, Improvement Area No. 2, the Future Annexation Area, and possibly future additional property that may annex into the District. The Ellis Development plan is ultimately expected to contain approximately 2,250 single-family residential dwelling units plus other uses.

Improvement Area No. 1. See the discussion under "Property Ownership in Improvement Area No. 1" above for a discussion of Improvement Area No. 1.

Improvement Area No. 2. Improvement Area No. 2 consists of approximately 55.1 acres comprising 51 lots in Final Tract Map No. 3877, 99 lots in Final Tract Map No. 3906, 72 lots in Final Tract Map No. 3907. On September 7, 2018, all of the property in Improvement Area No. 2 was sold to Woodside 05N, LP ("**Woodside Homes**"). Woodside Homes has completed nearly all site improvements, and paving of streets is underway and will be completed in October 2019. Woodside Homes plans to pull permits for 9 model homes located in Improvement Area No. 1 in October 2019, and to complete the model homes for a grand opening in February of 2020. Woodside Homes currently intends to pull 90 building permits in 2019 with home closings estimated to commence in September of 2020. Estimated completion of the 222 lots in Improvement Area No. 2 is 2022/2023. All required off-site improvements for Improvement Area No. 2 for occupancy are complete.

Future Annexation Area. There is approximately 115.45 acres of Future Annexation Area (not including Improvement Area No. 2). The Developer intends to annex approximately 73.65 acres into Improvement Area No. 3 and will sell the land to a merchant builder for the construction of approximately 307 homes on this property. The remaining property in the Future Annexation Area is intended to be annexed to a new improvement area (Improvement Area No. 4) at some point in the future and will be developed as approximately 126 homes and a K-8 school.

Information on Improvement Area No. 2 and the Future Annexation Area and any other land in the Ellis Development that is outside Improvement Area No. 1 is provided for informational purposes; only the taxable property in Improvement Area No. 1 is security for the 2019 Bonds.

Surland Communities LLC. The Developer is a California limited liability company with its primary development executive team having both regional and national development experience in residential, commercial, and municipal projects.

Examples of some of the Developer's projects in the City include the following:

- Redbridge, which is a residential neighborhood in the City, with parks, pools, and a community General Store, and consisted of 438 single family homes master planned by Surland and development completed in approximately 2009.
- Laurel Brook, is a residential neighborhood in the City constructed and sold by Surland consisting of 106 single family homes completed in 1999.
- Bridle Creek, is a residential neighborhood in the City consisting of 169 single family homes constructed and sold by Surland completed in 1998.
- Spring Meadows, which is a residential neighborhood consisting of 51 single family homes completed in 1993.
- Surland has also provided pro bono municipal work in the City, including the architectural design of the Tracy City Hall and the Tracy Transit Station, and serving as an architectural advisor on the Tracy Grand Theatre.

Development Plan of the Developer. For each phase of the Ellis Development, the Developer will either construct infrastructure improvements necessary to serve that phase, or contract with merchant builders to construct the improvements. For Improvement Area No. 1, all of the infrastructure improvements necessary for the build-out of Improvement Area No. 1 is the responsibility of CalAtlantic. See "Status of Infrastructure for Improvement Area No. 1" below.

Acquisition Agreement. The City and the Developer entered into a Master Acquisition Agreement, dated as of February 1, 2017 (the "**Acquisition Agreement**") related to the financing of Facilities. The Acquisition Agreement sets forth the terms upon which the City will acquire Facilities constructed by the Developer or merchant builders. Among other things, the Acquisition Agreement provides that through the 15th fiscal year in which the special tax is first levied in an improvement area (including Improvement Area No. 1), the Special Tax will be levied on Developed Property (as defined in the Rate and Method) in the amount of the Maximum Facilities Special Tax (as defined in the Rate and Method) and any Remainder Taxes will be used to finance the acquisition costs of Facilities, including components thereof and development fees.

City's Growth Management Ordinance. On June 16, 1987, the City Council of the City adopted by ordinance a Residential Growth Management Plan (referred to as the "**Growth Management Ordinance**"). The Growth Management Ordinance has been amended to-date. The Growth Management Ordinance requires an annual reservation of a certain number of building permits for the Ellis Project which will not limit the development in Improvement Area No. 1.

Notwithstanding the belief of the Developer that it will have sufficient funds to complete its planned development, no assurance can be given that sources of financing available to the Developer will be sufficient to complete such development as currently anticipated. While the Developer has made internal financing available in the past for similar activities, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither the Developer nor any of its affiliates has any legal obligation of any kind to make any such funds available or to obtain loans or lines of credit. If and to the extent that internal financing, loan proceeds, lines of credit, or bond proceeds are inadequate to pay the costs to complete the Developer's planned development, there could be a shortfall in the funds required to complete such proposed development and portions of such development might not be completed.

Property Ownership in Improvement Area No. 1

Current Property Ownership. The property in Improvement Area No. 1 (herein, the “**Property**”) consists of approximately 152.75 acres, including approximately 55.01 acres within Final Tract Map No. 1A 3764 and Final Tract Map No. 1B 3872, which has been subdivided into 299 single-family residential lots (the “**Residential Lots**”), and approximately 74.7 acres encompassing four larger parcels expected to be developed as commercial and other uses (herein, the “**Other Use Property**”). As of October 1, 2019, the Property was owned by individual homeowners, CalAtlantic, Woodside Homes, and the Developer, as follows:

Owner	# of Lots/Acres
<u>Taxable</u>	
Individual Homeowners	280 Residential Lots
CalAtlantic	3 Residential Lots
Woodside Homes	13 Residential Lots
Developer	3 Residential Lots
<u>Non-Taxable</u>	
Developer	74.7 Acres ⁽¹⁾

(1) Includes Limited Use Property that may become subject to the Special Tax upon the occurrence of certain conditions. See “SECURITY FOR THE 2019 BONDS—Rate and Method—*Limited Use Property*.”

CalAtlantic purchased all of the Property from the Developer in December 2014 and, in February 2018, after recording Final Tract Map No. 1B 3764, reconveyed to the Developer a portion of the Property consisting of 16 Residential Lots and the 74.7 acres of Other Use Property. CalAtlantic has constructed or is constructing homes on the remaining 283 Residential Lots within Final Tract Map Nos. 1A 3764 and 1B 3764 in three neighborhoods known as Landmark at Ellis (“**Landmark**”), Legacy at Ellis (“**Legacy**”), and Legend at Ellis (“**Legend**”). As of October 1, 2019, CalAtlantic had closed escrow on 280 homes to individual homeowners, with the first home closings occurring in February 2017 and the final home closings expected to occur by April 2020. See “CalAtlantic Development Plan” below.

In September 2018, Woodside Homes purchased from the Developer 13 Residential Lots in Improvement Area No. 1. Woodside Homes owns the neighboring Improvement Area No. 2, but will build the model complex in Improvement Area No. 1. Woodside Homes plans to construct 9 model homes on the 13 lots owned in Improvement Area No. 1, with the remaining four lots to be used for sales trailers, parking, or buffer lots from occupied homes. The remaining four lots will be developed as single-family homes during the build-out stage of Woodside Homes’ project. Woodside Homes plans to pull permits for 9 model homes located in Improvement Area No. 1 in October 2019, and complete the model homes for a grand opening in February of 2020.

The Developer owns three Residential Lots located in the northern part of Improvement Area No. 1. The Developer plans to sell these Residential Lots to a future merchant builder in connection with the development of property owned by the Developer immediately adjacent to the District (estimated to occur in 2020) or may opt to develop these three Residential Lots itself.

The approximately 74.7 acres comprising the four larger parcels of Other Use Property are all owned by the Developer. With the exception of a portion of the Other Use Property that may be developed as custom lots in the future, the Other Use Property consists of the Village Center commercial property, the land to be used as the proposed swim center, and other street or public improvements, all of which is exempt from taxation by the District. The Limited Use Property (approximately 42.21 acres) is not currently subject to the Special Tax under the Rate and Method. However, up to 9 one-acre residential lots, if approved as part of a future map, could become subject to the Special Tax. See “SECURITY FOR THE 2019 BONDS – Rate and Method,” and APPENDIX B.

Environmental Matters

Flood Hazard Map Information. According to the Federal Emergency Management Agency's flood insurance rate maps (Map Panel Number 06077C-0730F, dated October 16, 2009), the developable portions of the property in Improvement Area No. 1 are located within Flood Zone X, described as areas of minimal flooding (outside of the 100- and 500-year floodplains). Property in Improvement Area No. 1 is not subject to the Central Valley Flood Protection Plan.

Seismic Conditions. According to the Seismic Safety Commission, Improvement Area No. 1 is located within Zone 3, which is considered to be the lowest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, Improvement Area No. 1 is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 of the California Department of Conservation, Division of Mines and Geology.

Wetlands. No wetland mitigation was required for development within Improvement Area No. 1.

Environmental Status. According to the Environmental Impact Report approved in January 22, 2013 by the City, impacts of the development of land in Improvement Area No. 1 have been analyzed and addressed and no further actions are necessary in order to complete the final construction of the planned units, and continued development of the tracts in Improvement Area No. 1 will not result in any other direct or indirect adverse impacts.

Utilities. All public utilities are available to each of the parcels within Improvement Area No. 1. Public utilities are provided by the following entities:

<u>Utility</u>	<u>Provider</u>
Electricity	Pacific Gas & Electric
Natural Gas	Pacific Gas & Electric
Sewer/Water	City of Tracy
Data/Phone	Comcast/ATT

The Merchant Builder

CalAtlantic. As previously defined in this Official Statement, "CalAtlantic" is CalAtlantic Group, Inc., a Delaware corporation, a wholly owned subsidiary of Lennar Corporation, a Delaware corporation ("**Lennar Corporation**"). The development of the Landmark, Legacy and Legend neighborhoods in Improvement Area No. 1 was completed or is currently being completed by CalAtlantic.

Lennar Corporation, founded in 1954 and publicly traded under the symbol "LEN" since 1971, is one of the nation's largest home builders, operating under a number of brand names, including Lennar Homes and U.S. Home. Lennar Homes primarily develops residential communities both within the Lennar family of builders and through consolidated and unconsolidated partnerships in which Lennar Homes maintains an interest.

Lennar Corporation is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such files can also be accessed over the internet at the SEC's website at www.sec.gov. *This internet address is included for reference only and the information*

on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.

Copies of Lennar Corporation's Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from Lennar Corporation's website at www.lennar.com. *This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.*

CalAtlantic Development Plan. CalAtlantic is nearly complete with its planned development within Improvement Area No. 1, which includes the construction and sale to individual homebuyer of 283 of the 299 planned residential homes within Improvement Area No. 1 in three neighborhoods known as Landmark, Legacy and Legend, and the construction of a 3-acre park. As of October 1, 2019, all 283 building permits had been issued and 280 of the homes had closed escrow to individual homebuyers. One additional home is complete and in escrow and remaining two homes are under construction as of such date. Completion of the project and conveyance of the final homes to homebuyers is expected to occur by April, 2020.

Landmark is an alley-loaded product consisting of 80 homes with four floor plans and four different elevations ranging in size from 2,610 square feet to 3,095 square feet.

Legacy is a 55-wide front-loaded product consisting of 77 homes with three floor plans and four different elevations ranging in size from 3,002 square feet to 3,306 square feet.

Legend is 60-wide front-loaded product proposed to consist of 126 homes at completion with four floor plans and four different elevations ranging in size from 2,574 square feet to 3,758 square feet.

No assurance can be given that the remaining home construction and sales will be carried out according to the plans outlined herein. No representation is made as to the ability or willingness of CalAtlantic to complete its property development in Improvement Area No. 1 as currently planned and as described in this Official Statement.

Status of Infrastructure for Improvement Area No. 1

All infrastructure improvements for Improvement Area No. 1 have been completed by CalAtlantic with the exception of final punch list items. CalAtlantic has completed the final punch list items for Tract No. 1A 3764, which have been approved by City staff but remain subject to City Council Approval, and is in the process of completing the final punch list items for Tract No. 1B 3872. Final punch list items include replacing concrete broken during home construction, dress up striping, and lighting and signage. All final punch list items are expected to be completed and accepted by the City by February 2020.

The Financing Plans in Improvement Area No. 1

CalAtlantic Financing Plan. To date, CalAtlantic has financed its land acquisition, site development, and home construction costs related to its Landmark, Legacy and Legend neighborhoods within Improvement Area No. 1 through homes sales revenue and internally generated funds. The Landmark and Legacy neighborhoods are complete and the Legend neighborhood is nearly complete. CalAtlantic estimates the remaining home construction, selling and marketing costs as of October 1, 2019 to complete its Legend neighborhood in Improvement Area No. 1 is approximately \$1,009,306. CalAtlantic expects to finance the remaining costs through home sales revenue and internally generated funds.

Although CalAtlantic expects to have sufficient funds available to complete its development activities in Improvement Area No. 1, commensurate with the development timing described in this Official Statement, there can be no assurance, however, that amounts necessary to finance the remaining development and home construction costs will be available from CalAtlantic, Lennar Corporation or any other source when needed. Neither CalAtlantic nor any of their related entities are not under any legal obligation of any kind to expend funds for the remaining development of and construction of homes on CalAtlantic's property in Improvement Area No. 1. Any contributions by CalAtlantic or Lennar Corporation to fund the costs of such development and home construction are entirely voluntary.

BOND OWNERS' RISKS

The purchase of the 2019 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the 2019 Bonds.

Limited Obligation of the City to Pay Debt Service

The City has no obligation to pay principal of and interest on the 2019 Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the 2019 Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. The City is not obligated to advance funds to pay debt service on the 2019 Bonds.

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the 2019 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within Improvement Area No. 1.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2019 Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax formula set forth in the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the 2019 Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:

Transfers to Governmental Entities. The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels. See “–Exempt Properties” below.

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See “–Property Tax Delinquencies” below.

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in “SECURITY FOR THE 2019 BONDS – Covenant to Foreclose” and in the Act, is subject to

the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2019 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the 2019 Reserve Fund is depleted. See “SECURITY FOR THE 2019 BONDS – Covenant to Foreclose.”

The ability of the City to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which a federal governmental agency has or obtains an interest. See “ – FDIC/Federal Government Interests in Properties” below.

Other laws generally affecting creditors’ rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment, and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Potential Early Redemption of Bonds from Prepayments

Property owners within Improvement Area No. 1, including the Developer and individual homeowners, are permitted to prepay up to 80% of the Facilities Special Tax obligation applicable to their parcel, subject to certain notice and other provisions of the Rate and Method. Such prepayments will result in a redemption of the Bonds on the interest payment date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds.

Property Tax Delinquencies

General. Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner, including situations in which the County initially sent property tax bills to the property developer or merchant builder at a time when the parcels in question had already been sold to individual homeowners. Delinquencies can also reflect economic difficulties and duress by the property owner.

Numerous future delinquencies by the owners of Taxable Property in Improvement Area No. 1 in the payment of property taxes (and, consequently, the Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax revenues necessary to pay debt service on the 2019 Bonds, which could in turn result in the depletion of the 2019 Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay or failure in payments of the principal of and interest on the 2019 Bonds. See “SECURITY FOR THE 2019 BONDS – 2019 Reserve Fund,” and “THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Potential Consequences of Special Tax Delinquencies.”

Measures to Mitigate Consequences of Continuing Delinquencies. The City intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain

circumstances (see “SECURITY FOR THE 2019 BONDS – Covenant to Foreclose”); and increasing the levy of Special Taxes against non-delinquent property owners in Improvement Area No. 1 to the extent permitted under the Rate and Method and the Act, and to the extent the Special Taxes are not already being levied at the maximum Special Tax rate. See “THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Potential Consequences of Special Tax Delinquencies.”

Limitations on Increases in Special Tax Levy. If property owners are delinquent in the payment of the Special Tax, the City may not increase Special Tax levies to make up for delinquencies for prior fiscal years above the maximum annual Special Tax rates specified in the Rate and Method.

In addition, the City’s ability to increase Special Tax levies on residential property to make up for delinquencies for prior Fiscal Years is limited by Section 53321(d) of the Act, which provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults.

In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2019 Bonds.

Risks Related to Homeowners with High Loan to Value Ratios

Any future decline in home values in Improvement Area No. 1 could result in property owner unwillingness or inability to pay mortgage payments, as well as *ad valorem* property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

It is possible that laws could be enacted in the future to assist homeowners in default in the payment of mortgages and property taxes. It is further possible that federal laws could be enacted that would adversely impact the ability of the City to foreclose on parcels with delinquent Special Taxes. No assurance can be given that any such laws will be enacted, or if enacted will be effective in assisting affected homeowners.

Payment of Special Tax is Not a Personal Obligation of the Property Owners

An owner of Taxable Property is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels of Taxable Property. If, after a default in the payment of the Special Tax and a foreclosure sale by the City, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels of Taxable Property, the City has no recourse against the owner.

Appraised Values

The Appraisal summarized in APPENDIX G estimates the market value of the property that is currently Taxable Property within Improvement Area No. 1. This market value is merely the opinion of the Appraiser as of the date of value set forth in the Appraisal, and is subject to the assumptions and limiting conditions stated in the Appraisal. The City has not sought an updated opinion of value by the Appraiser subsequent to the date of value of the Appraisal, or an opinion of the value of the Taxable Property by any other appraiser. A different opinion of value might be rendered by a different appraiser.

The opinion of value assumes a sale by a willing seller to a willing buyer, each having similar information and neither being forced by other circumstances to sell or to buy. Consequently, the opinion

is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

In addition, the opinion of value is made as of the date of value set forth in the Appraisal, based upon facts and circumstances existing as of the date of value. Differing facts and circumstances may lead to differing opinions of value. The appraised value is not evidence of future value because future facts and circumstances may differ significantly from the facts and circumstances at the time the Appraisal was prepared.

No assurance can be given that any of the Taxable Property in Improvement Area No. 1 could be sold for the estimated market value contained in the Appraisal if that property should become delinquent in the payment of Special Taxes and be foreclosed upon.

Property Values

The value of Taxable Property within Improvement Area No. 1 is a critical factor in determining the investment quality of the 2019 Bonds. If a property owner defaults in the payment of the Special Tax, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the City's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, landslides, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in Improvement Area No. 1.

Natural Disasters. The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements.

The areas in and surrounding the District, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes and landslides. Other natural disasters could include, without limitation, floods, landslides, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear. See "THE DISTRICT AND IMPROVEMENT AREA NO. 1 – Environmental Matters" for additional details on certain environmental matters.

With respect to droughts specifically, California has a history of suffering drought conditions periodically. In response to the most recent drought conditions, on January 17, 2014, the Governor declared a state of drought emergency, calling on Californians to conserve water, and subsequent conservation orders and regulations were imposed by the Governor and the California State Water Resources Control Board. As the result of storms in California in late 2016 and early 2017, the exceptional drought designation was removed. Notwithstanding the improved water conditions, the City cannot predict or make any representations regarding the effects that the recent drought and related conditions had or may have on the value of Taxable Property within Improvement Area No. 1, or to what extent the effects the recent drought or any future drought may have had on economic activity in Improvement Area No. 1.

Legal Requirements. Other events that may affect the value of Taxable Property include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

Hazardous Substances. One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators of Taxable Property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the City is not aware that the owner or operator of any of the Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of Taxable Property that is realizable upon a delinquency.

Other Possible Claims Upon the Value of Taxable Property

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The tables in the sections entitled "VALUE OF LAND IN IMPROVEMENT AREA NO. 1 – Direct and Overlapping Governmental Obligations" and "- Estimated Tax Burden on Single Family Homes," show the presently outstanding amount of governmental obligations, the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property. The tables do not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the 2019 Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal

priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the 2019 Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See “– Bankruptcy and Foreclosure Delays” below.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within Improvement Area No. 1 acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. See “SECURITY FOR THE 2019 BONDS – Rate and Method.”

In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

FDIC/Federal Government Interests in Properties

General. The ability of the City to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the FDIC, the Federal National Mortgage Association, the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

The supremacy clause of the United States Constitution reads as follows: “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding.”

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to

pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("**FNMA**") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The City has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2019 Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within Improvement Area No. 1 is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the City to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from Mello-Roos special taxes.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within Improvement Area No. 1 in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the 2019 Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the 2019 Bonds.

Depletion of 2019 Reserve Fund

The 2019 Reserve Fund is to be maintained at an amount equal to the Reserve Requirement for the 2019 Bonds. See "SECURITY FOR THE 2019 BONDS – 2019 Reserve Fund." The 2019 Reserve Fund will be used to pay principal of and interest on the 2019 Bonds (and any Parity Bonds the principal of and interest on which is payable from amounts in the 2019 Reserve Fund) if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within Improvement Area No. 1. If the 2019 Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the owners of the 2019 Bonds (and any Parity Bonds the principal of and interest on which is payable from amounts in the 2019 Reserve Fund) under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the maximum annual Special Tax rates, it is possible that no replenishment would be possible if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the 2019 Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Bankruptcy Delays

The payment of the Special Tax and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE 2019 BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2019 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2019 Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the 2019 Bonds and the possibility of delinquent Special Taxes not being paid in full.

The chances are increased that the 2019 Reserve Fund established for the 2019 Bonds could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the 2019 Reserve Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2019 Bonds on a timely basis.

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 or the District, or the administration of the 2019 Bonds. The City is also reliant on other entities and service providers in connection with the administration of the 2019 Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes, the Fiscal Agent, and the Dissemination Agent. No assurance can be given that the City, the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Disclosure to Future Purchasers

The City has recorded a notice of the Special Tax lien in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such special tax obligation in the purchase of a parcel of land or a home in Improvement Area No. 1 or the lending of money secured by property in Improvement Area No. 1. The Act requires the subdivider of a subdivision (or its agent or representative) to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with these requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

No Acceleration Provisions

The 2019 Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the 2019 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondholder is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. See “APPENDIX C – Summary of Certain Provisions of the Fiscal Agent Agreement.” So long as the 2019 Bonds are in book-entry form, DTC will be the sole Bondholder and will be entitled to exercise all rights and remedies of Bond holders.

Loss of Tax Exemption

As discussed under the caption “LEGAL MATTERS – Tax Exemption,” interest on the 2019 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2019 Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2019 Bonds were to become includable in gross income for purposes of federal income taxation, the 2019 Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Taxes. See “THE 2019 BONDS – Redemption.”

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 2019 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2019 Bonds might be affected as a result of such an audit of such 2019 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 2019 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 Bondowners from realizing the full current benefit of the tax status of such interest.

Voter Initiatives

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2019 Bonds.

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related 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 XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes (“special taxes”) require a two-thirds vote.

The Special Taxes and the 2019 Bonds were each authorized by not less than a two-thirds vote of the landowners within Improvement Area No. 1 who constituted the qualified electors at the time of such voted authorization. The City believes, therefore, that issuance of the 2019 Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on the City and its obligations can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

For example, in August 2014, in *City of San Diego v. Melvin Shapiro*, an Appellate Court invalidated an election held by the City of San Diego to authorize the levying of special taxes on hotels city-wide pursuant to a city charter ordinance creating a convention center facilities district which specifically defined the electorate to consist solely of (1) the owners of real property in the city on which a hotel is located, and (2) the lessees of real property owned by a governmental entity on which a hotel is located. The court held that such landowners and lessees are neither “qualified electors” of the city for purposes of Article XIII A, Section 4 of the California Constitution, nor a proper “electorate” under Article

XIIIC, Section 2(d) of the California Constitution. The court specifically noted that the decision did not require the Court to consider the distinct question of whether landowner voting to impose special taxes under Section 53326(b) of the Act (which was the nature of the voter approval through which the District and Improvement Area No. 1 were formed) violates the California Constitution in districts that lack sufficient registered voters to conduct an election among registered voters. Accordingly, this case should have no effect on the levy of the Special Taxes by the City

The City cannot predict the ultimate outcome or effect of any such judicial scrutiny, legislative actions, or future initiatives. These initiatives, and any future initiatives, may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2019 Bonds.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2019 Bonds or, if a secondary market exists, that any 2019 Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the 2019 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2019 Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the 2019 Bonds or obligations that present similar tax issues as the 2019 Bonds.

LEGAL MATTERS

Legal Opinions

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, approving the validity of the 2019 Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX F.

Jones Hall, A Professional Law Corporation, San Francisco, California, has served as Disclosure Counsel to the District. Stradling Yocca Carlson & Rauth, P.C., Newport Beach, California, is serving as counsel to the Underwriter.

Tax Exemption

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 2019 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 City 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 2019 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City 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 2019 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2019 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 2019 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 2019 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 2019 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2019 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2019 Bonds who purchase the 2019 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2019 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 2019 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2019 Bond (said term being the shorter of the 2019 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 2019 Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2019 Bond is amortized each year over the term to maturity of the 2019 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 2019 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 2019 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2019 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 2019 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 2019 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 2019 Bonds, or as to the consequences of owning or receiving interest on the 2019 Bonds,

as of any future date. Prospective purchasers of the 2019 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 2019 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2019 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 2019 Bonds, the ownership, sale or disposition of the 2019 Bonds, or the amount, accrual or receipt of interest on the 2019 Bonds.

Litigation

The City is a defendant in a lawsuit related to the “Second Amendment to Amended and Restated Development Agreement By and Between the City of Tracy and Surland Communities LLC” (the “**Second Amendment**”). The Second Amendment amends a development agreement for the Ellis Specific Plan executed by the City and Surland Communities LLC in 2013. The lawsuit claims, among other things, that the Second Amendment is void and beyond the powers of the City because it purports to grant a right to residential growth allotments (“**RGAs**”) outside the Ellis Specific Plan. The City believes that, even if the plaintiff is successful in its challenge of the Second Amendment, the litigation will not adversely impact Improvement Area No. 1 or the 2019 Bonds because Improvement Area No. 1 is substantially built-out and the challenged provisions of the Second Amendment do not relate to the issuance of RGAs or building permits for properties in the Ellis Specific Plan.

At the time of delivery of the 2019 Bonds, the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the City has been served with process or threatened, which:

- in any way questions the powers of the City Council, City or District, or
- in any way questions the validity of any proceeding taken by the City Council in connection with the issuance of the 2019 Bonds, or
- wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the purchase contract with respect to the 2019 Bonds, or
- which, in any way, could adversely affect the validity or enforceability of the resolutions of the City Council adopted in connection with the formation of the District and Improvement Area No.1 or the issuance of the 2019 Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Certificate or the purchase contract with respect to the 2019 Bonds, or
- to the knowledge of the City, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the 2019 Bonds for federal income tax purposes, or
- in any other way questions the status of the 2019 Bonds under State tax laws or regulations.

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the 2019 Bonds to provide certain financial information and operating data relating to Improvement Area No. 1 and the 2019 Bonds by not later than nine months after the end of the City’s fiscal year (currently March 31 based on the City’s fiscal year end of June 30) (the “**Annual Report**”) 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) (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.

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 Years 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 were filed up to approximately 27 months late; and
- Certain operating and financial data for Fiscal Years 2013-14, 2014-15 and 2016-17 were filed up to 633 days late.
- Certain information was omitted from the operating and financial data for filed Fiscal Years 2013-14, 2014-15, 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 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.

NO RATING

The City has not obtained a credit rating on the 2019 Bonds. Nothing should be assumed from any credit rating that the City may obtain for other purposes. Prospective purchasers of the 2019 Bonds are required to make independent determinations as to the credit quality of the 2019 Bonds and their appropriateness as an investment.

UNDERWRITING

The 2019 Bonds are being purchased by Piper Jaffray & Co. (the “**Underwriter**”), at a purchase price of \$_____ (which represents the aggregate principal amount of the 2019 Bonds (\$_____), plus an original issue premium/less an original issue discount of \$_____, less an Underwriter's discount of \$_____).

The purchase agreement relating to the 2019 Bonds provides that the Underwriter will purchase all of the 2019 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 2019 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.

MUNICIPAL ADVISOR

The City has retained CSG Advisors Incorporated, San Francisco, California, as Municipal Advisor for the sale of the 2019 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 2019 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2019 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;
- A portion of the fees of Goodwin Consulting Group, Inc., as special tax consultant; and
- U.S. Bank National Association, as Fiscal Agent.

EXECUTION

The execution and delivery of the Official Statement has been duly authorized by the City Council, acting as the legislative body of the District.

CITY OF TRACY

By: _____
Finance Director

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF TRACY AND SAN JOAQUIN COUNTY

*The following information concerning the City of Tracy (the "**City**") and San Joaquin County (the "**County**") are included only for the purpose of supplying general information regarding the community. The 2019 Bonds are not a debt of the City, the County, the State of California (the "**State**") or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.*

Population

Population figures for the City, the County and the State for the last six years are shown in the following table.

CITY OF TRACY, SAN JOAQUIN COUNTY AND THE STATE OF CALIFORNIA Population Estimates Calendar Years 2014 through 2019 as of January 1

Calendar Year	City of Tracy	San Joaquin County	State of California
2014	86,495	712,134	38,568,628
2015	88,074	723,856	39,912,464
2016	89,591	735,319	39,179,627
2017	91,051	747,263	39,500,973
2018	90,832	757,279	39,740,508
2019	92,800	770,385	39,927,315

Source: State Department of Finance estimates.

Employment and Industry

The District is included in the Stockton Metropolitan Statistical Area (“**MSA**”), which includes all of San Joaquin County. The unemployment rate in the County was 4.7% in September 2019, down from a revised 5.7% in August 2019, and below the year-ago estimate of 5.0%. This compares with an unadjusted unemployment rate of 3.5% for the State and 3.3% for the nation during the same period.

Set forth below is data from calendar years 2014 to 2018 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 District.

**STOCKTON-LODI MSA
(San Joaquin County)
Annual Average Labor Force and Employment by Industry
Calendar Years 2014 through 2018
(March 2018 Benchmark)**

	2014	2015	2016	2017	2018
Civilian Labor Force ⁽¹⁾	312,000	314,600	318,500	323,600	326,400
Employment	279,200	286,600	292,600	301,100	306,800
Unemployment	32,900	28,000	25,900	22,600	19,600
Unemployment Rate	10.5%	8.9%	8.1%	7.0%	6.0%
<u>Wage and Salary Employment: ⁽²⁾</u>					
Agriculture	15,700	16,700	16,600	16,300	16,100
Mining and Logging	100	100	100	100	100
Construction	8,900	10,100	11,100	11,700	12,700
Manufacturing	18,600	18,700	18,900	19,400	19,700
Wholesale Trade	11,000	11,300	11,600	12,000	12,600
Retail Trade	25,700	26,000	26,500	26,800	26,600
Transportation, Warehousing and Utilities	18,300	20,400	23,600	26,700	28,400
Information	2,100	1,900	2,000	1,800	1,800
Financial Activities	7,500	7,400	7,500	7,800	8,100
Professional and Business Services	18,300	19,400	19,600	19,200	19,600
Educational and Health Services	35,900	36,500	36,400	38,200	38,500
Leisure and Hospitality	19,100	19,700	20,500	21,500	22,000
Other Services	6,900	7,200	7,500	7,600	7,600
Federal Government	3,100	3,000	3,000	3,100	3,100
State Government	5,800	6,200	6,400	6,600	6,700
Local Government	29,600	30,400	31,400	32,800	33,700
Total All Industries ⁽³⁾	226,700	234,900	242,600	251,600	257,300

(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 October 2019.

SAN JOAQUIN COUNTY Major Employers As of October 2019

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
A Sambado & Sons Inc	Linden	Nuts-Edible
Amazon Corpnet	Tracy	Internet & Catalog Shopping
Amazon Fulfillment Ctr	Stockton	Mail Order Fulfillment Service
Blue Shield of California	Lodi	Insurance
Dameron Hospital Assn	Stockton	Hospitals
Deuel Vocational Institution	Tracy	City Govt-Correctional Institutions
Foster Care Svc	Stockton	Government Offices-County
Juvenile Justice Div CI	Stockton	State Govt-Correctional Institutions
Leprino Foods Co	Tracy	Cheese Processors (mfrs)
Lodi Health Home Health Agency	Lodi	Home Health Service
Lodi Memorial Hospital	Lodi	Hospitals
Morada Produce	Stockton	Fruits & Vegetables-Growers & Shippers
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 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
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, 2020 1st Edition.

The following table lists the twenty principal employers within the City, by number of employees, as of June 30, 2018.

**CITY OF TRACY
Principal Employers
As of June 30, 2018**

<u>Employer Name</u>	<u>Number of Employees</u>
Golden State FC LLC (Amazon)	4,589
Golden State FC LLC (Amazon)	997
Taylor Farms Pacific Inc.	996
Barbosa Cabinets Inc.	718
Medline Industries Inc.	505
Restoration Hardware	481
Fedex Ground Package System	374
The Home Depot #5641	350
Leprino Foods	303
Orchard Supply Hardware	264
Wal-Mart Stores Inc. #2025	250
Pacific Medical Inc.	240
Costco Wholesale	208
Best Buy	205
YRC	193
MC Lane Foodservice	191
International Paper	190
Best Buy Stores LP #391	186
GlassFab Tempering	186
Texas Roadhouse	182

Source: City of Tracy Comprehensive Financial Report for fiscal year ended June 30, 2018.

Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables. Annual figures are yet not available for calendar year 2018.

Total taxable sales during the first quarter of calendar year 2018 in the City were \$520,182,175, a 12.49% increase over the total taxable sales of \$462,441,930 reported during the first quarter of calendar year 2017.

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
2013	972	\$1,139,346	1,382	\$1,339,394
2014	1,010	1,188,945	1,441	1,387,154
2015 ⁽¹⁾	1,057	1,233,481	1,641	1,421,064
2016	1,088	1,280,961	1,715	1,536,172
2017	1,150	1,371,679	1,803	2,042,411

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Total taxable sales during the first quarter of calendar year 2018 in the County were \$3,019,083,970, a 10.74% increase over the total taxable sales of \$2,726,400,144 reported during the first quarter of calendar year 2017.

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
2013	8,754	\$6,519,537	12,752	\$9,466,015
2014	8,900	6,780,160	12,865	10,031,845
2015 ⁽¹⁾	4,958	6,986,878	14,255	10,467,214
2016	9,480	7,380,226	14,682	10,922,271
2017	9,506	7,994,473	14,758	12,153,268

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

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 2015 through 2019.

CITY OF TRACY AND SAN JOAQUIN COUNTY Median Household Effective Buying Income 2015 through 2019

	2015	2016	2017	2018	2019
City of Tracy	\$60,154	\$64,225	\$65,371	\$68,295	\$73,172
San Joaquin County	44,235	46,491	48,149	49,883	55,534
California	50,072	53,589	55,681	59,646	62,637
United States	45,448	46,738	48,043	50,735	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

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 2014 through 2018 (Dollars in Thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Permit Valuation</u>					
New Single-family	\$44,538.3	\$62,319.4	\$87,820.2	\$98,767.2	\$214,928.9
New Multi-family	0.0	0.0	34,038.7	9,686.4	84,832.3
Res. Alterations/Additions	<u>44,884.6</u>	<u>5,381.8</u>	<u>2,281.9</u>	<u>2,982.3</u>	<u>6,058.5</u>
Total Residential	\$89,422.9	\$67,701.2	\$124,140.8	\$111,435.9	\$305,819.7
 New Commercial	 \$1,481.9	 \$113,546.0	 \$92,124.7	 \$184,438.3	 \$331,633.7
New Industrial	809.6	49,162.0	57,441.7	38,978.1	74,814.4
New Other	2,426.4	12,340.6	11,375.8	4,769.2	8,265.5
Com. Alterations/Additions	<u>18,846.3</u>	<u>127,941.0</u>	<u>138,604.1</u>	<u>93,059.7</u>	<u>60,479.7</u>
Total Nonresidential	\$23,564.2	\$302,989.6	\$299,546.3	\$321,245.3	\$475,193.3
 <u>New Dwelling Units</u>					
Single Family	135	183	216	236	534
Multiple Family	<u>0</u>	<u>0</u>	<u>432</u>	<u>65</u>	<u>507</u>
TOTAL	135	183	648	301	1,041

Source: Construction Industry Research Board, Building Permit Summary.

SAN JOAQUIN COUNTY Building Permit Activity For Calendar Years 2014 through 2018 (Dollars in Thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Permit Valuation</u>					
New Single-family	\$318,760.2	\$455,877.1	\$467,494.7	\$652,308.1	\$883,071.1
New Multi-family	4,726.9	48,792.9	66,794.5	62,635.8	99,601.4
Res. Alterations/Additions	<u>78,511.0</u>	<u>42,764.8</u>	<u>99,049.9</u>	<u>86,516.1</u>	<u>95,073.4</u>
Total Residential	\$401,998.1	\$547,434.8	\$633,339.1	\$801,460.0	\$1,077,745.9
 New Commercial	 \$42,976.5	 \$177,272.0	 \$205,510.1	 \$357,856.9	 \$498,359.0
New Industrial	29,357.4	85,322.6	61,687.0	179,728.4	240,073.7
New Other	41,819.6	44,373.1	42,074.7	27,794.7	31,904.4
Com. Alterations/Additions	<u>89,630.8</u>	<u>193,659.3</u>	<u>298,721.9</u>	<u>269,172.8</u>	<u>249,142.4</u>
Total Nonresidential	\$203,784.3	\$500,627.0	\$607,993.7	\$834,552.8	\$1,019,479.5
 <u>New Dwelling Units</u>					
Single Family	1,214	1,698	1,754	2,078	2,765
Multiple Family	<u>19</u>	<u>387</u>	<u>550</u>	<u>516</u>	<u>293</u>
TOTAL	1,233	2,085	2,304	2,594	3,358

Source: Construction Industry Research Board, Building Permit Summary.

**RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 1 OF THE CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD)**

**IMPROVEMENT AREA NO. 1 OF THE
CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2016-2
(ECFD)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

Special Taxes applicable to each Assessor's Parcel in Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 1, unless exempted by law or by the provisions of Section H below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed into Improvement Area No. 1.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Accessory Unit" means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

"Acquisition Agreement" means the Master Acquisition Agreement executed by the City and Surland Communities, LLC in connection with the CFD.

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to the CFD and the Bonds, including, but not limited to, the levy and collection of Special Taxes, the fees and expenses of its legal counsel, charges levied by the County in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Taxes, costs associated with appeals or requests for interpretation associated with the Special Taxes and this RMA, costs of the dissemination agent for the City and any party that has undertaken to provide continuing disclosure, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with any continuing disclosure requirements with respect to the Bonds and the Special Taxes, costs associated with foreclosure and collection of delinquent

Special Taxes and all other costs and expenses of the City and County in any way related to the establishment or administration of the CFD.

“Administrator” means the person or firm designated by the City to administer the Special Taxes according to this RMA.

“Assessor’s Parcel” or **“Parcel”** means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

“Authorized Facilities” means the public facilities authorized to be financed, in whole or in part, by the CFD.

“Authorized Services” means the public services authorized to be funded, in whole or in part, by the CFD.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, secured by the Facilities Special Tax and issued or assumed by Improvement Area No. 1 to fund Authorized Facilities.

“Building Permit” means a single permit or set of permits required to construct a residential or non-residential structure. If a permit is issued for a foundation, parking, landscaping or other related facility or amenity, but a building permit has not yet been issued for the structure served by these facilities or amenities, such permit shall not be considered a “Building Permit” for purposes of application of the Special Taxes herein.

“Capitalized Interest” means funds in any capitalized interest account available to pay interest on Bonds.

“CFD” means the City of Tracy Community Facilities District No. 2016-2 (ECFD).

“CFD Formation” means the date on which the Resolution of Formation to form the CFD was adopted by the City Council.

“City” means the City of Tracy.

“City Council” means the City Council of the City of Tracy.

“County” means the County of San Joaquin.

“Developed Limited Use Property” means, in any Fiscal Year, all Parcels of Limited Use Property for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year.

“Developed Property” means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Limited Use Property, Developed Village Center Property, Limited Use Property,

Village Center Property, Taxable Owners Association Property, or Taxable Public Property for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year.

“Developed Village Center Property” means, in any Fiscal Year, all Parcels of Village Center Property for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year.

“Development Class” means, individually, Developed Property, Developed Limited Use Property, Developed Village Center Property, Undeveloped Limited Use Property, Undeveloped Village Center Property, Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property.

“Escalation Factor” means, in any Fiscal Year, the lesser of (i) the percentage increase from the prior Fiscal Year, if any, in the Index, or (ii) four percent (4%). The Index used shall be as determined by the Bureau of Labor Statistics from April to April beginning with the period from April 2016 to April 2017.

“Expected Land Uses” means the number of SFD Lots, the number of Residential Units within each Square Footage Category, and the acreage of the Other Property expected within Improvement Area No. 1 at the time of CFD Formation, as identified in Attachments 1 and 2 of this RMA. Pursuant to Sections D and E below, the Administrator shall update Attachment 2 each time there is a Land Use Change or property annexes into Improvement Area No. 1. For annexations, the Expected Land Uses will be identified in the Unanimous Approval Form.

“Expected Maximum Facilities Special Tax Revenues” means the amount of annual revenue that would be available in Improvement Area No. 1 if the Maximum Facilities Special Tax was levied on the Expected Land Uses. The Expected Maximum Facilities Special Tax Revenues as of CFD Formation are shown in Attachment 2 of this RMA, and such amount may be adjusted pursuant to Sections D and E of this RMA or if Parcels within Improvement Area No. 1 prepay a portion of the Facilities Special Tax obligation.

“Facilities Special Tax” means a special tax levied in any Fiscal Year to pay the Facilities Special Tax Requirement.

“Facilities Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year, (ii) to replenish reserve funds to the extent such replenishment has not been included in a computation of the Facilities Special Tax Requirement in a previous Fiscal Year, (iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year, (iv) to pay Administrative Expenses, and (v) to pay the costs of Authorized Facilities to be funded directly from Facilities Special Tax proceeds to the extent that paying directly for such costs does not increase the Facilities Special Taxes levied on Undeveloped Property. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by (i) interest earnings on or surplus balances in funds and accounts for Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture, (ii) proceeds from the collection of penalties associated with delinquent Facilities Special Taxes, and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Final Bond Sale” means, at any point in time, the last series of Bonds issued for Improvement Area No. 1, which issuance uses up virtually all of the remaining capacity available from the Expected Maximum Facilities Special Tax Revenues that can be generated within Improvement Area No. 1, as determined by the City.

“Final Map” means a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates SFD Lots. The term “Final Map” shall not include any large lot subdivision map, Assessor’s Parcel Map, or subdivision map or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Future Annexation Area” means that geographic area that, at the time of CFD Formation, was considered potential annexation area for the CFD and which was, therefore, identified as “Future Annexation Area” on the recorded CFD boundary map. Such designation does not mean that any or all of the Future Annexation Area will annex into the CFD or Improvement Area No. 1, but should property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the streamlined annexation procedures provided in the Act. Nothing shall prevent property identified as Future Annexation Area from annexing under the non-streamlined provisions of the Act.

“Improvement Area No 1” means Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD).

“Improvement Fund” means the account (regardless of its name) identified in the Indenture to hold funds which are available to acquire or construct Authorized Facilities.

“Indenture” means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Index” means the Consumer Price Index of the San Francisco-Oakland-San Jose area for all urban consumers.

“Land Use Change” means a proposed or approved change to the Expected Land Uses within Improvement Area No. 1 after CFD Formation, which shall include approval of Final Maps that reflect a different number of SFD Lots than expected and issuance of Building Permits for more Residential Units than expected in a particular Square Footage Category.

“Limited Use Property” means the specific geographic area in Improvement Area No. 1 that (i) was identified in Fiscal Year 2016-17 by Assessor’s Parcel number 240-140-37, and (ii) is designated as “Limited Use” in Attachment 1 of this RMA. All Parcels created by future subdivision within this geographic area will be designated as Limited Use Property, unless a Building Permit is issued that qualifies a Parcel within the designated geographic area as Single Family Detached Residential Property, at which time such Parcel will be taxed based on

application of the appropriate Target Facilities Special Tax for Single Family Detached Residential Property, as set forth in Section C below. Based on the geographic area defined as Limited Use Property, it is expected that no more than 43 Acres of property in Improvement Area No. 1 will be designated as Limited Use Property. If, in any Fiscal Year, the Administrator determines that property with a Limited Use designation exceeds 43 Acres, such excess Acreage will be taxed as Other Property. Based on reference to Attachment 1, the Administrator shall determine which Acreage is excess and should be categorized as Other Property.

“Maximum Facilities Special Tax” means the greatest amount of Facilities Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year as determined in accordance with Sections C, D, and E below.

“Maximum Services Special Tax” means the greatest amount of Services Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year as determined in accordance with Sections C.2 and E below.

“Maximum Special Taxes” means, as the context requires, either or both of the Maximum Facilities Special Tax and Maximum Services Special Tax.

“Other Property” means, in any Fiscal Year, all Parcels of Developed Property within Improvement Area No. 1 that are not Single Family Detached Residential Property

“Owners Association” means a homeowners association or property owners association that provides services to, and collects assessments, fees, dues, or charges from, property within Improvement Area No. 1.

“Owners Association Property” means any property within the boundaries of Improvement Area No. 1 that is owned in fee or by easement by the Owners Association, not including any such property that is located directly under a residential structure.

“Proportionately” means (separately for the Facilities Special Tax and Services Special Tax), for Developed Property, Developed Limited Use Property, and Developed Village Center Property, that the ratio of the actual Special Taxes levied in any Fiscal Year to the Maximum Special Taxes authorized to be levied in that Fiscal Year is equal for all Parcels of Developed Property, Developed Limited Use Property, and Developed Village Center Property, respectively. For Undeveloped Property, Undeveloped Limited Use Property, and Undeveloped Village Center Property, “Proportionately” means that the ratio of the actual Special Taxes levied to the Maximum Special Taxes is equal for all Parcels of Undeveloped Property, Undeveloped Limited Use Property, and Undeveloped Village Center Property, respectively. For Taxable Owners Association Property and Taxable Public Property, “Proportionately” means that the ratio of the actual Special Taxes levied to the Maximum Special Taxes is equal for all Parcels of Taxable Owners Association Property and Taxable Public Property.

“Public Property” means any property within the boundaries of Improvement Area No. 1 that is owned by the federal government, State of California or other local governments or public agencies.

“Remainder Taxes” means, after September 1st and before December 31st of any Fiscal Year, any Facilities Special Tax revenues that were levied and collected in the prior Fiscal Year and were not needed to (1) pay debt service on the Bonds that was due in the calendar year in which the Remainder Taxes are being calculated, (ii) replenish Bond reserves, (iii) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year, or (iv) pay Administrative Expenses that have been incurred, or are expected to be incurred, by the City prior to the receipt of additional Facilities Special Tax proceeds.

“Required Coverage” means the amount by which the Expected Maximum Facilities Special Tax Revenues must exceed the Bond debt service and required Administrative Expenses, as set forth in the Indenture, Certificate of Special Tax Consultant, or other formation or bond document that sets forth the minimum required debt service coverage.

“Residential Unit” means an individual single-family unit that does not share a common wall with another residential unit. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Residential Unit for purposes of this RMA and shall not be taxed under this RMA.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“Services Special Tax” means a special tax levied in any Fiscal Year to pay the Services Special Tax Requirement.

“Services Special Tax Requirement” means the amount of revenue needed in any Fiscal Year to pay for: (i) Authorized Services, (ii) Administrative Expenses, and (iii) amounts needed to cure any delinquencies in the payment of Services Special Taxes which have occurred in the prior Fiscal Year. In any Fiscal Year, the Services Special Tax Requirement shall be reduced by surplus amounts available (as determined by the City) from the levy of the Services Special Tax in prior Fiscal Years, including revenues from the collection of delinquent Services Special Taxes and associated penalties and interest.

“SFD Lot” means an individual residential lot, identified and numbered on a recorded Final Map, on which a Building Permit was or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

“Single Family Detached Residential Property” means, in any Fiscal Year, all Parcels for which a Building Permit was issued for construction of a Residential Unit.

“Special Taxes” means, as the context requires, either or both of the Facilities Special Tax and the Services Special Tax.

“Square Foot” or **“Square Footage”** means the square footage of living area of a Residential Unit as reflected on a Building Permit.

“Square Footage Category” means one of the three different categories of Single Family Detached Property set forth in Table 1 in Section C below.

“Target Facilities Special Tax” means the Facilities Special Tax per Residential Unit for each Square Footage Category, as set forth in Table 1 below, that was used to determine the Expected Maximum Facilities Special Tax Revenues shown in Attachment 2.

“Taxable Owners Association Property” means, in any Fiscal Year after the first series of Bonds is issued, any Parcel of Owners Association Property that satisfies all three of the following conditions: (i) the Parcel had not been Owners Association Property on the date of issuance of the first series of Bonds, (ii) based on reference to Attachments 1 and 2 (as may be updated pursuant to Sections D and E below), the Parcel was not anticipated to be Owners Association Property based on the Expected Land Uses, as determined by the Administrator, and (iii) if the Parcel were to be exempt from the Facilities Special Tax because it had become Owners Association Property, the Expected Maximum Facilities Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

“Taxable Property” means all Parcels within the boundaries of Improvement Area No. 1 that are not exempt from the Special Taxes pursuant to law or Section H below.

“Taxable Public Property” means in any Fiscal Year after the first series of Bonds is issued, any Parcel of Public Property that satisfies all three of the following conditions: (i) the Parcel had not been Public Property on the date of issuance of the first series of Bonds, (ii) based on reference to Attachments 1 and 2 (as may be updated pursuant to Sections D and E below), the Parcel was not anticipated to be Public Property based on the Expected Land Uses, as determined by the Administrator, and (iii) if the Parcel were to be exempt from the Facilities Special Tax Revenues because it has become Public Property, the Expected Maximum Facilities Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

“Trigger Event” means that (i) all Bonds secured by the levy and collection of Facilities Special Taxes in Improvement Area No. 1 have been fully repaid, (ii) all Administrative Expenses from prior Fiscal Years have been paid, funded, and/or reimbursed to the City, and (iii) there are no other Authorized Facilities that the City intends to fund with Bonds and Facilities Special Taxes. In the first Fiscal Year in which the Administrator determines that the Trigger Event occurred in the prior Fiscal Year, and in each Fiscal Year thereafter, the Facilities Special Tax shall cease to be levied, and the Maximum Services Special Tax for each Parcel shall be adjusted pursuant to Section C.2 below.

“Unanimous Approval Form” means the form executed by the record owner of fee title to a Parcel or Parcels included within the Future Annexation Area and annexed into Improvement Area No. 1 that constitutes the property owner’s approval and unanimous vote in favor of annexing the property into Improvement Area No. 1 and authorized the levy of Special Taxes against his/her Parcel of Parcels pursuant to this RMA.

“Undeveloped Limited Use Property” means, in any Fiscal Year, all Parcels of Limited Use Property that are not yet Developed Limited Use Property.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property, Developed Limited Use Property, Developed Village Center Property,

Undeveloped Limited Use Property, Undeveloped Village Center Property, Taxable Owners Association Property, or Taxable Public Property.

“Undeveloped Village Center Property” means, in any Fiscal Year, all Parcels of Village Center Property that are not yet Developed Village Center Property.

“Village Center Property” means the specific geographic areas in the CFD that: (i) were identified in Fiscal Year 2016-17 by Assessor’s Parcel numbers 240-140-35 and 240-140-36, and (ii) are designated as “Village Center” in Attachment 1 of this RMA. All Parcels created by future subdivision within this geographic area will be designated as Village Center Property, unless a Building Permit is issued that qualifies a Parcel as Single Family Detached Residential Property, at which time such Parcel will be taxed based on application of the appropriate Target Facilities Special Tax for Single Family Detached Residential Property, as set forth in Section C below. Based on this definition of Village Center Property, it is expected that no more than 30 Acres of property in Improvement Area No. 1 will be designated as Village Center Property. If, in any Fiscal Year, the Administrator determines that property with a Village Center designation exceeds 30 Acres, such excess Acreage will be taxed as Other Property. Based on reference to Attachment 1, the Administrator shall determine which Acreage is excess and should be categorized as Other Property.

B. DATA FOR ADMINISTRATION OF SPECIAL TAXES

Each Fiscal Year, the Administrator shall: (i) categorize each Parcel of Taxable Property as Developed Property, Developed Village Center Property, Developed Limited Use Property, Undeveloped Limited Use Property, Undeveloped Village Center Property, Undeveloped Property, Taxable Owners Association Property or Taxable Public Property, (ii) for Developed Property, categorize each Parcel as Single Family Detached Residential Property or Other Property, (iii) based on Square Footage reflected on Building Permits issued by June 30 of the prior Fiscal Year, assign each Residential Unit to the appropriate Square Footage Category, (iv) determine the Facilities Special Tax Requirement and Services Special Tax Requirement for the Fiscal Year, and (v) determine if the Trigger Event occurred in the prior Fiscal Year. In addition, the Administrator shall, *on an ongoing basis*, monitor Final Maps and track the Square Footage on all Building Permits that have been issued to determine if there are any proposed Land Use Changes that would change the Expected Maximum Facilities Special Tax Revenues. If the Expected Maximum Facilities Special Tax Revenues will be revised pursuant to a proposed Land Use Change, the Administrator shall apply the steps set forth in Section D below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels is in a different Development Class than other Parcels created by the subdivision, the Administrator shall calculate the Special Taxes for the property affected by recordation of the parcel map by determining the Special Taxes that apply separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

C. MAXIMUM SPECIAL TAXES

1. Facilities Special Tax

a. Single Family Detached Residential Property

The Maximum Facilities Special Tax for Parcels of Single Family Detached Residential Property shall be the greater of (i) the Target Facilities Special Taxes set forth in Table 1 below, or, (ii) if there are Land Use Changes that would reduce debt service coverage on outstanding Bonds below the Required Coverage, the Maximum Facilities Special Tax determined pursuant to Section D below.

**TABLE 1
IMPROVEMENT AREA NO. 1
TARGET FACILITIES SPECIAL TAX
SINGLE FAMILY DETACHED RESIDENTIAL PROPERTY**

<i>Square Footage Category</i>	<i>Target Facilities Special Tax Prior to Trigger Event (Fiscal Year 2016-17)*</i>	<i>Target Facilities Special Tax After Trigger Event (Fiscal Year 2016-17)</i>
Residential Units Greater than 4,000 Square Feet	\$2,928 per Residential Unit	\$0 per Residential Unit
Residential Units 2,000 – 4,000 Square Feet	\$2,840 per Residential Unit	\$0 per Residential Unit
Residential Units Less than 2,000 Square Feet	\$1,851 per Residential Unit	\$0 per Residential Unit

*** On July 1, 2017 and on each July 1 thereafter, all figures shown in Table 1 above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.**

b. Other Property

The Maximum Facilities Special Tax for Other Property prior to the Trigger Event is \$30,020 per Acre for Fiscal Year 2016-17, which amount shall increase on July 1, 2017 and each July 1 thereafter by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year. After the Trigger Event the Maximum Facilities Special Tax for Other Property is \$0 per Acre. If Other Property is developed with condominium or townhome units, the Administrator shall apply the following steps to allocate the Maximum Facilities Special Tax to the Parcels within the condominium or townhome buildings:

- Step 1:** Determine the Acreage of the underlying land Parcel on which the building(s) is located.
- Step 2:** Multiply the Acreage from Step 1 by the Maximum Facilities Special Tax for Other Property in the current Fiscal Year.
- Step 3:** Divide the product from Step 2 by the total number of townhomes or condominium units built or expected to be built on the underlying land Parcel to determine the Maximum Facilities Special Tax for each condominium or townhome unit, which amount shall escalate by 2.0% in the next Fiscal Year and each following Fiscal Year.

Once a Facilities Special Tax has been levied on a Parcel of Developed Property, the Maximum Facilities Special Taxes applicable to that Parcel shall not be reduced in future Fiscal Years regardless of changes in land use on the Parcel, except (i) in the event of a partial prepayment pursuant to Section I, and (ii) pursuant to Section D. Notwithstanding the foregoing, (i) if Bonds have yet to be issued for Improvement Area No. 1, the Parcels can be assigned to the appropriate Square Footage Category, and the Administrator shall recalculate the Expected Maximum Facilities Special Tax Revenues based on the corresponding changes in revenues, and (ii) the actual Facilities Special Tax levied on the Parcel in any Fiscal Year may be less than the Maximum Facilities Special Tax if a lower Facilities Special Tax is calculated pursuant to Step 1 in Sections F.1 below.

c. Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property

The Maximum Facilities Special Tax for Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property prior to the Trigger Event is \$30,020 per Acre for Fiscal Year 2016-17, which amount shall increase on July 1, 2017 and each July 1 thereafter by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year. After the Trigger Event the Maximum Facilities Special Tax for Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property is \$0 per Acre. In addition, any amount levied on a landowner's Parcel(s) of Undeveloped Property due to such landowner's failure to make a prepayment pursuant to Section D below shall be added to the amount determined in the prior sentence to calculate the total Maximum Facilities Special Tax for the landowner's Parcel(s).

2. *Services Special Tax*

Table 2 below identifies the Maximum Services Special Tax before and after the Trigger Event for Taxable Property in Improvement Area No. 1.

TABLE 2
IMPROVEMENT AREA NO. 1
MAXIMUM SERVICES SPECIAL TAX

<i>Type of Property</i>	<i>Maximum Services Special Tax Before Trigger Event (Fiscal Year 2016-17) *</i>	<i>Maximum Services Special Tax After Trigger Event (Fiscal Year 2016-17) *</i>
Single Family Detached <u>Residential Property</u>		
Residential Units Greater than 4,000 Square Feet	\$1,494 per Residential Unit	\$2,079 per Residential Unit
Residential Units 2,000 – 4,000 Square Feet	\$1,195 per Residential Unit	\$1,763 per Residential Unit
Residential Units Less than 2,000 Square Feet	\$896 per Residential Unit	\$1,266 per Residential Unit
Developed Limited Use Property Developed Village Center Property Other Property	\$896 per Acre \$3,585 per Acre \$3,585 per Acre	\$896 per Acre \$3,585 per Acre \$3,585 per Acre
Undeveloped Limited Use Property Undeveloped Village Center Property Undeveloped Property	\$448 per Acre \$1,793 per Acre \$3,585 per Acre	\$448 per Acre \$1,793 per Acre \$3,585 per Acre

*** On July 1, 2017 and on each July 1 thereafter, all figures shown in Table 2 above shall be increased by the Escalation Factor.**

a. Other Property

If Other Property is developed with condominium or townhome units, the Administrator shall apply the following steps to allocate the Maximum Services Special Tax to the Parcels within the condominium or townhome buildings:

- Step 1:** Determine the Acreage of the underlying land Parcel on which the building(s) is located.
- Step 2:** Multiply the Acreage from Step 1 by the Maximum Services Special Tax for Other Property in the current Fiscal Year.
- Step 3:** Divide the product from Step 2 by the total number of townhomes or condominium units built or expected to be built on the underlying land Parcel to

determine the Maximum Services Special Tax for each condominium or townhome unit, which amount shall be increased by the Escalation Factor in the next Fiscal Year and each following Fiscal Year.

D. CHANGES TO MAXIMUM FACILITIES SPECIAL TAX

The Expected Maximum Facilities Special Tax Revenues shown in Attachment 2 were calculated based on the Expected Land Uses at CFD Formation. As set forth in Section E herein, Attachment 2 shall be modified to reflect the Expected Land Uses and Expected Maximum Facilities Special Tax Revenues for Improvement Area No. 1 if property is annexed to Improvement Area No. 1. Attachment 2 is also subject to modification upon the occurrence of Land Use Changes, as described below. The Administrator shall review all Land Use Changes and compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Facilities Special Tax Revenues.

If, prior to the issuance of the first series of Bonds, a Land Use Change is proposed or identified that will result in a change in the Expected Maximum Facilities Special Tax Revenues, no action will be needed pursuant to this Section D. Upon approval of the Land Use Change, the Administrator shall update Attachment 2 to show the revised Expected Maximum Facilities Special Tax Revenues.

If, *prior to Final Bond Sale*, a Land Use Change is proposed or identified that will result in a change in the Expected Maximum Facilities Special Tax Revenues, no action will be needed pursuant to this Section D as long as the change in Expected Maximum Facilities Special Tax Revenues does not reduce debt service coverage on outstanding Bonds below the Required Coverage. Upon approval or identification of the Land Use Change, the Administrator shall update Attachment 2 to show the revised Expected Maximum Facilities Special Tax Revenues, which shall then be the amount used to size future Bond sales.

If a Land Use Change would reduce debt service coverage on outstanding Bonds below the Required Coverage, either: (i) a prepayment of Facilities Special Taxes must be made by the landowner requesting the Land Use Change to retire Bonds in the amount necessary to maintain Required Coverage, or (ii) Step 3 below must be applied to maintain the Expected Maximum Facilities Special Tax Revenues.

If, *after the Final Bond Sale*, a Land Use Change is proposed or identified, Steps 1 through 3 must be applied:

- Step 1:** By reference to Attachment 2 (which shall be updated by the Administrator each time a Land Use Change has been processed according to this Section D), the Administrator shall identify the Expected Maximum Facilities Special Tax Revenues for Improvement Area No. 1.
- Step 2:** The Administrator shall calculate the Expected Maximum Facilities Special Tax Revenues that could be collected from Taxable Property in Improvement Area No. 1 if the Land Use Change occurs.

Step 3: If the amount calculated in Step 2 is higher than that determined in Step 1, no further action is needed, and the Administrator shall update Attachment 2 to show the revised Expected Maximum Facilities Special Tax Revenues.

If the revenues calculated in Step 2 are less than those calculated in Step 1, no action will be needed if the reduction in Expected Maximum Facilities Special Tax Revenues does not reduce debt service coverage on outstanding Bonds below the Required Coverage, and the Administrator shall update Attachment 2 to show the reduced Expected Maximum Facilities Special Tax Revenues.

If the revenues calculated in Step 2 are less than those calculated in Step 1, and the Administrator determines that the reduction in Expected Maximum Facilities Special Tax Revenues would reduce debt service coverage on outstanding Bonds below the Required Coverage, one of the following shall occur:

3.a. The landowner requesting the Land Use Change will have the option to prepay Facilities Special Taxes (pursuant to Section I) in an amount that will ensure that the reduced Expected Maximum Facilities Special Tax Revenues are sufficient to provide Required Coverage. If the landowner notifies the Administrator that he/she would like to remedy such reduction by making a prepayment, such prepayment must be made by the earlier of (i) 30 days from the date of delivery of the prepayment or (ii) prior to close of escrow on the first Residential Unit for which the Building Permit was issued that resulted in more Residential Units in a Square Footage Category than was anticipated in the Expected Land Uses. If any prepayment is not received by the City prior to the earlier of clauses (i) and (ii) of the preceding sentence, the Administrator shall levy the required prepayment amount on any Parcel(s) of Taxable Property still owned by the landowner within Improvement Area No. 1,

or, if there are no more Parcels of Taxable Property owned by the landowner who had been expected to prepay, or if a landowner opts not to make a prepayment to mitigate the reduction in the Expected Maximum Facilities Special Tax Revenues, the following Step 3.b shall apply:

3.b. The Maximum Facilities Special Taxes for Parcels owned by the landowner requesting the Land Use Change shall be determined by increasing the Target Facilities Special Taxes shown in Table 1 above proportionately until the amount that could be collected from all SFD Lots that are subject to the Land Use Change (as determined by the Administrator) will be sufficient to maintain Required Coverage. After the Administrator has prepared such calculation for a particular landowner, the Administrator shall closely monitor future Final Maps and Building Permits to determine if a similar increase in the Target Facilities Special Tax must be applied for subsequent Parcels of Single Family Detached Residential Property. On July 1 of each Fiscal Year, all Maximum Facilities

Special Taxes determined pursuant to this Section 3.b shall be increased by 2.0% of the amount in effect in the prior Fiscal Year.

The duties imposed on the Administrator to review Land Use Changes, Final Maps, and Building Permits and to make the calculations set forth above, are intended only to facilitate the administration of the Facilities Special Tax and to better assure the sufficiency of tax capacity to pay debt service on Bonds. Such duties are not intended to give any developer, subdivider or owner of property any right to receive notice of the potential impact of Land Use Changes on the Facilities Special Tax applicable to a Parcel; and **each developer, subdivider or owner of property in the CFD shall be responsible for understanding the impact thereof on the Facilities Special Tax applicable to such property.**

E. ANNEXATIONS

If, in any Fiscal Year, a property owner within the Future Annexation Area wants to annex property into Improvement Area No. 1, the Administrator shall apply the following steps as part of the annexation proceedings:

- Step 1:** Working with City staff and the landowner, the Administrator shall determine the Maximum Special Taxes that will apply to all Parcels that are expected to be within the area to be annexed. Once determined, the Maximum Special Taxes for the annexing area shall be identified on the Unanimous Approval Form which will be signed by the property owner as part of the annexation process.
- Step 2:** The Administrator shall ensure that a Notice of Special Tax Lien is recorded against all Parcels that are annexed to Improvement Area No. 1.
- Step 3:** The Administrator shall prepare and keep on file an updated Attachment 2 that adds the annexed property and identifies the Expected Land Uses and revised Expected Maximum Facilities Special Tax Revenues for Improvement Area No. 1. After the annexation is complete, the application of Sections D, F, and I of this RMA shall be based on the adjusted Expected Land Uses and Expected Maximum Facilities Special Tax Revenues including the newly annexed property.
- Step 4:** The Administrator shall recalculate the Public Facilities Requirement used in the prepayment calculation in Section I below to include the estimated net proceeds that can be generated to fund Authorized Facilities based on the Maximum Facilities Special Tax capacity from the annexed area. The adjusted Public Facilities Requirement shall be calculated by (i) dividing the increased Expected Maximum Facilities Special Tax Revenues that can be collected after the annexation by the Expected Maximum Facilities Special Tax Revenues that were in place prior to the annexation, and (ii) multiplying the quotient by the Public Facilities Requirement that was in place prior to the annexation.

If an owner of a Parcel or Parcels outside the Future Annexation Area wants to annex into the CFD and the City agrees to such annexation, the procedures set forth in Section 53339 *et seq.* of the Act shall be used to process the annexation. The Administrator shall apply the steps set forth above, using, for Step 1, the Maximum Special Taxes identified in the Rate and Method of Apportionment of Special Tax adopted as part of the annexing proceedings instead of the Unanimous Approval Form.

F. METHOD OF LEVY OF THE SPECIAL TAXES

1. Facilities Special Tax

Each Fiscal Year, the Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax on all Parcels of Taxable Property as follows:

Step 1: In the first fifteen (15) Fiscal Years in which a Facilities Special Tax is levied within Improvement Area No. 1, the Maximum Facilities Special Tax shall be levied on each Parcel of Single Family Detached Residential Property and Other Property. prior to applying any Capitalized Interest that is available in the CFD accounts. Any Facilities Special Tax proceeds collected that are determined by the Administrator to be Remainder Taxes shall be deposited into the Improvement Fund to pay costs associated with the acquisition of Authorized Facilities eligible to be financed by the Remainder Taxes under the Acquisition Agreement and that were not paid with Bond proceeds or Facilities Special Taxes levied in prior Fiscal Years.

Beginning in the sixteenth (16th) Fiscal Year in which a Facilities Special Tax is levied within Improvement Area No. 1 and continuing until the Trigger Event, the Facilities Special Tax shall be levied Proportionately on each Parcel of Single Family Detached Residential Property and Other Property up to 100% of the Maximum Facilities Special Tax for each Parcel for such Fiscal Year until the amount levied on Single Family Detached Residential Property and Other Property is equal to the Facilities Special Tax Requirement prior to applying any Capitalized Interest that is available in the CFD accounts.

Step 2: If additional revenue is needed after Step 1 and after applying Capitalized Interest to the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Facilities Special Tax for Undeveloped Property for such Fiscal Year.

Step 3: If additional revenue is needed after Step 2, the Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Owners Association Property and Taxable Public Property, up to 100% of the Maximum Facilities Special Tax for each Parcel of Owners Association Property and Taxable Public Property, as applicable, for such Fiscal Year.

2. *Services Special Tax*

Each Fiscal Year, the Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax on all Parcels of Taxable Property as follows:

- Step 1:** The Services Special Tax shall be levied Proportionately on each Parcel of Developed Property, Developed Limited Use Property, and Developed Village Center Property up to 100% of the Maximum Services Special Tax for each Parcel for such Fiscal Year until the amount levied is equal to the Services Special Tax Requirement.
- Step 2:** If additional revenue is needed after Step 1, the Services Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property, up to 100% of the Maximum Services Special Tax for Undeveloped Property for such Fiscal Year.
- Step 3:** If additional revenue is needed after Step 2, the Services Special Tax shall be levied Proportionately on each Parcel of Undeveloped Village Center Property, up to 100% of the Maximum Services Special Tax for Undeveloped Village Center Property for such Fiscal Year.
- Step 4:** If additional revenue is needed after Step 3, the Services Special Tax shall be levied Proportionately on each Parcel of Undeveloped Limited Use Property, up to 100% of the Maximum Services Special Tax for Undeveloped Limited Use Property for such Fiscal Year.

G. MANNER OF COLLECTION OF SPECIAL TAXES

Each of the Facilities Special Taxes and the Services Special Taxes shall be identified and collected separately. Facilities Special Taxes collected shall be used only to satisfy the Facilities Special Tax Requirement or to finance Authorized Facilities. Services Special Taxes collected shall be used only to satisfy the Services Special Tax Requirement.

Each of the Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that partial prepayments of the Facilities Special Tax are permitted as set forth in Section I below and provided further that the City may directly bill each of the Special Taxes, may collect each of the Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods.

The Facilities Special Tax shall be levied and collected until the earlier of (i) the Trigger Event, or (ii) Fiscal Year 2056-57. Under no circumstances may the Facilities Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Facilities Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any

such delinquencies or defaults. The Services Special Tax may be levied and collected in perpetuity.

H. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Facilities Special Tax may be levied on the following: (i) Developed Limited Use Property, (ii) Undeveloped Limited Use Property, (iii) Developed Village Center Property (iv) Undeveloped Village Center Property, (v) Public Property, except Taxable Public Property, and (vi) Owners Association Property, except Taxable Owners Association Property. No Services Special Tax shall be levied on the following: (i) Public Property, including Taxable Public Property, and (ii) Owners Association Property, including Taxable Owners Association Property. In addition, no Special Taxes shall be levied on: (i) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (ii) Parcels owned by a public utility for an unmanned facility, and (iii) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. Notwithstanding the foregoing, if a Facilities Special Tax has been levied on a Parcel in any Fiscal Year, and the entire Parcel subsequently becomes open space, an unmanned utility facility, or subject to an easement that precludes a residential or non-residential use, the Parcel shall remain subject to the Facilities Special Tax levy, unless: (i) the first series of Bonds has yet to be issued for Improvement Area No. 1, or (ii) the Administrator determines that, if such Parcel becomes exempt from the Facilities Special Tax, the corresponding reduction in the Expected Maximum Facilities Special Tax Revenues would not reduce debt service coverage on outstanding Bonds below the Required Coverage. In either case, such property shall be categorized as Public Property, and the Administrator shall recalculate the Expected Maximum Facilities Special Tax Revenues to reflect the corresponding loss in revenues.

I. PARTIAL PREPAYMENT OF FACILITIES SPECIAL TAX

The following definitions apply to this Section I:

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding, with the following exception: if a Facilities Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Facilities Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

“Previously Issued Bonds” means all Bonds that have been issued prior to the date of prepayment.

“Public Facilities Requirements” means: (i) \$12,400,000 in fiscal year 2016-17 dollars, which amount shall, on July 1, 2017 and on each July 1 thereafter, be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year, or (ii) such lower number as shall be determined by the City to be an appropriate estimate of the net

construction proceeds that will be generated from all Bonds that have been or are expected to be issued on behalf of Improvement Area No. 1.

“Remaining Facilities Costs” means the Public Facilities Requirements (as defined above), minus public facility costs funded by Previously Issued Bonds (as defined above), Facilities Special Taxes, or prior prepayments.

A property owner may prepay up to 80% of the Facilities Special Tax obligation applicable to a Parcel in Improvement Area No. 1, thereby reducing the Maximum Facilities Special Tax applicable to the Parcel, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay a portion of the Facilities Special Tax obligation shall provide the City with written notice of intent to prepay, which shall identify the percentage of the Maximum Facilities Special Tax that is to be prepaid. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayment must be made not less than 50 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Facilities Special Taxes. Under no circumstance shall a prepayment be allowed that would reduce debt service coverage below the Required Coverage. The Prepayment Amount shall be calculated as follows (capitalized terms as defined above or below):

Bond Redemption Amount	
plus	Remaining Facilities Amount
plus	Redemption Premium
plus	Defeasance Requirement
plus	Administrative Fees and Expenses
<u>less</u>	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1.** Determine the Maximum Facilities Special Tax that could be levied on the Parcel based on Expected Land Uses at the time the prepayment is calculated.
- Step 2.** Divide the Maximum Facilities Special Tax computed pursuant to Step 1 by the Expected Maximum Facilities Special Tax Revenues for Improvement Area No. 1 in that Fiscal Year.
- Step 3.** Multiply the quotient computed in Step 2 by the percentage of the Maximum Facilities Special Tax that the property owner wants to prepay, which percentage shall not exceed 80%.
- Step 4.** Multiply the quotient computed pursuant to Step 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the “Bond Redemption Amount”*).

- Step 5.** Compute the current Remaining Facilities Costs (if any).
- Step 6.** Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 5 to compute the amount of Remaining Facilities Costs to be prepaid (*the “Remaining Facilities Amount”*).
- Step 7.** Multiply the Bond Redemption Amount computed pursuant to Step 4 by the applicable redemption premium as shown in the Indenture, if any, on the Outstanding Bonds to be redeemed (*the “Redemption Premium”*).
- Step 8.** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Bond interest payment date on which interest has been or will be paid by Facilities Special Taxes already levied until the earliest redemption date for the Outstanding Bonds. If Bonds are callable at, or prior to, the last Bond interest payment date on which interest has been or will be paid by Facilities Special Taxes already levied, Steps 8, 9 and 10 of this prepayment formula will not apply.
- Step 9.** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 10.** Subtract the amount computed pursuant to Step 9 from the amount computed pursuant to Step 8 (the *“Defeasance Requirement”*).
- Step 11.** The administrative fees and expenses associated with the prepayment will be determined by the Administrator and include the costs of computing the prepayment, redeeming Bonds and recording any notices to evidence the prepayment and the redemption (the *“Administrative Fees and Expenses”*).
- Step 12.** If, at the time the prepayment is calculated, the reserve fund is greater than or equal to the reserve requirement, and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the *“Reserve Fund Credit”*).
- Step 13.** The Facilities Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 6, 7, 10, and 11, less the amount computed pursuant to Step 12 (the *“Prepayment Amount”*).
- Step 14.** From the Prepayment Amount, the amounts computed pursuant to Steps 4, 7, and 10 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds (including the payment of any accrued interest). The amount computed pursuant to Step 6 shall be deposited into the Improvement Fund. The amount computed pursuant to

Step 11 shall be retained in the account or fund that is established to pay Administrative Expenses of the CFD.

Once a partial prepayment has been received, an Amendment to Special Tax Lien shall be recorded against the Parcel to reflect the reduced Facilities Special Tax lien for the Parcel, which shall be equal to the portion of the Maximum Facilities Special Tax that was not prepaid, and the Administrator shall update Attachment 2 to show the revised Expected Maximum Facilities Special Tax Revenues. However, an Amendment to Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected. The prepayment of a portion of the Facilities Special Tax shall not affect the perpetual obligation to pay the Services Special Tax.

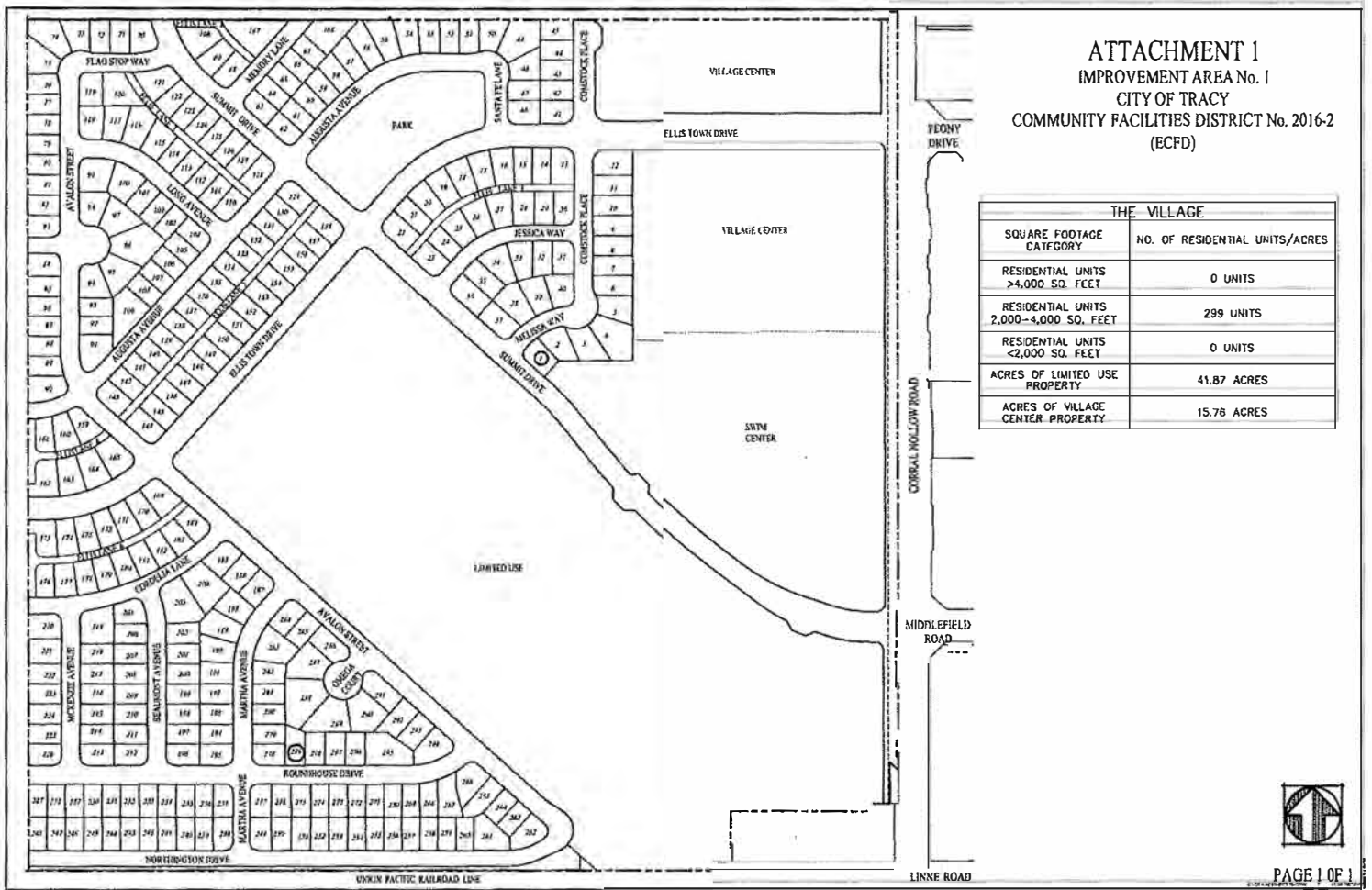
J. INTERPRETATION OF SPECIAL TAX FORMULA

The City may interpret, clarify, and revise this RMA to correct any inconsistency, vagueness, or ambiguity, by resolution and/or ordinance, that does not create a material adverse effect on the levy and collection of the Special Taxes and any security for any Bonds.

ATTACHMENT 1

**Improvement Area No. 1 of the
City of Tracy
Community Facilities District No. 2016-2
(ECFD)**

**Identification of SFD Lots and Other Property in
Improvement Area No. 1**



ATTACHMENT 2

Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD)

Expected Land Uses and Expected Maximum Facilities Special Tax Revenues

Square Footage Category	Number of Units	Target Facilities Special Tax (FY 2016-17) *	Expected Maximum Facilities Special Tax Revenues (FY 2016-17) *
Residential Units Greater than 4,000 Square Feet	0 units	\$2,928 per Residential Unit	\$0
Residential Units 2,000 – 4,000 Square Feet	299 units	\$2,840 per Residential Unit	\$849,160
Residential Units Less than 2,000 Square Feet	0 units	\$1,851 per Residential Unit	\$0
Total Expected Maximum Facilities Special Tax Revenues			\$849,160

* On July 1, 2017 and on each July 1 thereafter, all figures shown above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

Available in Final Document

APPENDIX D

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 2019 Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Securities (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the "Agent") takes 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 Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, 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. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

\$ _____
**IMPROVEMENT AREA NO. 1 OF THE CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD)
SPECIAL TAX BONDS, SERIES 2019**

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Tracy (the “City”) in connection with the issuance of the bonds captioned above (the “2019 Bonds”). The 2019 Bonds are being issued pursuant to a Fiscal Agent Agreement dated as of December 1, 2019 (the “Fiscal Agent Agreement”), by and between the City and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”). 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 for the benefit of the holders and beneficial owners of the 2019 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 Fiscal Agent Agreement, 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 the date that is nine months after the end of the City's fiscal year (currently March 31 based on the City's fiscal year end of June 30).

“*Community Facilities District*” means Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD).

“*Dissemination Agent*” means Goodwin Consulting Group, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement dated _____, 2018, executed by the District in connection with the issuance of the 2019 Bonds.

“*Participating Underwriter*” means Piper Jaffray & Co., the original underwriter of the 2019 Bonds required to comply with the Rule in connection with offering of the 2019 Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020, with the report for the 2018-19 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 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).

(b) If the City does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide to the MSRB, in a timely manner, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure 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 documents and information:

(a) The City's audited financial statements for the most recently completed fiscal year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, together with the following statement:

THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE CITY, OTHER THAN SPECIAL TAX REVENUES, ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE 2019 BONDS, AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE 2019 BONDS.

If the City's audited financial statements are not available by the time the Annual Report is required to be filed, the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements, the following information:

(i) Total assessed value (per the San Joaquin County Assessor's records) of all parcels currently subject to the Special Tax within Improvement Area No. 1, showing the total secured assessed valuation for all property subject to the Special Tax.

(ii) Tables showing the owners of property in Improvement Area No. 1 and value-to-lien ratios based on the San Joaquin County Assessor's last equalized tax roll available to the City, substantially the form of the Tables 2 and 3 in the Official Statement.

(iii) The amount of prepayments of the Special Tax for the prior Fiscal Year.

(iv) A table showing a history of special tax collections and delinquencies within Improvement Area No. 1.

(v) Any change to the County's Teeter Plan affecting Improvement Area No. 1.

(vi) The principal amount of the 2019 Bonds outstanding and the balance in the Reserve Fund (along with a statement of the 2019 Reserve Requirement) as of the September 30 next preceding the Annual Report Date, including the issuance date and principal amount of any additional bonds or obligations issued under the Fiscal Agent Agreement on a parity with the 2019 Bonds.

(vii) Any changes to the Rate and Method of Apportionment of Special Tax for Improvement Area No. 1.

(c) In addition to any of the information expressly required to be provided under paragraph (b) above, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

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 2019 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 2019 Bonds, or other material events affecting the tax status of the 2019 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 2019 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 2019 Bonds. If such termination occurs prior to the final maturity of the 2019 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 Goodwin Consulting Group, Inc.

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 2019 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 2019 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 2019 Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2019 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 the change in the accounting principles 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 2019 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 Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. 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 Property Owner, the Fiscal Agent, the 2019 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 2019 Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2019 Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2019

CITY OF TRACY

By: _____
Karin Schnaider,
Finance Director

AGREED AND ACCEPTED:
Goodwin Consulting Group, Inc.,
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Tracy

Name of Bond Issue: Improvement Area No. 1 of the City of Tracy
Community Facilities District No. 2016-2 (ECFD)
Special Tax Bonds, Series 2019

Date of Issuance: _____, 2019

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated _____, 2019, executed by the City and countersigned by Goodwin Consulting Group, Inc., as dissemination agent. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

Goodwin Consulting Group, Inc.

By: _____
Its: _____

APPENDIX F
FORM OF OPINION OF BOND COUNSEL

December __, 2019

City Council
City of Tracy
333 Civic Center Plaza
Tracy, California 95376

OPINION: \$_____ Improvement Area No. 1 of the City of Tracy Community
 Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019

Members of the Council:

We have acted as bond counsel to the City of Tracy (the "City") in connection with the issuance by the City of the special tax bonds captioned above, dated as of the date first written above (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 et seq. of the California Government Code (the "Act"), resolutions of the City Council adopted on February 7, 2017 and November 19, 2019 (together, the "Resolution"), and a Fiscal Agent Agreement dated as of December 1, 2019, (the "Fiscal Agent Agreement"), between the City and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent").

Under the Fiscal Agent Agreement, the City has pledged certain revenues ("Special Tax Revenues") for the payment of principal, premium (if any) and interest on the Bonds when due.

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Fiscal Agent 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 City is a duly created and validly existing municipal corporation and general law city with the power to adopt the Resolution, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein, and issue the Bonds.

2. The Fiscal Agent Agreement has been duly authorized, executed and delivered by the City, and constitutes a valid and binding obligation of the City, enforceable against the City.

3. The Fiscal Agent Agreement creates a valid lien on the Special Tax Revenues and other funds pledged by the Fiscal Agent Agreement for the security of the Bonds, on a parity with other bonds (if any) issued or to be issued in accordance with the Fiscal Agent Agreement.

4. The Bonds have been duly authorized and executed by the City and are valid and binding limited obligations of the City, payable solely from the Special Tax Revenues and other funds provided therefor in the Fiscal Agent Agreement.

5. 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 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 City 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 Bonds.

6. 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 Fiscal Agent Agreement 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. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

Appraisal of Real Property

Community Facilities District No. 2016-2, Improvement Area 1 (ECFD)

Vacant Land

Corral Hollow Rd.

Tracy, San Joaquin County, California 95377

Prepared For:

City of Tracy

Effective Date of the Appraisal:

October 10, 2019

Report Format:

Appraisal Report – Standard Format

IRR - Sacramento

File Number: 193-2019-0459





Community Facilities District No. 2016-2, Improvement Area 1 (ECFD)
Corral Hollow Rd.
Tracy, California



November 13, 2019

Ms. Karin Schnaider
Finance Director
City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

SUBJECT: Market Value Appraisal
 Community Facilities District No. 2016-2, Improvement Area 1 (ECFD)
 Corral Hollow Rd.
 Tracy, San Joaquin County, California 95377
 IRR - Sacramento File No. 193-2019-0459

Dear Ms. Schnaider:

Integra Realty Resources – Sacramento is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market values of the (fee simple interest) of certain taxable developed and undeveloped properties within the boundaries of the City of Tracy Community Facilities District No. 2016-2, Improvement Area 1 (ECFD). The client for the assignment is City of Tracy, and the intended use is for bond underwriting purposes.

The appraised properties represent various parcels within Ellis, a master planned community located within the city of Tracy. The Ellis master planned community is bounded by Lammers Road to the west, Delta Mendota Canal to the southwest, Union Pacific Railroad to the south, and Corral Hollow Road to the east. Land uses in Ellis include single-family residential, future commercial uses and potential uses including a fire station, transit center, school site and swim center. It is divided into three neighborhoods, the Village Neighborhood (of which the subject is situated in), Garden Neighborhood and Town & Country Neighborhood.

Of the 299 Assessor's parcels that represent the taxable parcels within Improvement Area No. 1 of the District, 281 have completed single-family homes. Of the 281 completed homes, 6 of the Assessor's parcels do not have a complete assessed value for both land and

improvements. As such, a "not-less than" estimate of market value for each of the floor plans was appraised and assigned to each respective Assessor's parcel. The remaining parcels consist of 16 finished lots and 2 homes under construction.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

We have been requested to provide a market value of the appraised properties, as well as a cumulative, or aggregate, value of the properties, as of the date of value (October 10, 2019). The market value of the appraised properties, as well as the cumulative, or aggregate, value of the appraised properties in CFD No. 2016-2 (Improvement Area 1) account for the impact of the Lien of the Special Tax securing the CFD No. 2016-2 Special Tax Bonds ("Bonds").

As a result of our analysis, it is our opinion the cumulative, or aggregate, value, in accordance with the assumptions and conditions set forth in the attached document, as well as the Assessed Values of the 275 completed single-family residences not appraised, as of October 10, 2019, are as follows:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Aggregate Value of Appraised Properties	Fee Simple	October 10, 2019	\$7,399,000
Aggregate Value of Existing Homes based on Assessed Value	Fee Simple	October 10, 2019	\$163,322,334
Total Aggregate Value of Appraised and Assessed Properties in the District	Fee Simple	October 10, 2019	\$170,721,334

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The estimate of market value is subject to the hypothetical condition proceeds from the City of Tracy Community Facilities District No. 2016-2 (ECFD) Bonds are available to reimburse the master developer for certain public improvements associated with the Ellis Community Facilities District.

Any properties within CFD No. 2016-2 (Improvement Area 1) not subject to the Lien of the



Ms. Karin Schnaider
City of Tracy
November 13, 2019
Page 3

Special Tax securing the Bonds (public and quasi-public land use sites), in addition to those lots/parcels with completed improvements with an assigned complete assessed value for both land and improvements, are not a part of this Appraisal Report.

Please note the aggregate of the appraised values noted herein **is not** the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the "total of multiple market value conclusions." For purposes of this Appraisal Report, market value is estimated by ownership.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - SACRAMENTO



Eric Segal, MAI
Certified General Real Estate Appraiser
California Certificate # AG026558
Telephone: 916-435-3883, ext. 228
Email: esegal@irr.com



Kevin Ziegenmeyer, MAI
Certified General Real Estate Appraiser
California Certificate # AG013567
Telephone: 916-435-3883, ext. 224
Email: kziegenmeyer@irr.com



Kari Tatton
Certified General Real Estate
California Certificate # 3002218
Telephone: 916-435-3883, ext. 229
Email: ktatton@irr.com

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Summary of Salient Facts and Conclusions

Property Name	Community Facilities District No. 2016-2, Improvement Area 1 (ECFD)
Address	Corral Hollow Rd. Tracy, San Joaquin County, California 95377
Property Type	Land - Residential Subdivision
Zoning Designation	TR-Ellis, Traditional Residential, Ellis Specific Plan
Highest and Best Use	Single-family residential
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	October 10, 2019
Date of the Report	November 13, 2019
Property Interest Appraised	Fee Simple

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Tracy and its associated finance team may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The estimate of market value is subject to the hypothetical condition proceeds from the City of Tracy Community Facilities District No. 2016-2 (ECFD) Bonds are available to reimburse the master developer for certain public improvements associated with the Ellis Community Facilities District.

General Information

Identification of Subject

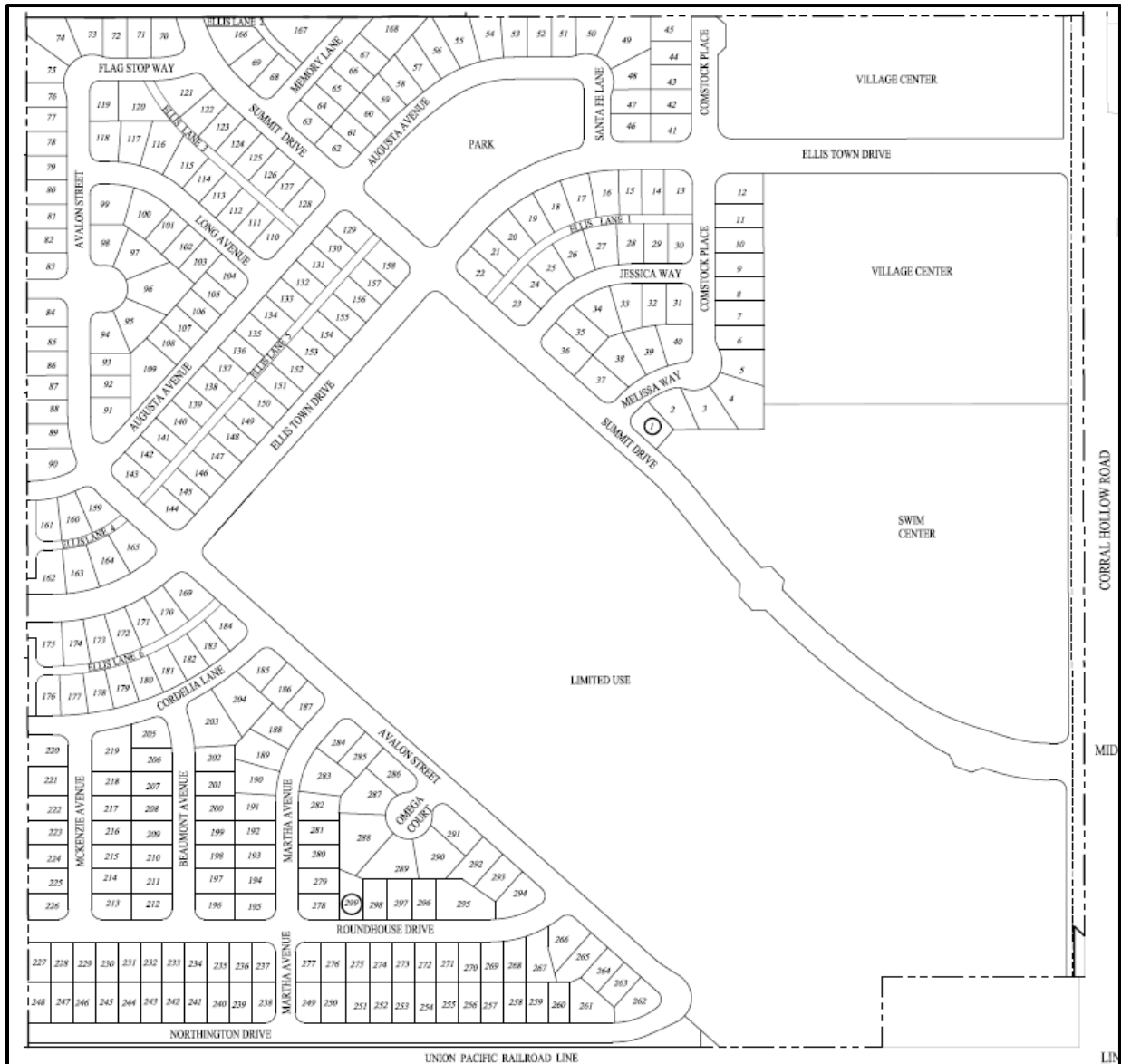
The appraised properties represent various parcels within Ellis, a master planned community located within the city of Tracy. The Ellis master planned community is bounded by Lammers Road to the west, Delta Mendota Canal to the southwest, Union Pacific Railroad to the south, and Corral Hollow Road to the east. Land uses in Ellis include single-family residential, future commercial uses and potential uses including a fire station, transit center, school site and swim center. It is divided into three neighborhoods, the Village Neighborhood (of which the subject is situated in), Garden Neighborhood and Town & Country Neighborhood.

Of the 299 Assessor's parcels that represent the taxable parcels within Improvement Area No. 1 of the District, 281 have completed single-family homes. Of the 281 completed homes, 6 of the Assessor's parcels do not have a complete assessed value for both land and improvements. As such, a "not-less than" estimate of market value for each of the floor plans was appraised and assigned to each respective Assessor's parcel. The remaining parcels consist of 16 finished lots and 2 homes under construction.

A land use map is presented below.



The subject property is situated within the Village Neighborhood and was marketed as three projects, all by CalAtlantic Homes (A Lennar Corporation). The boundaries of Improvement Area No. 1 of the District, as presented in the Rate and Method of Apportionment, prepared by Goodwin Consulting Group, dated November 18, 2016, is presented as follows:



Please note, the appraisal excludes parcels not currently designated as taxable parcels including the village and swim centers, limited use land and community park.

Sale History

The Appraisal Report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) for Mass Appraisals, inasmuch

this Appraisal Report does not provide a discussion of the sales history for each parcel appraised herein during the past three years. The scope of work outlined in this Appraisal Report is based on the specific intended use of this Appraisal Report. As will be shown and detailed herein, the appraised properties have been the subject of previous, recent and pending transactions as completed single-family homes recently being marketed for sale by CalAtlantic Homes (A Lennar Corporation) within CFD No. 2016-2.

It is noted, in September 2018, Woodside Homes purchased 13 finished lots from the Developer (\$125,000 per lot). Woodside Homes owns lots within the neighboring Improvement Area No. 2 and will build their model complex on these lots in Improvement Area No. 1. Woodside Homes plans to construct 9 model homes on the 13 lots owned in Improvement Area No. 1, with the remaining 4 lots to be used for sales trailers, parking, or buffer lots from occupied homes. Woodside Homes plans to pull permits for 9 model homes located in Improvement Area No. 1 in October 2019 and complete the model homes for a grand opening in February 2020.

The master developer owns 3 finished lots within the subject and plans to sell these lots to a future merchant builder in connection with the development of property owned by the Developer immediately adjacent to Improvement Area No. 1 of the District (estimated to occur in 2020) or may opt to develop these three lots themselves.

Purpose of the Appraisal

The purpose of this Appraisal Report is to estimate the market value (*fee simple estate*), by Assessor's parcel, and the cumulative, or aggregate, value of the appraised properties comprising a portion of the CFD No. 2016-2, subject to the hypothetical condition certain proceeds from the Bonds will be available to reimburse for certain public facilities, as of the effective date of the appraisal, October 10, 2019. The date of the report is November 13, 2019. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: *Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]*; also *Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472*)

Definition of Property Rights Appraised

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

(Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015))

Intended Use and User

The intended use of the appraisal is for bond underwriting purposes. The client is the City of Tracy. The intended users are the City of Tracy and its associated finance team. The appraisal is not intended for any other use or user. No party or parties other than City of Tracy and its associated finance team may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- California Debt and Investment Advisory Commission (CDIAC) (2004).

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously appraised the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment for potential bond underwriting purposes on behalf of the City of Tracy.

Scope of Work

This Appraisal Report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an “appraisal assignment,” as defined by USPAP; the intention is the appraisal service be performed in such a manner that the result of the analysis, opinions, or conclusion be that of a disinterested third party.

Several legal and physical aspects of the appraised properties were researched and documented. A physical inspection of the property was completed and serves as the basis for the site description contained in this report.

Data relating to the subject’s neighborhood and surrounding market area were analyzed and documented. This information was obtained through personal inspections of portions of the neighborhood and market area; newspaper articles; real estate conferences; and interviews with various market participants, including property owners, property managers, land brokers, developers and local government agencies.

In this appraisal we determined the highest and best use of the subject property as though vacant based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity). As will be shown in the *Highest and Best Use Analysis* section, the highest and best use of the subject property is for near term single-family residential development (production homes).

The valuation began by employing the sales comparison approach to estimate the not-less-than market value for the completed single-family homes. Then, the extraction technique was utilized to estimate the market value of the vacant single-family residential lots as well as lots with homes under construction.

The market value estimates for the various taxable land use components described above were then assigned to the various Assessor’s parcels comprising the Appraised Properties in order to derive the values, by ownership.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Eric Segal, MAI, and Kari Tatton conducted an on-site inspection on October 10, 2019. Kevin Ziegenmeyer, MAI, also inspected the subject.

Economic Analysis

Area Analysis – San Joaquin County

Introduction

San Joaquin County is located in the north central part of the San Joaquin Valley, bordered by Sacramento County to the north, Stanislaus County to the south, Calaveras County to the east and Alameda County to the west. The Sierra Nevada Mountains line the county's eastern border, while the Pacific Coast Range and the Sacramento River Delta border the county on the west. The Stockton Metropolitan Statistical Area (MSA) includes all of San Joaquin County, and is made up of the communities of Stockton, Lodi, Manteca, Tracy, Ripon, Lathrop and Escalon. Stockton is the County Seat and is located on the San Joaquin River east of the Delta, a fertile agricultural area at the confluence of the San Joaquin and Sacramento Rivers, approximately 30 to 35 miles west. The county's 902,400 acres consists mainly of level, irrigated orchards and farmland with fertile soils. San Joaquin County has historically been an agricultural region, but recently more industry and technology related businesses have located in the area.

Population

The population of San Joaquin County is over 770,000 and has shown moderate to strong growth over the past five years, with an average growth rate of 1.6% per year. Stockton is by far the most populous city, with over 316,000 residents. Lathrop is the fastest growing area in the county.

The following table illustrates recent population trends for areas within San Joaquin County.

Population Trends							
City	2014	2015	2016	2017	2018	2019	%/Yr
Escalon	7,294	7,489	7,488	7,656	7,725	7,765	1.3%
Lathrop	20,024	20,698	22,220	22,821	23,711	24,936	4.9%
Lodi	63,700	64,503	65,074	65,981	67,042	68,272	1.4%
Manteca	73,393	75,057	77,226	78,965	81,022	83,781	2.8%
Ripon	14,858	15,155	15,212	16,012	16,290	16,613	2.4%
Stockton	302,532	306,602	310,108	312,289	313,822	316,410	0.9%
Tracy	85,404	86,420	87,829	89,127	90,832	92,800	1.7%
Unincorporated	146,110	148,935	150,870	154,728	156,835	159,808	1.9%
Total	713,315	724,859	736,027	747,579	757,279	770,385	1.6%

Source: California Department of Finance

Transportation

California's two main north-south arterials, Interstate 5 and Highway 99, travel through San Joaquin County. Interstate 5 travels the length of California from its southern border with Mexico north to Canada. State Highway 99 parallels Interstate 5, connecting Stockton to Fresno and Bakersfield to the south and Sacramento to the north. The city of Tracy has good access to the San Francisco Bay Area. Interstate 580/205 extends from Tracy westward to the cities of Livermore, Pleasanton, Oakland, San Francisco and San Jose.

The region also has an extensive network of railways. Union Pacific, ACE Commuter Express and Amtrak all have stops in Stockton and connect with the rest of the nation. Burlington Northern Santa Fe (BNSF) operates an intermodal facility in southeastern Stockton, providing long haul transportation requirements. The Altamont Commuter Express (ACE) opened for commuter travel in June 1998. This train travels between Stockton, at its most eastern terminus, through Tracy to San Jose and the East Bay Area. This train provides alternate transportation for thousands of commuters who live in the valley but work in San Jose or the East Bay.

Air transportation facilities throughout California's Central Valley provide access to international freight, shipments and commercial access to major western markets. The main airport in San Joaquin County is Stockton Metropolitan Airport. In 2003, Emery Forwarding began offering six times per week cargo service from Stockton to Dayton, Ohio. Between 2001 and 2003, America West Express provided twice-daily passenger service to Phoenix but has since discontinued service in Stockton. In 2006, Allegiant Air began offering commercial flights from Stockton and currently offers flights to Las Vegas, Phoenix-Mesa and San Diego. As of Summer 2019, United Airlines offers two, non-stop flights daily to Los Angeles. The nearest international airports are located in Sacramento, Oakland, San Francisco and San Jose.

San Joaquin County has an excellent water transportation network. The city of Stockton is situated along the San Joaquin Delta, which connects to the San Francisco Bay and the Sacramento and San Joaquin Rivers. The Port of Stockton is the third largest landholder port in California and has a Foreign Trade Zone designation. The Port operates on 2,100 acres, with berthing space for 17 vessels and more than 1.1 million square feet of dockside transit sheds. There are an additional 7.7 million square feet of warehouses available for dry bulk, break bulk and other materials. Stockton's deep-water channel has an average depth of 35 feet, which is deep enough to allow access to ships similar in size to those traveling through the Panama Canal.

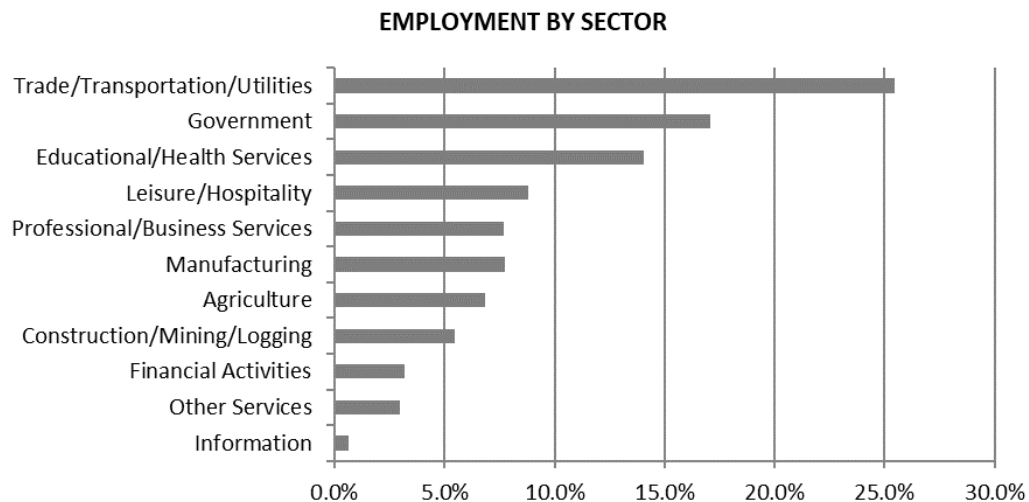
Employment & Economy

The California Employment Development Department has reported the following employment data for San Joaquin County over the past several years.

Employment Trends						
	2013	2014	2015	2016	2017	2018
Labor Force	313,100	312,000	314,600	318,500	323,600	326,400
Employment	274,600	279,200	286,600	292,600	301,100	306,800
Job Growth	7,500	4,600	7,400	6,000	8,500	5,700
Unemployment Rate	12.3%	10.5%	8.9%	8.1%	7.0%	6.0%
Source: California Employment Development Department						

The average unemployment rate in San Joaquin County was 6.0% during 2018, which compares to the average of 4.2% for California and 3.9% for the nation. Most areas within the state and nation, including San Joaquin County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, and declines during 2011-2018.

San Joaquin County has a diverse economy, with no one sector accounting for a majority of the employment in the region. The following chart indicates the percentage of total employment for each sector within the county.



Source: California Employment Development Department

As illustrated in the chart above, the area's largest employment sectors are Trade, Transportation and Utilities (which includes retail and wholesale trade); Government; and Educational and Health Services. In total, these three sectors account for 56% of the total employment in the region. Agriculture was once a significant employment base but now represents a declining share of total employment, representing only 6.9% of total employment. Despite the loss of numerous jobs in agriculture, San Joaquin ranks seventh statewide in total value of leading commodities, including milk, grapes, almonds, tomatoes and walnuts. San Joaquin County is one of the top crop-producing counties in the United States.

In recent years, San Joaquin County has been shifting toward an industrial based economy. Local chambers of commerce and other agencies are actively marketing the area as an industrial location. Several prominent national companies have relocated to San Joaquin County in recent years, such as Safeway, Oscar Meyer, Del Monte and Honda. Industrial growth is expected to continue in the future due to the availability of industrially zoned land, the relative affordability compared to the Bay Area, and the region's good transportation networks.

The San Joaquin Partnership was established in 1989 to coordinate the creation of jobs within the county and to foster cooperation rather than competition among the cities of San Joaquin County. The participating governments have made a coordinated effort to market San Joaquin County to new businesses. Since then the larger growth areas of Stockton and Tracy have established their own economic development departments to bring new business to the region.

The Stockton area has become a viable employment center, with several major office and distribution centers located in the area. These include Kelloggs, Dollar Tree, Farmington Fresh, Dorfman Pacific,

ACI Distribution, Duraflame, Pac-West Telecommunications, Cost Plus and Marriott International Reservation Center. High-technology firms in Stockton include Applied Aerospace Company, Sigma Circuits and Bay Area Circuits. Several manufacturing companies have also chosen Stockton for their operations.

The following table lists the largest employers in the region.

Largest Employers			
	Employer	Industry	Employees
1	Blue Shield of California	Health Insurance	5,000-9,999
2	Amazon Corpnet	Wholesale Trade	1,000-4,999
3	Dameron Hospital Assn.	Healthcare	1,000-4,999
4	Derby International	Telecommunication	1,000-4,999
5	Deuel Vocational Institution	Government	1,000-4,999
6	Division of Juvenile Justice	Government	1,000-4,999
7	Lodi Memorial Hospital	Healthcare	1,000-4,999
8	Lodi Memorial Hospital - Home Health	Healthcare	1,000-4,999
9	North California Youth Center	Government	1,000-4,999
10	O-G Packing and Cold Storage Co.	Agriculture / Trade	1,000-4,999
11	Pacific Coast Producers	Manufacturing	1,000-4,999
12	Prima Fruta Packing Inc.	Agriculture / Mfg.	1,000-4,999
13	Safeway Distribution Warehouse	Wholesale Trade	1,000-4,999
14	San Joaquin General Hospital	Healthcare	1,000-4,999
15	St. Joseph's Cancer Center	Healthcare	1,000-4,999
16	SJ Gov	Government/County	1,000-4,999
17	Leprino Foods Co.	Manufacturing	1,000-4,999
18	Sambado A & Son Inc.	Agriculture / Growing & Shipping	1,000-4,999
19	Inland Flying Service	Aircraft Servicing	1,000-4,999
20	Foster Care Svc	County Government /Social Svc	500-999

Source: County of San Joaquin, Comprehensive Annual Financial Report, June 30, 2018

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. The U.S. Census bureau estimates a median household income of \$57,813 for San Joaquin County in the year 2017 (most recent data available from the U.S. Census Bureau), which was lower than the state of California's median income of \$67,169.

Recreation & Community Facilities

San Joaquin County offers a variety of recreational activities. To the west, the San Joaquin River enters the maze of waterways and islands known as the Delta with approximately 1,000 miles of waterways, where boating and fishing activities are popular. The upper forks of the Stanislaus River offer some of

the best whitewater rafting in the country. Regional parks are located throughout the valley in or near the larger cities. There are more than a dozen golf courses in the region, as well as numerous public tennis facilities, health clubs and sports fields. Stockton is home to a minor league baseball team, a symphony, ballet and opera, and hosts the nationally-recognized Asparagus Festival annually. In 2006 a new minor league hockey team, the Stockton Thunder, took up residence in the County Seat as well.

There are over 120,000 students in grades K-12 in the 17 school districts within San Joaquin County. The county has 115 elementary schools, 15 middle and 15 high schools, plus 8 continuation high schools. Both private and public schools meet higher education needs. The two-year San Joaquin Delta College in Stockton enrolls over 17,000 students, and the four-year University of the Pacific, also located in Stockton, has over 6,000 enrolled in both under graduate and graduate programs. California State University Stanislaus-Stockton is enjoying rising enrollment and now offers an alternative to prospective college students in the county. Local private colleges include Humphreys College and School of Law, National University, Heald Business College, ITT Technical Institute, St. Mary's College of California and University of Phoenix.

In terms of health care services, the county provides eight hospitals and dozens of skilled nursing facilities and convalescent hospitals.

Conclusion

San Joaquin County has a central location in the state of California and offers a good network of highway, water and rail transportation systems. Over the past decade the county has experienced moderate to strong population growth, largely due to the proximity to the San Francisco Bay Area and the relative affordability of housing compared to the Bay Area and other parts of California. Like most of the state and nation, the county experienced high unemployment and real estate market declines during the period of roughly 2007-2010. Employment conditions have shown some improvement in the region and most real estate sectors are showing signs of recovery or expansion; however, the economic recovery period will likely be gradual.

This map shows the San Francisco Bay Area and the Central Valley of California. Major cities labeled include San Francisco, Oakland, Berkeley, Richmond, Vallejo, Martinez, Concord, Antioch, Stockton, Manteca, Modesto, Riverbank, Ceres, Turlock, Atwater, Merced, San Jose, Sunnyvale, Milpitas, Palo Alto, Redwood City, San Mateo, Union City, Fremont, Hayward, Pleasanton, Livermore, and Modesto. Major highways shown include Interstate 80, Interstate 580, Interstate 5, Interstate 205, State Route 4, State Route 92, State Route 84, State Route 85, State Route 87, State Route 101, and State Route 99. A red dot is located on Interstate 580, near the intersection with Interstate 205. The map also shows San Pablo Bay, San Francisco Bay, and Coyote Creek. The Bing logo is in the bottom left corner, and the copyright notice "© 2019 Microsoft Corporation © 2019 HERE" is in the bottom right corner.

Surrounding Area Analysis

Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the appraised properties. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The appraised properties are located in the city of Tracy, San Joaquin County, California. Specifically, the subject is situated west of Corral Hollow Road, south of W. Valpico Road. The subject's neighborhood boundaries can generally be described as Interstate 580 to the west and south, Tracy Boulevard to the east, and Eleventh Street to the north.

Access and Linkages

The subject property benefits from proximity to three major regional thoroughfares: Interstates 5, 205, and 580. Approximately six miles east of the subject is Interstate 5, which traverses the greater part of Central California and continues on to cities in Southern California. To the north Interstate 5 provides access to Sacramento and Redding before continuing to Oregon and Washington. Interstate 205 is a 13 mile stretch of highway four miles north of the subject. It connects Interstate 5 with Interstate 580, which is a major east/west route between the southern part of San Joaquin County and Alameda and Contra Costa Counties. Major thoroughfares in the subject's neighborhood include Linne Road, Valpico Road, Tracy Boulevard, Eleventh Street and Corral Hollow Road. Air travel is most conveniently achieved via the Oakland International Airport approximately 50 miles to the west of the subject, Sacramento International Airport, which is approximately 75 miles north, Stockton Airport to the northeast, and Tracy Municipal Airport immediately west of the subject.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
	1-Mile Radius	3-Mile Radius	5-Mile Radius	95377 (Tracy, CA)	San Joaquin County, CA
2019 Estimates					
Population 2010	3,814	51,335	88,167	30,923	685,306
Population 2019	4,476	58,881	99,568	36,360	759,605
Population 2024	4,831	62,970	105,810	39,201	797,843
Compound % Change 2010-2019	1.8%	1.5%	1.4%	1.8%	1.2%
Compound % Change 2019-2024	1.5%	1.4%	1.2%	1.5%	1.0%
Households 2010	1,059	14,619	26,011	8,328	215,007
Households 2019	1,164	16,215	28,624	9,261	234,721
Households 2024	1,241	17,203	30,225	9,872	245,446
Compound % Change 2010-2019	1.1%	1.2%	1.1%	1.2%	1.0%
Compound % Change 2019-2024	1.3%	1.2%	1.1%	1.3%	0.9%
Median Household Income 2019	\$95,748	\$103,896	\$91,659	\$106,544	\$65,036
Average Household Size	3.8	3.6	3.5	3.9	3.2
College Graduate %	30%	25%	22%	27%	17%
Median Age	32	34	34	33	35
Owner Occupied %	71%	75%	67%	77%	60%
Renter Occupied %	29%	25%	33%	23%	40%
Median Owner Occupied Housing Value	\$417,664	\$441,748	\$435,097	\$456,729	\$339,434
Median Year Structure Built	2003	2000	1996	2002	1983
Average Travel Time to Work in Minutes	52	48	46	50	34

Source: Environics Analytics

As shown above, the current population within a 3-mile radius of the subject is 58,881, and the average household size is 3.6. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to the subject's 95377 zip code overall, the population within a 3-mile radius is projected to grow at a slower rate.

Median household income is \$103,896, which is lower than the household income for the 95377 zip code. Residents within a 3-mile radius have a lower level of educational attainment than those of the 95377 zip code, while median owner occupied home values are lower.

Land Uses

The Land uses in the subject's immediate area are comprised primarily of residential development and vacant land.

The majority of commercial development in Tracy is located along the north side of Interstate 205 in the Tracy Pavilion, Tracy Marketplace and West Valley Mall. These commercial developments consist of large shopping centers anchored by big-box retail stores interspersed with smaller, retail properties. The Tracy Pavilion is a 330,000 square-foot retail center anchored by Home Depot, Marshall's, and PetSmart. There are also several smaller users. Adjacent to the Tracy Pavilion is an Extended Stay America, a nationally recognized hotel chain. Located west of the Tracy Pavilion, on the corner of Grant Line Road and Naglee Road, is the Tracy Marketplace. This retail center is anchored by Wal-Mart, Staples, Bed Bath and Beyond, Michaels and Petco. North of the Tracy Marketplace is Costco, a national wholesale retail store. Located east of the Tracy Pavilion is the West Valley Mall, a large regional shopping center that includes tenants such as Target, JC Penney, Sears, Ross, Big 5 and Old Navy. Additional retailers in the West Valley Mall include Olive Garden, Chevy's, and Best Buy.

In addition to the large retail development in Tracy is a collection of automotive dealerships. Toyota, Buick, Pontiac/GMC/Cadillac, Chevy, Nissan and Dodge/Chrysler/Jeep dealerships are among the various auto dealers located along Naglee Road and Tracy Pavillion Parkway. Further commercial development in Tracy is located along 11th Street and Tracy Boulevard, as well as the Tracy Historic District. These areas are comprised mostly of older retail centers and other various forms of commercial development.

Tracy offers a relatively small inventory of office properties (CoStar Analytics reports just 90 buildings within the city). The majority of office development is less than 10,000 square feet and is situated in the northern section of the city along 11th Street. The Edgewood Corporate Center, however, is a four building office project situated just north of the subject along Tracey Boulevard, and includes some of the larger tenants in the area.

Industrial uses are located east of the subject. There is another large pocket of industrial development located approximately four miles northeast of the subject along Chrisman Road. This area contains San Joaquin Defense Distribution Depot (DDD), which serves as the Defense Logistics Agency's primary distribution point to the western contiguous states. Approximately three miles north of the DDD, is another large pocket of industrial and distribution facilities, including users such as Amazon, Crate & Barrel, and Kelloggs. Further, Prologis, a leading owner, operator, and developer of industrial real estate, recently began development of the International Park of Commerce a planned 19 million square foot industrial park situated six miles northwest of the subject. The master planned park will span 1,800 acres between Interstate 205 and South Schulte Road, east of Mountain House Parkway.

A map of land uses in the vicinity of the subject is provided below:



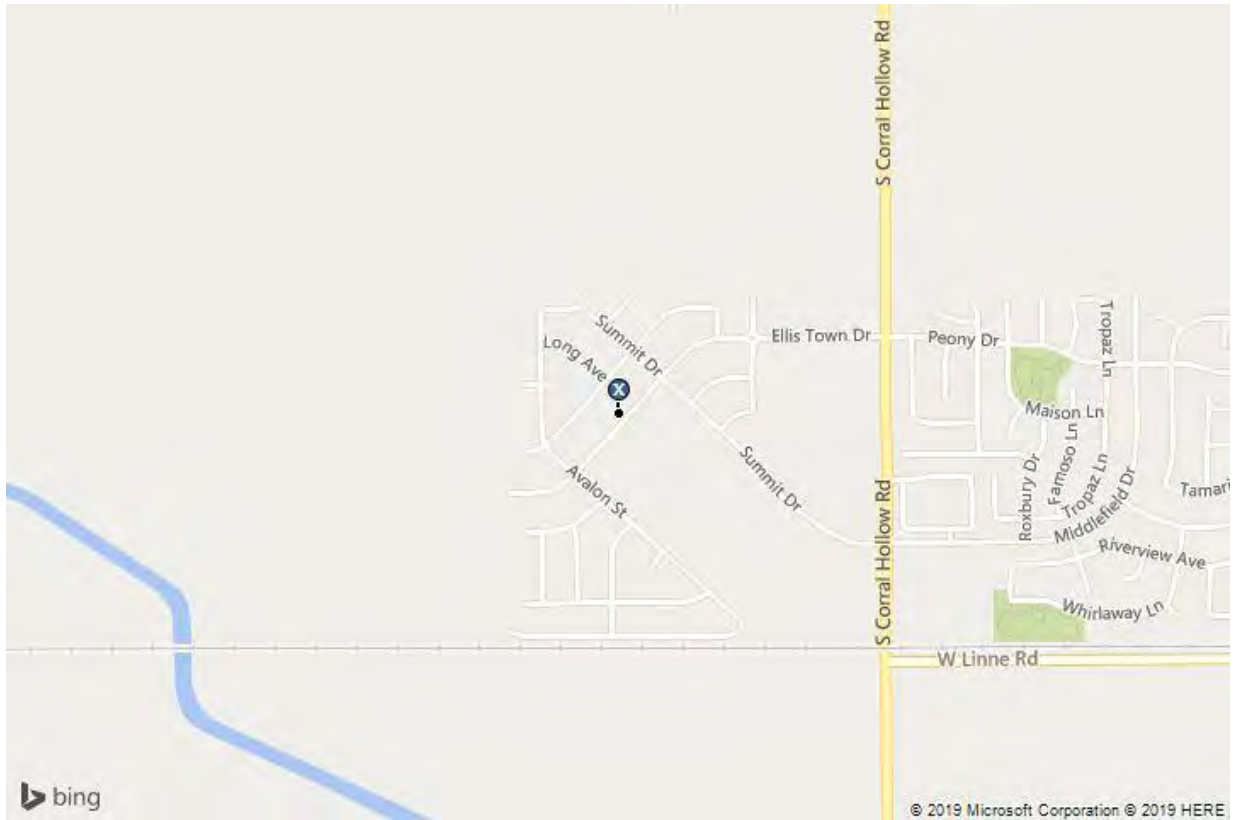
Community Uses

Community uses in the Tracy area include schools, churches, libraries, parks and hospitals. The subject neighborhood is served by the Tracy Unified School District. Some of the nearby schools include Merrill F. West High School, Art Freiler School, Bella Vista Christian Academy, John C. Kimball High School and Discovery Charter School. Several parks are located in Tracy, including Galli Park, Kenner Park, Bland (Clyde) Park, North Souza Family Park and Eagan Park. Immediately to the west of the subject is the Tracy Municipal Airport, which covers 310 acres and accommodates a wide scope of private, corporate and executive aircraft.

Conclusion

The subject is situated just west of the Tracy city limits. The subject is surrounded by a significant amount of vacant land and single-family residential development located to the east. The neighborhood exhibits strong demographics and surveys indicate moderate growth over the next five years. The area has great access to major regional thoroughfares into the Northern, Southern, and Bay Area Regions of California, all primary employment centers. The historical demand for residential housing in the city of Tracy, coupled with recent and ongoing developments in the area suggest the subject area will serve the demands for new housing supply in the region over the long term.

Surrounding Area Map



Residential Market Analysis

Given prevailing land use patterns and the subject's zoning, a likely use of the property is for residential development. In the following paragraphs, we examine supply and demand indicators for residential development in the subject's area.

Submarket Overview

The subject property is located in a growing suburban area in the city of Tracy, within the Stockton Metropolitan Statistical Area (MSA). The neighborhood is characterized as a suburban area that appeals to both local workers and commuters. Based on existing surrounding homes and new projects under development, the subject characteristics best support a project designed for first-time move-up home buyers.

Single-Family Building Permits

Single-family building permits for the city of Tracy as well as San Joaquin County totals are shown in the following table.

Building Permits		
Year	City of Tracy	San Joaquin County
2007	23	2,204
2008	18	784
2009	28	724
2010	16	801
2011	11	781
2012	18	1,008
2013	67	1,072
2014	12	1,243
2015	491	1,348
2016	506	1,351
2017	298	1,664
2018	1,154	1,946
2019 (July)	N/Av	1,132

Source: SOCDs Building Permits Database

It's worth noting, the City of Tracy has a voter-imposed Growth Management Ordinance (GMO) that allows building permits to be issued for 600 – 750 units per year. The number of building permits allowed in each year is based on the average of units absorbed since the year 2000. Current predictions indicate the annual available building permits will be 750 through 2028. The allocation of the annual building permits is governed by the Council approved GMO Guidelines. It should also be noted, the Guidelines allow 325 building permits for the City's Tracy Hills master planned community located in south Tracy in years where 600 building permits are available and 406 building permits in years where 700 building permits are available. Please note, this will have no impact on the remaining build-out of Improvement Area 1.

New Home Pricing and Sales

The Gregory Group surveys active new home projects in California and Nevada. In the following table we present indicators for active single-family residential projects the subject's County for the past three years. The data include both attached and detached projects, but the vast majority of units are detached homes.

New Home Sales History								
Time Period	Average price	% Change Average Price	Average Home Size (SF)	Average Price/Avg SF	% Change Price/SF	Quarter Sold	Number of Projects	Sold Per Proj. Per Month
1Q 2016	\$455,978	--	2,525	\$180.59	--	314	32	3.27
2Q 2016	\$463,604	1.7%	2,540	\$182.52	1.1%	353	31	3.80
3Q 2016	\$482,498	4.1%	2,579	\$187.09	2.5%	331	34	3.25
4Q 2016	\$484,963	0.5%	2,595	\$186.88	-0.1%	338	35	3.22
1Q 2017	\$489,011	0.8%	2,628	\$186.08	-0.4%	408	37	3.68
2Q 2017	\$496,597	1.6%	2,625	\$189.18	1.7%	599	39	5.12
3Q 2017	\$498,029	0.3%	2,606	\$191.11	1.0%	356	44	2.70
4Q 2017	\$501,038	0.6%	2,593	\$193.23	1.1%	368	43	2.85
1Q 2018	\$519,442	3.7%	2,622	\$198.11	2.5%	569	47	4.04
2Q 2018	\$529,160	1.9%	2,572	\$205.74	3.9%	650	55	3.94
3Q 2018	\$535,414	1.2%	2,593	\$206.48	0.4%	445	52	2.85
4Q 2018	\$531,877	-0.7%	2,568	\$207.12	0.3%	333	54	2.06
1Q 2019	\$533,133	0.2%	2,551	\$208.99	0.9%	584	60	3.24
2Q 2019	\$546,617	2.5%	2,587	\$211.29	1.1%	542	64	2.82

In terms of the number of home sales in San Joaquin County, over the last 12 months, the average was 2.74 sales per month per project, which was down from the average for the prior 12-month period of 3.38 sales per month per project.

Active New Home Projects Pricing and Absorption

There are 52 active projects in the market areas of Manteca, Lathrop, Tracy and Mountain House. These projects are considered to be most competitive with the subject property given their locations and lot sizes. These projects are summarized in the tables on the following page, based on data from the Second Quarter of 2019.

Active Projects											
Project	Master Plan	Community	Developer	Average Price	Avg. Home Size (SF)	Average Price/SF	Typical Lot Size	Units Planned	Units Offered	Units Sold	Units Unsold
360 Lakeside	River Islands	Lathrop	Kiper Homes	\$478,900	2,261	\$212	4,500	145	145	144	1
Acero	--	Manteca	D.R. Horton	\$440,240	2,087	\$211	6,000	89	89	89	0
Alta	--	Mountain House	Signature Homes	\$577,256	2,123	\$272	3,500	75	37	27	10
Amber	Tracy Hills	Tracy	Lennar Homes	\$568,880	2,395	\$238	4,950	160	25	9	16
Ashford	Hansen Village	Mountain House	Shea Homes	\$812,685	3,367	\$241	5,000	117	107	99	8
Barcelona	--	Tracy	Taylor Morrison Homes	\$607,500	2,386	\$255	5,800	51	51	47	4
Beacon Bay	River Islands	Lathrop	Kiper Homes	\$500,150	2,586	\$193	4,320	112	80	70	10
Belmont at Terra Ranch	--	Manteca	JKB Living	\$470,500	2,185	\$215	6,000	32	5	1	4
Bridgeport	River Islands	Lathrop	Van Daele Homes	\$585,740	3,270	\$179	6,000	86	33	23	10
Caprano	College Park	Mountain House	Meritage Homes	\$696,283	2,974	\$234	5,500	77	77	77	0
Cascada	Cordes Village	Mountain House	Woodside Homes	\$616,990	2,804	\$220	4,500	78	62	57	5
Crystal Cove	River Islands	Lathrop	Tim Lewis Communities	\$506,150	2,499	\$203	5,400	97	86	78	8
Dolcinea	--	Manteca	Raymus Homes	\$414,323	1,956	\$212	5,150	41	41	39	2
Elissagaray Ranch	--	Tracy	Ponderosa Homes	\$610,150	3,030	\$201	6,500	47	7	7	0
Expressions	College Park	Mountain House	Century Communities	\$632,240	2,568	\$246	4,500	72	15	13	2
Fontina	College Park	Mountain House	Meritage Homes	\$540,790	2,096	\$258	3,000	54	45	41	4
Fox Chase	--	Manteca	Richmond American Homes	\$501,575	2,933	\$171	6,600	130	48	38	10
Haven	River Islands	Lathrop	Anthem United	\$522,900	2,857	\$183	5,000	129	10	5	5
Heritage	College Park	Mountain House	Century Communities	\$714,990	3,127	\$229	7,000	98	7	3	4
Greenview at Evans Estates	--	Manteca	Richmond American Homes	\$509,550	2,990	\$170	7,000	54	54	52	2
Inspirato	Cordes Village	Mountain House	Richmond American Homes	\$591,950	2,287	\$259	3,600	88	85	80	5
Lakeside	--	Lathrop	Kiper Homes	\$484,400	2,276	\$213	4,900	46	32	12	20
Larimer	Tracy Hills	Tracy	Lennar Homes	\$587,380	2,641	\$222	5,000	133	30	10	20
Latitude II	River Islands	Lathrop	Van Daele Homes	\$473,657	2,238	\$212	3,800	175	144	135	9
Legacy	Ellis	Tracy	CalAtlantic Homes	\$615,333	3,145	\$196	6,000	77	77	77	0
Legend	Ellis	Tracy	CalAtlantic Homes	\$669,000	3,318	\$202	6,000	126	126	124	2
Meadowview	College Park	Mountain House	K. Hovnanian Homes	\$640,990	2,414	\$266	3,600	69	66	55	11
Oakwood Shores	Oakwood Shores	Manteca	Lafferty Communities	\$542,429	2,971	\$183	9,000	350	321	305	16
Oliveto	Cordes Village	Mountain House	Richmond American Homes	\$585,950	2,454	\$239	3,570	88	47	39	8
Opal	Tracy Hills	Tracy	Lennar Homes	\$644,380	3,098	\$208	5,500	103	30	14	16
Palermo Estates	--	Manteca	KB Home	\$475,200	2,542	\$187	7,800	133	133	129	4
Pearl	Tracy Hills	Tracy	Lennar Homes	\$670,880	3,296	\$204	6,000	196	25	8	17
Prescott	Hansen Village	Mountain House	Shea Homes	\$659,710	2,595	\$254	4,800	55	53	47	6
Primrose	--	Tracy	CalAtlantic Homes	\$655,180	3,194	\$205	5,000	189	182	166	16
Reflections	River Islands	Lathrop	Anthem United	\$590,323	3,403	\$173	5,850	77	48	39	9
Sandpointe	River Islands	Lathrop	Richmond American Homes	\$519,700	2,987	\$174	6,000	74	71	68	3
Savannah II	Cordes Village	Mountain House	Signature Homes	\$568,750	2,174	\$262	2,975	94	40	36	4
Sedona	Sundance	Manteca	Caresco Homes	\$493,390	2,623	\$188	5,500	57	46	37	9
Solera	--	Manteca	Atherton Homes	\$528,190	2,691	\$196	7,000	354	236	236	0
Sonoma at Terra Ranch	--	Manteca	JKB Living	\$448,300	1,944	\$231	6,000	58	9	5	4
Summer House	River Islands	Lathrop	Van Daele Homes	\$564,990	3,269	\$173	6,500	222	169	158	11
Sundance II	Hansen Village	Mountain House	Tri Pointe Homes	\$703,900	2,955	\$238	5,500	251	205	194	11
The Vintage	--	Manteca	Windward Pacific Builders	\$476,150	2,320	\$205	5,000	72	20	0	20
Tidewater	River Islands	Lathrop	The New Home Company	\$514,500	2,631	\$196	5,000	131	96	90	6
Tribute II	Hansen Village	Mountain House	CalAtlantic Homes	\$639,000	2,357	\$271	3,600	147	147	147	0
Valera	--	Tracy	Bright Homes	\$668,490	2,939	\$227	5,400	71	59	56	3
Vantage	Tracy Hills	Tracy	Meritage Homes	\$595,020	2,427	\$245	4,000	182	25	10	15
Vente	Tracy Hills	Tracy	Shea Homes	\$659,000	3,104	\$212	5,500	74	22	8	14
Veranda	--	Manteca	FCB Homes	\$470,783	2,503	\$188	6,000	60	56	51	5
Watermark	River Islands	Lathrop	Richmond American Homes	\$458,950	2,162	\$212	4,700	103	31	21	10
Wellington	Hansen Village	Mountain House	Richmond American Homes	\$717,283	3,276	\$219	6,000	67	58	53	5
Zephyr Ranch	--	Mountain House	Taylor Morrison Homes	\$731,250	3,102	\$236	5,700	96	86	58	28
Minimum				\$414,323	1,944	\$170	2,975				
Maximum				\$812,685	3,403	\$272	9,000				
Average				\$576,004	2,689	\$216	5,327				

Source: The Gregory Group

Source: The Gregory Group

Absorption information for those projects considered most similar to the subject, in terms of lot size and average home size, over the last few quarters is shown in the next table.

Absorption												
Project	Master Plan	Builder	Avg. Home Price (2Q 19 Only)	Avg. Home Size (2Q 19 Only)	Lot Size (SF)	2Q 2019	1Q 2019	4Q 2018	3Q 2018	12-Month Total	Average Per Quarter	Average Per Month
Barcelona	--	Tracy	Taylor Morrison Homes	\$607,500	2,386	5,800	2	1	5	9	17	4.3
Bridgeport	River Islands	Lathrop	Van Daele Homes	\$585,740	3,270	6,000	12	--	--	--	12	4.0
Caprano	College Park	Mountain House	Meritage Homes	\$696,283	2,974	5,500	1	7	8	10	26	2.2
Elissagaray Ranch	--	Tracy	Ponderosa Homes	\$610,150	3,030	6,500	7	--	--	--	7	2.3
Expressions	College Park	Mountain House	Century Communities	\$632,240	2,568	4,500	0	13	--	--	13	2.2
Larimer	Tracy Hills	Tracy	Lennar Homes	\$587,380	2,641	5,000	10	--	--	--	10	3.3
Legacy*	Ellis	Tracy	CalAtlantic Homes	\$615,333	3,145	6,000	1	9	8	2	20	1.7
Legend*	Ellis	Tracy	CalAtlantic Homes	\$669,000	3,318	6,000	9	17	19	4	49	4.1
Opal	Tracy Hills	Tracy	Lennar Homes	\$644,380	3,098	5,500	14	--	--	--	14	4.7
Pearl	Tracy Hills	Tracy	Lennar Homes	\$670,880	3,296	6,000	8	--	--	--	8	2.7
Prescott	Hansen Village	Mountain House	Shea Homes	\$659,710	2,595	4,800	27	15	5	5	47	5.2
Primrose	--	Tracy	CalAtlantic Homes	\$655,180	3,194	5,000	16	20	2	15	53	4.4
Reflections	River Islands	Lathrop	Anthem United	\$590,323	3,403	5,850	1	13	--	--	14	2.3
Sandpointe	River Islands	Lathrop	Richmond American Homes	\$519,700	2,987	6,000	-1	11	8	7	25	2.1
Summer House	River Islands	Lathrop	Van Daele Homes	\$564,990	3,269	6,500	9	17	3	7	36	3.0
Valera	Tracy Hills	Tracy	Bright Homes	\$668,490	2,939	5,400	0	-1	5	5	9	0.8
Vente	Tracy Hills	Tracy	Shea Homes	\$659,000	3,104	5,500	4	4	--	--	8	1.3
Total						120	126	63	59			
No. of Active Projects						17	12	9	8			
Quarterly Pro-Rata						7.1	10.5	7.0	7.4			
Monthly Pro-Rata						2.4	3.5	2.3	2.5			
									2.7	Average Monthly Pro-Rata		

As shown by the data, absorption rates for new homes most similar to the subject have ranged from 2.3 to 3.5 sales per month over the last two years, with an average of 2.7 sales per month.

Resale Pricing

The following table shows historical resale data for more recently built homes (2012 and newer) in the city of Tracy. We restricted our search to lot sizes with less than 10,000 square feet.

Resales									
Address	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sale Price /SF	Sale/List	Year Built	Days on Market	Lot Size
630 Bengal Ln	10/4/2019	2,706	\$575,000	\$575,000	\$212	100.00%	2016	41	4,591
2542 Tung Nguyen Ln	9/6/2019	2,465	\$550,000	\$575,000	\$223	95.65%	2016	36	6,029
2604 Remy Javier Ct	9/6/2019	1,820	\$520,000	\$509,000	\$286	102.16%	2015	5	5,480
4209 Perennial Pl	8/22/2019	2,202	\$560,000	\$570,000	\$254	98.25%	2018	39	4,169
881 Pohono Ct	8/14/2019	2,071	\$520,000	\$529,000	\$251	98.30%	2014	10	6,299
1726 Hummingbird Way	8/2/2019	2,486	\$577,000	\$579,000	\$232	99.65%	2015	9	7,305
2249 Frank Blondin Ln	8/1/2019	2,538	\$590,000	\$622,000	\$232	94.86%	2018	284	5,682
4080 Comstock Pl	7/26/2019	3,378	\$695,000	\$698,888	\$206	99.44%	2016	23	7,200
4100 Comstock Pl	7/11/2019	2,574	\$630,000	\$630,000	\$245	100.00%	2016	47	7,200
437 S Ventana Ave	6/14/2019	2,465	\$579,000	\$579,000	\$235	100.00%	2016	11	5,502
2447 Remy Cantos Dr	6/3/2019	3,235	\$677,500	\$690,000	\$209	98.19%	2017	56	5,571
2588 Remy Cantos Dr	5/23/2019	3,719	\$665,000	\$729,000	\$179	91.22%	2017	31	5,500
762 Cathedral Way	5/20/2019	2,173	\$530,000	\$530,000	\$244	100.00%	2012	25	6,495
1680 Brandon Dewey Ln	4/25/2019	2,356	\$570,000	\$574,000	\$242	99.30%	2014	3	5,654
784 Jesse Martinez Dr	4/18/2019	2,071	\$520,000	\$529,000	\$251	98.30%	2013	37	5,602
485 S Derone Ln	4/18/2019	2,892	\$610,000	\$610,000	\$211	100.00%	2016	16	4,347
4308 Matthew Way	3/22/2019	2,202	\$549,000	\$559,000	\$249	98.21%	2018	51	3,921
2025 Gibson Ct	3/6/2019	2,111	\$575,000	\$570,000	\$272	100.88%	2013	8	6,504
586 Ventana Ave, Tracy	3/5/2019	2,411	\$550,000	\$575,000	\$228	95.65%	2018	155	5,667
557 S Ventana Ave	2/15/2019	3,274	\$659,950	\$659,950	\$202	100.00%	2017	94	4,779
3502 Preston Way	2/15/2019	1,656	\$465,000	\$460,000	\$281	101.09%	2016	9	4,190
1646 Glazzy Ln	1/31/2019	2,081	\$474,000	\$469,000	\$228	101.07%	2015	88	2,095
342 Lasata Dr	1/4/2019	2,664	\$585,000	\$570,000	\$220	102.63%	2018	25	4,365
Total Sales	23	2,502	\$575,063	\$582,254	\$234	98.9%	2016	48	5,398
		(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)

Ability to Pay

The projects within the subject have recently sold out. The Developer was offering three product lines with a total of 11 floor plans ranging in size from 2,574 to 3,765 square feet. In this section, we will

examine the ability to pay among prospective buyers for the low and high representative price points of \$549,900 and \$679,000, based on the indicators from the competing projects. First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area. Specifically, we will employ a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rate of 4.00%, 360 monthly payments, and a 40% ratio for the housing costs as a percent of monthly income (inclusive of principal, interest, all taxes and insurance). Property tax payments are accounted for in the analysis as well as homeowner's insurance. The following table shows the estimate of the annual household income that would be required to afford homes priced at the representative price points.

Income Required		
Home Price	\$549,990	\$679,000
Loan % of Price (Loan to Value)	80%	80%
Loan Amount	\$439,992	\$543,200
Interest Rate	4.00%	4.00%
Mortgage Payment	\$2,101	\$2,593
Ad Valorem Taxes	\$486	\$600
Bond Payments		
CFD No. 2016-2	\$251	\$251
Property Insurance	\$115	\$141
Total Monthly Obligation	\$2,953	\$3,586
Mortgage Payment % of Income	40%	40%
Monthly Income	\$7,381	\$8,966
Annual Income	\$88,577	\$107,587

We have obtained income data from Environics Analytics, for a 10-mile radius surrounding the subject property, which is considered representative of typical buyers for the subject property. In the following table we show the income brackets within the noted area, along with estimates of the percentage of households able to afford homes priced at the representative price points within each income bracket.

Household Ability (\$549,900)					
Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	1,599	4.5%	0.0%	0	0.0%
\$15,000 - \$24,999	1,596	4.5%	0.0%	0	0.0%
\$25,000 - \$34,999	1,768	4.9%	0.0%	0	0.0%
\$35,000 - \$49,999	2,796	7.8%	0.0%	0	0.0%
\$50,000 - \$74,999	5,366	15.0%	0.0%	0	0.0%
\$75,000 - \$99,999	5,211	14.6%	45.7%	2,381	6.7%
\$100,000 - \$149,999	8,511	23.8%	100.0%	8,511	23.8%
\$150,000 - \$199,999	4,594	12.8%	100.0%	4,594	12.8%
\$200,000 +	<u>4,352</u>	<u>12.2%</u>	100.0%	<u>4,352</u>	<u>12.2%</u>
	35,793	100.0%		19,838	55.4%

Household Ability (\$679,000)					
Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	1,599	4.5%	0.0%	0	0.0%
\$15,000 - \$24,999	1,596	4.5%	0.0%	0	0.0%
\$25,000 - \$34,999	1,768	4.9%	0.0%	0	0.0%
\$35,000 - \$49,999	2,796	7.8%	0.0%	0	0.0%
\$50,000 - \$74,999	5,366	15.0%	0.0%	0	0.0%
\$75,000 - \$99,999	5,211	14.6%	0.0%	0	0.0%
\$100,000 - \$149,999	8,511	23.8%	84.8%	7,220	20.2%
\$150,000 - \$199,999	4,594	12.8%	100.0%	4,594	12.8%
\$200,000 +	<u>4,352</u>	<u>12.2%</u>	100.0%	<u>4,352</u>	<u>12.2%</u>
	35,793	100.0%		16,166	45.2%

Conclusions

We have summarized some of the key points from this section as follows:

- Building permit activity for single-family residences in San Joaquin County reached a peak about 12 years ago, then fell precipitously during the recessionary period, but has been increasing in more recent years.
- New home pricing in San Joaquin County has been in a general increasing pattern over the last four years, albeit with a few quarterly dips. The highest new home pricing observed over the last four years (\$211.29 per square foot) was observed in the most recent quarter (2Q19).
- There are currently 12 active new home projects in Tracy. This is among the highest levels of active projects observed since the past expansionary period.
- Absorption rates within similar new home projects have ranged from 2.4 to 3.5 sales per month over the past year, with an average of 2.7 sales per month.
- Re-sale homes in the Tracy area are generally transferring at or just below the asking price, and the exposure period has averaged 48 days, both indicators of a healthy market.

Overall, demand for new homes in the subject's market area remains steady.

Property Analysis

Land Description and Analysis

Land Description

Primary Street Frontage	Corral Hollow
Shape	Irregular
Corner	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed

Flood Area Panel Number	060299
Date	October 16, 2009
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Zoning; Other Regulations

Zoning Jurisdiction	City of Tracy
Zoning Designation	TR-Ellis
Description	Traditional Residential, Ellis Specific Plan
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Single-family detached housing, attached medium- and high-density housing
Other Land Use Regulations	None reported or observed

Utilities

Service	Provider
Water	City of Tracy
Sewer	City of Tracy
Electricity	PG&E
Natural Gas	PG&E
Local Phone	AT&T

Entitlements

A summary of the current legal (entitlements) and physical status of the appraised properties is shown in the following table.

Entitlements	
Description	No. Homes/Lots
Completed Single-Family Home without Assessed Improvement Values	6
Partially Completed Single Family Homes (Under Construction)	2
Finished Single-Family Lots	16
Total	24

All improved single-family residential homes and lots (299 in total, including 275 homes not appraised herein) have final maps in place.

Permits and Fees

According to information provided, permits and fees due at building permit average \$53,548, which will be used in our analysis.

Environmental Hazards

An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

Seismic Hazards

According to the Seismic Safety Commission, the subject property's site is located within Zone 4, which is considered to be the highest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject property is located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology. In general, a number of faults are located throughout California; thus, the area is subject to severe ground shaking during earthquakes. Competitive sites face similar seismic risk.

Easements, Encroachments and Restrictions

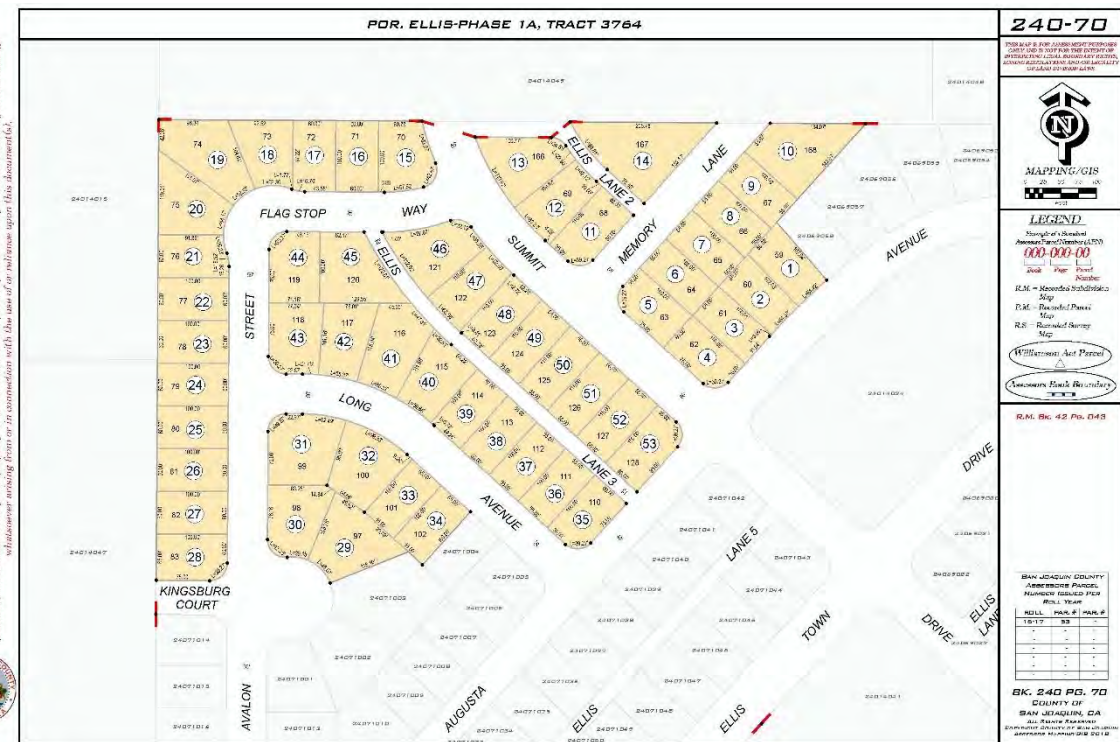
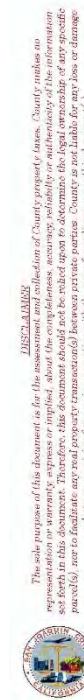
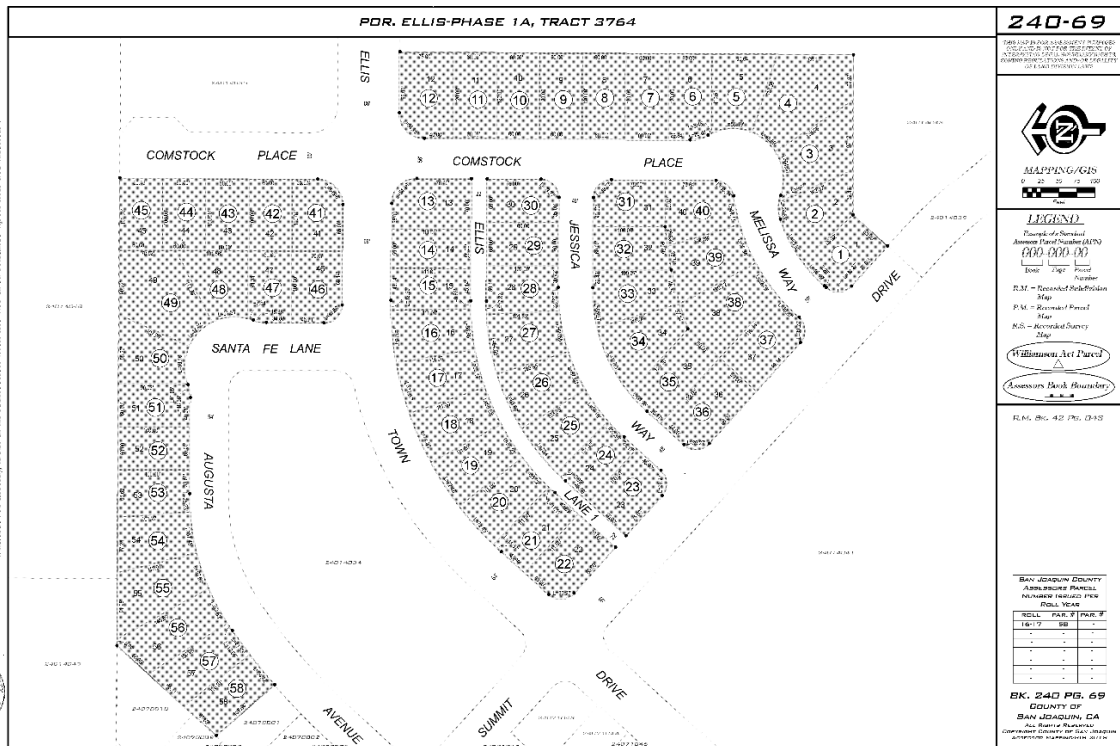
We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

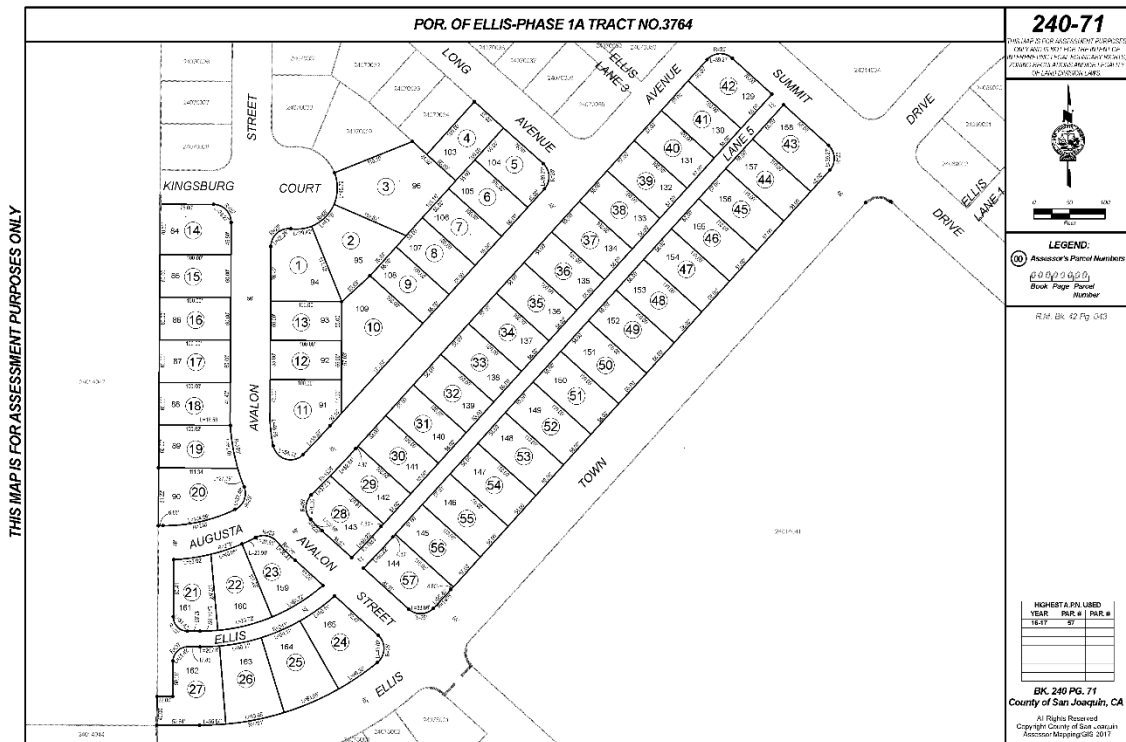
Conclusion of Site Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include single-family residential. We are not aware of any other particular restrictions on development.

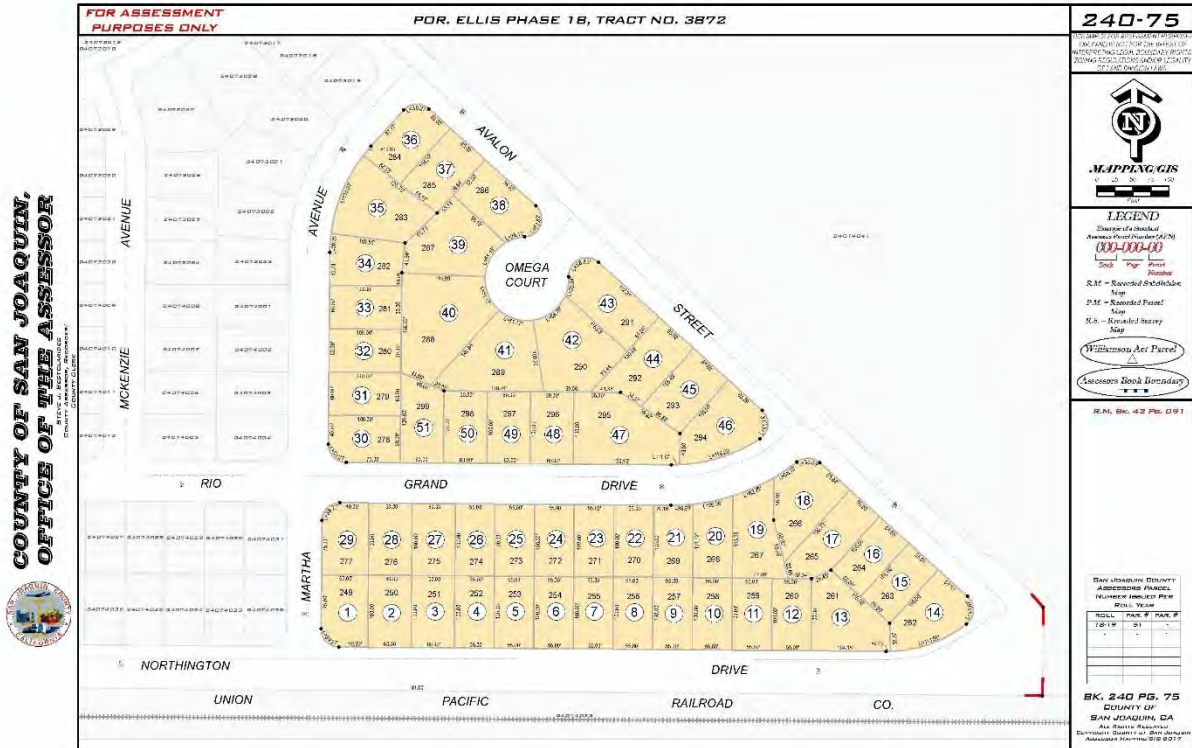
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Aerial



Proposed Improvements Description

Overview

The residential lots with completed single-family homes *without* assessed improvement values are only located within two of the recent projects in Improvement Area No. 1 of the District. However, all three recently developed projects offered by CalAtlantic Homes (A Lennar Corporation) is shown in the following table.

Legacy by Lennar Homes

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Base Price
1	3,003	2	4	3	2	\$598,000
2	3,128	2	4	3	2 + storage	\$619,000
3	3,317	2	4	3	2 + storage	\$629,000

Legend by Lennar Homes

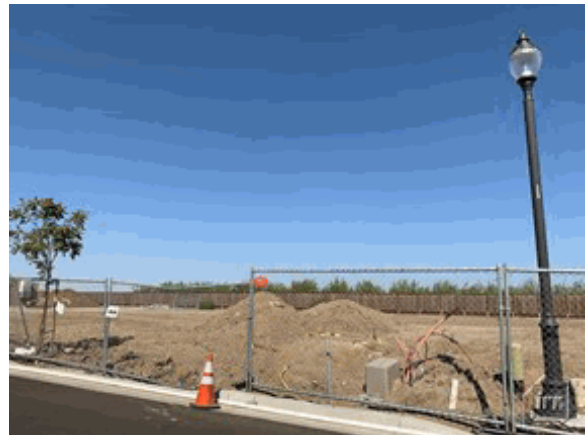
Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Base Price
4	2,574	1	4	2.5	2	\$549,900
5	3,395	2	4	3.5	2 + tandem	\$609,000
6	3,579	2	4	4.5	2 + tandem	\$639,000
7	3,760	2	4	4.5	2 + tandem	\$679,000

Landmark by Lennar Homes

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Base Price (as of 4Q18)
1	2,607	2	4	3	2	\$589,000
2	2,797	2	4	3	2	\$599,000
3	2,964	2	4	3	2	\$605,000
4	3,093	2	4	3	2	\$619,000









Real Estate Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

According to the San Joaquin County Treasurer-Tax Collector's Office, the appraised properties have a cumulative annual tax rate of 1.06090% based on assessed value.

Special Assessments

All of the appraised properties are encumbered by the City of Tracy Community Facilities District (CFD) No. 2016-2, Improvement Area 1 (ECFD). The annual special tax levy on the appraised properties, as of the 2019/20 tax year, are shown in the following table

City of Tracy CFD No. 2016-2 (ECFD) IA No. 1	
Max Special Tax	
Square Footage Category	Per Unit*
Less than 2,000 SF	\$1,964
2,000 - 4,000 SF	\$3,014
Greater than 4,000 SF	\$3,108

*Annual maximum escalation of 2%

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

Highest and Best Use As If Vacant

Legally Permissible

The legal factors influencing the highest and best use of the appraised properties are primarily government regulations, such as zoning and building codes. The appraised properties are zoned and approved for single-family residential development. Overall, the legally permissible uses are to develop the appraised properties in accordance with the existing entitlements and land use designations, which have undergone extensive planning and review. A re-zone to any other land use is highly unlikely. Additionally, the above land uses are consistent with the City of Tracy General Plan and the Ellis Specific Plan.

Physically Possible

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, offsite improvements, easements and soil and subsoil conditions. The legally permissible test has resulted in uses consistent with the existing entitlements (i.e., single-family development, as well as commercial use); at this point the physical characteristics are examined to see if they are suited for the legally permissible uses.

The physical characteristics of the appraised properties support development. The Ellis project has good access and project roadways connect the various lots within the development. Public utilities are also in place to support development. The subject is not located in an adverse earthquake or flood zone. Surrounding land uses are compatible and/or similar to the legally permissible use. Existing development in Ellis provides support that soils are adequate for development. In summary, residential uses are considered physically possible.

Financially Feasible

Financial feasibility depends on supply and demand influences. With respect to financial feasibility of single-family residential development, in recent months merchant builders have acquired unimproved lots in San Joaquin County for near term construction, and there are multiple active projects in the area that demonstrate demand for new homes. Finished lots are transferring for prices that exceed

the sum of unimproved lots and site development costs, which indicates completion of site development is financially feasible.

Maximally Productive

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the appraised properties as vacant. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. Based on the factors previously discussed, the maximally productive use of the appraised properties, and its highest and best use as vacant, is for near term single-family residential development. The highest and best use as vacant for the retail land sites, is for an interim hold until demand warrants construction.

Highest and Best Use as Improved

Highest and best use of the property as improved pertains to the use that should be made in light of its current improvements.

In the case of undeveloped land under development, consideration must be given to whether it makes sense to demolish existing improvements (either on-site or off-site improvements) for replacement with another use. The time and expense to demolish existing improvements, re-grade, reroute utilities or re-map must be weighed against alternative uses. If the existing or proposed improvements are not performing well, then it may produce a higher return to demolish existing improvements, if any, and re-grade the site for development of an alternative use.

Based on the current condition, the improvements completed contribute to the overall property value. The value of the subject as improved exceeds its value as vacant less demolition. The highest and best use of the subject as improved is for completion of the last remaining single-family homes.

Probable Buyers

The probable buyers of the various components of the subject are as follows:

- Unimproved lots: merchant builders
- Completed homes: Individual homeowners

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Additional analyses often undertaken in the valuation of subdivisions include **extraction**, **land residual analysis**, and the **subdivision development method**.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

Market Valuation – Floor Plans

The market values of the subject's floor plans are estimated in this section. The objective of the analyses is to estimate the base price per floor plan, net of incentives, upgrades and lot premiums. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs. The base price pertains to the floor plan's actual lot size. The sales comparison approach to value is employed in order to establish the market values for each floor plan.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2013), *"The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time."* The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the appraised properties. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

The objective of the analyses is to estimate the base value of each floor plan, net of incentives, upgrades and lot premiums. The sales comparison approach to value is employed in order to establish the market values for each floor plan. The appraised floor plans are summarized in the following table.

Floor Plan Summary					
Floor Plan	Living Area (SF)	Room Count		Stories	Garage
		Bedroom	Bathroom		
Legend - Residence 4	2,574	4	2.5	One	2 Car
Legacy - Residence 1	3,005	4	3.0	Two	2 Car
Legend - Residence 5	3,379	4	3.5	Two	2 Car + tandem
Legend - Residence 5	3,395	4	3.5	Two	2 Car + tandem
Legend - Residence 6	3,579	4	4.5	Two	2 Car + tandem
Legend - Residence 7	3,760	4	4.5	Two	2 Car + tandem

The comparable sales are summarized in the following table.

Sales Summary										
No.	Location	Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)	Year Built	Garage	Stories
1	2249 Frank Blondi Lane	Aug-19	\$590,000	2,538	4	3.0	5,682	2018	2 Car	Two
2	371 Defender Lane	Jul-19	\$622,000	2,538	4	3.0	6,792	2019	2 Car	Two
3	4614 McKenzie Avenue	Aug-19	\$575,000	2,574	4	2.5	6,000	2019	2 Car	One
4	4635 McKenzie Avenue	Jun-19	\$555,000	2,574	4	2.5	6,015	2019	2 Car	One
5	2530 Aurora Astorga Drive	Oct-18	\$656,900	2,907	4	3.0	5,371	2018	2 Car	Two
6	2329 Northington Drive	Nov-18	\$550,000	3,005	4	3.0	5,500	2018	2 Car	Two
7	2301 Tennis Lane	Aug-19	\$640,000	2,888	4	4.0	5,500	2019	2 Car	Two
8	2461 Azalea Avenue	Feb-19	\$679,511	3,235	4	3.0	5,459	2019	2 Car	Two
9	4674 McKenzie Avenue	May-19	\$630,000	3,379	4	3.5	6,366	2019	2 Car + tandem	Two
10	3429 Northington Drive	Listing	\$695,000	3,329	4	3.0	5,502	2018	2 Car + tandem	Two
11	2549 Aurora Astorga Drive	Sep-18	\$649,900	3,511	4	3.5	5,500	2018	2 Car + storage	Two
12	4554 McKenzie Avenue	Jul-19	\$635,000	3,565	4	4.5	6,000	2019	2 Car + tandem	Two
13	1767 Buttercup Lane	Pending	\$699,880	3,677	4	3.5	5,909	2019	2 Car	Two
14	2331 Rio Grande Drive	Pending	\$759,999	3,765	4	4.5	12,458	2018	2 Car + tandem	Two

Discussion of Adjustments

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Total Consideration	The appraised properties are analyzed based on the total consideration of home price and the assumption of bonds, if any. Bond debt has a direct impact on the amount for which the end product will sell.	In an effort to account for the impact of bond indebtedness on the sales price, we establish a present value amount for the bond encumbrance based on the annual special tax assessment (escalators are not taken into account), and the remaining term from the date of sale. Most of the comparables are encumbered by bonds; thus, the present value of the bonds is considered in this analysis to determine the total consideration with each sale with existing bond debt. Please note, the present value calculation is based on a fixed year expiration or 30 years, whichever is shorter.
Upgrades and Incentives	The objective of the analysis is to estimate the base value per floor plan, net of incentives. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs.	Incentives and upgrades included in the sales have been considered and adjusted for in this analysis.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	The comparable sales were cash to the seller transactions and do not require adjustments.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	The comparables did not involve any non-market or atypical conditions of sale. However, Comparables 10, 13 and 14 represent a current listing (10) and

Adjustment Factor	Accounts For	Comments
		pending sales (13, 14) where the exact contract price is not known. As such, downward adjustments are applied to these comparables to account for typical negotiations between buyers and sellers. No further adjustments for this factor apply.
Market Conditions (Date of Sale, Phase Adjustment)	The market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a neighborhood, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.	New home pricing has been relatively stable to moderately increasing in the subject's market area during the past few quarters. Several of the comparable sales went into contract and closed escrow within the past few months and do not require adjustments. Based on the trending in pricing at the respective projects, we have applied a moderate market adjustment for those comparables that sold in Q3 and Q4 2018.
Location	Location is a very important factor to consider when making comparisons. The comparables need not be in the same neighborhood but should be in neighborhoods that offer the same advantage and have, in general, the same overall desirability to the most probable buyer or user.	All of the comparables are located in Tracy and no adjustments are warranted.

Adjustment Factor	Accounts For	Comments
Community Appeal	In addition to market location adjustments, we consider community appeal adjustments. Even within a specific market location, often specific community characteristics influence sale prices. Often, prices on one street may be significantly higher or lower than the next, despite similar home characteristics. Community characteristics that may influence sale prices include a gated amenity or the condition of surrounding development.	Most of the comparables are located within similar areas of the city of Tracy and do not require adjustments. However, slight upward adjustments are applied to the comparables located within the Primrose II subdivision, as this represents an infill project with older surrounding residential development.

Lot Size	The lot size adjustment pertains to the differences between the subject's average lot size and comparables with either larger or smaller lots. It does not include any lot premium adjustments, which are adjusted for separately. The amount of the adjustment used in the comparison of the base lot sizes comes from a survey of premiums paid for larger lots.	Considering the average lot size adjustment factors indicated by the comparable sales utilized in this analysis, a lot size adjustment factor of \$7.00/SF is considered reasonable for the subject's residential lots. This figure is supported by our observations of sales in the subject's market area.
Lot Premiums/ Discounts	Properties sometimes achieve premiums for corner or cul-de-sac positioning, or proximity to open space or views. Adjustments for lot position premiums would be in addition to lot size adjustments previously considered.	Appropriate adjustments are applied based upon information provided by the on-site sales agents with regard to lot discounts on specific sales. Specifically, those that back up to busy thoroughfares receive an upward adjustment.
Design and Appeal	Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeals to a different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices.	All of the comparables are similar to the subject in regard to design and appeal.
Quality of Construction	Construction quality can differ from slightly to substantially between projects and is noted in the exterior and interior materials and design features of a standard unit. In terms of quality of construction, the subject represents good construction quality.	Most of the comparable sales feature similar construction quality and do not require adjustments. However, slight adjustments are made to those comparables with upgrades and/or inferior quality finishes.
Age/Condition	When comparing resale to resale, the market generally reflects a difference of 1% per year of difference in effective age.	Most of the comparables represent new construction and adjustments for this element of comparison do not apply. However, Comparable 10 represents a resale unit and a 1% per year adjustment is applied to this comparable.

Functional Utility	Ability to adequately provide for its intended purpose.	The appraised properties and comparables represent traditional detached single-family residential construction on similar lot size categories as the subject. Adjustments for this factor do not apply.
Room Count	For similar size units the differences between room count is a buyer preference. One buyer might prefer two bedrooms and a den versus a three-bedroom unit. Extra rooms typically result in additional building area and are accounted for in the size adjustment. Therefore, no adjustments are made for number of total rooms or bedrooms.	Because bathrooms are a functional item for each floor plan and add substantial cost due to the number of plumbing fixtures, an adjustment is made for the difference in the number of fixtures between the subject and the comparable sales. The adjustment is based on an amount of \$5,000 per fixture (or half-bath) and is supported by cost estimates for an average quality home in the Residential Cost Handbook, published by the Marshall and Swift Corporation. Considering the fact that plumbing upgrades for existing bathrooms generally range from \$5,000 to over \$25,000 for the various fixtures, the \$5,000 per fixture, or half-bath, is supported. Consequently, a factor of \$10,000 per full bath is also applied in our analysis.
Unit Size/Living Area	Units similar (in the same development), except for size, were compared to derive the applicable adjustment for unit size. Those used for comparison purposes, are units within similar projects. Units within the same project were used since they have a high degree of similarity in quality, workmanship, design and appeal. Other items such as a single level or two-story designs, number of bathrooms and number of garage spaces were generally similar in	The typical range indicated by the paired units in this analysis generally demonstrated a value range from approximately \$50 to upwards of \$100 per square foot. Considering the information cited above, a factor of \$60-70 per square foot is concluded to be appropriate and reasonable for the difference in living area between the subject and the comparables, given the quality of the product.

	these comparisons, in order to avoid other influences in price per square foot. Where differences exist, they are minor and do not impact the overall range or average concluded.	
Number of Stories	For similar size units, the differences between the number of stories is a buyer preference. One buyer might prefer a single-story versus a two-story unit.	In current market conditions, single story floor plans typically demand a slight premium. As such, an adjustment of 1% is applied for story differences.
Parking/Garage	Number of garage spaces	The subject's floor plans and most of the comparables offer two-car and two-car plus tandem car garages. Our survey of local real estate professionals indicates a premium value of approximately \$15,000 for a full garage space, approximately half of this amount (or \$7,500) per tandem garage space and half the tandem garage amount (\$3,250) for storage.
Landscaping	Included landscaping	The subject and most comparables include only front yard landscaping; however, Comparable 10 represents a resale with established backyard landscaping and downward adjustment is applied.

Adjustment Grids

The following pages include grids reflecting the aforementioned adjustments.

Legend - Residence 4									
Project Information		Subject Property		Comparable 1		Comparable 2		Comparable 3	
Project Name		Legend	Barcelona	Barcelona		Barcelona		Legend	Residene 4
Plan		Residence 4	Residence 3	Residence 3		Residence 3		Residene 4	Residene 4
Address/Lot Number			2249 Frank Blondi Lane	371 Defender Lane		4614 McKenzie Avenue		4635 McKenzie Avenue	
City/Area		Tracy	Tracy	Tracy		Tracy		Tracy	
Price		N/Ap	\$590,000	\$622,000		\$575,000		\$555,000	
Price Per SF		N/Ap	\$232.47	\$245.07		\$223.39		\$215.62	
Special Taxes		\$49,078	\$25,215	\$25,215		\$49,078		\$49,078	
Total Consideration			\$615,215	\$647,215		\$624,078		\$604,078	
Total Consideration per SF			\$242.40	\$255.01		\$242.45		\$234.68	
Data Source			MLS	MLS		MLS		MLS	
Incentives		N/Ap	No	No		No		No	
Upgrades		Base	Upgrades	Upgrades		Upgrades		Upgrades	
Effective Base Sales Price			\$615,215	\$647,215		\$624,078		\$604,078	
Adjustments:	Factor	Description		+ / (-)	Description		+ / (-)	Description	
Property Rights		Fee Simple	Similar		Similar		Similar		Similar
Financing Terms		Cash Equivalent	Similar		Similar		Similar		Similar
Conditions of Sale		Market	Market		Market		Market		Market
Market Conditions									
Date of Sale		MV 9/10/2019	8/1/2019		7/17/2019		8/19/2019		6/14/2019
Project Location		Tracy	Tracy		Tracy		Tracy		Tracy
Community Appeal		Average	Similar		Similar		Similar		Similar
Lot Size	\$7.00	6,272	5,682	\$4,130	6,792	(\$3,640)	6,000	\$1,904	6,015
Lot Premium		N/Ap	None		None		None		None
Design and Appeal		Average	Similar		Similar		Similar		Similar
Quality of Construction		Good	Similar		Similar		Similar		Similar
Age (Total/Effective)		New	Similar		Similar		Similar		Similar
Condition		Good/New	Similar		Similar		Similar		Similar
Functional Utility		Average	Similar		Similar		Similar		Similar
Room Count									
Bedrooms		4	4		4		4		4
Baths	\$10,000	2.5	3	(\$5,000)	3	(\$5,000)	2.5	\$0	2.5
Living Area (SF)	\$70.00	2,574	2,538	\$2,520	2,538	\$2,520	2,574	\$0	2,574
Number of Stories		One	Two	\$6,152	Two	\$6,472	One		One
Heating/Cooling		Central/Forced	Similar		Similar		Similar		Similar
Garage		2 Car	2 Car		2 Car		2 Car		2 Car
Landscaping		Front	Similar		Similar		Similar		Similar
Pool/Spa		None	Similar		Similar		Similar		Similar
Patios/Decks		Patio	Similar		Similar		Similar		Similar
Fencing		Rear	Similar		Similar		Similar		Similar
Fireplace(s)		None	Similar		Similar		Similar		Similar
Kitchen Equipment		Average	Similar		Similar		Similar		Similar
Other		None	Similar		Similar		Similar		Similar
Gross Adjustments				\$17,802		\$17,632		\$1,904.00	
Net Adjustments				\$7,802		\$352		\$1,904	
Adjusted Retail Value				\$623,017		\$647,567		\$625,982	
Concluded Retail Value		\$625,000							
Indicated Value Per SF		\$242.81							

Adjustments were necessary to account for differences between these homes and the subject's floor plan. As adjusted, the comparables indicate a range of \$605,877 to \$647,567. We have concluded a value estimate towards the middle of the range of values at \$625,000 for this floor plan.

Legacy - Residence 1							
Project Information		Subject Property		Comparable 5		Comparable 6	
Project Name	Legacy	Primrose II		Legacy		Barcelona	
Plan	Residence 1	Residence 2		Plan 1		Residence 4	
Address/Lot Number		2530 Aurora Astorga Drive		2329 Northington Drive		2301 Tennis Lane	
City/Area	Tracy	Tracy		Tracy		Tracy	
Price	N/Ap		\$656,900		\$550,000		\$640,000
Price Per SF	N/Ap	\$225.97		\$183.03		\$221.61	
Special Taxes	\$49,078		\$4,887		\$49,078		\$25,215
Total Consideration			\$661,787		\$599,078		\$665,215
Total Consideration per SF		\$227.65		\$199.36		\$230.34	
Data Source		MLS		MLS		MLS	
Incentives	N/Ap	No	\$0	No		No	
Upgrades	Base	Upgrades	(\$35,000)	Upgrades	\$0	Upgrades	\$0
Effective Base Sales Price			\$626,787		\$599,078		\$665,215
Adjustments:	Factor	Description		+/(-)	Description		+/(-)
Property Rights	Fee Simple	Similar			Similar		
Financing Terms	Cash Equivelant	Similar			Similar		
Conditions of Sale	Market	Market			Market		
Market Conditions							
Date of Sale	MV 9/10/2019	10/26/2018	\$6,268	11/30/2018	\$5,991	8/20/2019	
Project Location	Tracy	Tracy		Tracy		Tracy	
Community Appeal	Average	Sl. Inferior	\$18,804	Similar		Similar	
Lot Size	\$7.00	6,012	6,015	(\$21)	5,371	5,500	\$3,584
Lot Premium	N/Ap	None		None		None	
Design and Appeal	Average	Similar		Similar		Similar	
Quality of Construction	Good	Superior	(\$31,339)	Similar		Similar	
Age (Total/Effective)	New	Similar		Similar		Similar	
Condition	Good/New	Similar		Similar		Similar	
Functional Utility	Average	Similar		Similar		Similar	
Room Count							
Bedrooms	4	4		4		4	
Baths	\$10,000	3	3	\$0	3	4	(\$10,000)
Living Area (SF)	\$70.00	3,005	2,907	\$6,860	3,005	2,888	\$8,190
Number of Stories	Two	Two		Two		Two	
Heating/Cooling	Central/Forced	Similar		Similar		Similar	
Garage	2 Car	2 Car		2 Car		2 Car	
Landscaping	Front	Similar		Similar		Similar	
Pool/Spa	None	Similar		Similar		Similar	
Patios/Decks	Patio	Similar		Similar		Similar	
Fencing	Rear	Similar		Similar		Similar	
Fireplace(s)	None	Similar		Similar		Similar	
Kitchen Equipment	Average	Similar		Similar		Similar	
Other	None	Similar		Similar		Superior	(\$33,261)
Gross Adjustments			\$63,292		\$10,478		\$55,035
Net Adjustments			\$571		\$10,478		(\$31,487)
Adjusted Retail Value			\$627,358		\$609,557		\$633,728
Concluded Retail Value		\$630,000					
Indicated Value Per SF		\$209.65					

As adjusted, the comparables provide a range of indicators of \$609,557 to \$633,728. Considering the most recent transaction (Comparable 7) from an actively selling project, we conclude an estimate of \$630,000 for this floor plan.

Legend - Residence 5									
Project Information		Subject Property		Comparable 8		Comparable 9		Comparable 10	
Project Name		Legend	Primrose II	Legend		Legend		Resale	
Plan		Residence 5	Residence 3	Residence 5		Residence 5			
Address/Lot Number			2461 Azalea Avenue	4674 McKenzie Avenue		4674 McKenzie Avenue		3429 Northington Drive	
City/Area		Tracy	Tracy	Tracy		Tracy		Tracy	
Price		N/Ap		\$679,511		\$630,000		\$695,000	
Price Per SF		N/Ap	\$210.05		\$186.45		\$208.77		
Special Taxes		\$49,078		\$4,887		\$49,078		\$48,274	
Total Consideration				\$684,398		\$679,078		\$743,274	
Total Consideration per SF			\$211.56		\$200.97		\$223.27		
Data Source			MLS	MLS		MLS			
Incentives		N/Ap	No	\$0	No	\$0	No	\$0	
Upgrades		Base	Upgrades	\$0	Upgrades	\$0	Upgrades	\$0	
Effective Base Sales Price				\$684,398		\$679,078		\$743,274	
Adjustments:		Factor	Description	+ / (-)	Description	+ / (-)	Description	+ / (-)	
Property Rights		Fee Simple	Similar		Similar		Similar		
Financing Terms		Cash Equivalent	Similar		Similar		Similar		
Conditions of Sale		Market	Market		Market		Market		
Market Conditions									
Date of Sale		MV 9/10/2019	8/1/2019		7/17/2019		Listing	(\$22,298)	
Project Location		Tracy	Tracy		Tracy		Tracy		
Community Appeal		Average	Sl. Inferior	\$20,532	Similar		Similar		
Lot Size		\$7.00 7,349	5,459	\$13,230	6,366	\$6,881	5,502	\$12,932	
Lot Premium		N/Ap	Similar		None		None		
Design and Appeal		Average	Similar		Similar		Similar		
Quality of Construction		Good	Similar		Similar		Similar		
Age (Total/Effective)		New	Similar		Similar		1 yr	\$7,433	
Condition		Good/New	Similar		Similar		Similar		
Functional Utility		Average	Similar		Similar		Similar		
Room Count									
Bedrooms		4	4		4		4		
Baths		\$10,000 3.5	3	\$5,000	3.5	\$0	3	\$5,000	
Living Area (SF)		\$70.00 3,379	3,235	\$10,080	3,379	\$0	3,329	\$3,500	
Number of Stories		Two	Two		Two		Two		
Heating/Cooling		Central/Forced	Similar		Similar		Similar		
Garage		2 Car + tandem	2 Car	\$7,500	2 Car + tandem		2 Car + tandem		
Landscaping		Front	Similar		Similar		Front/Back	(\$15,000)	
Pool/Spa		None	Similar		Similar		Similar		
Patio/Decks		Patio	Similar		Similar		Similar		
Fencing		Rear	Similar		Similar		Similar		
Fireplace(s)		None	Similar		Similar		Similar		
Kitchen Equipment		Average	Similar		Similar		Similar		
Other		None	Similar		Similar		Similar		
Gross Adjustments				\$56,342		\$6,881		\$66,163	
Net Adjustments				\$56,342		\$6,881		(\$8,434)	
Adjusted Retail Value				\$740,740		\$685,959		\$734,840	
Concluded Retail Value		\$700,000							
Indicated Value Per SF		\$207.16							

Adjustments were necessary to account for differences between these homes and the subject's floor plan. The sales provide a range of indicators of \$685,959 to \$740,740. Comparable 8 is located within an inferior project and receives a substantial community appeal adjustment and Comparable 10 represents a current listing of a resale. As such, primary emphasis is placed on Comparable 9, which represents a sale from the same project, albeit with an earlier contract date. We have concluded an estimate of \$700,000 for this floor plan, which considers a slight premium for a modest improvement in market conditions.

Legend - Residence 5									
Project Information		Subject Property		Comparable 8		Comparable 9		Comparable 10	
Project Name		Legend	Primrose II	Legend		Resale			
Plan		Residence 5	Residence 3	Residence 5					
Address/Lot Number			2461 Azalea Avenue	4674 McKenzie Avenue		3429 Northington Drive			
City/Area		Tracy	Tracy	Tracy		Tracy			
Price		N/Ap		\$679,511		\$630,000		\$695,000	
Price Per SF		N/Ap	\$210.05		\$186.45		\$208.77		
Special Taxes		\$49,078		\$4,887		\$49,078		\$48,274	
Total Consideration				\$684,398		\$679,078		\$743,274	
Total Consideration per SF			\$211.56		\$200.97		\$223.27		
Data Source			MLS	MLS		MLS			
Incentives		N/Ap	No	\$0	No	\$0	No	\$0	
Upgrades		Base	Upgrades	\$0	Upgrades	\$0	Upgrades	\$0	
Effective Base Sales Price				\$684,398		\$679,078		\$743,274	
Adjustments:		Factor	Description	+ / (-)	Description	+ / (-)	Description	+ / (-)	
Property Rights		Fee Simple	Similar		Similar		Similar		
Financing Terms		Cash Equivalent	Similar		Similar		Similar		
Conditions of Sale		Market	Market		Market		Market		
Market Conditions									
Date of Sale		MV 9/10/2019	2/21/2019	\$6,844	5/28/2019		Listing		(\$22,298)
Project Location		Tracy	Tracy		Tracy		Tracy		
Community Appeal		Average	Sl. Inferior	\$20,532	Similar		Similar		
Lot Size		\$7.00 8,353	5,459	\$20,258	6,366	\$13,909	5,502		\$19,960
Lot Premium		N/Ap	None		None		None		
Design and Appeal		Average	Similar		Similar		Similar		
Quality of Construction		Good	Similar		Similar		Similar		
Age (Total/Effective)		New	Similar		Similar		1 yr		\$7,433
Condition		Good/New	Similar		Similar		Similar		
Functional Utility		Average	Similar		Similar		Similar		
Room Count									
Bedrooms		4	4		4		4		
Baths		\$10,000 3.5	3	\$5,000	3.5	\$0	3		\$5,000
Living Area (SF)		\$65.00 3,395	3,235	\$10,400	3,379	\$1,040	3,329		\$4,290
Number of Stories		Two	Two	(\$5,000)	Two	(\$5,000)	Two		
Heating/Cooling		Central/Forced	Similar		Similar		Similar		
Garage		2 Car + tandem	2 Car	\$7,500	2 Car + tandem		2 Car + tandem		
Landscaping		Front	Similar		Similar		Front/Back		(\$15,000)
Pool/Spa		None	Similar		Similar		Similar		
Patios/Decks		Patio	Similar		Similar		Similar		
Fencing		Rear	Similar		Similar		Similar		
Fireplace(s)		None	Similar		Similar		Similar		
Kitchen Equipment		Average	Similar		Similar		Similar		
Other		None	Similar		Similar		Similar		
Gross Adjustments				\$75,534		\$19,949		\$73,981	
Net Adjustments				\$65,534		\$9,949		(\$616)	
Adjusted Retail Value				\$749,932		\$689,027		\$742,658	
Concluded Retail Value		\$705,000							
Indicated Value Per SF		\$207.66							

Adjustments were necessary to account for differences between these homes and the subject's floor plan. The sales provide a range of indicators of \$689,027 to \$749,932. Comparable 8 is located within an inferior project and receives a substantial community appeal adjustment and Comparable 10 represents a current listing of a resale. As such, primary emphasis is placed on Comparable 9, which represents a sale from the same project, albeit with an earlier contract date. We have concluded an estimate of \$705,000 for this floor plan, which considers a slight premium for a modest improvement in market conditions.

Legend - Residence 6							
Project Information	Subject Property	Comparable 11		Comparable 12		Comparable 13	
Project Name	Legend	Primrose II		Legend		Primrose II	
Plan	Residence 6	Residence 4		Residence 6		Residence 4	
Address/Lot Number		2549 Aurora Astorga Drive		4554 McKenzie Avenue		1767 Buttercup Lane	
City/Area	Tracy	Tracy		Tracy		Tracy	
Price	N/Ap		\$649,900		\$635,000		\$699,880
Price Per SF	N/Ap	\$185.10		\$178.12		\$190.34	
Special Taxes	\$49,078		\$4,887		\$49,078		\$4,887
total Consideration			\$654,787		\$684,078		\$704,767
Total Consideration per SF		\$186.50		\$191.89		\$191.67	
Data Source		MLS		MLS		MLS	
Incentives	N/Ap	No	\$0	No	\$0	No	\$0
Upgrades	Base	Upgrades	\$0	Upgrades	\$0	Upgrades	\$0
Effective Base Sales Price			\$654,787		\$684,078		\$704,767

Adjustments:	Factor	Description	+ / (-)	Description	+ / (-)	Description	+ / (-)
Property Rights		Fee Simple	Similar	Similar		Similar	
Financing Terms		Cash Equivalent	Similar	Similar		Similar	
Conditions of Sale		Market		Market		Market	
Market Conditions							
Date of Sale	MV 9/10/2019	9/28/2018	\$6,548	7/5/2019		Pending	(\$14,095)
Project Location	Tracy	Tracy		Tracy		Tracy	
Community Appeal		Average	\$19,644	Similar		Inferior	\$21,143
Lot Size	\$7.00	7,394	\$13,258	6,000	\$9,758	5,909	\$10,395
Lot Premium	N/Ap	None		None		None	
Design and Appeal		Average	Similar	Similar		Similar	
Quality of Construction		Good	Similar	Similar		Similar	
Age (Total/Effective)		New	Similar	Similar		Similar	
Condition		Good/New	Similar	Similar		Similar	
Functional Utility		Average	Similar	Similar		Similar	
Room Count							
Bedrooms		4		4		4	
Baths	\$10,000	4.5	\$10,000	4.5	\$0	3.5	\$10,000
Living Area (SF)	\$65.00	3,579	\$4,420	3,565	\$910	3,677	(\$6,370)
Number of Stories		Two		Two		Two	
Heating/Cooling		Central/Forced	Similar	Similar		Similar	
Garage		2 Car + tandem	\$3,250	2 Car + tandem		2 Car	\$7,500
Landscaping		Front	Similar	Similar		Similar	
Pool/Spa		None	Similar	Similar		Similar	
Patios/Decks		Patio	Similar	Similar		Similar	
Fencing		Rear	Similar	Similar		Similar	
Fireplace(s)		None	Similar	Similar		Similar	
Kitchen Equipment		Average	Similar	Similar		Similar	
Other		None	Similar	Similar		Similar	
Gross Adjustments			\$57,119		\$10,668		\$69,503
Net Adjustments			\$57,119		\$10,668		\$28,573
Adjusted Retail Value			\$711,906		\$694,746		\$733,339

Concluded Retail Value	\$715,000
Indicated Value Per SF	\$199.78

As adjusted, the comparables provide a range of indicators of \$694,746 to \$733,339. An estimate towards the middle of the range of \$715,000 appears reasonable for this floor plan.

Legend - Residence 7											
Project Information		Subject Property		Comparable 12		Comparable 13		Comparable 14			
Project Name		Legend		Legend		Primrose II		Legend			
Plan		Residence 7		Residence 6		Residence 4		Residence 7			
Address/Lot Number				4554 McKenzie Avenue		1767 Buttercup Lane		2331 Rio Grande Drive			
City/Area		Tracy		Tracy		Tracy		Tracy			
Price		N/Ap		\$635,000		\$699,880		\$759,999			
Price Per SF		N/Ap		\$178.12		\$190.34		\$201.86			
Special Taxes		\$49,078		\$49,078		\$4,887		\$49,078			
Total Consideration				\$684,078		\$704,767		\$809,077			
Total Consideration per SF				\$191.89		\$191.67		\$214.89			
Data Source		MLS		MLS		MLS					
Incentives		N/Ap		No		\$0		No			
Upgrades		Base		Upgrades		\$0		Upgrades			
Effective Base Sales Price				\$684,078		\$704,767		\$809,077			
Adjustments:		Factor		Description		+ / (-)		Description		+ / (-)	
Property Rights		Fee Simple		Similar				Similar			
Financing Terms		Cash Equivelant		Similar				Similar			
Conditions of Sale		Market		Market				Market			
Market Conditions											
Date of Sale		MV 9/10/2019		7/5/2019				Pending		(\$14,095)	
Project Location		Tracy		Tracy				Tracy			
Community Appeal		Average		Similar				Inferior		\$21,143	
Lot Size		\$7.00		8,350		6,000		\$16,450		5,909	
Lot Premium		N/Ap		None				None		\$17,087	
Design and Appeal		Average		Similar				Similar			
Quality of Construction		Good		Similar				Similar			
Age (Total/Effective)		New		Similar				Similar			
Condition		Good/New		Similar				Similar			
Functional Utility		Average		Similar				Similar			
Room Count											
Bedrooms		4		4				4			
Baths		\$10,000		4.5		4.5		3.5		\$10,000	
Living Area (SF)		\$60.00		3,760		3,565		\$11,700		3,677	
Number of Stories		Two		Two				Two		\$4,980	
Heating/Cooling		Central/Forced		Similar				Similar			
Garage		2 Car + tandem		2 Car + tandem				2 Car		\$7,500	
Landscaping		Front		Similar				Similar			
Pool/Spa		None		Similar				Similar			
Patios/Decks		Patio		Similar				Similar			
Fencing		Rear		Similar				Similar			
Fireplace(s)		None		Similar				Similar			
Kitchen Equipment		Average		Similar				Similar			
Other		None		Similar				Similar			
Gross Adjustments						\$28,150				\$74,805	
Net Adjustments						\$28,150				\$46,615	
Adjusted Retail Value						\$712,228				\$751,381	
Concluded Retail Value		\$730,000									
Indicated Value Per SF		\$194.15									

Adjustments were necessary to account for differences between these homes and the subject's floor plan. The sales provide a range of indicators of \$712,228 to \$763,839. Guarded reliance is placed on Comparables 13 and 14, which represent pending sales rather than closed transactions where the exact contract price is known. Comparable 12 represents a sale from the same project, albeit with an earlier contract date and smaller floor plan. We have concluded an estimate of \$730,000 for this floor plan, which considers a slight premium for a modest improvement in market conditions.

Conclusion of Home Values

Based on the analysis herein, the market value conclusions for the homes are summarized in the following table.

Floor Plan Conclusions					
Floor Plan	Living Area (SF)	Room Count		Lot Size (SF)	Conclusion of Base Value
Legend - Residence 4	2,574	4	2.5	6,272	\$625,000
Legacy - Residence 1	3,005	4	3	6,012	\$630,000
Legend - Residence 5	3,379	4	3.5	7,349	\$700,000
Legend - Residence 5	3,395	4	3.5	8,353	\$705,000
Legend - Residence 6	3,579	4	4.5	7,394	\$715,000
Legend - Residence 7	3,760	4	4.5	8,350	\$730,000

Lot Valuation – Extraction Analysis

In order to estimate a finished lot value, we utilize an extraction (residual) analysis that takes into account home prices, direct and indirect construction costs, accrued depreciation and developer's incentive in order to arrive at an estimate of finished lot value. The elements of the extraction technique are discussed below.

Revenue

Of the 16 remaining vacant lots, they have an average lot size of 7,653 square feet. Based on the Residential Market section of this report and considering current asking prices, we estimate a typical average-sized home on the subject would contain approximately 3,000 square feet and would have a corresponding base price of \$670,000, inclusive of bonds. These estimates will be utilized in the extraction analysis.

Expense Projections

As part of an ongoing effort to assemble market information, the table below reflects survey responses and developer budget information for numerous single-family residential subdivisions throughout the Northern California region.

Subdivision Budgets												
Developer Classification	Budget Date	No. of Unit	Quality	Avg. Home Size (SF)	G & A % of Revenue	Mkt & Sales % of Revenue	Direct Costs/SF	Indirect % of Direct Costs	Site Costs/Lot	Permits & Fees/Unit	Cost per Model	Profit % of Revenue
Regional	2019	84	Average	2,349	4.0%	2.6%	\$90.21	14%	N/Av	\$46,576	\$106,667	12.6%
Local	2019	48	Average	2,545	2.1%	5.7%	\$88.47	21%	\$63,645	\$72,300	\$133,333	6.8%
Regional	2018	88	Average	2,421	N/Av	N/Av	\$81	N/Av	\$43,843	\$68,879	N/Av	N/Av
Regional	2018	112	Average	N/Av	5.0%	5.0%	\$85	N/Av	\$50,000	\$67,000	\$40,000	15.0%
Local	2018	35	Average	2,371	N/Av	N/Av	\$77.00	N/Av	N/Av	\$50,613	N/Av	N/Av
Regional	2018	16	Good	2,765	N/Av	N/Av	\$83.88	N/Av	N/Av	\$57,097	N/Av	N/Av
Regional	2018	46	Good	1,946	N/Av	N/Av	\$105.00	N/Av	N/Av	\$28,370	N/Av	N/Av
Regional	2018	60	Average	2,179	N/Av	N/Av	\$61.52	N/Av	\$61,030	\$65,149	N/Av	N/Av
Regional	2018	83	Average	1,728	N/Av	N/Av	\$69.50	N/Av	\$63,568	\$68,864	N/Av	N/Av
Regional	2018	90	Average	2,502	N/Av	N/Av	N/Av	N/Av	\$93,027	\$63,750	N/Av	N/Av
Local	2018	44	Average	2,114	N/Av	N/Av	\$86.00	N/Av	\$68,524	\$39,525	N/Av	N/Av
Regional	2017	147	Average	2,100	N/Av	N/Av	\$73.00	N/Av	\$35,000	\$44,000	\$80,000	N/Av
Regional	2017	44	Average	2,171	5.0%	5.0%	\$84.85	6%	\$68,524	\$33,323	N/Av	N/Av
Local	2017	46	Average	1,874	N/Av	N/Av	\$90.33	14%	\$51,807	\$23,332	N/Av	N/Av
Regional	2017	94	Average	2,188	5.0%	6.2%	\$80.54	11%	N/Av	\$35,000	\$41,512	10.1%
National	2017	38	Average	2,078	N/Av	N/Av	\$62.70	N/Av	N/Av	\$46,822	N/Av	N/Av
Regional	2016	42	Good	2,152	N/Av	1.3%	\$78.26	29%	\$46,977	\$29,290	\$67,500	11.1%
Local	2016	32	Good	2,614	2.0%	5.1%	\$72.46	12%	\$64,490	\$46,000	\$27,372	8.8%

Information from the survey above will contribute to the estimate of development expenses classified as follows.

General and Administrative

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.5% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 3.0% for general and administrative expenses.

Marketing and Sale

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. A figure of 6.0%, or 3.0% for marketing and 3.0% for sales, is estimated in the marketing and sales expense category.

Direct and Indirect Construction Costs

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Direct costs generally are lower per square foot for larger floor plans, all else being equal, due to economies of scale. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle. Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

Recent conversations with homebuilders confirm construction costs have increased over the last 12 months; consequently, based on the cost comparables, and considering the product line under development, a direct cost estimate of \$85 per square foot is applied to the 3,000 square foot home.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator
- Interest reserve

Conversations with homebuilders indicate the indirect costs generally range anywhere from 10% to 15% of the direct costs (excluding marketing, sales, general and administrative expenses, taxes, which are accounted for separately). An estimate of 15% is considered reasonable for the subject.

Permits and Fees

As noted, permits and fees due at building permit are projected to total \$53,458 per lot.

Accrued Depreciation

For new construction on the subject, an allocation for depreciation (physical, functional, or economic) is not applicable.

Developer's Incentive

According to industry sources, developer's incentive (profit) historically has ranged anywhere from 5% to 25%, with a predominate range of 5% to 15%. This is consistent with our survey presented earlier in this section, which ranged from 6.8% to 15.0%. Profit is based on the perceived risk associated with the development. Low profit expectations are typical for projects focused on more affordable product with faster sales rates. Higher profit expectations are common in projects with more risk such as developments where sales rates are slower, project size produces an extended holding period or the product type is considered weak or untested.

Elements affecting profit include location, supply/demand, anticipated risk, construction time frame and project type. Another element considered in profit expectations is for the development stage of a project. First phases typically generate a lower profit margin due to cautious or conservative pricing, as new subdivisions in competitive areas must become established to generate a fair market share. Additionally, up front development costs on first phases can produce lower profit margins.

Positive attributes of the subject property include:

- Approved entitlements
- Construction of horizontal improvements are underway
- Steady pricing and steady absorption in the area

There are generally few "negative" attributes associated with the subject property, other than the potential for deterioration in market conditions in the residential sector that would result from a change in macroeconomic factors (e.g., unemployment rates, interest rates, etc.). The prior table at the beginning of the Expense Projections discussion includes survey results for profit expectations of active home builders in the region.

Based on the preceding discussion and developer surveys, we have concluded an estimate of 12% for developer's incentive.

Conclusion

Our estimates of finished lot value for the subject's lots via the extraction analysis is presented on the following page.

Extraction Analysis

Revenue

Average Floor Plan Size	3,000 SF	
Typical Home Price (Total Consideration)		\$670,000

Expense Projections

G&A Costs	3.00% of Retail Value	\$20,100
Marketing/Sales	6.00% of Retail Value	\$40,200
Average Direct Costs	\$85.00 per SF	\$255,000
Indirect Costs	15.00% of Direct Costs	\$38,250
Permits and Fee	\$53,458 per lot	\$53,458
Developer's Incentive	12.00% of home price	\$80,400
		\$487,408

Residual Lot Value		\$182,592
	Rd.	\$183,000

As previously mentioned, 2 of the lots are under various stages of construction; as such, these will be valued as finished lots with no contributory value given the minimal vertical construction.

Based on the previous analyses, the estimates of market value, by ownership, subject to the impact of the Lien of the Special Tax securing the City of Tracy Community Facilities District No. 2016-2, Improvement Area 1 (ECFD) Bonds, as of October 10, 2019, are estimated in the following table.

Values by Ownership

Individual Homeowners	Lots/Parcels	Market Value
Finished Homes without AVs		
Legacy - Residence 1	1	\$630,000
Legend - Residence 7	1	\$730,000
Total	2	\$1,360,000
Woodside Homes		
Finished Lots	13	\$2,379,000
Total	13	\$2,379,000
Standard Pacific Corp.		
Finished Lots	3	\$549,000
Homes under Construction	2	\$366,000
Finished Homes without AVs		
Legend - Residence 4	1	\$625,000
Legend - Residence 5	1	\$700,000
Legend - Residence 5	1	\$705,000
Legend - Residence 6	1	\$715,000
Total	9	\$3,660,000
TOTAL		\$7,399,000

According to the master developer, Surland Communities, LLC, 16 of the 168 lots originally transferred to Standard Pacific Corp. (subsequently acquired by CalAtlantic Homes) were transferred back to

Surland Communities, LLC. Of the 16 lots, 13 were subsequently sold to Woodside Homes. The three remaining lots are reportedly still held by Surland Communities, LLC; however, the County of San Joaquin Tax Roll still reflects ownership of the three lots with Standard Pacific Corp. (cited above).

The balance of the taxable properties in Improvement Area No. 1 of the District include 275 single family homes with a complete assessed value for both land and improvements, which are not appraised herein.

Final Opinion of Value

As a result of our analysis, it is our opinion the cumulative, or aggregate, value of the appraised and assessed properties, in accordance with the assumptions and conditions set forth in the attached document, as of October 10, 2019, is as follows:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Aggregate Value of Appraised Properties	Fee Simple	October 10, 2019	\$7,399,000
Aggregate Value of Existing Homes based on Assessed Value	Fee Simple	October 10, 2019	\$163,322,334
Total Aggregate Value of Appraised and Assessed Properties in the District	Fee Simple	October 10, 2019	\$170,721,334

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The estimate of market value is subject to the hypothetical condition proceeds from the City of Tracy Community Facilities District No. 2016-2 (ECFD) Bonds are available to reimburse the master developer for certain public improvements associated with the Ellis Community Facilities District.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local land market, it is our opinion that the probable exposure time for the subject at the concluded market values stated previously is 12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject in bulk is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 12 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have previously appraised the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Eric Segal, MAI, and Kari Tatton have personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Eric Segal, MAI, and Kevin Ziegenmeyer, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.



Eric Segal, MAI
 Certified General Real Estate Appraiser
 California Certificate # AG026558



Kevin Ziegenmeyer, MAI
 Certified General Real Estate Appraiser
 California Certificate # AG013567



Kari Tatton
 Certified General Real Estate
 California Certificate # 3002218

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Sacramento, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. Integra Realty Resources – Sacramento is not a building or environmental inspector. Integra Sacramento does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Sacramento, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The estimate of market value is subject to the hypothetical condition proceeds from the City of Tracy Community Facilities District No. 2016-2 (ECFD) Bonds are available to reimburse the master developer for certain public improvements associated with the Ellis Community Facilities District.
-

Addendum A

Appraiser Qualifications

Eric Segal, MAI

Experience

Mr. Segal is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for Richard Seevers and Associates. By 1999, he began writing narrative appraisal reports covering a variety of commercial properties, with an emphasis on residential master planned communities and subdivisions. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, and specializes in the appraisal of Mello-Roos Community Facilities Districts and Assessment Districts for land-secured municipal financings, as well as multifamily developments under the U.S. Department of Housing and Urban Development's Multifamily Accelerated Processing (MAP) Guide. He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities of San Francisco, Monterey, Alameda and San Mateo. He has developed the experience and background necessary to deal with complex assignments covering an array of property types. Eric is currently Managing Director of the Integra-San Francisco office and Senior Managing Director of the Integra-Sacramento office.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute, January 2016

Licenses

California, Certified General, AG026558, Expires February 2021

Nevada, Certified General, A.0207666-CG, Expires January 2019

Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice

Appraisal Principles

Basic Income Capitalization

Highest & Best Use and Market Analysis

Advanced Income Capitalization

Report Writing and Valuation Analysis

Self-Storage Economics and Appraisal Seminar

Appraisal Litigation Practice and Courtroom Management

Hotel Valuations: New Techniques for today's Uncertain Times

Computer Enhanced Cash Flow Modeling

Advanced Sales Comparison & Cost Approaches

Advanced Applications

Supervisor-Trainee Course for California

Integra Realty Resources Sacramento

3825 Atherton Rd
500
Rocklin, CA 95765

T 916-435-3883
F 916-435-4774

irr.com





Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Eric A. Segal

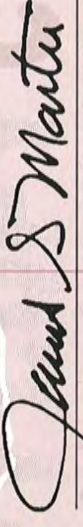
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 026558

Effective Date: February 19, 2019
Date Expires: February 18, 2021


Jim Martin, Bureau Chief, BREA

3044479

Kevin Ziegenmeyer, MAI

Experience

Mr. Ziegenmeyer is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1989, Mr. Ziegenmeyer began his career in real estate as a controller for a commercial and residential real estate development corporation. In 1991 he began appraising and continued to be involved in appraisal assignments covering a wide variety of properties, including office, retail, industrial, residential income and subdivisions throughout the Central Valley area of California, Northern Nevada, and within the Sacramento Metropolitan Area. Over the past several years, Mr. Ziegenmeyer has handled many of the firm's master-planned property appraisals and has developed expertise in the valuation of Community Facilities Districts and Assessment Districts. In early 2015, Mr. Ziegenmeyer obtained the Appraisal Institute's MAI designation. Kevin is currently Senior Managing Director of the Integra-San Francisco office and Managing Director of the Integra-Sacramento office.

Licenses

California, Certified General Real Estate Appraiser, AG013567, Expires June 2019

Education

Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C

Basic Valuation Procedures

Real Estate Appraisal Principles

Capitalization Theory and Techniques, Part A

Advanced Income Capitalization

Report Writing and Valuation Analysis

Advanced Applications

IRS Valuation Summit I & II

2008, 2009, 2010 & 2011 Economic Forecast

Business Practices and Ethics

Contemporary Appraisal Issues with Small Business Administration Financing

General Demonstration Appraisal Report Writing Seminar

7-Hour National USPAP Update Course

Valuation of Easements and Other Partial Interests

2009 Summer Conference

Uniform Appraisal Standards for Federal Land Acquisitions

2008 Economic Update

Valuation of Conservation Easements

Subdivision Valuation

2005 Annual Fall Conference

General Comprehensive Exam Module I, II, III & IV

Advanced Income Capitalization

Advanced Sales Comparison & Cost Approaches

2004 Central CA Market Update

Computer-Enhanced Cash Flow Modeling

Forecast 2000, 2001, 2002, 2003 & 2004

Land Valuation Assignments

Integra Realty Resources
San Francisco

San Francisco, CA 95765

T 916-435-3883

F 916-435-4774

irr.com

kziegenmeyer@irr.com - 916-435-3883 x224



Kevin Ziegenmeyer, MAI

Education (Cont'd)

Land Valuation Adjustment Procedures
Highest & Best Use and Market Analysis
Entitlements, Land Subdivision & Valuation
Real Estate Value Cycles
El Dorado Hills Housing Symposium
Federal Land Exchanges
M & S Computer Cost-Estimating, Nonresidential

Integra Realty Resources
San Francisco

San Francisco, CA 95765

T 916-435-3883

F 916-435-4774

irr.com





Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Kevin K. Ziegenmeyer

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 013567

Effective Date: June 5, 2017
Date Expires: June 4, 2019


Jim Martin, Bureau Chief, BREAA

3034684

Kari Tatton

Experience

Ms. Tatton is a Certified General real estate appraiser. After completing her bachelor's degree at California State University, Sacramento, Ms. Tatton began her career in real estate in March 2011, and has been writing narrative appraisal reports for a variety of commercial properties including office, retail, industrial, multifamily housing, land and special-purpose properties including self-storage facilities, religious facilities, schools and auto dealerships. She specializes in the appraisal of residential master planned communities and subdivisions, as well as Mello-Roos and Assessment Districts for land-secured municipal financings.

Licenses

California, Certified General Real Estate, 3002218, Expires June 2020

Education

Academic:

Bachelor of Arts in Interior Design (Concentration in Interior Architecture)
California State University, Sacramento

Appraisal and Real Estate Courses:

Basic Appraisal Principles
Basic Appraisal Procedures
Site Valuation & Cost Approach
General Market Analysis & Highest and Best Use
Sales Comparison Approach
Income Capitalization Approach Part I
Income Capitalization Approach Part II
General Appraiser Report Writing and Case Studies
Appraisal of Fast Food Facilities
Appraising Small Apartment Properties
Appraisal of Land Subject to Ground Leases
Appraising Automobile Dealerships

Integra Realty Resources
Sacramento

3825 Atherton Rd
500
Rocklin, CA 95765

T 916-435-3883
F 916-435-4774

irr.com





Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Kari M. Tatton

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3002218

Effective Date: June 2, 2018
Date Expires: June 1, 2020


Jim Martin, Bureau Chief, BREA

3040303

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal or review opinion applies.
2. In a lease document, the date upon which the lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of

development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.

2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.

Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Addendum C

Value by APN

Address	Subdivision	Inspection Status	Property Owner (2019/20)	Appraised Value	Total Assessed Value
2256 MELISSA	WAY	Legend	Completed/Sold	Karthikeyan & Sharmila Rajangam	\$617,100
2236 MELISSA	WAY	Legend	Completed/Sold	Rajagopalan Velamur & Divya Srinivasan	\$652,698
2226 MELISSA	WAY	Legend	Completed/Sold	Amarjit S Khinda	\$644,943
2216 MELISSA	WAY	Legend	Completed/Sold	Rajnish K & Sanjana S Singh	\$759,861
4160 COMSTOCK	PL	Legend	Completed/Sold	Joseph R & Angelina R Tassano	\$606,862
4140 COMSTOCK	PL	Legend	Completed/Sold	Simon Nicola & Sally K Michael	\$639,846
4120 COMSTOCK	PL	Legend	Completed/Sold	Nadir Mohammad Nabi	\$655,347
4100 COMSTOCK	PL	Legend	Completed/Sold	Luat V & Emily R Do	\$603,327
4080 COMSTOCK	PL	Legend	Completed/Sold	Jeffery M & Shelli R Grimes	\$644,433
4060 COMSTOCK	PL	Legend	Completed/Sold	Randall & Sandra Jean Sugiyama	\$649,729
4040 COMSTOCK	PL	Legend	Completed/Sold	Juveria Aleem	\$665,751
4020 COMSTOCK	PL	Legend	Completed/Sold	Loveleen Kaur	\$645,047
2220 ELLIS TOWN	DR	Landmark	Completed/Sold	Merthlyn Augusta Bergan	\$670,000
2230 ELLIS TOWN	DR	Landmark	Completed/Sold	Gaurav & Kachari Dipty Saikia	\$680,000
2240 ELLIS TOWN	DR	Landmark	Completed/Sold	Santokh S & Jaspreet Bhullar	\$680,000
2250 ELLIS TOWN	DR	Landmark	Completed/Sold	Renuka Renu Singh	\$650,000
2260 ELLIS TOWN	DR	Landmark	Completed/Sold	Muralikrishna Venkata & Atmakury Padmaja N Nanduri	\$648,349
2270 ELLIS TOWN	DR	Landmark	Completed/Sold	Masood & Nasiri Khalida Sattari	\$642,729
2280 ELLIS TOWN	DR	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2290 ELLIS TOWN	DR	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2300 ELLIS TOWN	DR	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2310 ELLIS TOWN	DR	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2299 JESSICA	WAY	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2289 JESSICA	WAY	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2279 JESSICA	WAY	Landmark	Completed/Sold	Michael Doyle & Karen Marie Schaffner	\$639,717
2269 JESSICA	WAY	Landmark	Completed/Sold	Laxmi N Ganji Venkata	\$636,290
2259 JESSICA	WAY	Landmark	Completed/Sold	Frank Carlos & Christina Siller Alviso	\$640,868
2249 JESSICA	WAY	Landmark	Completed/Sold	Anthony Chenglian & Fiona Lee	\$578,000
2239 JESSICA	WAY	Landmark	Completed/Sold	Jiayi & Wen Zhuo Xing Chen	\$627,516
2229 JESSICA	WAY	Landmark	Completed/Sold	Patrick Dale Santos	\$609,108
2228 JESSICA	WAY	Legend	Completed/Sold	Paulo Jorge Sena & Racheal Mae Guerra	\$597,414
2238 JESSICA	WAY	Legend	Completed/Sold	Standard Pacific Corp	\$625,000
2248 JESSICA	WAY	Legend	Completed/Sold	Standard Pacific Corp	\$715,000
2268 JESSICA	WAY	Legend	Completed/Sold	Kochai & Khatol Saleh	\$730,000
2288 JESSICA	WAY	Legend	Completed/Sold	Standard Pacific Corp	\$700,000
2298 JESSICA	WAY	Legend	Completed/Sold	Standard Pacific Corp	\$705,000
2257 MELISSA	WAY	Legend	Completed/Sold	Angelus Casmir & Julia Suganthi Djugash	\$629,151
2247 MELISSA	WAY	Legend	Completed/Sold	Robert A & Stephenie Lindner	\$716,839
2237 MELISSA	WAY	Legend	Completed/Sold	Jerome & Torrie Grady	\$717,738
2227 MELISSA	WAY	Legend	Completed/Sold	Garcia Maral Behnam	\$637,500
3961 COMSTOCK	PL	--	Under Construction	Standard Pacific Corp	\$183,000
3931 COMSTOCK	PL	Legacy	Completed/Sold	Standard Pacific Corp	\$444,200
3891 COMSTOCK	PL	Legacy	Completed/Sold	Standard Pacific Corp	\$459,806
3861 COMSTOCK	PL	Legacy	Completed/Sold	Standard Pacific Corp	\$475,412
3831 COMSTOCK	PL	Legacy	Completed/Sold	Ashish Patel	\$630,000
3968 SANTA FE	LN	Legend	Under Construction	Standard Pacific Corp	\$183,000
3938 SANTA FE	LN	Legend	Completed/Sold	Standard Pacific Corp	\$397,382
3888 SANTA FE	LN	Legend	Completed/Sold	Standard Pacific Corp	\$485,816
3838 SANTA FE	LN	Legend	Completed/Sold	Standard Pacific Corp	\$511,826
2255 AUGUSTA	AVE	Legend	Completed/Sold	Standard Pacific Corp	\$527,432
2261 AUGUSTA	AVE	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2265 AUGUSTA	AVE	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2271 AUGUSTA	AVE	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2275 AUGUSTA	AVE	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2281 AUGUSTA	AVE	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2285 AUGUSTA	AVE	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2291 AUGUSTA	AVE	Stanford	Vacant Lot	Woodside 05N Lp	\$183,000
2295 AUGUSTA	AVE	Legacy	Completed/Sold	Ahmed & Raihanah Nulla	\$624,135
2301 AUGUSTA	AVE	Legacy	Completed/Sold	Lu & Jiliang Chen	\$606,448
2305 AUGUSTA	AVE	Legacy	Completed/Sold	Matthew V & Sophia Z Lowe	\$608,529
2311 AUGUSTA	AVE	Legacy	Completed/Sold	Milind V & Vandana M Pawar	\$622,098
2315 AUGUSTA	AVE	Legacy	Completed/Sold	Krishna Yerrapragada	\$641,580
2326 MEMORY	LN	Legacy	Completed/Sold	Franco Tramontana	\$606,900
2316 MEMORY	LN	Legacy	Completed/Sold	Bhavana A Koratkar	\$600,830
2306 MEMORY	LN	Legacy	Completed/Sold	Jeanette J Leach	\$567,018
2296 MEMORY	LN	Legacy	Completed/Sold	Ruben Valencia & Bellma Elizabeth Pardo	\$589,282
2286 MEMORY	LN	Legacy	Completed/Sold	Michael W & Nicole V Farris	\$589,802
2276 MEMORY	LN	--	Vacant Lot	Standard Pacific Corp	\$183,000
3952 SUMMIT	DR	Landmark	Completed/Sold	Vener & Maria Llacuna	\$572,115
3942 SUMMIT	DR	Landmark	Completed/Sold	Douglas Thompson	\$561,815
3932 SUMMIT	DR	--	Vacant Lot	Standard Pacific Corp	\$183,000
2297 MEMORY	LN	--	Vacant Lot	Standard Pacific Corp	\$183,000
2459 FLAG STOP	WAY	Legend	Completed/Sold	Andrew R Martinez	\$621,180
2469 FLAG STOP	WAY	Legend	Completed/Sold	Gerald M & Michelle C Evangelista	\$652,209
2479 FLAG STOP	WAY	Legend	Completed/Sold	Marion May Shoopman	\$601,698
2489 FLAG STOP	WAY	Legend	Completed/Sold	Thomas F & Misty M Blaskey	\$668,100
2499 FLAG STOP	WAY	Legend	Completed/Sold	Bryan A & Brandi N Marotta	\$695,488
3895 AVALON	ST	Legend	Completed/Sold	Jean M Perry	\$684,454
3915 AVALON	ST	Legend	Completed/Sold	Matthew & Rebecca Jensen	\$625,158
3935 AVALON	ST	Legend	Completed/Sold	Leonardo & Pinky Payba	\$619,676

3955	AVALON	ST	Legend	Completed/Sold	Matthew Aaron & Lija Vilma Fellows	\$611,898
3975	AVALON	ST	Legend	Completed/Sold	Mark & Rosemary Hinojosa	\$724,098
4015	AVALON	ST	Legend	Completed/Sold	Senthil Raja & Senthilraja Velam Jayanthi Velu	\$747,660
4035	AVALON	ST	Legend	Completed/Sold	Adrian Carr & Amy Nicole Jimenez	\$657,248
4055	AVALON	ST	Legend	Completed/Sold	Suresh & Vyjayanthi S Biligiri	\$655,505
4075	AVALON	ST	Legend	Completed/Sold	Clinton David & Natalie Marie Johnson	\$674,340
2465	KINGSBURG	CT	Legend	Completed/Sold	Ajiboro & Folashade Akinyemi	\$759,938
2485	KINGSBURG	CT	Legend	Completed/Sold	Jeffrey E & Judith M McNabb	\$703,698
4007	LONG	AVE	Legend	Completed/Sold	Joseph I & Catherine M Valerio	\$674,116
4037	LONG	AVE	Legend	Completed/Sold	John & Brenda C Ruiz	\$660,100
4047	LONG	AVE	Legacy	Completed/Sold	Navpreet Singh & Jovjot Kaur Sidhu	\$576,120
4057	LONG	AVE	Legacy	Completed/Sold	Laxman & Lata Jethani	\$571,098
4086	LONG	AVE	Landmark	Completed/Sold	James & Voncille Booker	\$607,488
4076	LONG	AVE	Landmark	Completed/Sold	Eric Michael & Sherry Yuen Lee	\$576,198
4066	LONG	AVE	Landmark	Completed/Sold	Ashneel & Shamila D Narayan	\$566,610
4056	LONG	AVE	Landmark	Completed/Sold	Paul Paniculam & Michele Francis	\$544,680
4046	LONG	AVE	Landmark	Completed/Sold	Alexander D & Jessica L Paredes	\$610,878
4036	LONG	AVE	Legend	Completed/Sold	Hytham Abou & Marifel Reyes Youssef	\$677,332
4026	LONG	AVE	Legend	Completed/Sold	Madhav & Deepali Datta	\$593,685
4016	LONG	AVE	Legend	Completed/Sold	Albert Joseph & Jennifer De Z Holtman	\$684,799
4006	LONG	AVE	Legend	Completed/Sold	Ismail & Fatna Raji	\$652,800
2478	FLAG STOP	WAY	Legend	Completed/Sold	Brian Richard & Stephanie Mika Fernandez	\$642,498
2468	FLAG STOP	WAY	Legend	Completed/Sold	Christopher J & Leticia M Ferrara	\$671,057
3933	SUMMIT	DR	Landmark	Completed/Sold	Isreal & Angela C Benavides	\$659,891
3943	SUMMIT	DR	Landmark	Completed/Sold	Chiunti Robin Rennee & Nicole Narducci	\$564,499
3953	SUMMIT	DR	Landmark	Completed/Sold	Francisco Hernandez	\$561,711
3963	SUMMIT	DR	Landmark	Completed/Sold	Edward Joseph & Tanya Sue Scollon	\$571,098
3973	SUMMIT	DR	Landmark	Completed/Sold	D Angel Ann Armijo	\$551,411
3983	SUMMIT	DR	Landmark	Completed/Sold	Jeremy R & Whitney F Ernst	\$578,340
3993	SUMMIT	DR	Landmark	Completed/Sold	Shaohua Wang	\$544,024
4003	SUMMIT	DR	Landmark	Completed/Sold	Dwayne M & Jamica N Pierson	\$572,115
2484	KINGSBURG	CT	Landmark	Completed/Sold	Jayadev Rudrayya & Dipti Hiremath	\$664,742
2464	KINGSBURG	CT	Landmark	Completed/Sold	Charles D & Turner August Sheena Marie August	\$725,756
2454	KINGSBURG	CT	Landmark	Completed/Sold	Teresa Dominguez	\$658,046
4067	LONG	AVE	Legacy	Completed/Sold	Jarod Wayne & Kerry Ann Burke	\$618,018
2373	AUGUSTA	AVE	Legacy	Completed/Sold	Michael George Cinco & Michelle Taitag Rante	\$622,098
2383	AUGUSTA	AVE	Legacy	Completed/Sold	Shashank Reddi	\$576,300
2393	AUGUSTA	AVE	Legacy	Completed/Sold	J Jesus & Maria Guadalupe Maciel	\$601,800
2403	AUGUSTA	AVE	Legacy	Completed/Sold	Ravindranath & Swathi Gunturu	\$612,000
2413	AUGUSTA	AVE	Legacy	Completed/Sold	Earl Percy Walker	\$588,438
2423	AUGUSTA	AVE	Legacy	Completed/Sold	Mark S & Mei S Fong	\$719,357
4234	AVALON	ST	Legacy	Completed/Sold	Melissa M Lewis	\$612,000
4214	AVALON	ST	Legacy	Completed/Sold	Dao Huu & Le Phuong Uyen Huynh	\$652,800
4174	AVALON	ST	Legacy	Completed/Sold	Kiran Kumar & Nagaraj Deeksha Mohan	\$622,098
4135	AVALON	ST	Landmark	Completed/Sold	Ramy Youssef & Reham Shawky Ghabrial	\$677,805
4155	AVALON	ST	Landmark	Completed/Sold	Shashikant D & Rohini S Kulkarni	\$760,818
4175	AVALON	ST	Landmark	Completed/Sold	Praveen Kumar Rachakonda	\$669,018
4215	AVALON	ST	Landmark	Completed/Sold	Standard Pacific Corp	\$492,650
4235	AVALON	ST	Landmark	Completed/Sold	Hugh Nguyen	\$614,384
4255	AVALON	ST	Landmark	Completed/Sold	Anup Kumar & Bhavna Chandra Mathur	\$665,598
4275	AVALON	ST	Landmark	Completed/Sold	Anthony & Rhoda Joy Adona	\$611,032
2502	AUGUSTA	AVE	Landmark	Completed/Sold	Arunkumar Dharmapuri & Karthikeyan Senba Ilangovan	\$610,000
2482	AUGUSTA	AVE	Landmark	Completed/Sold	Adrian S & Mitchell Courtney S Moreno	\$567,480
2472	AUGUSTA	AVE	Landmark	Completed/Sold	Venkata Vidya Bhushan & Gundu Prerana Tipparaju	\$622,098
2471	ELLIS TOWN	DR	Landmark	Completed/Sold	Steven & Michelle Vandegraaf	\$622,098
2481	ELLIS TOWN	DR	Landmark	Completed/Sold	Kounthea Hok	\$603,537
2491	ELLIS TOWN	DR	Landmark	Completed/Sold	Jenah Cabana	\$571,882
2501	ELLIS TOWN	DR	Landmark	Completed/Sold	Yauhen & Dubovskaya Ellada Dubouski	\$603,732
2462	AUGUSTA	AVE	Landmark	Completed/Sold	Robert & Castillo Janell Jurrie Romero	\$584,240
2452	AUGUSTA	AVE	Landmark	Completed/Sold	Cassandra K Liang	\$561,204
2442	AUGUSTA	AVE	Landmark	Completed/Sold	Frank Theodore & Elvira Adame B Petropoulos	\$571,531
2432	AUGUSTA	AVE	Landmark	Completed/Sold	Richard Louis & Tiffany Christine Helzer	\$586,204
2422	AUGUSTA	AVE	Landmark	Completed/Sold	Salvador L & Jennyvhee F Asido	\$574,158
2412	AUGUSTA	AVE	Landmark	Completed/Sold	Yijiang & Liu Yuzhen Wang	\$556,589
2402	AUGUSTA	AVE	Landmark	Completed/Sold	Dennis Ramirez	\$567,828
2392	AUGUSTA	AVE	Landmark	Completed/Sold	John & Margaret Mchenry	\$621,498
2382	AUGUSTA	AVE	Landmark	Completed/Sold	Boris Danlin	\$590,478
2372	AUGUSTA	AVE	Landmark	Completed/Sold	Stefanie R Price	\$544,791
2362	AUGUSTA	AVE	Landmark	Completed/Sold	Reginald L & Kayla Rene Baker	\$550,800
2352	AUGUSTA	AVE	Landmark	Completed/Sold	Ranie Nalini Datt	\$575,178
2342	AUGUSTA	AVE	Landmark	Completed/Sold	Gary Daniel Kendzerski	\$540,600
2332	AUGUSTA	AVE	Landmark	Completed/Sold	Genevieve H & Gladys M Laron	\$568,158
2322	AUGUSTA	AVE	Landmark	Completed/Sold	Philip D & Ting K Santos	\$584,396
2321	ELLIS TOWN	DR	Landmark	Completed/Sold	Doris Beatryz Cohen	\$575,892
2331	ELLIS TOWN	DR	Landmark	Completed/Sold	Robert Hugh & Kimberly A Defrancis	\$564,217
2341	ELLIS TOWN	DR	Landmark	Completed/Sold	Cynthia Manglona	\$580,767
2351	ELLIS TOWN	DR	Landmark	Completed/Sold	Jawid S Sadaat	\$585,661
2361	ELLIS TOWN	DR	Landmark	Completed/Sold	Iqbal Singh & Gagandeep Kaur Grewal	\$563,679
2371	ELLIS TOWN	DR	Landmark	Completed/Sold	Ahmed & Yumna Hasan	\$552,876
2381	ELLIS TOWN	DR	Landmark	Completed/Sold	Nico Masoni & Amanda Leigh Sandoval	\$574,260
2391	ELLIS TOWN	DR	Landmark	Completed/Sold	Rhovic P & Maricris S Oana	\$599,658

2401	ELLIS TOWN	DR	Landmark	Completed/Sold	David Sam & Kheng Muy Lim	\$541,448
2411	ELLIS TOWN	DR	Landmark	Completed/Sold	Daniel R & Lia M Besse	\$638,418
2421	ELLIS TOWN	DR	Landmark	Completed/Sold	Glenski Anastasia Mosher	\$586,500
2431	ELLIS TOWN	DR	Landmark	Completed/Sold	Arthur & Tran Phuong Hue Shyy	\$564,494
2541	ELLIS TOWN	DR	Landmark	Completed/Sold	Michael J Romans Rowe	\$621,919
2451	ELLIS TOWN	DR	Landmark	Completed/Sold	Mukesh K Puri	\$601,698
2461	ELLIS TOWN	DR	Landmark	Completed/Sold	Pablo J & Franco Virginia Ortega	\$612,000
2450	ELLIS TOWN	DR	Landmark	Completed/Sold	Nathan & Erica Stoll	\$628,134
2460	ELLIS TOWN	DR	Landmark	Completed/Sold	Karthikeyan Suriya & Paneerselvam Archana Moorthy	\$634,604
2470	ELLIS TOWN	DR	Landmark	Completed/Sold	Sebastian Guillermo & Garcia Mirna Sol Siniscalchi	\$609,234
2480	ELLIS TOWN	DR	Landmark	Completed/Sold	Visvabalaji & Balasubramanian Gayat Vaithiyalingam	\$583,100
2490	ELLIS TOWN	DR	Landmark	Completed/Sold	Vamsi Krishna Pendyala Satya Sundara	\$659,900
2500	ELLIS TOWN	DR	Landmark	Completed/Sold	Ronald & Ramcharan Amritha Priya Ramdhan	\$604,183
2510	ELLIS TOWN	DR	Landmark	Completed/Sold	Muniasamy & Muniasamy Dhanalakshmi Dharmalingam	\$608,555
2519	CORDELIA	LN	Landmark	Completed/Sold	Li Zhang	\$584,766
2509	CORDELIA	LN	Landmark	Completed/Sold	Emerito Dizon & Maria Victoria Cordero	\$626,143
2499	CORDELIA	LN	Landmark	Completed/Sold	Chi On Ricky & Mok Yin King Lai	\$601,781
2489	CORDELIA	LN	Landmark	Completed/Sold	Hari Hara Balan & Balan Vijayarek Shanmugasundaram	\$621,683
2479	CORDELIA	LN	Landmark	Completed/Sold	Sanchez Jorge Francisco & Cano Oviedo Denisse Ruiz	\$582,084
2469	CORDELIA	LN	Landmark	Completed/Sold	Anthony Ybarra	\$601,350
2459	CORDELIA	LN	Landmark	Completed/Sold	Prashant Jhanwar	\$604,141
2449	CORDELIA	LN	Landmark	Completed/Sold	Casey Allen Blair	\$575,607
2439	CORDELIA	LN	Landmark	Completed/Sold	Joel R & Villarente Michelle V Hipol	\$615,000
4473	AVALON	ST	Legend	Completed/Sold	Gurdev & Kaur Jaswinder Singh	\$641,450
4483	AVALON	ST	Legend	Completed/Sold	Jeff Lawrence Liamzon & Maryanne M Angeles	\$623,738
4493	AVALON	ST	Legend	Completed/Sold	Sanjana Baria	\$665,299
4491	MARTHA	AVE	Legend	Completed/Sold	Mohammad Zahir & Nawin S Nabi	\$698,511
4511	MARTHA	AVE	Legend	Completed/Sold	Virginia E Martinez	\$775,294
4531	MARTHA	AVE	Legend	Completed/Sold	Michael J & Nanette T Abril	\$702,950
4551	MARTHA	AVE	Legend	Completed/Sold	Arthur & Chantal Thompson	\$681,567
4552	BEAUMONT	AVE	Legend	Completed/Sold	Shahin & Nasim Khosravi Foroutan	\$393,912
4532	BEAUMONT	AVE	Legend	Completed/Sold	Saurabh & Ritu Tailang	\$727,807
4512	BEAUMONT	AVE	Legend	Completed/Sold	Pamela A Pope	\$671,375
2458	CORDELIA	LN	Legend	Completed/Sold	Pralhad & Samant Vaishali Desai	\$679,555
2448	CORDELIA	LN	Legend	Completed/Sold	Nguyen Ky & Do Hao Phan	\$753,020
4493	BEAUMONT	AVE	Legend	Completed/Sold	Elba Oliva Garcia & Lugo Fernando Guzman Sandoval	\$699,900
4513	BEAUMONT	AVE	Legend	Completed/Sold	Abdullah & Zabina Nasser	\$699,118
4533	BEAUMONT	AVE	Legend	Completed/Sold	Navin & Sahay Ekta Verma	\$696,165
4553	BEAUMONT	AVE	Legend	Completed/Sold	Santhosh R & Julukuntla Nikhila Gangula	\$367,912
4554	MCKENZIE	AVE	Legend	Completed/Sold	Calatlantic Group Inc	\$381,412
4534	MCKENZIE	AVE	Legend	Completed/Sold	Gurjit Singh & Maninder Chahal	\$730,000
4514	MCKENZIE	AVE	Legend	Completed/Sold	Zachary Collin & Jennifer Do Rutherford	\$654,961
4515	MCKENZIE	AVE	Legend	Completed/Sold	Massoud Ahmad Rustakhis	\$713,391
4535	MCKENZIE	AVE	Legend	Completed/Sold	Donald Cornel & Elaine Marie Wright	\$662,863
4555	MCKENZIE	AVE	Legend	Completed/Sold	Sagul Hameed Mohamed & Kamila Ayeesha Haneefa	\$381,412
4611	MARTHA	AVE	Legend	Completed/Sold	Shakti & Tangri Neetu Kumar	\$500,912
4631	MARTHA	AVE	Legend	Completed/Sold	James Donald & Jessica Eve Hunt	\$550,912
4651	MARTHA	AVE	Legend	Completed/Sold	Kumar & Kumar Tamizharasi Saravanan	\$500,912
4671	MARTHA	AVE	Legend	Completed/Sold	Muthukumar & Sundaram Silambuch Rethinakaleeswaran	\$515,912
4672	BEAUMONT	AVE	Legend	Completed/Sold	Ranjith & Shanmugasundaram Sasirekha Viswanathan	\$370,912
4652	BEAUMONT	AVE	Legend	Completed/Sold	Kourosh Ettessam	\$392,912
4632	BEAUMONT	AVE	Legend	Completed/Sold	Victor Rene Monterroso	\$381,412
4612	BEAUMONT	AVE	Legend	Completed/Sold	Calatlantic Group Inc	\$308,912
4613	BEAUMONT	AVE	Legend	Completed/Sold	Alfonso Moreno & Maria Guadalupe Alvarez	\$335,912
4633	BEAUMONT	AVE	Legend	Completed/Sold	Paramesh Siddesha	\$393,912
4653	BEAUMONT	AVE	Legend	Completed/Sold	Mark Allen Meder	\$389,912
4673	BEAUMONT	AVE	Legend	Completed/Sold	Gurpreet Singh Deo	\$332,412
4674	MCKENZIE	AVE	Legend	Completed/Sold	Vanessa Lipstein	\$262,912
4654	MCKENZIE	AVE	Legend	Completed/Sold	Calatlantic Group Inc	\$271,412
4634	MCKENZIE	AVE	Legend	Completed/Sold	Calatlantic Group Inc	\$278,912
4614	MCKENZIE	AVE	Legend	Completed/Sold	Calatlantic Group Inc	\$222,912
4615	MCKENZIE	AVE	Legend	Completed/Sold	Mahendra Singh & Singh Premila Devi Chahal	\$278,912
4635	MCKENZIE	AVE	Legend	Completed/Sold	Calatlantic Group Inc	\$222,912
4655	MCKENZIE	AVE	Legend	Completed/Sold	Manjinder Pal & Kaur Baljeet Singh	\$271,412
4675	MCKENZIE	AVE	Legend	Completed/Sold	Kiran Mahendra & Kiranmai Vinnakota	\$192,412
2500	RIO GRANDE	DR	Legacy	Completed/Sold	Nirmala Priya Lavu	\$400,912
2490	RIO GRANDE	DR	Legacy	Completed/Sold	Nasratulla & Omar Marina Noori	\$485,912
2480	RIO GRANDE	DR	Legacy	Completed/Sold	Harpreet Chauhan	\$372,412
2470	RIO GRANDE	DR	Legacy	Completed/Sold	Barathi Krishnamurthy	\$580,000
2460	RIO GRANDE	DR	Legacy	Completed/Sold	Kapil & Mukker Shweta Sood	\$612,000
2450	RIO GRANDE	DR	Legacy	Completed/Sold	Rajeshbabu & Gajendran Bhuvaneswari Ramasamy	\$610,000
2440	RIO GRANDE	DR	Legacy	Completed/Sold	Jayanth & Bommi Deepika Madderla	\$580,000
2430	RIO GRANDE	DR	Legacy	Completed/Sold	Bernie De Asis & Joanna C Gimalay	\$635,632
2420	RIO GRANDE	DR	Legacy	Completed/Sold	Agam & Vithlani Ami Vasani	\$610,000
2410	RIO GRANDE	DR	Legacy	Completed/Sold	Cheryl Lam	\$638,721
2400	RIO GRANDE	DR	Legacy	Completed/Sold	Venu Reddy & Guthikonda Komali Matta	\$681,100
2399	NORTHINGTON	DR	Legacy	Completed/Sold	Tony Huu & Huynh Trinh Thuy Thuy Duong	\$645,122
2409	NORTHINGTON	DR	Legacy	Completed/Sold	Adhishesh Venkatesh & Adhishesh Ramya Kondi	\$550,000
2419	NORTHINGTON	DR	Legacy	Completed/Sold	Harmandeep S Brar	\$435,912
2429	NORTHINGTON	DR	Legacy	Completed/Sold	Domenico & Gilberto Concetta Lombardo	\$585,000
2439	NORTHINGTON	DR	Legacy	Completed/Sold	Hao Ngo	\$585,000

2449	NORTHINGTON	DR	Legacy	Completed/Sold	Matthew Thomas Disalle	\$652,576
2459	NORTHINGTON	DR	Legacy	Completed/Sold	Calatlantic Group Inc	\$480,912
2469	NORTHINGTON	DR	Legacy	Completed/Sold	Carlos Zermeno	\$550,000
2479	NORTHINGTON	DR	Legacy	Completed/Sold	Jatinder Singh	\$362,412
2489	NORTHINGTON	DR	Legacy	Completed/Sold	Sanjay Nath & Usha Jha	\$485,912
2499	NORTHINGTON	DR	Legacy	Completed/Sold	Kenton D Raiford	\$363,412
2389	NORTHINGTON	DR	Legend	Completed/Sold	Pargat Singh	\$520,912
2379	NORTHINGTON	DR	Legend	Completed/Sold	Jessyca Kimi Mitchell	\$650,000
2369	NORTHINGTON	DR	Legend	Completed/Sold	Calatlantic Group Inc	\$290,912
2359	NORTHINGTON	DR	Legacy	Completed/Sold	Sameer & Deepal Pandya	\$550,000
2349	NORTHINGTON	DR	Legacy	Completed/Sold	Sonny & Kaur Prabhjit Singh	\$435,912
2339	NORTHINGTON	DR	Legacy	Completed/Sold	Eric Allen & Michelle Chitwood	\$480,912
2329	NORTHINGTON	DR	Legacy	Completed/Sold	Warren & Amanda Nicole Williams	\$550,000
2319	NORTHINGTON	DR	Legacy	Completed/Sold	Wuping Wen	\$485,912
2309	NORTHINGTON	DR	Legacy	Completed/Sold	Jason Anthony & Danae Arwen Fesler	\$775,460
2299	NORTHINGTON	DR	Legacy	Completed/Sold	Liza C Estoesta Anna	\$652,232
2289	NORTHINGTON	DR	Legacy	Completed/Sold	Inderjit Kaur	\$620,500
2279	NORTHINGTON	DR	Legacy	Completed/Sold	Rajveer Singh & Dhanoa Preetinder Kaur Grewal	\$460,912
2269	NORTHINGTON	DR	Legacy	Completed/Sold	Robert & Liu Yanli Zhang	\$649,721
4743	AVALON	ST	Legacy	Completed/Sold	Jason D & Christine Lynn	\$655,215
4733	AVALON	ST	Legacy	Completed/Sold	Samir & Angham Deeb	\$649,735
4723	AVALON	ST	Legacy	Completed/Sold	Long Duy Tran	\$653,241
4713	AVALON	ST	Legacy	Completed/Sold	Chad & Tina Wright	\$639,990
4703	AVALON	ST	Legacy	Completed/Sold	Khan & Nahar Noorun Kabir	\$715,593
2290	RIO GRANDE	DR	Legacy	Completed/Sold	Pratik Jagdish & Khushbu Gandhi	\$661,186
2300	RIO GRANDE	DR	Legacy	Completed/Sold	Robert M & Catipon Rosemarie A Akagi	\$619,900
2310	RIO GRANDE	DR	Legacy	Completed/Sold	Kondala Rao & Gurram Keerthi Pidikiti	\$654,900
2320	RIO GRANDE	DR	Legacy	Completed/Sold	Pastor E Villagomez	\$611,192
2330	RIO GRANDE	DR	Legacy	Completed/Sold	Sreeram Uday & Korlepara Jaya Malati Bayana	\$604,800
2340	RIO GRANDE	DR	Legacy	Completed/Sold	Raul Valencia	\$613,196
2350	RIO GRANDE	DR	Legacy	Completed/Sold	Varinder & Kaur Kamaljit Singh	\$669,163
2360	RIO GRANDE	DR	Legacy	Completed/Sold	Karuppiiah & Thirumalaivelu Vimala Karuppiiah	\$615,900
2370	RIO GRANDE	DR	Legend	Completed/Sold	Suriya & Viswanathan Aarti Gurmurthy	\$550,912
2380	RIO GRANDE	DR	Legend	Completed/Sold	Rosauro L & Majerraine V Tagulao	\$669,000
2390	RIO GRANDE	DR	Legend	Completed/Sold	Sukhchain Singh Dhillon	\$665,880
4670	MARTHA	AVE	Legend	Completed/Sold	Walter O & Michele C Haley	\$520,912
4650	MARTHA	AVE	Legend	Completed/Sold	Calatlantic Group Inc	\$500,912
4630	MARTHA	AVE	Legend	Completed/Sold	Dharmendra & Limbu Rita Kumar	\$685,000
4610	MARTHA	AVE	Legend	Completed/Sold	Phyllis S Sousa	\$669,000
4550	MARTHA	AVE	Legend	Completed/Sold	Calatlantic Group Inc	\$500,912
4530	MARTHA	AVE	Legend	Completed/Sold	Curren C & Jennifer Calhoun	\$715,111
4503	AVALON	ST	Legend	Completed/Sold	Naga Sudheer Varma & Nagaraju Samjhota D Rudraraju	\$718,982
4513	AVALON	ST	Legend	Completed/Sold	Kamal Deep & Uma Devi Singh	\$885,441
2373	OMEGA	CT	Legend	Completed/Sold	Salma Nayabkhil	\$685,043
2383	OMEGA	CT	Legend	Completed/Sold	Rochelle C Broussard	\$772,375
2393	OMEGA	CT	Legend	Completed/Sold	Andrew & Bobbie Uvalles	\$746,205
2392	OMEGA	CT	Legend	Completed/Sold	Gregory Bruce & Victoria Weaver	\$797,805
2382	OMEGA	CT	Legend	Completed/Sold	Andrew & Bobbie Uvalles	\$746,205
2372	OMEGA	CT	Legend	Completed/Sold	Inderjeet S & Manjeet K Pannu	\$718,669
4673	AVALON	ST	Legend	Completed/Sold	Gregory Allen Antener	\$672,218
4683	AVALON	ST	Legend	Completed/Sold	Jason Garrett & Angila Jean Arias	\$801,363
4693	AVALON	ST	Legend	Completed/Sold	Suresh S & Vyjayanthi Biligiri	\$763,437
2331	RIO GRANDE	DR	Legend	Completed/Sold	Jasdeep Singh	\$778,125
2341	RIO GRANDE	DR	Legend	Completed/Sold	Alam & Roma Monsur	\$714,459
2351	RIO GRANDE	DR	Legend	Completed/Sold	Brian & Janpo Orasa Cotton	\$485,912
2361	RIO GRANDE	DR	Legend	Completed/Sold	Kuljinder Pal Singh & Harnavjot Mathoun	\$713,374
2371	RIO GRANDE	DR	Legend	Completed/Sold	Calatlantic Group Inc	\$535,912
Total						
					\$7,399,000	\$163,322,334

Jones Hall Draft 10-25-19

FISCAL AGENT AGREEMENT

by and between the

CITY OF TRACY

and

**U.S. BANK NATIONAL ASSOCIATION
as Fiscal Agent**

Dated as of December 1, 2019

Relating to:

**\$ _____
Improvement Area No. 1 of the
City of Tracy
Community Facilities District No. 2016-2 (ECFD)
Special Tax Bonds, Series 2019**

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ADMINISTRATIVE EXPENSE FUND

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the "Agreement") is made and entered into as of December 1, 2019, by and between the CITY OF TRACY, a municipal corporation and general law city organized and existing under the laws of the State of California (the "City") for and on behalf of the "City of Tracy Community Facilities District No. 2016-2 (ECFD)" (the "CFD") with respect to its "Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD)" ("Improvement Area No. 1"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America with a corporate trust office located in San Francisco, California, as fiscal agent (the "Fiscal Agent").

WITNESSETH:

WHEREAS, the City Council of the City has formed the CFD, including Improvement Area No. 1, under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (section 53311 *et seq.* of the California Government Code) (the "Act"); and

WHEREAS, the City Council, as the legislative body with respect to the CFD, is authorized under the Act to levy special taxes within Improvement Area No. 1 to pay for the costs of facilities and to authorize the issuance of bonds secured by said special taxes under the Act; and

WHEREAS, on February 7, 2017, the City Council adopted Resolution No. 2017-025 (the "Original Resolution") authorizing the issuance of special tax bonds (the "2019 Bonds") on behalf of the CFD with respect to Improvement Area No. 1; and

WHEREAS, on November 19, 2019, the City Council adopted Resolution No. 2018-____ (the "Supplemental Resolution"; together with the Original Resolution, the "Resolution") authorizing the issuance of special tax bonds (the "2019 Bonds") on behalf of the CFD with respect to Improvement Area No. 1; and

WHEREAS, it is in the public interest and for the benefit of the City, the CFD, Improvement Area No. 1 and the persons responsible for the payment of special taxes that the City enter into this Agreement to provide for the issuance of the Bonds (as defined below) hereunder to finance the acquisition and construction of facilities for the City and to provide for the disbursement of proceeds of the Bonds, the disposition of the special taxes securing the Bonds and the administration and payment of the Bonds; and

WHEREAS, the City has determined that all things necessary to cause the 2019 Bonds, when authenticated by the Fiscal Agent and issued as provided in the Act, the Resolution and this Agreement, to be legal, valid, binding and limited obligations in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Agreement. This Agreement is entered into pursuant to the Act (as herein defined) and the Resolution.

Section 1.02. Agreement for Benefit of Owners of the Bonds. The provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the Owners of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Agreement.

Section 1.03. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Agreement, of any Supplemental Agreement, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

"Acquisition Agreement" means that certain Master Acquisition Agreement, dated as of February 1, 2017, by and between the City and the Developer.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 *et seq.* of the California Government Code.

"Administrative Expenses" means costs directly related to the administration of the CFD consisting of: the actual costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by a City employee or consultant or both) and the actual costs of collecting the Special Taxes (whether by the County or otherwise); the actual costs of remitting the Special Taxes to the Fiscal Agent; actual costs of the Fiscal Agent (including its legal counsel) in the discharge of its duties under this Agreement; the actual costs of the City or its designee of complying with the disclosure provisions of the Act and this Agreement, including those related to public inquiries regarding the Special Tax and disclosures to Owners of the Bonds and the Original Purchaser; costs of the dissemination agent, whether for the City or another party that has undertaken to provide continuing disclosure; the actual costs of the City or its designee related to an appeal of the Special Tax; any amounts required to be rebated to the federal government; an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the City for any administrative purpose of the CFD, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure maintenance of tax exemption, and the costs of prosecuting foreclosure of delinquent Special Taxes, which amounts advanced are subject to reimbursement from other sources, including proceeds of foreclosure.

"Administrative Expense Fund" means the fund designated the "Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Administrative Expense Fund" established and administered under Section 4.06.

"Agreement" means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year).

"Auditor" means the auditor/controller of the County, or such other official at the County who is responsible for preparing property tax bills.

"Authorized Officer" means the Mayor, City Manager, Assistant City Manager, Finance Director, City Clerk or any other officer or employee authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

"Bond" or "Bonds" means the 2019 Bonds and, if the context requires, any Parity Bonds, at any time Outstanding under this Agreement or any Supplemental Agreement.

"Bond Counsel" means Jones Hall, A Professional Law Corporation or any other attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Fund" means the fund designated the "Improvement Area No. 1 of the City of Tracy, Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Bond Fund" established and administered under Section 4.04.

"Bond Proceeds Account" means the account of that name within the Improvement Fund to be established and administered by the Fiscal Agent under Section 4.07.

"Bond Year" means the one-year period beginning on September 2nd in each year and ending on September 1 in the following year, except that the first Bond Year shall begin on the Closing Date and shall end on September 1, 2020.

"Business Day" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

"Capitalized Interest Account" means the account by that name held by the Fiscal Agent and established and administered under Section 4.04(A).

"CDIAC" means the California Debt and Investment Advisory Commission of the Office of the State Treasurer, or any successor agency, board or commission.

"CFD" means the "City of Tracy Community Facilities District No. 2016-2 (ECFD)" formed under the Resolution of Formation.

“City” means the City of Tracy, and any successor thereto.

“City Attorney” means any attorney or firm of attorneys employed by the City in the capacity of general counsel.

“City Council” means the City Council of the City, in its capacity as the legislative body of the CFD.

“Closing Date” means the date upon which there is a physical delivery of the 2019 Bonds in exchange for the amount representing the purchase price of the 2019 Bonds by the Original Purchaser.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of the 2019 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale, delivery and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, appraisal costs, filing and recording fees, fees and expenses of counsel to the City, initial fees and charges of the Fiscal Agent including its first annual administration fees and its legal fees and charges, including the allocated costs of in-house attorneys, expenses incurred by the City in connection with the issuance of the Bonds, Bond (underwriter’s) discount, legal fees and charges, including bond counsel, and counsel to any financial consultant, financial consultant’s fees, charges for execution, authentication, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund designated the “Improvement Area No. 1 of the City of Tracy, Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Costs of Issuance Fund” established and administered under Section 4.02.

“County” means the County of San Joaquin, California.

“Dated Date” means _____, 2019, the dated date of the 2019 Bonds, which is the Closing Date.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the 2019 Bonds under Sections 2.02 and 2.03 and the scheduled amount of interest and amortization of principal payable on any Parity Bonds during the period of computation, in each case excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository for book-entry under Section 2.10.

“Developer” means Surland Communities, LLC, a California limited liability company, and its successors and assigns.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Fair Market Value” means with respect to the Bonds the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a 10% beneficial interest if the return paid by such fund is without regard to the source of the investment.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Finance Director” means the official of the City, or such official's designee, who acts in the capacity as the chief financial officer of the City, including the controller or other financial officer.

“Fiscal Agent” means U.S. Bank National Association, the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“Improvement Area No. 1” means “Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD)” formed under the Resolution of Formation.

“Improvement Area No. 1 Value” means the market value, as of the date of the appraisal described below and/or the date of the most recent County real property tax roll, as applicable, of all parcels of real property in Improvement Area No. 1 subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, including with respect to such nondelinquent parcels the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund and with the proceeds of any proposed series of Parity Bonds, as determined with respect to any parcel or group of parcels by reference to

(i) an appraisal performed within 90 days or such other period established in published guidelines from CDIAC of the date of issuance of any proposed Parity Bonds by an MAI appraiser (the “Appraiser”) selected by the City, or

(ii), in the alternative, the assessed value of all such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Finance Director.

It is expressly acknowledged that, in determining the Improvement Area No. 1 Value, the City may rely on an appraisal to determine the value of some or all of the parcels in Improvement Area No. 1 and/or the most recent County real property tax roll as to the value of some or all of the parcels in Improvement Area No. 1. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any Appraiser pursuant to this definition.

“Improvement Fund” means the fund designated “Improvement Area No. 1 of the City of Tracy, Community Facilities District No. 2016-2 (ECFD), Special Tax Bonds, Improvement Fund,” established under Section 4.07.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the City or the Treasurer, and who, or each of whom:

(i) is judged by the Treasurer to have experience in matters relating to the issuance and/or administration of bonds under the Act;

(ii) is in fact independent and not under the domination of the City;

(iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in Improvement Area No. 1, or any real property in Improvement Area No. 1; and

(iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Interest Payment Date” means each September 1 and March 1 of every calendar year, commencing with March 1, 2020.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Moody’s” means Moody’s Investors Service, Inc., and its successors.

“MSRB” means the Municipal Securities Rulemaking Board, through its EMMA system, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the City may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Officer’s Certificate” means a written certificate of the City signed by an Authorized Officer of the City.

“Ordinance” means any ordinance of the City Council of the City levying the Special Taxes, including but not limited to Ordinance No. 1230 introduced by the City Council on February 7, 2017, and adopted by the City Council on February 21, 2017.

“Original Purchaser” means Piper Jaffray & Co., the first purchaser of the 2019 Bonds from the City.

“Other District Bonds” has the meaning given that term in Section 3.06.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.04) all Bonds except (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City under this Agreement or any Supplemental Agreement.

“Owner” or “Bondowner” means any person who shall be the registered owner of any Outstanding Bond.

“Parity Bonds” means additional bonds issued and payable on a parity with the Bonds under Section 3.06.

“Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Investments” means the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities.

(b) any of the following direct or indirect obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States Department of Housing and Urban Development; and (vi) public housing notes and bonds guaranteed by the United States of America;

(c) interest-bearing demand or time deposits (including certificates of deposit), including those placed by a third party pursuant to a separate agreement between the City and the Fiscal Agent, banking deposit products, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, interest bearing money market accounts or deposit accounts in federal or state chartered savings and loan associations or in federal or State of California banks (including the Fiscal Agent, its parent, if any, and affiliates), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association shall be rated in the highest short-term rating category by any Rating Agency, or (ii) such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation;

(d) commercial paper rated at the time of purchase in the highest short-term rating category by any Rating Agency, issued by corporations which are

organized and operating within the United States of America, and which matures not more than 180 days following the date of investment therein;

(e) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank, including its parent (if any), affiliates and subsidiaries, whose short-term obligations are rated in the highest short-term rating category by any Rating Agency, or whose long-term obligations are rated A or better by any Rating Agency, which mature not more than 270 days following the date of investment therein;

(f) 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 any Rating Agency, or (b) fully secured as to the payment of principal and interest by Federal Securities;

(g) 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 any Rating Agency;

(h) money market mutual funds (including money market funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory, transfer agency, custodial or other management services for which it receives and retains a fee for such services to the fund) which invest in Federal Securities or which are rated in the highest short-term rating category by any Rating Agency including those funds for which the Fiscal Agent or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise; and

(i) any investment agreement representing general unsecured obligations of a financial institution rated A or better by any Rating Agency, by the terms of which the Fiscal Agent is permitted to withdraw all amounts invested therein in the event any such rating falls below A.

(j) the Local Agency Investment Fund established pursuant to Section 16429.1 of the Government Code of the State of California, *provided, however*, that the Fiscal Agent shall be permitted to make investments and withdrawals in its own name and the Fiscal Agent may restrict investments in the such fund if necessary to keep moneys available for the purposes of this Fiscal Agent Agreement.

(k) the California Asset Management Program.

“Principal Office” means such corporate trust office of the Fiscal Agent as may be designated from time to time by written notice from the Fiscal Agent to the City, initially being at the address set forth in Section 9.06, or such other office designated by the Fiscal Agent from time to time.

“Proceeds” when used with reference to the Bonds, means the face amount of the Bonds, plus any accrued interest and premium, less any original issue and/or underwriter’s discount.

“Project” means those items described as the “Facilities” in the Resolution of Formation.

"Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent, provided that all of the following requirements are met at the time of acceptance thereof by the Fiscal Agent: (a) in the case of a commercial bank, the long-term credit rating of such bank at the time of delivery of the irrevocable standby or direct-pay letter of credit is at least "A" from S&P or "A" from Moody's and, in the case of an insurance company, the claims paying ability of such insurance company at the time of delivery of the insurance policy or surety bond is at least "A" from S&P, or "A" from Moody's or, if not rated by S&P or Moody's but is rated by A.M. Best & Company, is rated at the time of delivery in the highest rating category by A.M. Best & Company; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the 2019 Reserve Requirement with respect to which funds are proposed to be released; and (d) the Fiscal Agent is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments with respect to the 2019 Bonds and any Related Parity Bonds.

"Rate and Method" means the Rate and Method of Apportionment of the Special Taxes for Improvement Area No. 1 set forth in the Resolution of Formation.

"Record Date" means the fifteenth day of the calendar month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

"Refunding Bonds" means bonds issued by the City for the CFD with respect to Improvement Area No. 1, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds; provided that the principal and interest on the Refunding Bonds to their final maturity date is less than the principal and interest on the Bonds being refunded to their final maturity date, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

"Regulations" means temporary and permanent regulations promulgated under the Tax Code.

"Related Parity Bonds" means any series of Parity Bonds for which (i) the Proceeds are deposited into the 2019 Reserve Fund so that the balance therein is equal to the 2019 Reserve Requirement following issuance of such Parity Bonds and (ii) the related Supplemental Agreement specifies that the 2019 Reserve Fund shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Parity Bonds.

"Remainder Taxes" means the Special Taxes available for disbursement pursuant to Section 4.05(B)(iii).

"Remainder Taxes Account" means the account of that name within the Improvement Fund to be established and administered by the Fiscal Agent under Section 4.07.

"Remainder Taxes Period" means the period through and including the date that is the earlier of (i) the end of the 15th Fiscal Year during which Special Taxes have been levied on the property in Improvement Area No. 1 or (ii) the date the City has fully satisfied its reimbursement obligations under the Acquisition Agreement.

“Resolution” or “Resolution of Issuance” has the meaning given that term in the recitals hereof.

“Resolution of Formation” means Resolution No. 2017-021, entitled “Resolution of Formation of Community Facilities District,” adopted by the City Council on February 7, 2017, forming the CFD and Improvement Area No. 1.

“Resolution of Intention” means Resolution No. 2016-273 adopted by the City Council on December 20, 2016, indicating the intention of the City to form the CFD and Improvement Area No. 1.

“Resolution of Necessity” means Resolution No. 2017-022 adopted by the City Council on February 7, 2017.

“S&P” means S&P Global, a division of McGraw-Hill, and its successors and assigns.

“Securities Depositories” means DTC and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the City may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Special Tax Fund” means the special fund designated “Improvement Area No. 1 of the City of Tracy, Community Facilities District No. 2016-2 (ECFD), Special Tax Fund” established and administered under Section 4.05.

“Special Tax Prepayments” means the proceeds of any Special Tax prepayments received by the City, as calculated pursuant to the Rate and Method, less any administrative fees or penalties collected as part of any such prepayment.

“Special Tax Prepayments Account” means the account by that name established within the Bond Fund under Section 4.04(A).

“Special Tax Revenues” means the proceeds of the Special Taxes received by the City, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

“Special Taxes” means the special taxes levied by the City Council within Improvement Area No. 1 under the Act, the Ordinance and this Agreement

“State” means the State of California.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Act and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and

final regulations promulgated, and applicable official public guidance published, under the Tax Code.

“Tax Consultant” means an independent financial or tax consultant retained by the City for the purpose of computing the Special Taxes.

“Term Bonds” means the (i) 2019 Bonds maturing on September 1, _____, and (ii) the 2019 Bonds maturing on September 1, _____.

“2019 Bonds” means the Bonds so designated and authorized to be issued under Section 2.01 hereof.

“2019 Reserve Fund” means the fund designated the “Improvement Area No. 1 of the City of Tracy, Community Facilities District No. 2016-2 (ECFD), Special Tax Bonds, Reserve Fund” established and administered under Section 4.03.

“2019 Reserve Requirement” means the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the 2019 Bonds and Related Parity Bonds, if any, (b) 125% of average Annual Debt Service on the 2019 Bonds and Related Parity Bonds, if any and (c) 10% of the outstanding principal of the 2019 Bonds and Related Parity Bonds, if any; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the 2019 Bonds or any Related Parity Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the 2019 Bonds or any Related Parity Bonds was less than 98% or more than 102% of the original principal amount of the 2019 Bonds or any Related Parity Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount;

(B) that in no event shall the amount calculated hereunder exceed the amount on deposit in the 2019 Reserve Fund on the date of issuance of the 2019 Bonds (if they are the only Bonds covered by the 2019 Reserve Fund) or the most recently issued series of Related Parity Bonds (if any Related Parity Bonds are covered by the 2019 Reserve Fund) except in connection with any increase associated with the issuance of Related Parity Bonds; and

(C) that in no event shall the amount required to be deposited into the 2019 Reserve Fund in connection with the issuance of a series of Related Parity Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested an unrestricted yield.

ARTICLE II

THE BONDS

Section 2.01. Principal Amount; Designation. Subject to the provisions of Section 2 of the Resolution of Necessity, Bonds in the aggregate principal amount of \$27,000,000 are hereby authorized to be issued by the City for the CFD with respect to Improvement Area No. 1 under and subject to the terms of the Act, the Resolution, this Agreement and other applicable laws of the State of California.

The 2019 Bonds shall be designated as the "Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019," and shall be in the initial principal amount of \$_____.

Section 2.02. Terms of the 2019 Bonds.

(A) Form; Denominations. The 2019 Bonds shall be issued as fully registered Bonds without coupons. The 2019 Bonds shall be lettered and numbered in a customary manner as determined by the City. The 2019 Bonds shall be issued in the denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof.

(B) Date of 2019 Bonds. The 2019 Bonds shall be dated the Closing Date.

(C) CUSIP Identification Numbers. "CUSIP" identification numbers may, at the election of the Original Purchaser of the Bonds, be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the City or the Fiscal Agent to use such CUSIP numbers in any notice to Owners shall not constitute an event of default or any violation of the City's contract with such Owners and shall not impair the effectiveness of any such notice.

(D) Maturities; Interest Rates. The 2019 Bonds shall mature and become payable on each September 1, and shall bear interest at the rates per annum indicated in the below table.

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>

Maturity <u>(September 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>

* Term Bond

(E) Interest. The 2019 Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest on all Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless

(i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or

(ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or

(iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Dated Date;

provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(F) Method of Payment. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer to an account located in the United States made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which shall continue in effect until revoked in writing, or until such Bonds are transferred to a new Owner.

The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Fiscal Agent. All Bonds paid by the Fiscal Agent pursuant to this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds and, upon request of the City, issue a certificate of destruction of such Bonds to the City.

Section 2.03. Redemption.

(A) Redemption Provisions.

(i) **Optional Redemption.** The 2019 Bonds maturing on or after September 1, 20__, are subject to optional redemption as directed by the City, from sources of funds other than prepayments of Special Taxes, prior to their stated maturity on any date on or after September 1, 20__, as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the 2019 Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before August 31, ____	____%
September 1, ____ through August 31, ____	____
September 1, ____ through August 31, ____	____
September 1, ____ and any date thereafter	____

(ii) **Mandatory Sinking Fund Redemption.** The Term Bond maturing on September 1, ____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Sinking Fund Payments</u>

The Term Bond maturing on September 1, ____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Sinking Fund Payments</u>

Provided, however, if some but not all of the Term Bonds of a given maturity have been redeemed under subsection (i) above or subsection (iii) below, the total amount of

all future Sinking Fund Payments relating to such maturity shall be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the City, notice of which shall be given by the City to the Fiscal Agent and the notice shall include a revised sinking fund schedule.

(iii) **Redemption from Special Tax Prepayments.** Special Tax Prepayments and any corresponding transfers from the 2019 Reserve Fund pursuant to Section 4.03(F) shall be used to redeem 2019 Bonds on the next Interest Payment Date for which notice of redemption can timely be given under Section 2.03(D), among maturities so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the 2019 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, ____	____%
September 1, ____ and March 1, ____	____
September 1, ____ and March 1, ____	____
September 1, ____ and any Interest Payment Date thereafter	____

(B) **Notice to Fiscal Agent.** The City shall give the Fiscal Agent written notice of its intention to redeem Bonds under subsection (A)(i) and (A)(iii) not less than 45 days prior to the applicable redemption date or such lesser number of days as shall be acceptable to the Fiscal Agent.

(C) **Purchase of Bonds in Lieu of Redemption.** In lieu of redemption under Section 2.03(A), moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2019 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2019 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2019 Bonds were to be redeemed in accordance with this Agreement.

(D) Redemption Procedure by Fiscal Agent.

(i) **Notices.** The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, or posted, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the Securities Depositories and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds. In addition, the Fiscal Agent shall file each notice of redemption with the MSRB through its EMMA system.

(ii) **Contents of Notices.** Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption shall state as to any Bond called in part the principal amount thereof to be

redeemed, and shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds will not accrue from and after the redemption date. The cost of mailing any such redemption notice and any expenses incurred by the Fiscal Agent in connection therewith shall be paid by the City.

The City has the right to rescind any notice of the optional redemption of Bonds by written notice to the Fiscal Agent on or prior to the date 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 Bonds then called for redemption, and such cancellation shall not constitute a default under this Agreement. The City and the Fiscal Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under this Section.

(iii) **Selection of Bonds for Redemption.** Whenever provision is made in this Agreement for the redemption of less than all of the Bonds of any maturity or any given portion thereof, the Fiscal Agent shall select the Bonds to be redeemed, from all Bonds or such given portion thereof not previously called for redemption as directed by the City or, in the absence of direction by the City, on a pro rata basis among maturities, and, within a maturity, by lot in any manner which the Fiscal Agent in its sole discretion deems appropriate.

(iv) **New Bonds.** Upon surrender of Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds of such registered Owner.

(E) **Effect of Redemption.** From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in the notice of redemption. All Bonds redeemed and purchased by the Fiscal Agent under this Section 2.03 shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds in accordance with the Fiscal Agent's retention policy then in effect.

Section 2.04. Form of Bonds. The 2019 Bonds, the Fiscal Agent's certificate of authentication and the assignment, to appear thereon, shall be substantially in the forms, respectively, set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution and the Act.

Section 2.05. Execution and Authentication of Bonds.

(A) Execution. The Bonds shall be executed on behalf of the City by the manual or facsimile signatures of its Mayor and its City Clerk who are in office on the date of execution of this Agreement or at any time thereafter. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Owner. Any Bond may be signed and attested on behalf of the City by such persons as at the actual date of the execution of such Bond shall be the proper officers of the City although at the nominal date of such Bond any such person shall not have been such officer of the City.

(B) Authentication. Only such Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, executed and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of authentication of the Fiscal Agent shall be conclusive evidence that the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

Section 2.06. Transfer or Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept under the provisions of Section 2.07 by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount. No transfers or exchanges of Bonds shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption; or (iii) between a Record Date and the succeeding Interest Payment Date.

Section 2.07. Bond Register. The Fiscal Agent will keep, or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds which books shall show the series number, date, amount, rate of interest and last known owner of each Bond and shall at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided. The City and the Fiscal Agent will treat the Owner of any Bond whose name appears on the Bond register as the absolute Owner of such Bond for any and all purposes, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Owner as it appears in the Bond register for any and all purposes.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the City, and may contain such reference to any of the provisions of this Agreement as may be

appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds, it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent shall designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Agreement as definitive Bonds authenticated and delivered hereunder.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen.

(A) Mutilated. If any Bond shall become mutilated, at the expense of the Owner of such Bond, the City shall execute and the Fiscal Agent shall authenticate and deliver a replacement Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent, in accordance with the Fiscal Agent's retention policy then in effect.

(B) Destroyed or Stolen. If any Bond shall be lost, destroyed or stolen, the City shall execute and the Fiscal Agent shall authenticate and deliver a replacement Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen, at the expense of the Owner, but only following provision by the Owner to the Fiscal Agent of indemnity for the City and the Fiscal Agent satisfactory to the Fiscal Agent and the City. The City may require payment of a sum not exceeding the actual cost of preparing each a replacement Bond delivered under this Section and the City and the Fiscal Agent may require payment of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery thereof. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued under this Agreement.

(C) Additional Stock. If the Fiscal Agent has an insufficient stock of unauthenticated printed Bonds for such purpose, it shall communicate with the Finance Director with respect to the printing of an additional stock of Bonds, in such quantities and as otherwise approved in writing by the Finance Director.

Section 2.10. Book-Entry Only System. DTC shall act as the initial Depository for the Bonds. One Bond for each maturity of the Bonds shall be initially executed, authenticated, and delivered as set forth herein with a separate fully registered certificate (in print or typewritten form). Upon initial execution, authentication, and delivery, the ownership of the Bonds shall be registered in the Bond register kept by the Fiscal Agent for the Bonds in the name of Cede & Co., as nominee of DTC or such nominee as DTC shall appoint in writing.

The Authorized Officers of the City and the Fiscal Agent are hereby authorized to take any and all actions as may be necessary and not inconsistent with this Agreement to qualify the Bonds for the Depository's book-entry system, including the execution of the Depository's required representation letter.

With respect to Bonds registered in the Bond register in the name of Cede & Co., as nominee of DTC, neither the City nor the Agent shall have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds Bonds as Depository from time to time (the "DTC Participants") or to any person for which a DTC Participant acquires an interest in the Bonds (the "Beneficial Owners"). Without limiting the immediately preceding sentence, neither the City nor the Fiscal Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any notice with respect to the Bonds, including any Bonds to be redeemed in the event the City elects to redeem the Bonds, in part, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the City elects to redeem the Bonds in part, (iv) the payments to any DTC Participant, any Beneficial Owner, or any person, other than DTC, of any amount with respect to the principal of or interest or premium on the Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Bonds.

Except as set forth above, the City and the Fiscal Agent may treat as and deem DTC to be the absolute Owner of each Bond, for which DTC is acting as Depository for the purpose of payment of the principal of and premium and interest on such Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bonds, for the purpose of registering transfers with respect to such Bonds, and for all purposes whatsoever. The Fiscal Agent on behalf of the City shall pay all principal of and premium and interest on the Bonds only to or upon the order of the Owners as shown on the Bond register, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to the principal of and premium and interest on the Bonds to the extent of the sums or sums so paid.

No person other than an Owner, as shown on the Bond register, shall receive a physical Bond. Upon delivery by DTC to the City and the Fiscal Agent of written notice to the effect the DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.06 hereof, references to "Cede & Co." in this Section 2.10 shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and to the Fiscal Agent during any time that the Bonds are Outstanding, and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of DTC with respect to the Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the Bonds or that continuation of the system of book-entry transfer through DTC is not in the best interest of the Beneficial Owners, and the City shall mail notice of such termination to the Fiscal Agent.

Upon termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions hereunder can be found which is willing to undertake such functions upon reasonable or customary terms, or if the City determines that it is in the best interest of the Beneficial Owners of the Bonds that they be able to obtain certified Bonds, the Bonds shall no longer be restricted to being registered in the Bond register of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Owners shall designate at that time, in accordance with Section 2.06.

To the extent that the Beneficial Owners are designated as the transferee by the Owners, in accordance with Section 2.06, the Bonds will be delivered to such Beneficial Owners.

ARTICLE III

ISSUANCE OF BONDS

Section 3.01. Issuance and Delivery of 2019 Bonds. At any time after the execution of this Agreement, the City may issue the 2019 Bonds for the CFD with respect to Improvement Area No. 1 in the aggregate principal amount set forth in Section 2.01 and deliver the 2019 Bonds to the Fiscal Agent for authentication and delivery to the Original Purchaser. The Authorized Officers of the City are hereby authorized and directed to execute and deliver any and all documents and instruments necessary to cause the issuance of the 2019 Bonds in accordance with the provisions of the Act, the Resolution and this Agreement, to authorize the payment of Costs of Issuance and costs of the Project by the Fiscal Agent from the proceeds of the 2019 Bonds and to do and cause to be done any and all acts and things necessary or convenient for the timely delivery of the 2019 Bonds to the Original Purchaser. The Fiscal Agent is hereby authorized and directed to authenticate the 2019 Bonds and deliver them to the Original Purchaser, upon receipt of the purchase price for the 2019 Bonds.

Section 3.02. Pledge of Special Tax Revenues. The Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent herein provided) of all of the Special Tax Revenues and all moneys deposited in the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account), and, until disbursed as provided herein, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under Section 9.03.

The 2019 Bonds and all Related Parity Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent herein provided) of all moneys deposited in the 2019 Reserve Fund. The moneys in the 2019 Reserve Fund (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the 2019 Bonds and all Related Parity Bonds as provided herein and in the Act until all of the 2019 Bonds and all Related Parity Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under Section 9.03.

Amounts in the Improvement Fund (and the accounts therein), the Administrative Expense Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds. The Project is not pledged to the repayment of the Bonds, nor are the proceeds of any condemnation or insurance award received by the City with respect to the Project.

Section 3.03. Limited Obligation. All obligations of the City under this Agreement and the Bonds shall not be general obligations of the City, but shall be limited obligations, payable solely from the Special Tax Revenues and the funds pledged therefor hereunder. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth herein) or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Section 3.04. No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the redemption of Bonds

under Section 2.03, or the defeasance of the Bonds and discharge of this Agreement under Section 9.03.

Section 3.05. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the acquisition of the Project or upon the performance by any person of his obligation with respect to the Project.

Section 3.06. Parity Bonds. In addition to the 2019 Bonds, the City may issue Refunding Bonds as Parity Bonds in such principal amount as shall be determined by the City, under a Supplemental Agreement entered into by the City and the Fiscal Agent. Any such Parity Bonds shall constitute Bonds hereunder and shall be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds hereunder on a parity with all other Bonds Outstanding hereunder. The City may issue such Parity Bonds subject to the following specific conditions precedent:

(A) **Compliance.** Following issuance of the Parity Bonds, the City shall be in compliance with all covenants set forth in this Agreement and all Supplemental Agreements, and issuance of the Parity Bonds shall not cause the City to exceed the bonded indebtedness limit of Improvement Area No. 1.

(B) **Same Payment Dates.** The Supplemental Agreement providing for the issuance of such Parity Bonds shall provide that interest thereon shall be payable on the Interest Payment Dates, and principal thereof shall be payable on September 1 (provided that there shall be no requirement that any Parity Bonds pay interest on a current basis).

(C) **Debt Service Reserve Fund.** The Supplemental Agreement providing for issuance of the Parity Bonds shall provide for a deposit to the 2019 Reserve Fund in an amount necessary such that the amount deposited therein shall equal the 2019 Reserve Requirement following issuance of the Parity Bonds.

(D) **Certificates.** The City shall deliver to the Fiscal Agent an Officer's Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in subsections (A), (B), and (C) of this Section 3.06 have been satisfied.

Nothing in this Section 3.06 shall prohibit the City from issuing any other bonds or otherwise incurring debt secured by a pledge of the Special Tax Revenues subordinate to the pledge thereof under Section 3.02 of this Agreement.

ARTICLE IV

PROCEEDS, FUNDS AND ACCOUNTS

Section 4.01. Application of 2019 Bond Proceeds. The Proceeds of the 2019 Bonds received from the Original Purchaser in the amount of \$_____ (which is equal to the initial principal amount of the 2019 Bonds, *plus* a net original issue premium of \$_____, *less* an underwriter's discount in the amount of \$_____) shall be paid to the Fiscal Agent, which shall deposit the Proceeds on the Closing Date as follows:

- (i) \$_____ into the Costs of Issuance Fund;
- (ii) \$_____ into the 2019 Reserve Fund equaling the initial 2019 Reserve Requirement;
- (iii) \$_____ into the Bond Fund (which shall represent capitalized interest and be deposited into the Capitalized Interest Account);
- (iv) \$_____ into the Bond Proceeds Account of the Improvement Fund; and
- (v) \$_____ into the Administrative Expense Fund.

The Fiscal Agent may, in its discretion, establish a temporary fund or account to facilitate the foregoing deposits.

Section 4.02. Costs of Issuance Fund.

(A) Establishment of Costs of Issuance Fund. The Costs of Issuance Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which a deposit shall be made as required by Section 4.01. Moneys in the Costs of Issuance Fund shall be held by the Fiscal Agent for the benefit of the City and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of Costs of Issuance.

(B) Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition substantially in the form of Exhibit C hereto, executed by the Finance Director, containing respective amounts to be paid to the designated payees and delivered to the Fiscal Agent. Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

(C) Investment. Moneys in the Costs of Issuance Fund shall be invested and deposited by the Fiscal Agent under Section 6.01. Interest earnings and profits resulting from such investment shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

(D) Closing of Fund. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of 90 days from the Closing Date and then the Fiscal Agent shall transfer any moneys remaining therein, including any investment earnings thereon, to the Bond Proceeds Account of the Improvement Fund and used for the purposes thereof.

Section 4.03. 2019 Reserve Fund.

(A) Establishment of Fund. The 2019 Reserve Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which a deposit shall be made as required by Section 4.01, which deposit, as of the Closing Date, is equal to the initial 2019 Reserve Requirement with respect to the 2019 Bonds, and deposits shall be made as provided in Sections 3.06(C) and 4.05(A) and (B). Moneys in the 2019 Reserve Fund shall be held by the Fiscal Agent for the benefit of the Owners of the 2019 Bonds and any Related Parity Bonds as a reserve for the payment of the principal of, and interest and any premium on, the 2019 Bonds and any Related Parity Bonds and shall be subject to a lien in favor of the Owners of the 2019 Bonds and any Related Parity Bonds.

(B) Use of Reserve Fund. Except as otherwise provided in this Section, all amounts deposited in the 2019 Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the 2019 Bonds and any Related Parity Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming 2019 Bonds and any Related Parity Bonds from the Bond Fund. Whenever a transfer is made from the 2019 Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund for payment of the principal of, and interest and any premium on, the 2019 Bonds and any Related Parity Bonds, the Fiscal Agent shall provide written notice thereof to the Finance Director, specifying the amount withdrawn.

(C) Transfer of Excess of Reserve Requirement. Whenever, on or before any Interest Payment Date, or on any other date at the request of the Finance Director, the amount in the 2019 Reserve Fund exceeds the 2019 Reserve Requirement, the Fiscal Agent shall transfer an amount equal to the excess from the 2019 Reserve Fund to the Bond Fund, to be used to pay interest on the 2019 Bonds and any Related Parity Bonds on the next Interest Payment Date.

(D) Transfer for Rebate Purposes. Amounts in the 2019 Reserve Fund shall be withdrawn for purposes of making payment to the federal government to comply with Section 5.11, upon receipt by the Fiscal Agent of an Officer's Certificate specifying the amount to be withdrawn and to the effect that such amount is needed for rebate purposes; *provided, however*, that no amounts in the 2019 Reserve Fund shall be used for rebate unless the amount in the 2019 Reserve Fund following such withdrawal equals the 2019 Reserve Requirement.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the 2019 Reserve Fund exceeds the amount required to redeem or pay the Outstanding 2019 Bonds and all Outstanding Related Parity

Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall, upon the written request of the Finance Director, transfer any cash or Permitted Investments in the 2019 Reserve Fund to the Bond Fund to be applied, on the redemption date to the payment and redemption, in accordance with Section 4.04 or 2.03 and the provisions of the Supplemental Agreement related to the Related Parity Bonds, as applicable, of all of the Outstanding 2019 Bonds and Outstanding Related Parity Bonds. In the event that the amount so transferred from the 2019 Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding 2019 Bonds and Outstanding Related Parity Bonds, the balance in the 2019 Reserve Fund shall be transferred to the Finance Director to be used by the City for any lawful purpose.

Notwithstanding the provisions of the first paragraph of this Section 4.03(E), no amounts shall be transferred from the 2019 Reserve Fund under this Section 4.03(E) until after: (i) the calculation of any amounts due to the federal government under Section 5.11 and withdrawal of any such amount under Section 4.03(D) for purposes of making such payment to the federal government; and (ii) payment of any fees and expenses due to the Fiscal Agent.

(F) Transfer Upon Special Tax Prepayment. Whenever Special Taxes are prepaid and 2019 Bonds or any Related Parity Bonds are to be redeemed with the proceeds of such prepayment pursuant to Section 2.03(A)(iii) or a Supplemental Agreement related to any Related Parity Bonds, any resulting reduction in the 2019 Reserve Requirement shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the 2019 Bonds pursuant to Section 2.03(A)(iii) or a Supplemental Agreement related to any Related Parity Bonds. The Finance Director shall deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

(G) Investment. Moneys in the 2019 Reserve Fund shall be invested by the Fiscal Agent under Section 6.01.

(H) Qualified Reserve Account Credit Instruments. The City shall have the right at any time to direct the Fiscal Agent to release funds from the 2019 Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the 2019 Bonds or any Related Parity Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Fiscal Agent, and upon delivery by the City to the Fiscal Agent of a written calculation of the amount permitted to be released from the 2019 Reserve Fund (upon which calculation the Fiscal Agent may conclusively rely), the Fiscal Agent shall transfer such funds from the 2019 Reserve Fund to the Bond Proceeds Account of the Improvement Fund to be used for the purposes thereof. The Fiscal Agent shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account

Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this Section. Upon the scheduled expiration of any Qualified Reserve Account Credit Instrument, the City shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Fiscal Agent an amount of funds equal to the 2019 Reserve Requirement, to be derived from the first available Special Tax Revenues. If the 2019 Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Bond Fund with respect to the 2019 Bonds and any Related Parity Bonds. If the 2019 Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Bond Fund with respect to the 2019 Bonds and any Related Parity Bonds shall be pro-rata with respect to each such instrument.

In the event that a Qualified Reserve Account Credit Instrument is available to be drawn upon for only one or more particular series of Bonds, a separate subaccount in the 2019 Reserve Fund may be established for such series, and the calculation of the 2019 Reserve Requirement with respect to any Related Parity Bonds shall exclude the debt service on such issue of Related Parity Bonds.

The City will have no obligation to replace a Qualified Reserve Account Credit Instrument or to fund the 2019 Reserve Fund with cash if, at any time that the 2019 Bonds are Outstanding, the Qualified Reserve Account Credit Instrument (or its provider) is downgraded or the provider becomes insolvent, if there is an unscheduled termination of the Qualified Reserve Account or if for any reason insufficient amounts are available to be drawn upon under the Qualified Reserve Account Credit Instrument; provided, however, that the City shall reimburse the provider, in accordance with the terms of the Qualified Reserve Account Credit Instrument, for any draws made thereon.

The City and the Fiscal Agent shall comply with the terms of the Qualified Reserve Account Credit Instrument as shall be required to receive payments thereunder in the event and to the extent required under this Section.

Section 4.04. Bond Fund.

(A) Establishment of Bond Fund. The Bond Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which deposits shall be made as required by Section 4.01, Section 4.07 and Section 4.03 and as otherwise set forth in this Agreement. Moneys in the Bond Fund shall be held by the Fiscal Agent for the benefit of the City and the Owners of the Bonds, and shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below.

Within the Bond Fund there is hereby established a separate account designated as the "Capitalized Interest Account" to be held in trust by the Fiscal Agent for the benefit of the City and the Owners of the Bonds into which shall be deposited the amount specified in Section 4.01(iii). Amounts on deposit in the

Capitalized Interest Account shall be used and withdrawn by the Fiscal Agent solely for the payment of interest on the Bonds. When the amount in the Capitalized Interest Account is fully expended for the payment of interest, the account shall be closed.

There is also hereby created in the Bond Fund a separate account to be held by the Fiscal Agent, designated the "Special Tax Prepayments Account," to the credit of which deposits shall be made as provided in clause (iii) of the second paragraph of Section 4.05(A).

(B) Disbursements. At least 10 Business Days before each Interest Payment Date, the Fiscal Agent shall notify the Finance Director in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date (whether as a result of scheduled principal of and interest on the Bonds, optional redemption of the Bonds or a mandatory sinking fund redemption). On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds.

At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent shall determine if the amounts then on deposit in the Bond Fund are sufficient to pay the Debt Service due on the Bonds on the next Interest Payment Date. In the event that amounts in the Bond Fund are insufficient for such purpose, the Fiscal Agent promptly shall notify the Finance Director by telephone (and confirm in writing) of the amount of the insufficiency.

In the event that amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph with respect to any Interest Payment Date, the Fiscal Agent shall do the following:

(i) Withdraw from the 2019 Reserve Fund, in accordance with the provisions of Section 4.03, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to the 2019 Bonds and any Related Parity Bonds. Amounts so withdrawn from the 2019 Reserve Fund shall be deposited in the Bond Fund.

(ii) Withdraw from the reserve funds, if any, established under a Supplemental Agreement related to Parity Bonds that are not Related Parity Bonds, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to such Parity Bonds. Amounts so withdrawn from any such reserve fund shall be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the second sentence of the first paragraph of this Section 4.04(B), the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the Bonds by reason of sinking payments.

(C) Disbursements from the Special Tax Prepayments Account.

Moneys in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under Section 2.03(A)(iii), and notice to the Fiscal Agent can timely be given under Section 2.03(B), and shall be used (together with any amounts transferred pursuant to Section 4.03(F)) to redeem Bonds on the redemption date selected in accordance with Section 2.03.

(D) Investment.

Moneys in the Bond Fund, the Capitalized Interest Account and the Special Tax Prepayments Account shall be invested under Section 6.01. Interest earnings and profits resulting from such investment shall be retained in the Bond Fund.

(E) Deficiency.

If at any time it appears to the Fiscal Agent that there is a danger of deficiency in the Bond Fund and that the Fiscal Agent may be unable to pay Debt Service on the Bonds in a timely manner, the Fiscal Agent shall report to the Finance Director such fact. The City covenants to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation) in accordance with the procedures set forth in the Act for the purpose of curing Bond Fund deficiencies.

(F) Excess.

Any excess moneys remaining in the Bond Fund following the payment of Debt Service on the Bonds on any September 1, shall be transferred to the Special Tax Fund.

Section 4.05. Special Tax Fund.

(A) Establishment of Special Tax Fund.

The Special Tax Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which the Fiscal Agent shall deposit amounts received from or on behalf of the City consisting of Special Tax Revenues and amounts transferred from the Administrative Expense Fund and the Bond Fund. The City shall promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund.

Notwithstanding the foregoing,

(i) Special Tax Revenues in an amount not to exceed the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses shall be separately identified by the Finance Director and shall be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the Finance Director and shall be disposed of by the Fiscal Agent first, for transfer to the Bond Fund to pay any past due Debt Service on the Bonds; second, without preference or priority, for transfer to the 2019 Reserve Fund to the extent needed to increase the amount then on deposit in the 2019 Reserve Fund up to the then 2019 Reserve Requirement; and third, to be held in the Special Tax Fund for use as described in Section 4.05(B) below; and

(iii) any proceeds of Special Tax Prepayments shall be separately identified by the Finance Director and shall be deposited by the Fiscal Agent as follows (as directed in writing by the Finance Director): (a) that portion of any Special Tax Prepayment constituting a prepayment of construction costs (which otherwise could have been included in the proceeds of Parity Bonds) shall be deposited by the Fiscal Agent to the Bond Proceeds Account of the Improvement Fund and (b) the remaining Special Tax Prepayment shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to Section 4.04(A).

(B) Disbursements. At least 7 Business Days prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund, the 2019 Reserve Fund, the Capitalized Interest Account and the Special Tax Prepayments Account to the Bond Fund such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date and any past due principal or interest on the Bonds not theretofore paid from a transfer described in subparagraph (ii) of the second paragraph of Section 4.05(A),

(ii) without preference or priority (a) to the 2019 Reserve Fund an amount, taking into account amounts then on deposit in the 2019 Reserve Fund, such that the amount in the 2019 Reserve Fund is equal to the 2019 Reserve Requirement, and

(iii) (A) on each October 1, beginning on October 1, 2020 and continuing through the Remainder Taxes Period, all of the moneys remaining in the Special Tax Fund shall be transferred to the Remainder Taxes Account and (B) on each subsequent October 1 after the end of the Remainder Tax Period, all or a portion of the moneys remaining in the Special Tax Fund shall be transferred to the Remainder Taxes Account as directed by the Finance Director.

Within 15 days after the end of each Bond Year after the Remainder Taxes Account is closed pursuant to Section 4.07, and after the foregoing transfers have been made, the Fiscal Agent shall transfer all amounts remaining on deposit in the Special Tax Fund to the Administrative Expense Fund, to be used as set forth in Section 4.06 below.

(C) Investment. Moneys in the Special Tax Fund shall be invested and deposited by the Fiscal Agent under Section 6.01. Interest earnings and profits resulting from such investment and deposit shall be retained in the Special Tax Fund to be used for the purposes thereof.

Section 4.06. Administrative Expense Fund.

(A) Establishment of Administrative Expense Fund. The Administrative Expense Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which deposits shall be made as required by Section 4.01 and 4.05(A). Moneys in the Administrative Expense Fund shall be held by the Fiscal Agent for the benefit of the City, and shall be disbursed as provided below.

(B) Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn by the Fiscal Agent and paid to the City or its order upon receipt by the Fiscal Agent of an Officer's Certificate, in substantially the form of Exhibit D hereto, stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense or a Cost of Issuance and the nature of such Administrative Expense or such Cost of Issuance.

Annually, on the last day of each Fiscal Year, the Fiscal Agent shall withdraw from the Administrative Expense Fund and transfer to the Special Tax Fund any amount in excess of that which is needed to pay any Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, as identified by the Finance Director in an Officer's Certificate.

(C) Investment. Moneys in the Administrative Expense Fund shall be invested by the Fiscal Agent under Section 6.01. Interest earnings and profits resulting from such investment shall be retained by the Fiscal Agent in the Administrative Expense Fund to be used for the purposes of such fund.

(D) Order of Expenditure. Proceeds of the 2019 Bonds deposited into the Administrative Expense Fund shall be spent before any other moneys in the Administrative Expense Fund.

Section 4.07. Improvement Fund.

(A) Establishment of Improvement Fund. The Improvement Fund is hereby established as a separate fund to be held by the Fiscal Agent and to the credit of which fund deposits shall be made as required by Sections 4.01, 4.02(D) and 4.05(A). The Remainder Taxes Account and the Bond Proceeds Account are hereby established as separate accounts within the Improvement Fund to be held by the Fiscal Agent.

Moneys in the Improvement Fund shall be disbursed, except as otherwise provided in subsections (B) and (D) of this Section, for the payment or reimbursement of costs of the Project.

(B) Procedure for Disbursement. Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate substantially in the form of Exhibit B attached hereto which shall:

- (i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made (which shall be for payment of a Project cost or to reimburse expenditures of the City or any other party for

Project costs previously paid), and the person to which the disbursement is to be paid; and

(ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement.

Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

Disbursements for the payment or reimbursement of costs of the Project shall be made from the Bond Proceeds Account and the Remainder Taxes Account in the following order:

First: payments or reimbursements shall be made from the Bond Proceeds Account so long as there are moneys available therein and such costs can be paid from Bond proceeds without violating the covenants set forth in Sections 5.09-5.14 and

Second: payments or reimbursements shall be made from the Remainder Taxes Account (1) even if Bond proceeds remain in the Bond Proceeds Account, if such payment or reimbursement would violate the covenants set forth in Sections 5.09-5.14 and (2) when no Bond proceeds remain in the Bond Proceeds Account.

At the direction of the Finance Director, and so long as such amounts have not been previously approved for payment of a Project cost, the Fiscal Agent shall transfer amounts from the Remainder Taxes Account to the Bond Fund to pay Debt Service on the Bonds, Administrative Expense Fund to pay Administrative Expenses and 2019 Reserve Fund to increase the amount therein to the 2019 Reserve Requirement.

(C) Investment. Moneys in the Improvement Fund shall be invested in accordance with Section 6.01. Interest earnings and profits from such investment shall be retained in the Improvement Fund to be used for the purpose of such fund.

(D) Closing of Fund. When the City believes that the Project has been completed, it shall provide a written notice to the Developer that the City believes the Project has been completed and that the Improvement Fund, Bond Proceeds Account and Remainder Taxes Account should be closed. The Developer shall have 30 days after receipt of such notice to dispute the City's finding or to concur that the Project is complete. If the Developer concurs that the Project is complete, or fails to respond to the notice by the end of the 30-day period, the City may file an Officer's Certificate directing the Fiscal Agent to close the Improvement Fund, Bond Proceeds Account and Remainder Taxes Account.

Upon the filing of an Officer's Certificate stating that the Project has been completed and that all costs of the Project have been paid or are not required to be paid from the Improvement Fund, Bond Proceeds Account and Remainder Taxes Account, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund, Bond Proceeds Account and Remainder Taxes Account to the

Bond Fund for application to Debt Service payments due on the next succeeding Interest Payment Date and the Improvement Fund, Bond Proceeds Account and Remainder Taxes Account shall be closed. Moneys transferred from the Improvement Fund to the Bond Fund shall be used to pay Debt Service on the Bonds in the manner specified by the City in an Officer's Certificate.

ARTICLE V

COVENANTS

Section 5.01. Collection of Special Tax Revenues. The City shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

(A) Processing. On or within five (5) Business Days of each June 1, the Fiscal Agent shall provide the Finance Director with a notice stating (i) the amount then on deposit in the Bond Fund, the 2019 Reserve Fund, and (ii) if the amount in the 2019 Reserve Fund is less than the 2019 Reserve Requirement, informing the City that replenishment of the 2019 Reserve Fund is necessary. The receipt of or failure to receive such notice by the Finance Director shall in no way affect the obligations of the Finance Director under the following two paragraphs and the Fiscal Agent shall not be liable for failure to provide such notices to the Finance Director. Upon receipt of such notice, the Finance Director shall communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits or combinations during the preceding and then current year.

(B) Levy. The Finance Director shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 1 that the Bonds are outstanding, or otherwise such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Special Tax amounts for the parcels within Improvement Area No. 1 for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Finance Director shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

(C) Computation. The Finance Director shall fix and levy the amount of Special Taxes within Improvement Area No. 1 required to pay the following amounts, taking into account the balances in the applicable funds established under this Agreement: (i) the principal of and interest on any outstanding Bonds of the CFD with respect to Improvement Area No. 1 becoming due and payable during the ensuing calendar year, (ii) any necessary replenishment or expenditure of the 2019 Reserve Fund, to the extent such replenishment has not been included in the computation of the Special Taxes in a previous Fiscal Year, (iii) the Administrative Expenses, including amounts necessary to discharge any rebate obligation, during such year, (iv) an amount to cure delinquencies in the payment of principal or interest on Bonds that occurred in the previous Fiscal Year, and (v) any Project costs to be paid from Special Taxes to the extent that paying for such costs does not increase the Special Taxes levied on Undeveloped Property (as defined in the Rate and Method). During the Remainder Taxes Period, the Finance Director shall fix and levy the Special Taxes at the Maximum Special Tax rate on Developed Property before considering any Capitalized Interest (as those terms are defined in the Rate and Method). The Special Taxes so levied shall not exceed

the authorized amounts as provided in the proceedings under the Resolution of Formation.

(D) Collection. Except as set forth in the Ordinance, Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Section 5.02. Covenant to Foreclose. Under the Act, the City hereby covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following two paragraphs. The Finance Director shall notify the City Attorney of any such delinquency of which the Finance Director is aware, and the City Attorney shall commence, or cause to be commenced, such proceedings.

On or about June 30 of each Fiscal Year, the Finance Director shall compare the amount of Special Taxes theretofore levied in Improvement Area No. 1 to the amount of Special Tax Revenues theretofore received by the City, and:

(A) Individual Delinquencies. If the Finance Director determines that any single parcel subject to the Special Tax in Improvement Area No. 1 is delinquent in the payment of Special Taxes in the aggregate amount of \$5,000 or more, then the Finance Director shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the City within 90 days of such determination. Notwithstanding the foregoing, the Finance Director may defer any such actions with respect to a delinquent parcel if (1) Improvement Area No. 1 is then participating in the Alternative Method of Distribution of Tax Levies and Collections described in Revenue & Taxation Code Section 4701 et seq., or an equivalent procedure and (2) the amount in the 2019 Reserve Fund is at least equal to the 2019 Reserve Requirement.

(B) Aggregate Delinquencies. If the Finance Director determines that (i) the total amount of delinquent Special Tax for the prior Fiscal Year for the entire Improvement Area No. 1 (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, determined by reference to the latest available secured property tax roll of the County, the Finance Director shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and shall commence foreclosure proceedings within 90 days of such determination against each parcel of land in Improvement Area No. 1 with a Special Tax delinquency.

(C) Individual Owner Delinquencies. As to any owner of more than one parcel within Improvement Area No. 1, if the Finance Director determines that

the aggregate amount of delinquent Special Taxes for all preceding tax years on all parcels owned by such owner (whether such parcels are owned solely by such owner or jointly by such owner and one or more others) exceeds \$10,000, then the Finance Director shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) shall commence foreclosure proceedings within 90 days of such determination, regardless of when such delinquencies occurred.

The Finance Director and the City Attorney, as applicable, are hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for City staff time) in conducting foreclosure proceedings shall be an Administrative Expense hereunder.

Section 5.03. Punctual Payment. The City will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.

Section 5.04. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.05. Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, or their Owners, except as permitted by this Agreement.

Section 5.06. Books and Records.

(A) City. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Special Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent (who shall have no duty to inspect) and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

(B) Fiscal Agent. The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions made by it relating to the expenditure of amounts disbursed from the funds, and, if any, accounts in such funds held by the Fiscal Agent hereunder. Such books of record and accounts shall at all times during business hours be

subject to the inspection of the City and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing upon reasonable prior notice.

Section 5.07. Protection of Security and Rights of Owners. The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

Section 5.08. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.

Section 5.09. Private Activity Bond Limitations. The City shall assure that the proceeds of the 2019 Bonds are not so used as to cause the 2019 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 Code.

Section 5.10. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the 2019 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

Section 5.11. Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2019 Bonds. The Finance Director shall take note of any investment of monies hereunder in excess of the yield on the 2019 Bonds, and shall take such actions as are necessary to ensure compliance with this Section 5.11, such as increasing the portion of the Special Tax levy for Administrative Expenses as appropriate to have funds available in the Administrative Expense Fund to satisfy any rebate liability under this Section. If necessary to satisfy its obligations under this Section 5.11, the City may use:

- (A) Amounts in the 2019 Reserve Fund if the amount on deposit in the 2019 Reserve Fund, following the proposed transfer, is at least equal to the 2019 Reserve Requirement;
- (B) Amounts on deposit in the Administrative Expense Fund; and
- (C) Any other funds available to the City, including amounts advanced by the City, in its sole discretion, to be repaid as soon as practicable from amounts described in the preceding clauses (A) and (B).

Section 5.12. No Arbitrage. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2019 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2019 Bonds would have caused the 2019 Bonds to be “arbitrage bonds” within the meaning of section 148 of the Tax Code.

Section 5.13. Yield of the 2019 Bonds. In determining the yield of the 2019 Bonds to comply with Sections 5.11 and 5.12, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments for redemption of the 2019 Bonds, without regard to whether or not prepayments are received or 2019 Bonds redeemed.

Section 5.14. Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the 2019 Bonds from the gross income of the Owners of the 2019 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 date of issuance of the 2019 Bonds.

Section 5.15. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default for the purposes of this Agreement. However, any Owner or Beneficial Owner of the 2019 Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

One or more owners of the real property in Improvement Area No. 1 as of the Closing Date may also have executed a continuing disclosure agreement for the benefit of the holders and Beneficial Owners of the 2019 Bonds. Any Participating Underwriter or Holder or Beneficial Owner may take such actions as may be necessary and appropriate directly against any such landowner to compel performance by it of its obligations thereunder, including seeking mandate or specific performance by court order; however the City shall have no obligation whatsoever to enforce any obligations under any such agreement.

Section 5.16. Limits on Special Tax Waivers and Bond Tenders. The City covenants not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare a Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the Owners of the Bonds and further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds and any Parity Bonds remaining Outstanding following such tender.

Section 5.17. City Bid at Foreclosure Sale. The City will not bid at a foreclosure sale of property in respect of delinquent Special Taxes, unless it expressly agrees to take the property subject to the lien for Special Taxes imposed by the City and that the Special Taxes levied on the property are payable while the City owns the property.

Section 5.18. Amendment of Rate and Method.

(A) General. The City shall not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. If an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the City shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

(B) Exception. Notwithstanding clause (A) of this section, the City may initiate proceedings to reduce the maximum Special Tax rates under the Rate and Method, if, in connection therewith: (i) the City receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the CFD as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then-existing Taxable Property (as such term is defined in the Rate and Method) in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least the sum of the estimated Administrative Expenses and 110% of the Debt Service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved; (ii) the reduction does not adversely affect the financing of the Project and (iii) the City is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultants will compute the Administrative Expenses for the current Fiscal Year and escalate such amounts by 2% in each subsequent Fiscal Year.

ARTICLE VI

INVESTMENTS; LIABILITY OF THE CITY

Section 6.01. Deposit and Investment of Moneys in Funds.

(A) **General.** Moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, which in any event by their terms mature prior to the date on which such moneys are required to be paid out hereunder, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent shall hold such funds uninvested. The Finance Director shall make note of any investment of funds hereunder in excess of the yield on the Bonds so that appropriate actions can be taken to assure compliance with Section 5.11.

(B) **Moneys in Funds.** Moneys in any fund or account created or established by this Agreement and held by the Finance Director shall be invested by the Finance Director in any Permitted Investment or in any other lawful investment for City funds, which in any event by its terms matures prior to the date on which such moneys are required to be paid out hereunder. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in this Agreement any moneys are required to be transferred by the City to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

(C) **Actions of Officials.** The Fiscal Agent and its affiliates or the Finance Director may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent nor the Finance Director shall incur any liability for losses arising from any investments made pursuant to this Section. The Fiscal Agent shall not be required to determine the legality of any investments.

(D) **Valuation of Investments.** Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, 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 (as of the date that valuation is required by this Agreement or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) investments in the subaccounts within the 2019 Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Tax Code). The Fiscal Agent shall not be liable for verification of the application of such sections of the Tax Code or for any determination of Fair Market Value or present value and may conclusively rely upon an Officer's Certificate as to such valuations.

(E) **Commingled Money.** Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Finance Director hereunder, provided that the Fiscal Agent or the Finance Director, as applicable, shall at

all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

(F) Confirmations Waiver. The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder.

(G) Sale of Investments. The Fiscal Agent or the Finance Director, as applicable, shall sell at Fair Market Value, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Finance Director shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

Section 6.02. Liability of City.

(A) General. The City shall not incur any responsibility or liability in respect of the Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

(B) Reliance. In the absence of bad faith, the City, including the Finance Director, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City by the Fiscal Agent or an Independent Financial Consultant and conforming to the requirements of this Agreement. The City, including the Finance Director, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts. The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, 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.

(C) No General Liability. No provision of this Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(D) Owner of Bonds. The City shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Section 6.03. Employment of Agents by City. In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

ARTICLE VII

THE FISCAL AGENT

Section 7.01. The Fiscal Agent.

(A) Appointment. The Fiscal Agent is hereby appointed as the fiscal, authentication, paying and transfer agent hereunder for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Fiscal Agent.

(B) Merger. Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the following paragraph of this Section 7.01 shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The Fiscal Agent shall give the Finance Director written notice of any such succession hereunder.

(C) Removal. Upon 30 days written notice, the City may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank, national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000, and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 7.01, combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(D) Resignation. The Fiscal Agent may at any time resign by giving written notice to the City by certified mail return receipt requested, and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

(E) No Successor. If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section 7.01 within 45 days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent, at the expense of the City, or any Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

(F) Court Order. If, by reason of the judgment of any court, the Fiscal Agent is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Fiscal Agent hereunder shall be assumed by and vest in the Finance Director of the City in trust for the benefit of the Owners. The City covenants for the direct benefit of the Owners that its

Finance Director in such case shall be vested with all of the rights and powers of the Fiscal Agent hereunder, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent hereunder, in trust for the benefit of the Owners of the Bonds.

Section 7.02. Liability of Fiscal Agent.

(A) General. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Agreement or of the Bonds, nor shall the Fiscal Agent incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds. All indemnifications and releases from liability granted to the Fiscal Agent hereunder shall extend to the directors, officers and employees of the Fiscal Agent.

The Fiscal Agent shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

(B) Reliance. The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, documents, written instructions or opinions furnished to the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates, documents, written instructions or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, facsimile transmission, electronic mail, or other paper or document which it shall reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

(C) No Duty to Inquire. The Fiscal Agent shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the City or the CFD herein or of any of the documents executed by the City or the CFD in connection with the Bonds, or as to the existence of a default or event of default thereunder.

(D) Errors in Judgment. The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Fiscal Agent unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

(E) No Expenditures. No provision of this Agreement shall require the Fiscal Agent 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.

(F) No Action. The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners under this Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(G) Owner of Bonds. The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

Section 7.03. Information; Books and Accounts. The Fiscal Agent shall provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the City shall reasonably request, including but not limited to monthly statements reporting funds held and transactions by the Fiscal Agent, including the value of any investments held by the Fiscal Agent. The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund, the Special Tax Fund, the 2019 Reserve Fund, the Improvement Fund and the Cost of Issuance Fund. Such books of record and accounts shall, upon reasonable notice, during business hours be subject to the inspection of the City and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 7.04. Notice to Fiscal Agent. The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, facsimile transmission, electronic mail, written instructions, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be the City Attorney, 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, suffered or omitted by it hereunder in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by an Officer's Certificate of the City, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its

discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement 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 Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Fiscal Agent 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 City whenever a person is to be added or deleted from the listing. If the City elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Fiscal Agent and that the 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 City. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent 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 Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the 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 Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Fiscal Agent shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The Fiscal Agent may execute any of the duties or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys or agents, and shall be entitled to rely on advice of counsel concerning all matters of its duty hereunder.

The permissive right of the Fiscal Agent to do things enumerated in this Agreement shall not be construed as a duty and it shall not be answerable for such actions other than as a result of its negligence or willful misconduct.

Section 7.05. Compensation, Indemnification. The City shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements,

including those of its attorneys (including the allocated costs of in-house attorneys), agents and employees, incurred in and about the performance of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities, costs, claims or expenses, including fees and expenses of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement, and payment of the Bonds and discharge of this Agreement, but any monetary obligation of the City arising under this Section shall be limited solely to amounts on deposit in the Administrative Expense Fund.

ARTICLE VIII

MODIFICATION OR AMENDMENT

Section 8.01. Amendments Permitted.

(A) With Consent. This Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or this Agreement), or reduce the percentage of Bonds required for the amendment hereof.

(B) Without Consent. This Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

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

(ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the City and the Fiscal Agent may deem necessary or desirable and not inconsistent with this Agreement, and which shall not adversely affect the rights of the Owners of the Bonds;

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exclusion from gross income for federal income tax purposes of interest on the Bonds;

(v) in connection with the issuance of any Parity Bonds under and pursuant to Section 3.06.

(C) Fiscal Agent's Consent. Any amendment of this Agreement may not modify any of the rights or obligations of the Fiscal Agent without its written consent. The Fiscal Agent shall be furnished an opinion of counsel that any such Supplemental Agreement entered into by the City and the Fiscal Agent complies with the provisions of this Section 8.01 and the Fiscal Agent may conclusively rely on such opinion and shall be absolutely protected in so relying.

Section 8.02. Owners' Meetings. The City may at any time call a meeting of the Owners. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.03. Procedure for Amendment with Written Consent of Owners. The City and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 8.01(A), to take effect when and as provided in this Section 8.03. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent, at the expense of the City, to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section 8.03 provided.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section 8.03 provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section 8.03 provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section 8.03 for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section 8.03 (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 8.03 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60-day period.

Section 8.04. Disqualified Bonds. Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII. Upon request of the Fiscal Agent, the City shall specify in a certificate to the Fiscal Agent those Bonds disqualified pursuant to this Section and the Fiscal Agent may conclusively rely on such certificate.

Section 8.05. Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective under this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the City, the Fiscal Agent and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments. The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and upon presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.07. Amendatory Endorsement of Bonds. The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits of Agreement Limited to Parties. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the City, the Fiscal Agent and the Owners, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Fiscal Agent.

Section 9.02. Successor and Predecessor. Whenever in this Agreement or any Supplemental Agreement either the City or the Fiscal Agent 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 Agreement contained by or on behalf of the City or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Agreement. The City may pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways:

(A) by paying or causing to be paid the principal of, and interest and any premium on, all Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the Bond Fund and the 2019 Reserve Fund hereof, is fully sufficient to pay all Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and/or Federal Securities in such amount as the City shall determine, as confirmed by an independent certified public accountant, will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Bond Fund and the 2019 Reserve Fund (to the extent invested in Federal Securities), be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the City shall have taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof and notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in this Agreement and all other obligations of the City under this Agreement with respect to such Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent.

Notwithstanding the foregoing, the following obligations and pledges of the City shall continue in any event: (i) the obligation of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, (ii) the obligation of the City to pay amounts owing to the Fiscal Agent pursuant to Section 7.05, and (iii) the obligation of the City to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Upon compliance by the City with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, shall be paid over to the City and any Special Taxes thereafter received by the City shall not be remitted to the Fiscal Agent but shall be retained by the City to be used for any purpose permitted under the Act and the Resolution of Formation.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration, consent or other instrument which this Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, consent or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registration books maintained by the Fiscal Agent under Section 2.07.

Any request, declaration, consent or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Fiscal Agent in good faith and in accordance therewith.

Section 9.05. Waiver of Personal Liability. No member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.06. Notices to and Demands on City and Fiscal Agent. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the City may be given or served by facsimile transmission receipt of which has been confirmed or by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the City with the Fiscal Agent) as follows:

City of Tracy
333 Civic Center Plaza
Tracy, CA 95376
Fax: (209) 835-1113
Attention: Finance Director

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the City to or on the Fiscal Agent may be given or served by facsimile transmission receipt of which has been confirmed or by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Fiscal Agent with the City) as follows:

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

Section 9.07. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held by a court of competent jurisdiction to be illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement.

Section 9.08. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when the payment of such principal, interest and premium have become payable, if such moneys were held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the City as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the City for the payment of the principal of, and interest and any premium on, such Bonds. Any right of any Owner to look to the City for such payment shall survive only so long as required under applicable law.

Section 9.09. Applicable Law. This Agreement shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 9.10. Conflict with Act. In the event of a conflict between any provision of this Agreement with any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of this Agreement.

Section 9.11. Conclusive Evidence of Regularity. Bonds issued under this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

Section 9.12. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds, or the date fixed for redemption of any Bonds, or the date any action is to be taken under this Agreement, is other than a Business Day, the payment of interest or principal (and premium, if any) or the action shall be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 9.13. State Reporting Requirements. In addition to Section 5.15, the following requirements shall apply to the Bonds:

(A) Annual Reporting. Not later than October 30 of each calendar year, beginning with the October 30 first succeeding the date of the 2019 Bonds, and in each calendar year thereafter until the October 30 following the final maturity of the Bonds, the Finance Director shall cause the information required by California Government Code Section 53359.5(b) to be supplied to CDIAC. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(B) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds due to insufficiency of funds on deposit in the Bond Fund, or if funds are withdrawn from the 2019 Reserve Fund to pay principal and interest on the Bonds so as to reduce the amount in the 2019 Reserve Fund to less than the 2019 Reserve Requirement, the Fiscal Agent shall notify the Finance Director of such failure or withdrawal in writing. The Finance Director shall notify CDIAC and the Original Purchasers of such failure or withdrawal within 10 days of such failure or withdrawal.

(C) Special Tax Reporting. The Finance Director shall file a report with the City no later than January 1, 2020, and at least once a year thereafter, which annual report shall contain: (i) the amount of Special Taxes collected and expended with respect to the CFD, (ii) the amount of Bond proceeds collected and expended with respect to the CFD, and (iii) the status of the Project. It is acknowledged that the Special Tax Fund and the Special Tax Prepayments Account are the accounts into which Special Taxes collected on the City will be deposited for purposes of Section 50075.1(c) of the California Government Code, and the funds and accounts listed in Section 4.01 are the funds and accounts into which Bond proceeds will be deposited for purposes of Section 53410(c) of the California Government Code, and the annual report described in the preceding sentence is intended to satisfy the requirements of Sections 50075.1(d), 50075.3(d) and 53411 of the California Government Code.

(D) Compliance with Section 53343.2. The City shall comply with the provisions of California Government Code Section 53343.2, which require the City, within seven months after the last day of each fiscal year of the CFD, to display prominently on its Internet Web site all of the following information:

(a) A copy of an annual report for that fiscal year if requested pursuant to Section 53343.1.

(b) A copy of the report provided to the California Debt and Investment Advisory Commission pursuant to Section 53359.5.

(c) A copy of the report provided to the Controller's office pursuant to Section 12463.2.

(E) Amendment. The reporting requirements of this Section 9.13 shall be amended from time to time, without action by the City or the Fiscal Agent (i) with respect to subparagraphs (A) and (B) above, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act, (ii) with respect to subparagraph (C) above, to reflect any amendments to Section 50075.1, 50075.3, 53410 or 53411 of the California Government Code and (iii) with respect to subparagraph (D) above, to reflect any amendments to Section 53343.2. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the City's obligations under the Continuing Disclosure Certificate. The City shall notify the Fiscal Agent in writing of any such amendments which affect the reporting obligations of the Fiscal Agent under this Agreement.

(E) No Liability. None of the City and its officers, agents and employees, the Finance Director or the Fiscal Agent shall be liable for any inadvertent error in reporting the information required by this Section 9.13.

The Finance Director shall provide copies of any such reports to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the City to photocopy and pay any postage or other delivery cost to provide the same, as determined by the Finance Director. The term "Bondowner" for purposes of this Section 9.13 shall include any Beneficial Owner of the Bonds as described in Section 2.10.

Section 9.14. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

* * * * *

IN WITNESS WHEREOF, the City and the Fiscal Agent have caused this Agreement to be executed as of the date first written above.

CITY OF TRACY,
for and on behalf of
CITY OF TRACY COMMUNITY FACILITIES
DISTRICT NO. 2016-2 (ECFD)

By: _____
Mayor

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Officer

EXHIBIT A
FORM OF 2019 BOND

No. ____

\$_____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SAN JOAQUIN

IMPROVEMENT AREA NO. 1 OF THE
CITY OF TRACY
Community Facilities District No. 2016-2
(ECFD)
Special Tax Bond, Series 2019

INTEREST RATE

MATURITY DATE

DATED DATE

_____%

September 1, _____

_____, 2019

REGISTERED OWNER:

PRINCIPAL AMOUNT:

*****DOLLARS

The City of Tracy (the "City") for and on behalf of the "City of Tracy Community Facilities District No. 2016-2 (ECFD)" (the "CFD") with respect to its "Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD)" ("Improvement Area No. 1"), for value received, hereby promises to pay solely from the Special Tax Revenues (as hereinafter defined) to be collected in Improvement Area No. 1 or amounts in certain funds and accounts held under the Agreement (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Dated Date set forth above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for (unless this Bond is authenticated on or before an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to February 15, 2020, in which event it shall bear interest from the Dated Date identified above, payable semiannually on each September 1 and March 1, commencing March 1, 2020 (each an "Interest Payment Date"), at the interest rate set forth above, until the principal amount hereof is paid or made available for payment 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.

Principal of and interest on the Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent (defined below) mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer

made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Fiscal Agent prior to the applicable Record Date. The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Fiscal Agent or such other place as designated by the Fiscal Agent.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$_____ approved by resolutions of the City Council of the City on February 7, 2017 and November 19, 2019 (together, the "Resolution"), under the Mello-Roos Community Facilities Act of 1982, as amended, sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of funding certain facilities for the City, and is one of the series of bonds designated "Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019" (the "Bonds"). The issuance of the Bonds and the terms and conditions thereof are provided for by a Fiscal Agent Agreement, dated as of December 1, 2019 (the "Agreement"), between the City and U.S. Bank National Association (the "Fiscal Agent") and this reference incorporates the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Agreement is authorized under, this Bond is issued under and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act, the Resolution and the Agreement, the principal of and interest on this Bond are payable solely from the annual special tax authorized under the Act to be collected within Improvement Area No. 1 (the "Special Tax") and certain funds held under the Agreement. Any tax for the payment hereof shall be limited to the Special Tax, except to the extent that provision for payment has been made by the City, as may be permitted by law. The Bonds do not constitute obligations of the City for which the City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described hereinabove. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in the Agreement) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Optional Redemption. The Bonds maturing on or after September 1, 20__, are subject to optional redemption as directed by the City, from sources of funds other than prepayments of Special Taxes, prior to their stated maturity on any date on or after September 1, 20__, as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the 2019 Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before August 31, ____	____%
September 1, ____ through August 31, ____	____
September 1, ____ through August 31, ____	____
September 1, ____ and any date thereafter	____

Mandatory Sinking Fund Redemption. The Term Bond maturing on September 1, _____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund
Redemption Date
(September 1)

Sinking Fund
Payments

The Term Bond maturing on September 1, ____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund
Redemption Date
(September 1)

Sinking Fund
Payments

Provided, however, if some but not all of the Term Bonds of a given maturity have been redeemed as a result of an optional redemption or a redemption from Special Tax Prepayments, the total amount of all future Sinking Fund Payments relating to such maturity shall be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the City, notice of which determination shall be given by the City to the Fiscal Agent.

Redemption From Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the 2019 Reserve Fund shall be used to redeem Bonds on the next Interest Payment Date for which notice of redemption can timely be given under the Fiscal Agent Agreement, among maturities so as to maintain substantially the same Debt Service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, ____	____%
September 1, ____ and March 1, ____	____
September 1, ____ and March 1, ____	____
September 1, ____ and any Interest Payment Date thereafter	____

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Agreement.

This Bond shall be registered in the name of the owner hereof, as to both principal and interest. Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Fiscal Agent shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein. The principal of the Bonds is not subject to acceleration upon a default under the Agreement or any other document.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the City that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Fiscal Agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, City of Tracy has caused this Bond to be to be signed by the facsimile signature of its Mayor and countersigned by the facsimile signature of the Clerk.

[S E A L]

Clerk

Mayor

[FORM OF FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the Agreement which has been authenticated on _____, 2018.

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____, attorney, to transfer the same on the registration books of the Fiscal Agent, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor.

NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Fiscal Agent

EXHIBIT B

**IMPROVEMENT AREA NO. 1 OF THE
CITY OF TRACY
Community Facilities District No. 2016-2
(ECFD)
Special Tax Bonds, Series 2019**

**OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM IMPROVEMENT
FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Finance Director of the City of Tracy, a general law city duly organized and existing under the laws of the State of California (the "City") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of December 1, 2019 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent");

(iii) under Section 4.07(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the Bond Proceeds Account established under the Fiscal Agent Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of a Project cost (as Project is defined in the Fiscal Agent Agreement) as described on attached Schedule A;

(iv) under Section 4.07(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the Remainder Taxes Account established under the Fiscal Agent Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of a Project cost (as Project is defined in the Fiscal Agent Agreement) as described on attached Schedule A;

(v) under Section 4.07(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to transfer \$_____ from the Remainder Taxes Account established under the Fiscal Agent Agreement to [the Bond Fund] [the Administrative Expense Fund] [the 2019 Reserve Fund];

(vi) the disbursements described on the attached Schedule A are properly chargeable to the Improvement Fund; and

(vii) no portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement.

Dated: _____

CITY OF TRACY

By: _____
Finance Director

SCHEDULE A

<u>Payee Name and Address</u>	<u>Purpose of Obligation</u>	<u>Amount</u>	<u>Account from which Amounts should be paid</u>

EXHIBIT C

**IMPROVEMENT AREA NO. 1 OF THE
CITY OF TRACY
Community Facilities District No. 2016-2 (ECFD)
Special Tax Bonds, Series 2019**

**OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT
FROM COSTS OF ISSUANCE FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Finance Director of the City of Tracy, a general law city duly organized and existing under the laws of the State of California (the "City") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of December 1, 2019 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent");

(iii) under Section 4.02(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the Costs of Issuance Fund established under the Fiscal Agent Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of Costs of Issuance (as that term is defined in the Fiscal Agent Agreement) as described on attached Schedule A; and

(iv) the disbursements described on the attached Schedule A constitute Costs of Issuance, and are properly chargeable to the Costs of Issuance Fund.

Dated: _____

CITY OF TRACY

By: _____
Finance Director

SCHEDULE A

Payee Name and Address

Purpose of Obligation

Amount

EXHIBIT D

**IMPROVEMENT AREA NO. 1 OF THE
CITY OF TRACY
Community Facilities District No. 2016-2 (ECFD)
Special Tax Bonds, Series 2019**

**OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT
FROM ADMINISTRATIVE EXPENSE FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Finance Director of the City of Tracy, a general law city duly organized and existing under the laws of the State of California (the "City") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of December 1, 2019 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent");

(iii) under Section 4.06(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the Administrative Expense Fund established under the Fiscal Agent Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of an Administrative Expense or Costs of Issuance (as those terms are defined in the Fiscal Agent Agreement) as described on attached Schedule A;

(iv) the disbursements described on the attached Schedule A constitute Administrative Expenses or Costs of Issuance, and are properly chargeable to the Administrative Expense Fund; and

(v) any proceeds of the 2018 Bonds in the Administrative Expense Fund shall be disbursed before any other moneys in the Administrative Expense Fund

Dated: _____

CITY OF TRACY

By: _____
Finance Director

SCHEDULE A

Payee Name and Address

Purpose of Obligation

Amount

*Stradling Yocca Carlson & Rauth
Draft of 11/7/19*

§ _____
**IMPROVEMENT AREA NO. 1 OF THE CITY OF TRACY
 COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD)
 SPECIAL TAX BONDS, SERIES 2019**

BOND PURCHASE AGREEMENT

_____, 2019

City of Tracy
 333 Civic Center Plaza
 Tracy, California 95376

Ladies and Gentlemen:

Piper Jaffray & 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 City of Tracy (the “**City**”), which upon acceptance will be binding upon the Underwriter and the City. This offer is made subject to the City’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 8:00 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to the acceptance hereof by the City. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Fiscal Agent Agreement, dated as of December 1, 2019 (the “**Fiscal Agent Agreement**”), by and between the City and U.S. Bank National Association, as fiscal agent (the “**Fiscal Agent**”).

1. Purchase, Sale and Delivery of the Bonds.

A. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the City and the City hereby agrees to sell to the Underwriter all (but not less than all) of the \$ _____ aggregate principal amount of the Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019 (the “**Bonds**”), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$ _____ (being 100% of the aggregate principal amount thereof [plus/less] a [net] original issue [premium/discount] of \$ _____ and less an Underwriter’s discount of \$ _____).

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Special Tax Revenues, as provided in the Fiscal Agent Agreement, the Preliminary Official Statement (as hereinafter defined), and the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the Government Code of the State of California (the “**Act**”). The issuance of the Bonds has been duly authorized by the City pursuant to Resolution No. 2017-025, adopted on February 7, 2017, as supplemented by Resolution No. 2019-_____ adopted on November 19, 2019 (collectively, the “**Approving Resolution**”).

The net proceeds of the Bonds will be used, as indicated in the Fiscal Agent Agreement, for the following purposes: (1) to finance the acquisition and construction of certain public improvements; (2) fund a debt service reserve fund for the Bonds; and (3) to pay the costs of issuing the Bonds.

Prior to the acceptance of this Purchase Agreement by the City, the City shall have caused to be delivered to the Underwriter (i) a Letter of Representations duly executed by Surland Communities, LLC, a California limited liability company (the “**Developer**”) in substantially the form set forth in Exhibit B hereto, with only such changes thereto as shall have been accepted by the Underwriter, and (ii) a Letter of Representations duly executed by CalAtlantic Group, Inc. (“**CalAtlantic**”) in substantially the form set forth in Exhibit C hereto, with only such changes thereto as shall have been accepted by the Underwriter.

B. The City acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations and agreements made by the City herein, and the City shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation or agreement made by the City herein is incorrect in any material respect.

The City acknowledges and agrees 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 Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); and (iv) the City has consulted its own legal, financial and other advisors to the extent that the City has deemed appropriate.

C. Pursuant to the authorization of the City, the Underwriter has distributed copies of the Preliminary Official Statement dated ____, 2019, relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the “**Preliminary Official Statement.**” By its acceptance of this Purchase Agreement, the City hereby ratifies the use by the Underwriter of the Preliminary Official Statement and the preparation and distribution of the final Official Statement (together with any supplements thereto, the “**Official Statement**”) consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Jones Hall, A Professional Law Corporation, the City’s Bond Counsel (“**Bond Counsel**”) and Disclosure Counsel (“**Disclosure Counsel**”) and the Underwriter. The City agrees to execute the Official Statement and to provide a copy thereof to the Underwriter as set forth in Section 4.E.1 hereof. The City hereby authorizes and requires the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The City further authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Fiscal Agent Agreement, this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the City to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

D. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”), the City will undertake pursuant to the Continuing Disclosure Certificate, in the form attached to the Official Statement as Appendix E (the “**Continuing Disclosure Certificate**”), to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

E. Except as the Underwriter and the City may otherwise agree, the City will deliver to the Underwriter, at the offices of Bond Counsel in San Francisco, California, or at such other location as may be mutually agreed upon by the Underwriter and the City, the documents hereinafter mentioned; and the City will deliver to the Underwriter through the facilities of The Depository Trust Company (“**DTC**”) in New York, New York, the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the City and authenticated by the Fiscal Agent in the manner provided for in the Fiscal Agent Agreement and the Act at 8:00 a.m. California time, on _____, 2019 (the “**Closing Date**”), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (A) of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the “**Closing**”). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

2. **Public Offering and Establishment of Issue Price.**

A. The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in 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 it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial offering prices

B. The Underwriter agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City 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 F, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City 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 City under this section to establish the issue price of the Bonds may be taken on behalf of the City by CSG Advisors Incorporated (the “**Municipal Advisor**”) and any notice or report to be provided to the City may be provided to the Municipal Advisor.

C. [Except as otherwise set forth in Exhibit A,] the City 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 City 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 City 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 City and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the City 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:

1. the close of the fifth (5th) business day after the sale date; or
2. 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 City 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 City 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 City 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:

1. “**public**” means any person other than an underwriter or a related party;

2. “**underwriter**” means: (A) any person that agrees pursuant to a written contract with the City (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);

3. 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

4. “**sale date**” means the date of execution of this Purchase Agreement by all parties.]

3. **Representations and Covenants of the City.** The City represents and covenants to the Underwriter that:

A. The City is duly organized and validly existing as a municipal corporation under the Constitution and laws of the State of California, and has duly authorized the formation of the City of Tracy Community Facilities District No. 2016-2 (ECFD) (the “**Community Facilities District**”) and Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) (“**Improvement Area No. 1**”) pursuant to resolutions and an ordinance duly adopted by the City Council (collectively, the “**Community Facilities District Formation Resolution**” and, together with the Approving Resolution authorizing the issuance of the Bonds, the “**City Resolutions**”) and the Act. The City Council, as the legislative body of the City and the Community Facilities District, (i) has duly adopted the City Resolutions, (ii) has duly adopted Ordinance No. 1230 of the City on February 21, 2017, levying special taxes within the Community Facilities District (the “**Ordinance**”), and (iii) has caused to be recorded in the real property records of San Joaquin County a notice of special tax lien (the “**Notice of Special Tax Lien**”) (the Community Facilities District Formation Resolution, the Ordinance, the rate and method of apportionment of special taxes for Improvement Area No. 1 approved by the City Council and the qualified electors in Improvement Area No. 1 (the “**Rate and Method**”) and the Notice of Special Tax Lien are collectively referred to herein as the “**Formation Documents**”). Each of the Formation Documents remains in full force and effect as of the date hereof and has not been amended, except to the extent set forth therein. The Community Facilities District is duly organized and validly existing as a Community Facilities District under the laws of the State of California. The City has, and at the Closing Date will have, as

the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under the Fiscal Agent Agreement and this Purchase Agreement, and to carry out all transactions contemplated by each of such agreements; (ii) to issue, sell and deliver its Bonds to the Underwriter; (iii) to enter into the Continuing Disclosure Certificate; and (iv) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents, the Fiscal Agent Agreement, the Continuing Disclosure Certificate, this Purchase Agreement, the Bonds and the Official Statement.

This Purchase Agreement, the Fiscal Agent Agreement, the Bonds and the Continuing Disclosure Certificate are collectively referred to herein as the “**City Documents**.”

B. The City has complied, and will at the Closing Date be in compliance in all material respects, with the Formation Documents and the City Documents, and any immaterial noncompliance by the City, if any, will not impair the ability of the City to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the City will continue to comply with the covenants of the City contained in the City Documents.

C. Except as described in the Preliminary Official Statement, the City is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, and the execution and delivery and the performance of its obligations under the City Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the City pursuant to the City Documents, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, in any manner that would materially and adversely affect the performance by the City of its obligations under the City Documents or the performance of the conditions precedent to be performed by the City pursuant to the City Documents.

D. Except as may be required under the “blue sky” or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the City of its obligations under the City Documents, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.

E. The City Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement.

F. The Bonds are payable from the Special Tax Revenues generated by the levy of special taxes in Improvement Area No. 1 (the “**Special Taxes**”), as set forth in the Fiscal Agent Agreement. The levy of the Special Taxes has been duly and validly authorized pursuant to the Act

and, subject to the maximum rate of Special Taxes in the Rate and Method and the application of the Special Tax Revenues as set forth in the Fiscal Agent Agreement, the levy of the Special Taxes within Improvement Area No. 1 will be fixed and levied in an amount which, together with other available funds, is required for the payment of the principal of, and interest on, the Bonds when due and payable, all as provided in the Fiscal Agent Agreement. The City has covenanted in the Fiscal Agent Agreement to cause the Special Taxes to be levied and collected at the same time and in the same manner as ordinary *ad valorem* property taxes.

G. The Fiscal Agent Agreement creates a valid pledge of, first lien upon and security interest in, the Special Tax Revenues, and in the moneys in the Special Tax Fund established pursuant to the Fiscal Agent Agreement, on the terms and conditions set forth in the Fiscal Agent Agreement.

H. Except as disclosed in the Preliminary Official Statement, there are, to the best of the City's knowledge, no entities with outstanding assessment liens against any of the properties within Improvement Area No. 1 or which are senior to or on a parity with the Special Taxes referred to in paragraph (G) hereof.

I. The information contained in the Preliminary Official Statement and in the Official Statement (other than statements therein pertaining to DTC and its book-entry system and under the caption "OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1," as to which no view is expressed) does not and shall not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (J) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

J. Up to and including 25 days after the End of the Underwriting Period, the City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term "**End of the Underwriting Period**" means the later of such time as: (i) the Bonds are delivered 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 a written notice delivered to the City at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "End of the Underwriting Period."

K. At the time of acceptance hereof there is and as of the Closing there will be no action pending (notice of which has been served on the City) or to the best knowledge of the City threatened, in which any such action: (i) in any way questions the existence of the Community Facilities District or the titles of the officers of the City to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the payment or collection of Special Tax Revenues or any amounts pledged or to be pledged to pay the principal

of and interest on the Bonds, or in any way contests or affects the validity of the City Documents or the consummation of the transactions on the part of the City contemplated thereby; (iii) contests the exemption of interest on the Bonds from federal or State income taxation or contests the powers of the City or the Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the time of acceptance hereof there is and, as of the Closing Date, there will be no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

L. Any certificate signed on behalf of the City by any officer or employee of the City authorized to do so shall be deemed a representation by the City to the Underwriter as to the statements made therein.

M. At or prior to the Closing, the City will have duly authorized, executed and delivered the Continuing Disclosure Certificate in substantially the form attached as Appendix G to the Official Statement. Except as disclosed in the Preliminary Official Statement, the City has not failed to comply in all respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events in the last five years.

N. The City will apply the proceeds of its Bonds in accordance with the Fiscal Agent Agreement.

O. Between the date of the Purchase Agreement and the date of Closing, the City will not offer or issue any bonds, notes or other obligations for borrowed money payable or secured by Special Taxes, except as previously disclosed to the Underwriter.

The execution and delivery of this Purchase Agreement by the City shall constitute a representation to the Underwriter that the representations contained in this Section 3 are true as of the date hereof.

4. Conditions to the Obligations of the Underwriter. The obligation 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 representations on the part of the City contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the City made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the City of its obligations to be performed hereunder at or prior to the Closing Date and, to the following additional conditions:

A. At the Closing Date, the City Resolutions, the Formation Documents, and the City Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as was described in the Official Statement, the City shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, and the execution and delivery and the performance by the City of its obligations under the City Documents, the City Resolutions and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, in any manner that would materially and adversely affect the performance by the City of its obligations under the City Documents or the City Resolutions.

C. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

D. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the inside cover page of the Official Statement, of the Bonds shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the City terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

2. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other

requirements of the Securities Act of 1933, as amended, or that the Fiscal Agent Agreement are not exempt from qualification under or other requirements of the Fiscal Agent Agreement Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

3. A general suspension of trading in securities on the New York Stock Exchange, or a general banking moratorium declared by Federal, State of New York or State of California officials authorized to do so;

4. The introduction, proposal or enactment of any amendment to the Federal or California Constitutions or any action by any Federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the City, its property, income, securities (or interest thereon), or the validity or enforceability of Special Taxes as contemplated by the Official Statement;

5. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

6. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

7. There shall have occurred any material outbreak or escalation of hostilities or other calamity or crisis the effect of which on the financial markets of the United States is such as to make it impracticable, in the judgment of the Underwriter, following consultation with the City, to sell the Bonds;

8. The filing or threat of an Action described Section 3.K hereof; or

9. Any proceeding shall have been commenced or be threatened in writing by the Securities and Exchange Commission against the City.

E. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the City by its Finance Director or other authorized officer;

2. The City Documents, duly executed and delivered by all parties thereto;

3. The City Resolutions, together with a certificate dated as of the Closing Date of the City Clerk to the effect that the City Resolutions are true, correct and complete copies of the City Resolutions duly adopted by the City Council;

4. The Formation Documents, together with a certificate dated as of the Closing Date of the City Clerk to the effect that the Formation Documents are true, correct and complete copies of the Formation Documents duly adopted by the City Council;

5. An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the City, of Bond Counsel, in substantially the form included as Appendix F to the Official Statement;

6. A supplemental opinion or opinions, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, in substantially the form attached hereto as Exhibit D;

7. A letter of Disclosure Counsel addressed to 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, the appriasiat and information regarding DTC and its book-entry only system, that is contained or incorporated by reference in the Official Statement and the appendices to 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;

8. A letter from Holland & Knight LLP, counsel to the Developer, dated the Closing Date and addressed to the Underwriter and the City, substantially in the form attached hereto as Exhibit E;

9. A certificate dated the Closing Date and signed by an authorized representative of the City or an authorized designee, on behalf of the City to the effect that: (i) the representations made by 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, provided that any references as to the Preliminary Official Statement shall be deemed to be to the Official Statement; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the City has complied with all the agreements and satisfied all the conditions on its part to be satisfied under the City Documents prior to the Closing Date;

10. An opinion of the City Attorney of the City, dated the date of Closing and addressed to the Underwriter and the City, to the effect that:

(i) The City is a municipal corporation, corporate and politic, duly organized and existing under the Constitution and laws of the State of California;

(ii) The City Resolutions and the Formation Documents have been duly adopted at a meeting of the City Council, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the City Resolutions and the Formation Documents are in full force and effect and have not been modified, amended, rescinded or repealed since the date of their adoption;

(iii) The City Documents and the Official Statement have been duly authorized, executed and delivered by the City and the City Documents constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

(iv) To the best knowledge of such counsel, the execution and delivery of the City Documents and the Official Statement and compliance with the provisions thereof under the circumstances contemplated thereby: (a) do 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; and (b) do not and will not in any material respect or constitute on the part of the City a violation, breach of or default under any court order or consent decree to which the City is subject;

(v) Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the City) or, to such counsel's knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City or the Community Facilities District, or the titles of its members and officers to their respective offices; or (b) affect the validity of the City Documents, the City Resolutions or the Formation Documents, or restrain or enjoin the repayment of the Bonds or in any way contest or affect the validity of the City Documents, the City Resolutions or the Formation Documents, or contest the authority of the City to enter into or perform its obligations under any of the City Documents, the City Resolutions or the Formation Documents, or under which a determination adverse to the City would have a material adverse effect upon the financial condition or the revenues of the City or the Community Facilities District, questions the right of the City to use Special Tax Revenues for the repayment of the Bonds or affects in any manner the right or ability of the City to collect or pledge the Special Taxes levied within Improvement Area No. 1 for the repayment of the Bonds;

11. A transcript of all proceedings relating to the authorization, issuance, sale and delivery of the Bonds, including certified copies of the Fiscal Agent Agreement and all resolutions of the City relating thereto;

12. A certificate dated the Closing Date from Goodwin Consulting Group, Inc. addressed to the City and the Underwriter to the effect that: (i) the Special Taxes (after payment of estimated Administrative Expenses) if collected in the maximum amounts permitted pursuant to the Rate and Method as of the Closing Date would generate at least 110% of the annual debt service on the Bonds in each year, based on such assumptions and qualifications as shall be acceptable to the Underwriter; and (ii) the statements in the Official Statement provided by Goodwin Consulting Group, Inc. concerning the Special Taxes and the Rate and Method and all information supplied by it for use in the Official Statement as of the date of the Official Statement and as of the

Closing Date did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

13. Certified copies of the general resolution of the Fiscal Agent authorizing the execution and delivery of certain documents by certain officers of the Fiscal Agent, which resolution authorizes the execution of the Fiscal Agent Agreement and the authentication of the Bonds;

14. A certificate of the Fiscal Agent, addressed to the Underwriter and the City dated the Closing Date, to the effect that: (i) the Fiscal Agent is authorized to carry out corporate trust powers, and have full power and authority to perform its duties under the Fiscal Agent Agreement; (ii) the Fiscal Agent is duly authorized to execute and deliver the Fiscal Agent Agreement, to accept the obligations created by the Fiscal Agent Agreement and to authenticate the Bonds pursuant to the terms of the Fiscal Agent Agreement; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Fiscal Agent that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Fiscal Agent of the other transactions contemplated to be performed by the Fiscal Agent in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Fiscal Agent Agreement; and (iv) to the best of its knowledge, compliance with the terms of the Fiscal Agent Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, trust agreement, bond, note, resolution or any other agreement or instrument to which the Fiscal Agent is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Fiscal Agent or any of its activities or properties;

15. An opinion of counsel to the Fiscal Agent, dated the Closing Date, addressed to the Underwriter and the City to the effect that the Fiscal Agent is a national banking association duly organized and validly existing under the laws of the United States having full power and being qualified to enter into, accept and agree to the provisions of the Fiscal Agent Agreement, and that the Fiscal Agent Agreement has been duly authorized, executed and delivered by the Fiscal Agent and, assuming due execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Fiscal Agent enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought;

16. A certificate of the City dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

17. An opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel to the Underwriter ("**Underwriter's Counsel**"), dated the date of Closing and addressed to the Underwriter in form and substance acceptable to the Underwriter;

18. A closing certificate of the Developer dated the Closing Date, substantially in the form attached as Appendix I to Exhibit B attached hereto;

19. A closing certificate of CalAtlantic dated the Closing Date, substantially in the form attached as Appendix I to Exhibit C attached hereto;

20. A certificate of the Appraiser, substantially in the form attached hereto as Exhibit G; and

21. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations of the City contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City in connection with the transactions contemplated hereby and by the Fiscal Agent Agreement and the Official Statement.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the City nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the City set forth in Section 6 hereof shall continue in full force and effect.

5. **Conditions to the Obligations of the City.** The obligations of the City shall be subject to the satisfaction of the conditions contained in Section 4 of this Purchase Agreement.

6. **Expenses.** Whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriter shall be under no obligation to pay, and the City shall pay only from the proceeds of the Bonds or any other legally available funds of the City or the Community Facilities District, but only as the City and such other party providing such services may agree, all expenses and costs of the City incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter, including, without limitation, printing costs, initial fees of the Fiscal Agent, including fees and disbursements of their counsel, if any, fees and disbursements of Bond Counsel, Disclosure Counsel and other professional advisors employed by the City, costs of preparation, printing, signing, transportation, delivery and safekeeping of the Bonds and for expenses (included in the expense component of the spread) incurred by the Underwriter on behalf of the City's employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation and lodging of those employees. The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, 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, including fees of its counsel.

7. **Notices.** Any notice of other communication to be given to 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; 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 Jaffray & Co, 8880 Cal Center Drive, Suite 400, Sacramento, CA 95826, Attention: Dennis McGuire.

8. **Parties In Interest.** This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

9. **Survival of Representations.** The representations of the City under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the City and regardless of delivery of and payment for the Bonds.

10. **Execution in 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.

11. **Effective.** This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the City and shall be valid and enforceable as of the time of such acceptance.

12. **No Prior Agreements.** This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the City.

13. **Governing Law.** This Purchase Agreement shall be governed by the laws of the State of California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

14. **Effective Date.** This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the City and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

PIPER JAFFRAY & CO.

By: _____
Its: Authorized Officer

Time of Execution: _____

CITY OF TRACY

By: _____
Karin Schnaider, Finance Director

EXHIBIT A

\$ _____
IMPROVEMENT AREA NO. 1 OF THE CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD)
SPECIAL TAX BONDS, SERIES 2019

Schedule of Bond Maturities, Principal Amounts, Interest Rates, Yields
and Initial Offering Prices

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Initial Offering Price</i>	<i>10% Test Used</i>	<i>Hold the Price Offering Rule Used</i>

[^C Priced to the optional redemption date of September 1, 20__ at ____%.]

Optional Redemption. The Bonds maturing on or after September 1, 20__, are subject to optional redemption as directed by the City, from sources of funds other than prepayments of Special Taxes, prior to their stated maturity on any date on or after September 1, 20__, as a whole or in part, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and any date thereafter	100

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__, are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund Redemption Date (September 1)	Sinking Fund Payments

(maturity)

Redemption from Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the Reserve Fund under the Fiscal Agent Agreement will be used to redeem Bonds on the next Interest Payment Date for which notice of redemption can timely be given under the Fiscal Agent Agreement, among maturities so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 20__ through and including March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

EXHIBIT B

**IMPROVEMENT AREA NO. 1 OF THE CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD)
SPECIAL TAX BONDS, SERIES 2019**

LETTER OF REPRESENTATIONS OF SURLANDCOMMUNITIES LLC.

_____, 2019

City of Tracy
333 Civic Center Plaza
Tracy, California 95376

Piper Jaffray & Co.
8880 Cal Center Drive, Suite 400
Sacramento, California 95826

Ladies and Gentlemen:

Reference is made to the Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019 (the “**Bonds**”) and to the Bond Purchase Agreement, (the “**Purchase Agreement**”), by and between the City of Tracy (the “**City**”) and Piper Jaffray & Co. (the “**Underwriter**”), to be entered into in connection therewith. This Letter of Representations of Surland Communities LLC (the “**Letter of Representations**”) is delivered pursuant to the Purchase Agreement. Capitalized terms that are used herein and not otherwise defined have the meanings ascribed to them in the Purchase Agreement.

The undersigned certifies that the undersigned is familiar with the facts herein and is authorized and qualified to certify the same as an authorized officer or representative of Surland Communities LLC., a California limited liability company (the “**Developer**”), and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is duly organized and validly existing under the laws of the State of California, and has all requisite right, power and authority: (i) to execute and deliver this Letter of Representations; (ii) to perform its obligations under the Master Acquisition Agreement, dated as of February 1, 2017 (the “**Acquisition Agreement**”), by and between the Developer and the City; and (iii) to develop its property in the City of Tracy Community Facilities District No. 2016-2 (ECFD) (the “**Community Facilities District**”) as described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, title to a certain portion of the property within Improvement Area No. 1 of the Community Facilities District is held in the name of the Developer (the “**Property**”). The undersigned, on behalf of the Developer, makes the representations herein with respect to all such Property. Except as otherwise described in the Preliminary Official Statement, the Developer is, and the Developer’s current expectations are that the Developer shall remain, the party responsible for the development of the Property until such time as the Developer sells all or a portion of the Property to one or more home builders. The Developer has not entered into an agreement for development or management of the Property by any other entity, except for such subcontracts, consultant agreements and similar agreements for land

development activities associated with the Developer's development plan as are entered into in the ordinary course of business.

3. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned,¹ is pending against any current Affiliate² (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is overtly threatened in writing against the Developer or any such Affiliate: (a) to restrain or enjoin the collection of Special Taxes or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the 2019 Reserve Fund established under the Fiscal Agent Agreement); (b) to restrain or enjoin the performance by the Developer of its obligations under the Acquisition Agreement; (c) to restrain or enjoin the development of the Property as described in the Preliminary Official Statement; (d) in any way contesting or affecting the validity of the Special Taxes; or (e) which is reasonably likely to materially and adversely affect the Developer's ability to develop and sell the Property as described in the Preliminary Official Statement.

4. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the information that is contained therein solely with respect to the Developer, its Affiliates, the ownership and proposed development of the Property and the remainder of the Ellis

¹ **"Actual Knowledge of the Undersigned"** means the knowledge that the individual signing on behalf of the Developer currently has as of the date of this Letter of Representations or has obtained through: (i) interviews with such current officers and responsible employees of the Developer and its Affiliates as the undersigned has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters that are set forth in this Letter of Representations; and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned has reasonably deemed necessary in order for the undersigned to obtain knowledge of the matters that are set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's current business and operations.

² **"Affiliate"** means, with respect to the Developer, any other Person: (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Developer; and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the Improvement Area and investment decision regarding the Bonds (i.e., information relevant to: (a) the Developer's development plans with respect to the Property and ability to pay its Special Taxes on the Property prior to delinquency; or (b) such Person's assets or funds that would materially affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay its Special Taxes on the Property prior to delinquency. **"Person"** means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term **"control"** (including the terms "controlling," "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

Development as set forth under the captions of the Preliminary Official Statement entitled “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1 – The Ellis Project,” and “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1 —Property Ownership in Improvement Area No. 1” (excluding therefrom in all cases information regarding CalAtlantic and its development, information regarding market value ratios and annual special tax ratios, and information which is identified as having been provided by a source other than the Developer), is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. Except as disclosed in the Preliminary Official Statement, there are no material loans that are outstanding and unpaid, and no material lines of credit of the Developer or its Affiliates, which are secured by an interest in the Property. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Developer and its Affiliates are not in breach of or in default under any applicable judgment or decree or any loan agreement, option agreement, development agreement, indenture, fiscal agent agreement, bond or note to which the Developer or its Affiliates are a party or otherwise subject, which breach or default could reasonably be expected to materially and adversely affect the Developer’s ability to develop the Property as described in the Preliminary Official Statement.

6. To the Actual Knowledge of the Undersigned, the Developer is not aware that any of the Property has a current liability with respect to the presence of a substance that is presently classified as hazardous under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 or applicable State law or is adversely affected by the presence of endangered or threatened species or habitat for endangered or threatened species.

7. The Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the District or the Improvement Area, to challenge the adoption of the Ordinance, to invalidate the District or the Improvement Area or any of the Bonds or any refunding bonds related thereto, or to invalidate the lien of Special Taxes imposed under the Act based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Developer or its Affiliates in any way from bringing any other action, suit or proceeding including, without limitation: (a) an action or suit contending that the Special Taxes have not been levied in accordance with the methodologies that are contained in the Rate and Method pursuant to which the Special Taxes are levied; (b) an action or suit with respect to the application or use of the Special Taxes levied and collected; or (c) an action or suit to enforce the obligations of the City and/or the Community Facilities District under the City Resolutions, the Fiscal Agent Agreement or any other agreements among the Developer or its Affiliates, the City and/or the Community Facilities District or to which the Developer or its Affiliates is a party or beneficiary.

8. The Developer consents to the issuance of the Bonds. The Developer acknowledges and agrees that the proceeds of the Bonds will be used as described in the Preliminary Official Statement.

9. The Developer intends to comply with the provision of the Act relating to the notice of Special Taxes described in California Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

10. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

11. To the Actual Knowledge of the Undersigned, Affiliates of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Affiliate of the Developer (with proper service of process having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Affiliates of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debt or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation which could have a materially adverse impact on the ability of the Developer to develop its Property as described in the Preliminary Official Statement or to pay the Special Taxes with respect to the portion of the Property then-owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

12. To the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any Affiliate has, during the period of its ownership, been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property that is within the boundaries of a community facilities district or an assessment district in the State that: (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing; or (b) resulted in a foreclosure action being commenced against the delinquent Developer or Affiliate in a court of law.

13. The Developer has not filed for the reassessment of the assessed value of portions of the Property.

14. To the Actual Knowledge of the Undersigned, there are no claims, disputes, suits, actions or contingent liabilities by and among the Developer, its Affiliates or any contractors working on the development of the Property which are reasonably likely to materially and adversely affect the development of the Property as described in the Preliminary Official Statement.

15. Based upon the Developer's current development plans for the Property, including, without limitation, the current budget, and subject to economic conditions and risks that are generally inherent in the development of real property, including, but not limited to, the risks that are described in the Preliminary Official Statement under the caption "BOND OWNERS' RISKS," the Developer presently anticipates that it will have sufficient funds to develop the Property as described in the Preliminary Official Statement. However, neither the Developer nor any of its Affiliates are obligated to make any additional capital contribution or loan to the Developer at any time, and the Developer reserves the right to change its development plan and financing plan for the Property at any time without notice.

16. Solely as to the limited information that is described in the sections of the Preliminary Official Statement set forth in Paragraph 4 (and subject to the limitations and exclusions contained in Paragraph 4) , the Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City and the Community Facilities District, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each, an “**Indemnified Party**” and, collectively, the “**Indemnified Parties**”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise and shall reimburse any such Indemnified Party for any reasonable legal or other expense incurred by it in connection with investigating any such claim against it and defending any such action, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact or the omission of a material fact by the Developer in the above-referenced information in the Preliminary Official Statement, as of its date, that is necessary to make the statements made by the Developer contained therein, in light of the circumstances under which they were made, not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Developer may otherwise have to any Indemnified Party, provided that in no event shall the Developer be obligated for double indemnification, or for the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Developer in writing; provided that the failure to notify the Developer shall not relieve it from any liability that it may have hereunder except to the extent that it has been prejudiced by such failure, and then only to the extent of such prejudice. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Developer thereof, the Developer shall retain counsel that is reasonably satisfactory to the Indemnified Party and approved thereby to represent the Indemnified Party in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless: (i) the Developer and the Indemnified Party shall have mutually agreed to the contrary; (ii) the Developer has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Developer; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Developer and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Developer shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Developer shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Developer agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment.

Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested that the Developer reimburse the Indemnified Party for fees and expenses of counsel as contemplated by this paragraph, the Developer shall be liable for any settlement of any proceeding effected without its written consent if: (1) such settlement is entered into more than 60 days after receipt by the Developer of such request; and (2) the Developer shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement (provided that the foregoing shall not be applicable to any failure to reimburse if the Developer is disputing such payment in good faith and shall have paid any amounts which are not in dispute). The Developer shall not, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement: (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding; and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

17. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, the ownership and proposed development of the Property and the remainder of the Ellis Development shall occur of which the Developer has actual knowledge which would cause the information under the captions of the Preliminary Official Statement that are described in Paragraph 4 (and subject to the limitations and exclusions contained in Paragraph 4) hereof to contain an untrue statement of a material fact or to omit to state a material fact that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Developer shall notify the City and the Underwriter. If in the reasonable opinion of counsel to the City or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the City in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance that is reasonably satisfactory to counsel to the City and to the Underwriter.

18. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Appendix 1.

19. On behalf of the Developer, I have reviewed the contents of this Letter of Representations and have met with counsel to the Developer for the purpose of discussing the meaning of the contents of this Letter of Representations. The Developer acknowledges and understands that a variety of state and federal securities laws, including, but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Developer and that under some circumstances, certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such securities laws.

The undersigned has executed this Letter of Representations solely in the undersigned's capacity as an officer or authorized representative of the Developer and the undersigned will have no personal liability arising from or relating to this Letter of Representations. Any liability that arises from or relates to this Letter of Representations may only be asserted against the Developer.

SURLANDCOMMUNITIES LLC.,
a California limited liability company

By: _____

Name: _____

Title: _____

APPENDIX 1 to EXHIBIT B

§ _____
**IMPROVEMENT AREA NO. 1 OF THE CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD)
SPECIAL TAX BONDS, SERIES 2019**

CLOSING CERTIFICATE OF SURLAND COMMUNITIES LLC

_____, 2019

City of Tracy
333 Civic Center Plaza
Tracy, California 95376

Piper Jaffray & Co.
8880 Cal Center Drive, Suite 400
Sacramento, California 95826

Ladies and Gentlemen:

Reference is made to the Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019 (the “**Bonds**”) and to the Bond Purchase Agreement, dated _____, 2019 (the “**Purchase Agreement**”), by and between the City of Tracy and Piper Jaffray & Co., entered into in connection therewith. This Closing Certificate of Surland Communities LLC (the “**Closing Certificate**”) is delivered by Surland Communities LLC, a California limited liability company (the “**Developer**”), pursuant to the Purchase Agreement. Capitalized terms that are used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of Surland Communities LLC dated _____, 2019 (the “**Letter of Representations**”), delivered by the Developer.

The undersigned certifies that the undersigned is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer. The undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement relating to the Bonds (the “**Final Official Statement**”). To the Actual Knowledge of the Undersigned, each statement, representation and warranty that was made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Final Official Statement.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement which affects the statements and information that are described in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) relating to the Developer, its Affiliates, the ownership and proposed development of the Property and the remainder of the Ellis Development which should be disclosed in the Final Official Statement for the purposes for which it is to be used

in order to make such statements and information that are contained in the Final Official Statement not misleading in any material respect.

3. For the period through 25 days after the “**end of the underwriting period**” (as such term is defined in the Purchase Agreement to mean the date hereof), if any event that relates to or affects the Developer, its Affiliates, the ownership and proposed development of the Property and the remainder of the Ellis Development shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City, to amend or supplement the Final Official Statement in order to make the information under the captions of the Final Official Statement that are described in Paragraph 4 of the Letter of Representations not misleading, in the light of the circumstances existing at the time it is delivered to a purchaser, the Developer shall reasonably cooperate with the City and the Underwriter in the preparation of an amendment or supplement to the information described in the captions of the Final Official Statement that are described in Paragraph 4 of the Letter of Representations. Such amendment or supplement shall be in form and substance satisfactory to the Underwriter and counsel to the Community Facilities District and shall amend or supplement the Final Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact that is necessary in order to make the statements therein, in the light of the circumstances existing at the time the Final Official Statement is delivered to a purchaser, not misleading.

4. The undersigned has executed this Closing Certificate solely in the undersigned’s capacity as an officer of the Developer and the undersigned will have no personal liability arising from or relating to this Closing Certificate. Any liability that arises from or relates to this Closing Certificate may only be asserted against the Developer.

SURLAND COMMUNITIES LLC,
a California limited liability company

By: _____

Name: _____

Title: _____

EXHIBIT C

IMPROVEMENT AREA NO. 1 OF THE CITY OF TRACY COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD) SPECIAL TAX BONDS, SERIES 2019

LETTER OF REPRESENTATIONS OF CALATLANTIC GROUP, INC.

_____, 2019

City of Tracy
333 Civic Center Plaza
Tracy, California 95376

Piper Jaffray & Co.
8880 Cal Center Drive, Suite 400
Sacramento, California 95826

Ladies and Gentlemen:

Reference is made to the Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019 (the “**Bonds**”) and to the Bond Purchase Agreement (the “**Purchase Agreement**”), by and between the City of Tracy (the “**City**”) and Piper Jaffray & Co. (the “**Underwriter**”), to be entered into in connection therewith. This Letter of Representations (the “**Letter of Representations**”) is delivered pursuant to the Purchase Agreement. Capitalized terms that are used herein and not otherwise defined have the meanings ascribed to them in the Purchase Agreement.

The undersigned certifies that the undersigned is familiar with the facts herein and is authorized and qualified to certify the same as an authorized officer or representative of CalAtlantic Group, Inc., a Delaware corporation (the “**Developer**”), and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is duly organized and validly existing under the laws of the State of Delaware, and has all requisite right, power and authority: (i) to execute and deliver this Letter of Representations and (ii) to complete the development on its property in Improvement Area No. 1 (the “**Improvement Area**”) of City of Tracy Community Facilities District No. 2016-2 (ECFD) (the “**Community Facilities District**”) as described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, title to a certain portion of the property within the Improvement Area is held in the name of the Developer (the “**Property**”). The undersigned, on behalf of the Developer, makes the representations herein with respect to all such Property. Except as otherwise described in the Preliminary Official Statement, the Developer is, and the Developer’s current expectations are that the Developer shall remain, the party responsible for the development of the Property. The Developer has not entered into an agreement for development or management of the Property by any other entity, except for such subcontracts, consultant agreements and similar agreements for land development activities associated with the Developer’s development plan as are entered into in the ordinary course of business.

3. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned¹, is pending against any current Affiliate² (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Developer or any such Affiliate: (a) to restrain or enjoin the collection of Special Taxes or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the 2019 Reserve Fund established under the Fiscal Agent Agreement); (b) to restrain or enjoin the execution by the Developer of the Developer Continuing Disclosure Certificate and performance by the Developer of its obligations thereunder; (c) to restrain or enjoin the development of the Property as described in the Preliminary Official Statement; (d) in any way contesting or affecting the validity of the Special Taxes; or (e) which is reasonably likely to materially and adversely affect the Developer's ability to complete the development and sale of the Property as described in the Preliminary Official Statement or to pay the Special Taxes due with respect to the Property.

4. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the information that is contained therein solely with respect to the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's

¹ **“Actual Knowledge of the Undersigned”** means the knowledge that the individual signing on behalf of the Developer currently has as of the date of this Letter of Representations or has obtained through: (i) interviews with such current officers and responsible employees of the Developer and its Affiliates as the undersigned has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters that are set forth in this Letter of Representations; and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned has reasonably deemed necessary in order for the undersigned to obtain knowledge of the matters that are set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's current business and operations.

² **“Affiliate”** means, with respect to the Developer, any other Person: (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Developer; and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the Improvement Area and investment decision regarding the Bonds (i.e., information relevant to: (a) the Developer's development plans with respect to the Property and ability to pay its Special Taxes on the Property prior to delinquency; or (b) such Person's assets or funds that would materially affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay its Special Taxes on the Property prior to delinquency. **“Person”** means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term **“control”** (including the terms “controlling,” “controlled by” or “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

development plan or the Developer's financing plan, other loans of such Affiliates) as set forth under the captions of the Preliminary Official Statement entitled "THE DISTRICT AND IMPROVEMENT AREA NO. 1" and "OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1" (excluding therefrom in all cases information regarding market value ratios and annual special tax ratios, and information which is identified as having been provided by a source other than the Developer), is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. Except as disclosed in the Preliminary Official Statement, there are no material loans that are outstanding and unpaid, and no material lines of credit of the Developer or its Affiliates, which are secured by an interest in the Property. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Developer and its Affiliates are not in breach of or in default under any applicable judgment or decree or any loan agreement, option agreement, development agreement, indenture, fiscal agent agreement, bond or note to which the Developer or its Affiliates are a party or otherwise subject, which breach or default could reasonably be expected to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay the Special Taxes due with respect to the Property prior to delinquency.

6. To the Actual Knowledge of the Undersigned, the Developer is not aware that any of the Property has a current liability with respect to the presence of a substance that is presently classified as hazardous under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 or applicable State law or is adversely affected by the presence of endangered or threatened species or habitat for endangered or threatened species.

7. The Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Improvement Area, to challenge the adoption of the Ordinance, to invalidate the Improvement Area or any of the Bonds or any refunding bonds related thereto, or to invalidate the Special Tax liens imposed under the Law based on recordation of the notices of Special Tax lien relating thereto. The foregoing covenant shall not prevent the Developer in any way from bringing any other action, suit or proceeding including, without limitation: (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies that are contained in the Rate and Method (as such term is defined in the Fiscal Agent Agreement) pursuant to which the Special Taxes are levied; (b) an action or suit with respect to the application or use of the Special Taxes levied and collected; or (c) an action or suit to enforce the obligations of the City and/or the Community Facilities District under the District Resolutions, the Fiscal Agent Agreement or any other agreements among the Developer, the City and/or the Community Facilities District or to which the Developer is a beneficiary.

8. The Developer consents to the issuance of the Bonds. The Developer acknowledges and agrees that the proceeds of the Bonds will be used as described in the Preliminary Official Statement.

9. The Developer intends to comply with the provision of the Law relating to the notice of Special Tax described in California Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

10. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

11. To the Actual Knowledge of the Undersigned, Affiliates of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Affiliate of the Developer (with proper service of process having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Affiliates of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debt or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

12. To the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any Affiliate has, during the period of its ownership, been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property that is within the boundaries of a community facilities district or an assessment district in the State that: (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing; or (b) resulted in a foreclosure action being commenced against the delinquent Developer or Affiliate.

13. The Developer has not filed for the reassessment of the assessed value of portions of the Property, other than in connection with the sale of homes to individual homebuyers.

14. To the Actual Knowledge of the Undersigned, there are no claims, disputes, suits, actions or contingent liabilities by and among the Developer, its Affiliates or any contractors working on the development of the Property which are reasonably likely to materially and adversely affect the development of the Property as described in the Preliminary Official Statement or the payment of the Special Taxes that are due with respect to the Property prior to delinquency.

15. Based upon the Developer's current development plans for the Property, including, without limitation, the current budget, and subject to economic conditions and risks that are generally inherent in the development of real property, including, but not limited to, the risks that are described in the Preliminary Official Statement under the caption "BOND OWNERS' RISKS," the Developer presently anticipates that it will have sufficient funds to complete the development of the Property as described in the Preliminary Official Statement and to pay Special Taxes levied against the Property when due. The Developer does not anticipate that the City will be required to resort to a draw on the 2019 Reserve Fund for payment of principal of or interest on the Bonds due to the Developer's nonpayment of Special Taxes. However, neither the Developer nor any of its Affiliates are obligated to make any additional capital contribution or loan to the Developer at any time, and the Developer reserves the right to change its development plan and financing plan for the Property at any time without notice.

16. Solely as to the limited information that is described in Paragraph 4 above concerning the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contract arrangements of the Developer and its Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates), the Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City and the Community Facilities District, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each, an **"Indemnified Party"** and, collectively, the **"Indemnified Parties"**), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise and shall reimburse any such Indemnified Party for any reasonable legal or other expense incurred by it in connection with investigating any such claim against it and defending any such action, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact or the omission of a material fact by the Developer in the above-referenced information in the Preliminary Official Statement, as of its date or, in any annual or semi-annual report or notice of significant event provided by the Developer pursuant to the Developer Continuing Disclosure Certificate, as of its date, that is necessary to make the statements made by the Developer contained therein, in light of the circumstances under which they were made, not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Developer may otherwise have to any Indemnified Party, provided that in no event shall the Developer be obligated for double indemnification, or for the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Developer in writing; provided that the failure to notify the Developer shall not relieve it from any liability that it may have hereunder except to the extent that it has been prejudiced by such failure, and then only to the extent of such prejudice. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Developer thereof, the Developer shall retain counsel that is reasonably satisfactory to the Indemnified Party (who shall not, without the consent of the Indemnified Party, be counsel to the Developer) to represent the Indemnified Party in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless: (i) the Developer and the Indemnified Party shall have mutually agreed to the contrary; (ii) the Developer has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Developer; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Developer and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Developer shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Developer shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or

if there be a final judgment for the plaintiff, the Developer agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment.

Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested that the Developer reimburse the Indemnified Party for fees and expenses of counsel as contemplated by this paragraph, the Developer shall be liable for any settlement of any proceeding effected without its written consent if: (1) such settlement is entered into more than 60 days after receipt by the Developer of such request; and (2) the Developer shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement (provided that the foregoing shall not be applicable to any failure to reimburse if the Developer is disputing such payment in good faith and shall have paid any amounts which are not in dispute). The Developer shall not, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement: (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding; and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

17. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur of which the Developer has actual knowledge which would cause the information under the captions of the Preliminary Official Statement that are described in Paragraph 4 hereof to contain an untrue statement of a material fact or to omit to state a material fact that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Developer shall notify the City and the Underwriter. If in the reasonable opinion of counsel to the City or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the City in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance that is reasonably satisfactory to counsel to the City and to the Underwriter.

18. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Appendix 1.

19. An appraisal of the taxable properties within the Community Facilities District (the "**Appraisal Report**") was prepared by Integra Realty Resources (the "**Appraiser**"). The Appraisal Report estimates the market value of the taxable properties within the Community Facilities District as of October 10, 2019 (the "**Date of Value**"). To Actual Knowledge of the Undersigned, taken in its entirety, all information that was submitted by, or on behalf of and authorized by, the Developer to the Appraiser was true and correct in all material respects as of the Date of Value with respect to the information submitted for the Appraisal.

20. On behalf of the Developer, I have reviewed the contents of this Letter of Representations and have met with counsel to the Developer for the purpose of discussing the meaning of the contents of this Letter of Representations. The Developer acknowledges and understands that a variety of state and federal securities laws, including, but not limited to the

Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Developer and that under some circumstances, certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such securities laws.

The undersigned has executed this Letter of Representations solely in the undersigned's capacity as an officer of the Developer and the undersigned will have no personal liability arising from or relating to this Letter of Representations. Any liability that arises from or relates to this Letter of Representations may only be asserted against the Developer.

CALATLANTIC GROUP, INC., a Delaware
corporation

By: _____
Name: _____
Title: _____

APPENDIX 1 to EXHIBIT C

**IMPROVEMENT AREA NO. 1 OF THE CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD)
SPECIAL TAX BONDS, SERIES 2019**

CLOSING CERTIFICATE OF CALATLANTIC GROUP, INC.

_____, 2019

City of Tracy
333 Civic Center Plaza
Tracy, California 95376

Piper Jaffray & Co.
8880 Cal Center Drive, Suite 400
Sacramento, California 95826

Ladies and Gentlemen:

Reference is made to the Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019 (the “**Bonds**”) and to the Bond Purchase Agreement, dated _____, 2019 (the “**Purchase Agreement**”), by and between the City of Tracy and Piper Jaffray & Co., entered into in connection therewith. This certificate is delivered by CalAtlantic Group, Inc., a Delaware corporation (the “**Developer**”), pursuant to the Purchase Agreement. Capitalized terms that are used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations dated _____, 2019 (the “**Letter of Representations**”), delivered by the Developer.

The undersigned certifies that the undersigned is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer. The undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement relating to the Bonds (the “**Final Official Statement**”). To the Actual Knowledge of the Undersigned, each statement, representation and warranty that was made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Final Official Statement and all references to the Developer Continuing Disclosure Certificate shall be deemed to be references to the Developer Continuing Disclosure Certificate as executed by the Developer.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement which affects the statements and information that are described in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) relating to the Developer, its ownership of the Property, the Developer’s development plan, the Developer’s financing plan and contractual arrangements of the Developer which should be disclosed in the Final Official Statement for the

purposes for which it is to be used in order to make such statements and information that are contained in the Final Official Statement not misleading in any material respect.

3. The Developer has duly authorized the execution and delivery of the Developer Continuing Disclosure Certificate and is duly authorized to perform the obligations on its part to be performed thereunder, and assuming due authorization and execution by the other parties thereto, the Developer Continuing Disclosure Certificate constitutes the legal, valid and binding obligations of the Developer, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance and other similar laws affecting the rights of creditors and certain equitable, legal or statutory principles affecting enforcement of contractual rights generally, regardless of whether such enforcement is considered in a proceeding of law or equity.

4. For the period through 25 days after the “**end of the underwriting period**” (as such term is defined in the Purchase Agreement), if any event that relates to or affects the Developer, its ownership of the Property, the Developer’s development plan, the Developer’s financing plan and contractual arrangements of the Developer shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City, to amend or supplement the Final Official Statement in order to make the information under the captions of the Final Official Statement that are described in Paragraph 4 of the Letter of Representations not misleading, in the light of the circumstances existing at the time it is delivered to a purchaser, the Developer shall reasonably cooperate with the City and the Underwriter in the preparation of an amendment or supplement to the information described in the captions of the Final Official Statement that are described in Paragraph 4 of the Letter of Representations. Such amendment or supplement shall be in form and substance satisfactory to the Underwriter and counsel to the Community Facilities District and shall amend or supplement the Final Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact that is necessary in order to make the statements therein, in the light of the circumstances existing at the time the Final Official Statement is delivered to a purchaser, not misleading.

4. The undersigned has executed this certificate solely in the undersigned’s capacity as an officer of the Developer and the undersigned will have no personal liability arising from or relating to this certificate. Any liability that arises from or relates to this certificate may only be asserted against the Developer.

CALATLANTIC GROUP, INC., a Delaware
corporation

By: _____
Name: _____
Title: _____

EXHIBIT D
SUPPLEMENTAL OPINION OF BOND COUNSEL

[Date of Issuance]

Piper Jaffray & Co., as Underwriter
Sacramento, California

\$ _____
Improvement Area No. 1 of the City of Tracy
Community Facilities District No. 2016-2 (ECFD)
Special Tax Bonds, Series 2019

(Supplemental Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Tracy (the “**City**”) of the above-referenced bonds (the “**Bonds**”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 et seq. of the California Government Code (the “**Law**”), Resolution No. 2017-025 of the City adopted on February 7, 2017, as supplemented by Resolution No. 2019-____ of the City adopted on November 19, 2019 (together, the “**Resolution**”) and a Fiscal Agent Agreement (the “**Fiscal Agent Agreement**”), dated as of December 1, 2019, by and between the City, for and on behalf of the City of Tracy Community Facilities District No. 2016-2 (ECFD) (the “**District**”), and U.S. Bank National Association, as fiscal agent. Capitalized terms used herein but not defined have the meaning given them in the Bond Purchase Agreement, dated _____, 2019 (the “**Purchase Agreement**”), by and between Piper Jaffray & Co., as underwriter (the “**Underwriter**”), and the City, acting for and on behalf of the District.

We have examined the Fiscal Agent Agreement, the Purchase Agreement, and the Continuing Disclosure Certificate, dated _____, 2019 (the “**Continuing Disclosure Certificate**”), executed and delivered by the City and agreed and accepted by Goodwin Consulting Group, Inc., as dissemination agent, (collectively, the “**City Documents**”), the Law and such certified proceedings and other papers as we deem necessary to render this opinion.

This letter is being delivered in our capacity as bond counsel to the City and not as counsel to the Underwriter.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Resolution, the Fiscal Agent Agreement and the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

(i) the City Documents have been duly authorized, executed and delivered by the City, and, assuming the City Documents constitute the valid and binding obligation of the other parties

thereto, constitute the legally valid and binding obligations of the City enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies and general principles of equity (regardless of whether such enforceability is considered in equity or at law);

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Fiscal Agent Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(iii) the information contained in the Official Statement on the cover and under the captions "INTRODUCTION," "THE 2019 BONDS," "SECURITY FOR THE 2019 BONDS," "LEGAL MATTERS" and Appendices C and F thereof (except that no opinion or belief is expressed as to any financial or statistical data contained therein), insofar as it purports to summarize certain provisions of the Act, the Bonds, the Fiscal Agent Agreement and the exclusion from gross income for federal income tax purposes and exemption from State personal income taxes of interest on the Bonds, presents a fair and accurate summary of such provisions.

The preceding paragraph is not an opinion but constitutes negative observations based on certain limited activities performed by specific lawyers in our firm in our role as special disclosure counsel to the City. The scope of the activities we performed for purposes of delivering this letter was inherently limited and does not purport to encompass all activities necessary for compliance with applicable securities laws. In addition, in performing those activities, we relied on third party representations, warranties, certifications and opinions, including and primarily, representations, warranties and certifications made by the City. The preceding paragraph is otherwise subject to the conditions set forth herein.

This opinion letter is solely for your benefit in connection with the transaction covered by the first paragraph of this letter and may not be relied upon, used, circulated, quoted or referred to, nor any copies hereof be delivered to, any other person without our prior written approval.

Very truly yours,

JONES HALL, a Professional Law Corporation

EXHIBIT E

NEGATIVE ASSURANCE LETTER FOR COUNSEL TO SURLAND COMMUNITIES, LLC

_____, 2019

City of Tracy
333 Civic Center Plaza
Tracy, California 95376

Piper Jaffray & Co.
8880 Cal Center Drive, Suite 400
Sacramento, California 95826

**Re: \$_____ Improvement Area No. 1 of the City of Tracy Community
Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019**

Ladies and Gentlemen:

We have acted as special counsel to Surland Communities LLC, a California limited liability company (the “**Developer**”), in connection with the development of certain property owned by the Developer located within the boundaries of Improvement Area No. 1 (the “**Property**”) of the City of Tracy Community Facilities District No. 2016-2 (ECFD) (the “**Community Facilities District**”) and in connection with the issuance and sale by the City of Tracy (the “**City**”) of \$_____ Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019 (the “**Bonds**”). The Bonds are described in that certain Official Statement dated _____, 2019 (the “**Official Statement**”).

The Bonds are being sold to Piper Jaffray & Co., as underwriter (the “**Underwriter**”), pursuant to that certain Bond Purchase Agreement, dated _____, 2019 (the “**Bond Purchase Agreement**”), by and between the City and the Underwriter. This letter is provided for the benefit of the City and the Underwriter pursuant to Section 4.E.8 of the Bond Purchase Agreement.

We advise you that we are not general counsel to the Developer and do not represent the Developer on a continuing basis. Rather, we represent the Developer as requested from time to time on specific matters.

The primary purpose of our professional engagement was not to establish or confirm factual matters or quantitative information. We are not passing upon and do not assume any responsibility for the accuracy, completeness, or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness, or fairness of any such statements. However, in our capacity as special counsel to the Developer, we reviewed the Official Statement and we met in conferences with representatives of the Developer, the Underwriter and its counsel, Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel, and others, during which conferences the contents of the Official Statement and related matters were discussed. We have reviewed only the electronic version of the Official Statement delivered to Robert M. Haight, Jr. (robert.haight@hklaw.com) on _____, 2019, from _____ (the “**Official Electronic Version**”), and we assume that any printed version and all

other electronic versions of the Official Statement are identical in all respects to such Official Electronic Version. Our statements herein with respect to the Official Statement do not pertain to any printed or electronic version of the Official Statement that is not identical in all respects to the Official Electronic Version. We also reviewed certain written statements of officers and other representatives of the Developer and others as to the existence and consequence of certain factual and other matters.

Based on our participation, review, and reliance as described above, we advise you that no information came to the attention of the lawyers in our firm rendering legal services in connection with such representation that caused us to believe that, as of the date of the Official Statement and as of the date hereof, the statements in the Official Statement relating to the Developer, its Affiliates (as defined in the Letter of Representations of Surland Communities LLC dated ____, 2019), the ownership and proposed development of the Property and the remainder of the Ellis Development as set forth under the captions of the Preliminary Official Statement entitled “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1 – The Ellis Project,” and “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1 —Property Ownership in Improvement Area No. 1” contained or contain any untrue statement of a material fact or omitted 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 (except that no belief or view is expressed as to (a) information regarding CalAtlantic and its development, (b) any financial statements and other financial, statistical, economic, demographic, or engineering data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions, or expressions of opinion, or (c) any information about valuation, appraisals, market absorption, archaeological, or environmental matters). For purposes of this paragraph, “attention” refers to the conscious awareness of each of the lawyers in our firm who actively participated in rendering legal services in connection with such representation and “believe” refers to the actual, subjective, good faith belief of each of those lawyers. Please be advised that only Robert M. Haight, Jr. has rendered such legal services in connection with such representation.

We express no opinion or belief as to the applicability or effect on the subject transaction of the securities laws of the State of California or of the United States of America, including but not limited to the Securities Act of 1933, as amended.

No attorney-client relationship has existed or exists between our firm and the City, the Community Facilities District or the Underwriter in connection with the Bonds or by virtue of this letter. This letter is delivered as of the date hereof and is furnished solely for your benefit in connection with the subject transaction, and may not be relied upon for any other purpose or furnished to, used, circulated, quoted, or referred to by any other person without our prior written consent. This letter is not intended to, and may not, be relied upon by any owners of the Bonds.

Our engagement with respect to this matter has terminated as of the date hereof, and we do not undertake to advise you of any matters that may come to our attention subsequent to the date hereof that may affect the statements set forth herein.

This letter is limited to the matters expressly set forth herein, and no belief or assurance is implied or may be inferred beyond the matters expressly stated herein.

Sincerely yours,

HOLLAND & KNIGHT LLP

EXHIBIT F

\$ _____
**IMPROVEMENT AREA NO. 1 OF THE CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD)
SPECIAL TAX BONDS, SERIES 2019**

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Piper Jaffray & 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 _____, 2019, by and between PJC and the Issuer, 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. ***Reserve Fund.***

The establishment of the Reserve Fund in the amount of the Reserve Requirement (as such terms are defined in the Fiscal Agent Agreement dated as of _____ 1, 2019, by and between the City and U.S. Bank National Association, as fiscal agent, pursuant to which the Bonds are being issued) was vital to the marketing of the Bonds and reasonably required to assure payment of debt service on the Bonds.

4. ***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 _____, 2019 (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 City of Tracy.

(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 _____, 2019.

(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 JAFFRAY & CO.

By: _____
Name: _____

Dated: _____, 2019

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)

EXHIBIT G

**§ _____
IMPROVEMENT AREA NO. 1 OF THE CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD)
SPECIAL TAX BONDS, SERIES 2019**

CERTIFICATE OF APPRAISER

_____, 2019

City of Tracy
333 Civic Center Plaza
Tracy, California 95376

Piper Jaffray & Co.
8880 Cal Center Drive, Suite 400
Sacramento, California 95826

The undersigned hereby states and certifies:

1. That he is an authorized principal of Integra Realty Resources (the “**Appraiser**”) and as such is familiar with the facts herein certified and is authorized and qualified to certify the same.

2. That the Appraiser has prepared an appraisal report, dated _____, 2019 (the “**Appraisal Report**”), on behalf of the City of Tracy (the “**City**”) in connection with the Preliminary Official Statement, dated _____, 2019 (the “**Preliminary Official Statement**”) and the Official Statement dated _____, 2019 (“**Official Statement**”), for the Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019 (the “**Bonds**”).

3. That the Appraiser hereby consents to the reproduction and use of the Appraisal Report appended to the Preliminary Official Statement and the Official Statement. The Appraiser also consents to the references to the Appraiser and the Appraisal Report made in the Preliminary Official Statement and the Official Statement.

4. In the opinion of the Appraiser the assumptions made in the Appraisal Report are reasonable. Since the date of value of the Appraisal Report, the Appraiser is not aware of any facts that would cause its opinion of value of the taxable property in the Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) (the “**Improvement Area**”) to be lower than the value in the Appraisal.

5. Each of the parcels appraised by the Appraiser is encompassed within the Improvement Area as set forth in the boundary map of the Improvement Area.

6. That, as of the date of the Official Statement and as of the date hereof, the Appraisal Report appended to the Official Statement, to the best of my knowledge and belief, and subject to all

of the Assumptions and Limiting Conditions set forth in the Appraisal Report, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and no events or occurrences have been ascertained by us or have come to our attention that would substantially change the estimated values stated in the Appraisal Report. However, we have not performed any procedures since the date of the Appraisal Report to obtain knowledge of such events or occurrences nor are we obligated to do so in the future.

7. The City and the Underwriter, Piper Jaffray & Co., are entitled to rely on this Certificate.

INTEGRA REALTY RESOURCES

By: _____
Authorized Representative

RESOLUTION NO. _____

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 2017-025 TO AUTHORIZE
THE ISSUANCE AND SALE OF SPECIAL TAX BONDS FOR THE PURPOSE OF
FINANCING AUTHORIZED FACILITIES, AND APPROVING AND AUTHORIZING
RELATED DOCUMENTS AND ACTIONS

**Improvement Area No. 1 of the
City of Tracy
Community Facilities District No. 2016-2
(ECFD)**

RESOLVED, by this City Council (the "Council") of the City of Tracy (the "City"), County of San Joaquin, State of California, that:

WHEREAS, this Council previously conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "Act"), to form "City of Tracy Community Facilities District No. 2016-2 (ECFD)" (the "CFD") and "Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD)" ("Improvement Area No. 1"), to authorize the levy of special taxes upon the land within Improvement Area No. 1 and issue bonds secured by those special taxes for financing certain public improvements (the "Authorized Facilities") in the aggregate principal amount of \$27,000,000, all as described in those proceedings; and

WHEREAS, pursuant to Resolution No. 2017-025, which was adopted on February 7, 2017 (the "Original Resolution of Issuance"), this Council authorized the issuance of up to \$27,000,000 of bonded indebtedness and other debt on behalf of the CFD, directed staff to prepare documentation for such bonded indebtedness and other debt and return to this Council for approval of such documentation, and appointed U.S. Bank National Association as fiscal agent for such bonded indebtedness and other debt (the "Fiscal Agent"); and

WHEREAS, this Council now wishes to supplement the Original Resolution of Issuance to provide for the issuance of its Improvement Area No. 1 of the City of Tracy Community Facilities District No. 2016-2 (ECFD) Special Tax Bonds, Series 2019 (the "Bonds"), pursuant to a Fiscal Agent Agreement (the "Fiscal Agent Agreement") by and between the City, for and on behalf of the CFD, and the Fiscal Agent, and there have been submitted to this Council certain documents described below providing for the issuance of the Bonds for the CFD with respect to Improvement Area No. 1 and the use of the proceeds of those Bonds, and this Council with the aid of its staff, has reviewed the documents and found them to be in proper order; and

WHEREAS, there has also been submitted to this Council a form of preliminary Official Statement in connection with the marketing of the Bonds, and this Council, with the aid of its staff, has reviewed the preliminary Official Statement; and

WHEREAS, in accordance with Government Code Section 5852.1, the Council has obtained and disclosed the information set forth in Appendix A hereto; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds and the levy of the special taxes as contemplated by this resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act;

NOW THEREFORE BE IT RESOLVED, as follows:

1. Recitals. The foregoing recitals are all true and correct.

2. Bonds Authorized. Pursuant to the Act, the Original Resolution of Issuance, this Resolution and the Fiscal Agent Agreement, the Bonds are hereby authorized to be issued in the principal amount not to exceed \$20,500,000.

The Bonds shall be dated, bear interest at the rates, mature on the dates, be issued in the form, be subject to redemption, and otherwise be issued on the terms and conditions, all as set forth in the Fiscal Agent Agreement and in accordance with this Resolution; provided, however, that the true interest cost shall not exceed 5.25%. The Fiscal Agent, an Authorized Officer (as defined in Section 4 of this Resolution) and other responsible officers of the City are hereby authorized and directed to take such actions as are required to cause the delivery of the Bonds upon receipt of the purchase price thereof.

3. Findings. This Council hereby finds the following:

(a) The issuance of the Bonds is in compliance with the Act, the Original Resolution of Issuance, the Fiscal Agent Agreement and the City's "Amended Local Goals and Policies for Community Facilities Districts (CFDs)" adopted by this Council on February 4, 2014, by Resolution No. 2014-019 ("Goals and Policies"), except that the provision requiring property owners to provide continuing disclosure as long as they own property that is responsible for at least 10% of the special taxes in Improvement Area No. 1 is hereby waived so that the threshold can be established for the Bonds at a level acceptable to the Underwriter (as defined in Section 8).

(b) The appraisal described in the Preliminary Official Statement (the "Appraisal") has been prepared consistent with the Goals and Policies and meets the requirements of Section 53345.8 of the Act.

(c) In furtherance of the issuance of the Bonds and pursuant to Section 53345.8 of the Act, this Council hereby finds and determines that the value of the real property subject to the Special Taxes levied pursuant to the Act to pay debt service on the Bonds is at least three times the aggregate principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within Improvement Area No. 1 or a special assessment levied on property within the Improvement Area No. 1.

In making this finding, this Council has relied upon the value reported in the Appraisal (\$170,721,334), which includes two components:

Assessed Value of Completed Homes: The Appraisal reports that the assessed value of taxable parcels within the boundaries of the CFD that are completed homes with full assessed value on the San Joaquin County 2019-20 assessor's tax roll is \$163,322,334.

Appraised Value: The Appraisal estimates that the market value of taxable parcels within the boundaries of the CFD that are not completed homes with full assessed value on the San Joaquin County 2019-20 assessor's tax roll is \$7,399,000.

4. **Authorities Granted.** To the extent permitted by law, the Mayor, City Manager, Assistant City Manager, Finance Director, or such other official of the City as may be designated by such officer pursuant to Section 8 hereof (each, an "Authorized Officer") is hereby authorized and directed to execute and deliver the documents approved herein in substantially the form on file with the City Clerk, together with such additions or changes as are approved by such Authorized Officer, including such additions or changes as are necessary or advisable to permit the timely issuance, sale and delivery of the Bonds. The approval of such additions or changes shall be conclusively evidenced by the execution and delivery by an Authorized Officer of the documents herein specified.

5. **Fiscal Agent Agreement.** This Council hereby approves the Fiscal Agent Agreement, in substantially the form on file with the City Clerk. The terms and provisions of the Fiscal Agent Agreement, as executed, are incorporated herein by this reference as if fully set forth herein. An Authorized Officer is hereby authorized and directed to execute the Fiscal Agent Agreement on behalf of the City, with such changes, additions or deletions as may be approved by the Authorized Officer, and the City Clerk is hereby authorized and directed to attest thereto.

6. **Official Statement.** This Council hereby approves the Preliminary Official Statement prepared in connection with the Bonds in substantially the form on file with the Clerk of this Council, together with any changes therein or additions thereto deemed advisable by an Authorized Officer. This Council hereby approves and authorizes the distribution by the underwriter of the Bonds of the Preliminary Official Statement to prospective purchasers of the Bonds, and authorizes and directs an Authorized Officer on behalf of the City to deem the Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") prior to its distribution to prospective purchasers of the Bonds. The execution of the final Official Statement, which shall include Bond pricing information, such other changes and additions thereto deemed advisable by an Authorized Officer, and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Official Statement by the City.

7. **Continuing Disclosure.** This Council hereby approves the form of the Continuing Disclosure Certificate with respect to the Bonds in substantially the form thereof attached to the Official Statement on file with the City Clerk. An Authorized Officer is hereby authorized and directed to complete and execute the Continuing Disclosure Certificate on behalf of the City (for and on behalf of the CFD) with such changes, additions or deletions as may be approved by the Authorized Officer.

8. Sale of the Bonds; Bond Purchase Agreement. The Bond Purchase Agreement, between the City, for and on behalf of the CFD with respect to Improvement Area No. 1, and Piper Jaffray & Co. (the "Underwriter"), in substantially the form on file with the City Clerk and made a part hereof as though set forth in full herein, is hereby approved by the Council. An Authorized Officer is hereby authorized and directed to execute and deliver the Bond Purchase Agreement in such form, together with such changes, insertions and omissions that are approved by an Authorized Officer and that are in accordance with the provisions of this Resolution, such execution to be conclusive evidence of such approval; subject to the requirement that the Underwriter's discount on the purchase of the Bonds may not exceed 1.5% of the par amount of the Bonds and the interest rate may not exceed the rate specified in Section 1 hereof. In addition, and pursuant to Section 53345.8 of the Act, this Council hereby finds and determines that an Authorized Officer may not execute and deliver the Bond Purchase Agreement unless the Appraisal concludes that the taxable property in Improvement Area No. 1 has a market value (subject to the various assumptions and conditions set forth in the Appraisal) at least three times the principal amount of the Bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within Improvement Area No. 1 or a special assessment levied on property within the Improvement Area No. 1.

The Council hereby approves the negotiated sale of the Bonds to the Underwriter pursuant to such Bond Purchase Agreement; the negotiated sale may be on a forward basis, as determined by an Authorized Officer.

This Council hereby finds that sale of the Bonds to the Underwriter at a negotiated sale pursuant to the Bond Purchase Agreement will result in a lower overall cost than would be achieved by selling the Bonds at a public sale utilizing competitive bidding.

9. Actions Authorized. All actions heretofore taken by the officers and agents of the City with respect to the establishment of the CFD and Improvement Area No. 1 and the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the appropriate officers of the City are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this resolution, including but not limited to any actions required in connection with issuance of ratings or a municipal bond insurance policy with respect to the Bonds, and any certificate, agreement, and other document described in the documents herein approved. All actions to be taken by an Authorized Officer, as defined herein, may be taken by such Authorized Officer or any designee, with the same force and effect as if taken by the Authorized Officer.

10. Effectiveness. This resolution shall take effect from and after its adoption. The provisions of any previous resolutions in any way inconsistent with the provisions hereof in and for the issuance of the Bonds as herein described are hereby repealed.

* * * * *

The foregoing Resolution _____ was adopted by the Tracy City Council the 19th day of November, 2019, by the following vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

By: _____
Mayor

ATTEST:

City Clerk

APPENDIX A

Government Code Section 5852.1 Disclosure

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by CSG Advisors Incorporated, the City's Municipal Advisor in consultation with Piper Jaffray & Co., Underwriter of the Bonds.

Principal Amount. The Municipal Advisor has informed the City that, based on the CFD financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is **\$15,230,000** (the "Estimated Principal Amount"), which excludes approximately **\$2,186,936.85** of net premium estimated to be generated from current market pricing. Net premium is generated when, on a net aggregate basis for a single issuance, the prices paid for the bonds are higher than the face values of such bonds.

True Interest Cost of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate plus one quarter of one percentage point, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is **4.02%**.

Finance Charge of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is **\$442,530.00**. Such fees and charges include fees for bond and disclosure counsel, municipal advisor, appraiser, market absorption consultant, special tax consultant, fiscal agent, city attorney and staff time related to bond issuance, set-aside for Fiscal Year 2019-20 CFD administrative expenses, printing, and underwriting.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold plus net premium, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received on behalf of the CFD and Improvement Area No. 1 for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is **\$15,650,899.52**.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments that the Improvement Area No. 1 property owners will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds (including the Bond proceeds deposited into a debt service reserve fund), calculated to the final maturity of the Bonds, is **\$30,125,967.95**.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, 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 Principal Amount, (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 CFD financing plan, delays in the financing, 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.

AGENDA ITEM 3.D

REQUEST

**PUBLIC HEARING TO CONSIDER ADOPTION OF A PRECISE PLAN LINE
(ALIGNMENT) FOR THE CHRISMAN ROAD EXTENSION FROM GRANT LINE ROAD
TO THE FUTURE I-205 FREEWAY INTERCHANGE**

EXECUTIVE SUMMARY

The agenda item involves adoption of a Precise Plan Line (Alignment) for the proposed Chrisman Road Extension from Grant Line Road to the future I-205 freeway interchange. The Precise Plan Line will determine the alignment of the street, right-of-way widths, locations of street intersections, and necessary realignments of existing intersecting streets. The requested action is to formally adopt the Precise Plan Line.

DISCUSSION

The proposed Chrisman Road Extension is identified in the Tracy Transportation Master Plan as a four-lane expressway between Grant Line Road (at the northern terminus of existing Chrisman Road) and extending northerly and easterly to the future freeway interchange at I-205. The Chrisman Road Extension will serve the Northeast Industrial (NEI) Specific Plan Area and is necessary to facilitate future industrial development on the adjoining properties in accordance with objectives of the NEI Specific Plan.

It is necessary to adopt a Precise Plan Line for the proposed Chrisman Road Extension in order for property owners and/or developers along the roadway to accurately assess the amount of land, which they will be required to dedicate to the City, or will be acquired by the City, for the purpose of the future construction of the roadway pursuant to Section 7.04.120 of the Tracy Municipal Code.

The Chrisman Road Extension consists of a four-lane divided expressway (also known as a parkway) extending from Grant Line Road northerly and easterly to existing Pescadero Avenue. A portion of existing Pescadero Avenue will be realigned and widened to intersect with the new Chrisman Road alignment.

In the vicinity of the future I-205/Chrisman Road freeway interchange, the Chrisman Road Extension will consist of a six-lane divided expressway and portion of existing Paradise Road will also be realigned and widened to intersect with the new Chrisman Road alignment.

Attachment A shows the proposed precise plan line alignment for Chrisman Road, including the realignments of Pescadero Avenue and Paradise Road.

Pursuant to the provisions of the Tracy Municipal Code and other applicable laws, properties with frontages along and having access to the Chrisman Road Extension will be subject to the requirement that upon development portions of such properties shall be dedicated to the City for the purpose of constructing Chrisman Road.

The Chrisman Road Extension is included in the roadways to be funded by the City-wide

Roadway Impact Fees (program-funded projects) as identified in the Tracy Transportation Master Plan. The fronting property owners will be responsible for dedication of right-of-way and construction of frontage improvements not included in the program-funded portion of improvements. Generally, the frontage improvements are improvements located behind the curb of the ultimate section of the roadway.

A public outreach meeting was held on October 10, 2019 to provide information and to obtain input from property owners within the vicinity of the proposed Chrisman Road Extension. No negative comments on the proposed roadway alignment were received. The prospective developer of two of the properties adjacent to the roadway submitted a letter regarding the location and number of future access points to the properties. A copy of the letter is attached to this report (Attachment C).

City staff has reviewed the Precise Plan Line for the Chrisman Road Extension and recommends adoption of the Precise Plan Line by the City Council.

FISCAL IMPACT

The cost of the preparation and processing of the Precise Plan Line adoption is being paid for by the developer of the proposed Seefried Industrial Development (Silva Dairy property) which adjoins a vast majority of the proposed Chrisman Road Extension.

STRATEGIC PLAN

This agenda item is consistent with the City Council's Economic Development Strategy, to ensure physical infrastructure necessary for development are constructed.

RECOMMENDATION

That City Council conduct the public hearing and adopt the Precise Plan Line (Alignment) for the Chrisman Road Extension from Grant Line Road to the future I-205 freeway interchange.

Prepared by: Nanda Gottiparthi, SNG & Associates, Inc.

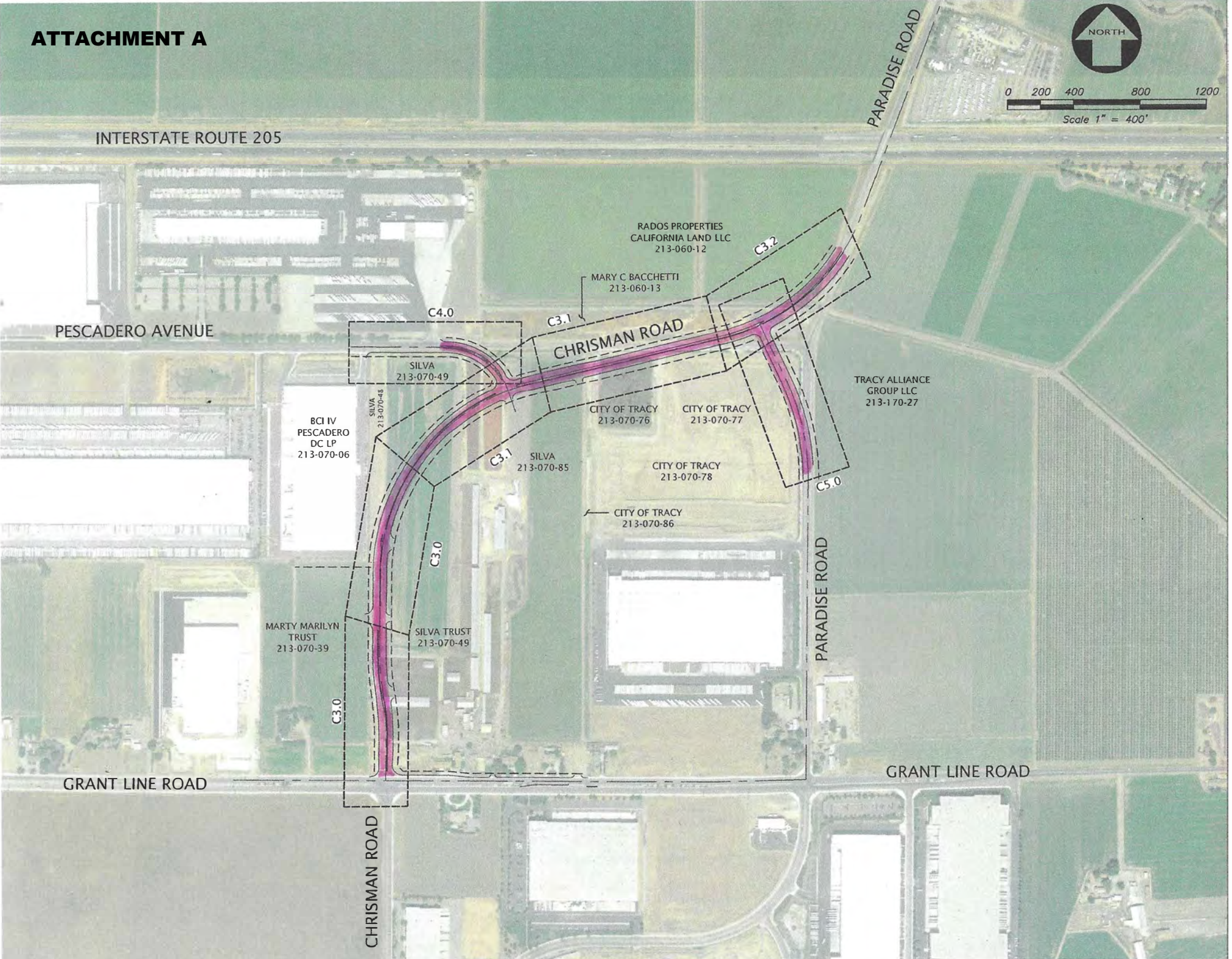
Reviewed by: Robert Armijo, City Engineer / Assistant Development Services Director
Karin Schnaider, Finance Director
Andrew Malik, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

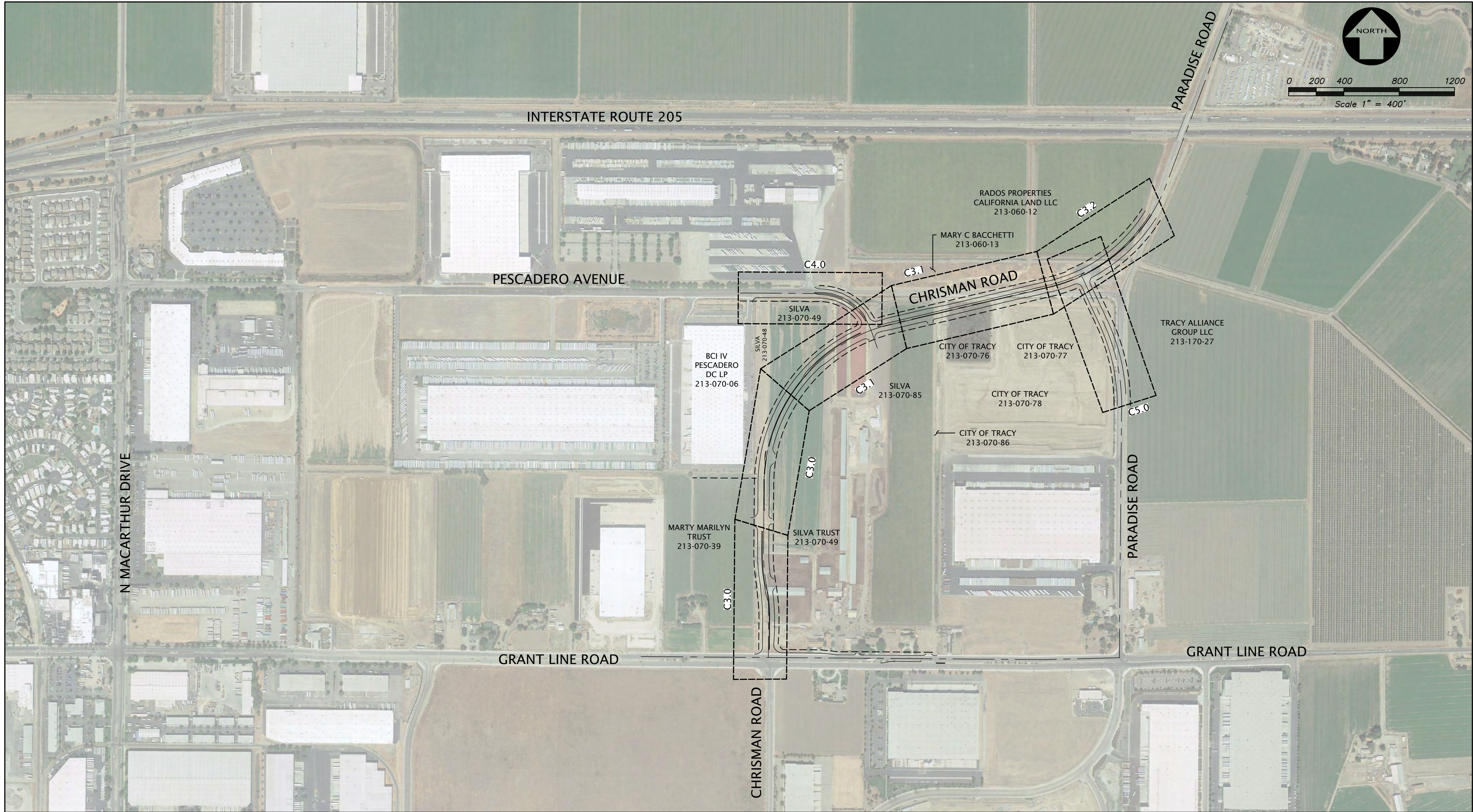
Attachment A – Location Map
Attachment B – Precise Plan Line
Attachment C – Letter from Ridge Capital, Inc.

ATTACHMENT A



PRECISE PLAN ALIGNMENT
FOR
CHRISMAN ROAD EXTENSION
TRACY, CALIFORNIA

ATTACHMENT B



KEY MAP

SCALE 1" = 400'

NOTES:

- THIS PLAN LINE ALIGNMENT ESTABLISHES THE CENTER LINE OF ROAD ALIGNMENTS, R/W'S SHOWN ARE CONCEPTUAL AND SUBJECT TO CHANGE IN FINAL DESIGN.
- ALIGNMENT AND RIGHT-OF-WAY LINES WERE DEVELOPED USING AVAILABLE RECORD MAPS.
- TURN LANES SHOWN ARE CONCEPTUAL, SUBJECT TO CHANGE IN FINAL DESIGN. TRAFFIC STUDIES WILL BE REQUIRED PRIOR TO DEVELOPMENTS. ADDITIONAL R/W MAY BE REQUIRED BEYOND WHAT IS SHOWN ON THESE DRAWINGS.
- TEMPORARY CONSTRUCTION EASEMENTS WILL BE REQUIRED. OTHER UTILITY EASEMENTS MAY ALSO BE REQUIRED.

BASIS OF BEARINGS

THE BEARING OF NORTH 89° 37' 56" WEST TAKEN ON THE CENTER LINE OF PESCADERO AVENUE AS SHOWN ON THAT CERTAIN PARCEL MAP FILED FOR RECORD ON JULY 11, 2008, IN BOOK 24 OF PARCEL MAPS AT PAGE 195, OFFICIAL RECORDS OF SAN JOAQUIN COUNTY WAS TAKEN AS THE BASIS FOR ALL BEARINGS SHOWN HEREON.

PARCEL ACQUISITION FOR PROPOSED RIGHT-OF-WAY

OWNER	APN	R/W DEDICATION
RADOS PROPERTIES CALIFORNIA LAND LLC	213-060-12	1.34 AC
MARY C BACCHETTI TRUST	213-060-13	3.25 AC
SILVA	213-070-48	3.27 AC
SILVA	213-070-49	5.82 AC
SILVA	213-070-85	4.33 AC
CITY OF TRACY	213-070-76	1.54 AC
CITY OF TRACY	213-070-77	1.84 AC
CITY OF TRACY	213-070-78	0.04 AC
CITY OF TRACY	213-070-86	0.16 AC

SHEET INDEX

SHEET	DESCRIPTION
C1.0	KEY MAP
C2.0	TYPICAL SECTIONS
C3.0	CHRISMAN ROAD
C3.1	CHRISMAN ROAD
C3.2	CHRISMAN ROAD
C4.0	PESCADERO AVENUE
C5.0	PARADISE ROAD

KEY MAP
OF
CHRISMAN ROAD EXTENSION
PRECISE PLAN

SHEET

C1.0

1 OF 7 SHEETS

CITY OF TRACY

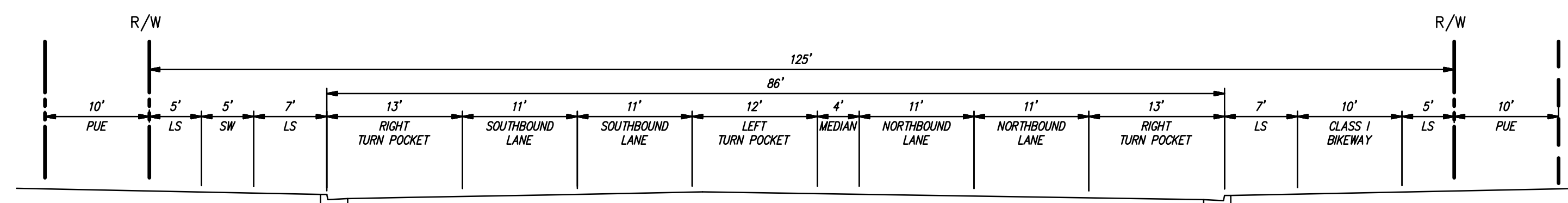


KIER & WRIGHT
CIVIL ENGINEERS & SURVEYORS, INC.
2850 Collier Canyon Road
Livermore, California 94551
Phone (925) 245-8788
Fax (925) 245-8796

DESIGNED BY:	REVISIONS	APPROVED
JQC	DATE	DATE
	DESCRIPTION	

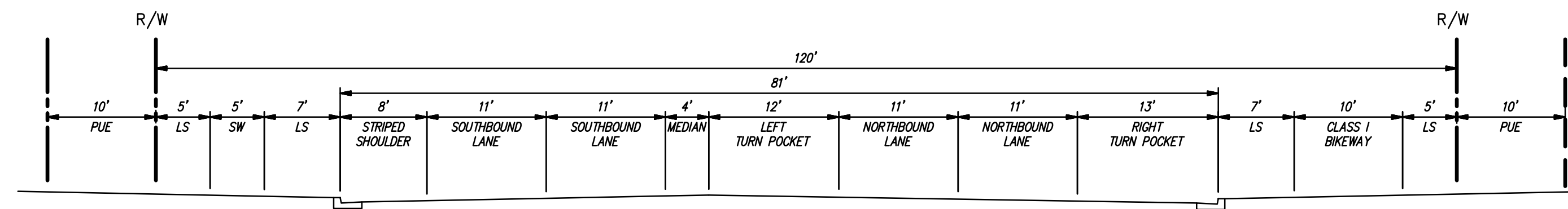
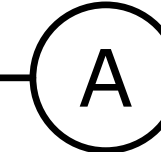
DESIGNED BY:	DRAWN BY:	CHECKED BY:	SCALE:
JQC	MRF	DGR	AS SHOWN

APPROVED PURSUANT TO CITY COUNCIL RESOLUTION NO. 2019-_____
ROBERT ARMijo, P.E. CITY ENGINEER
DATE:



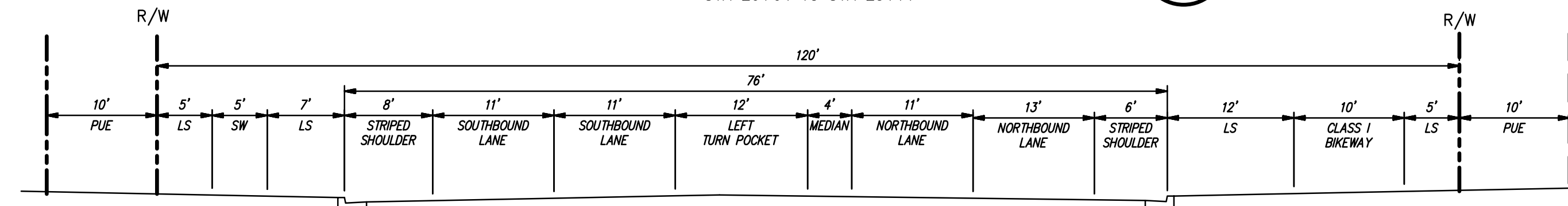
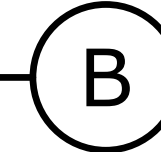
CHRISMAN ROAD

NOT TO SCALE
STA 15+82 TO STA 17+90



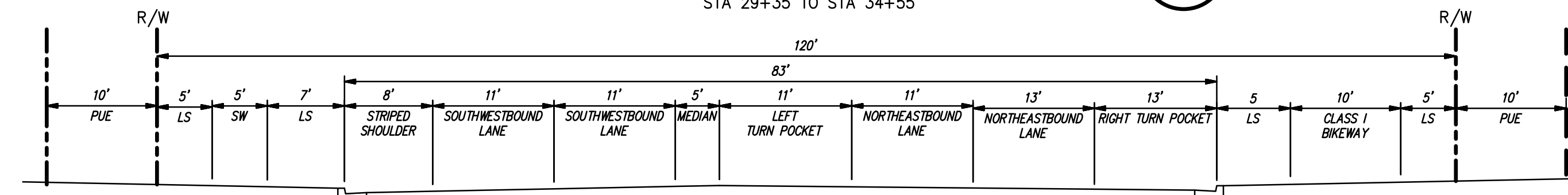
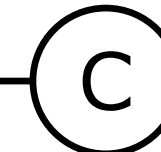
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NOT TO SCALE
STA 20+04 TO STA 23+14



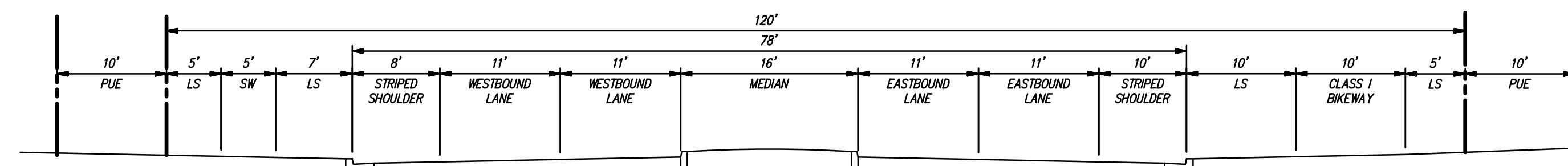
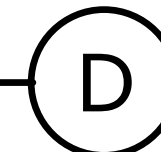
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NOT TO SCALE
STA 29+35 TO STA 34+55



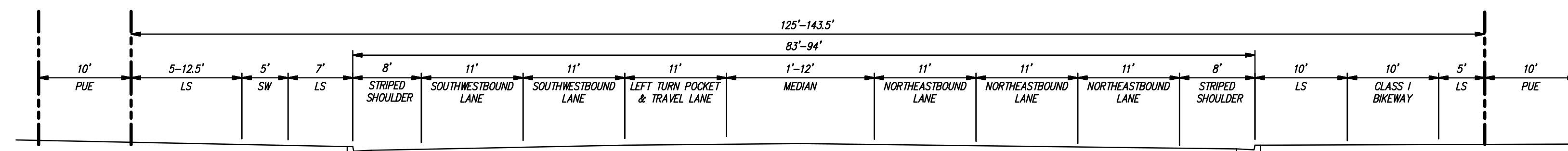
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NOT TO SCALE
STA 36+42 TO STA 40+19



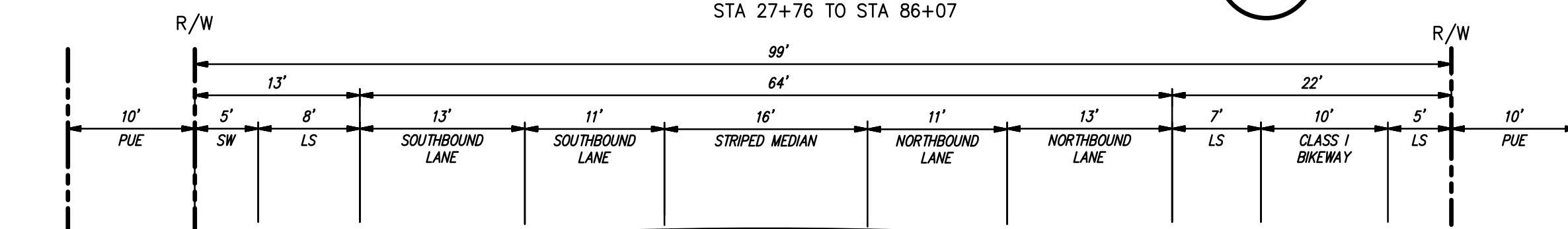
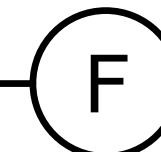
CHRISMAN ROAD

NOT TO SCALE
STA 46+53 TO STA 51+81



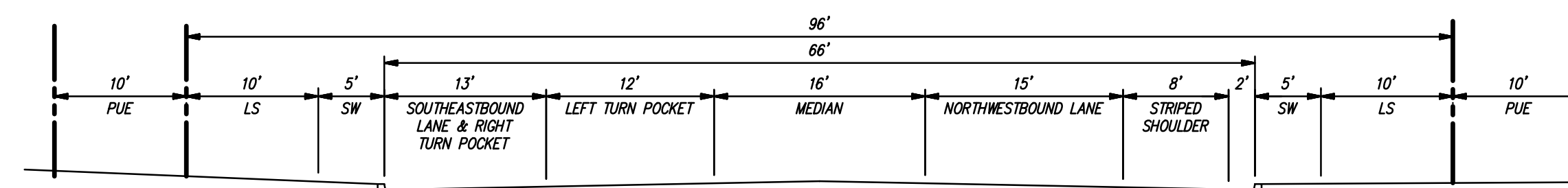
CHRISMAN ROAD

NOT TO SCALE
STA 27+76 TO STA 86+07

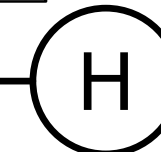


PARADISE ROAD

NOT TO SCALE
STA 19+08 TO STA 27+37



PESCADERO AVENUE



CITY OF TRACY

APPROVED PURSUANT TO CITY COUNCIL RESOLUTION NO. 2019-_____.

ROBERT ARMIJO, P.E. CITY ENGINEER DATE:

DATE: _____



KIER & WRIGHT
CIVIL ENGINEERS & SURVEYORS, INC.
2850 Collier Canyon Road
Livermore, California 94551
Phone (925) 245-8788
Fax (925) 245-8796

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DESIGNED BY: JDQ	DRAWN BY: MRF	CHECKED BY: DGR	SCALE: AS SHOWN

SECTIONS OF CHRISMAN ROAD EXTENSION PRECISE PLAN

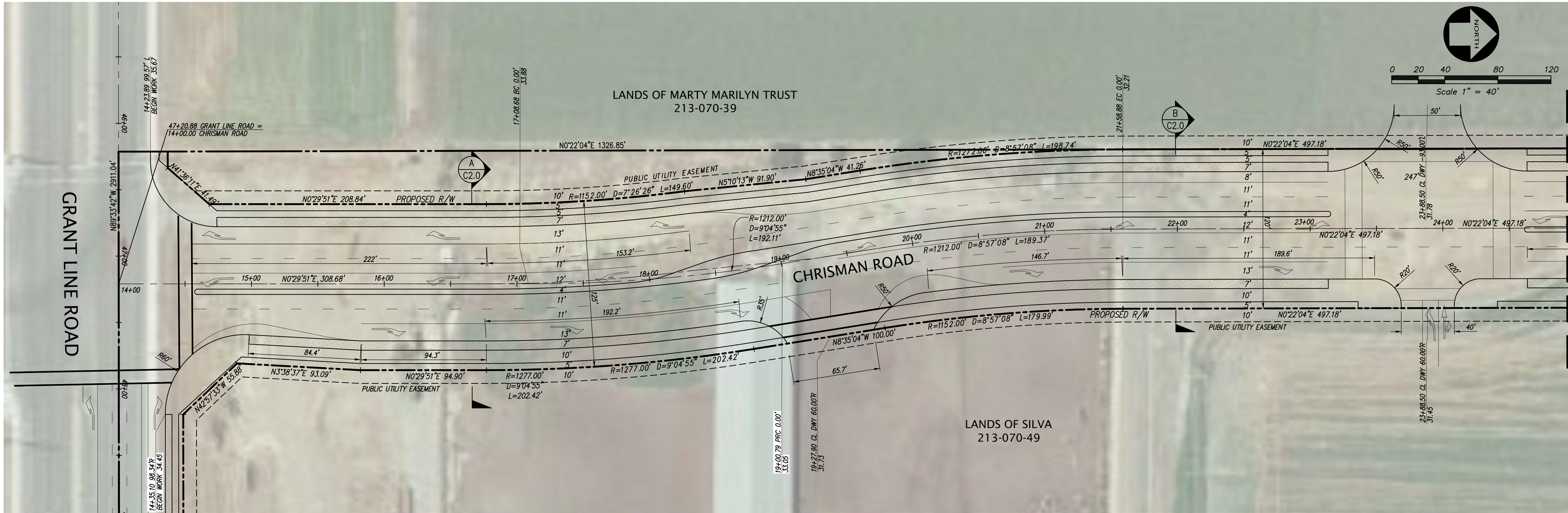
SHEET

C2.0

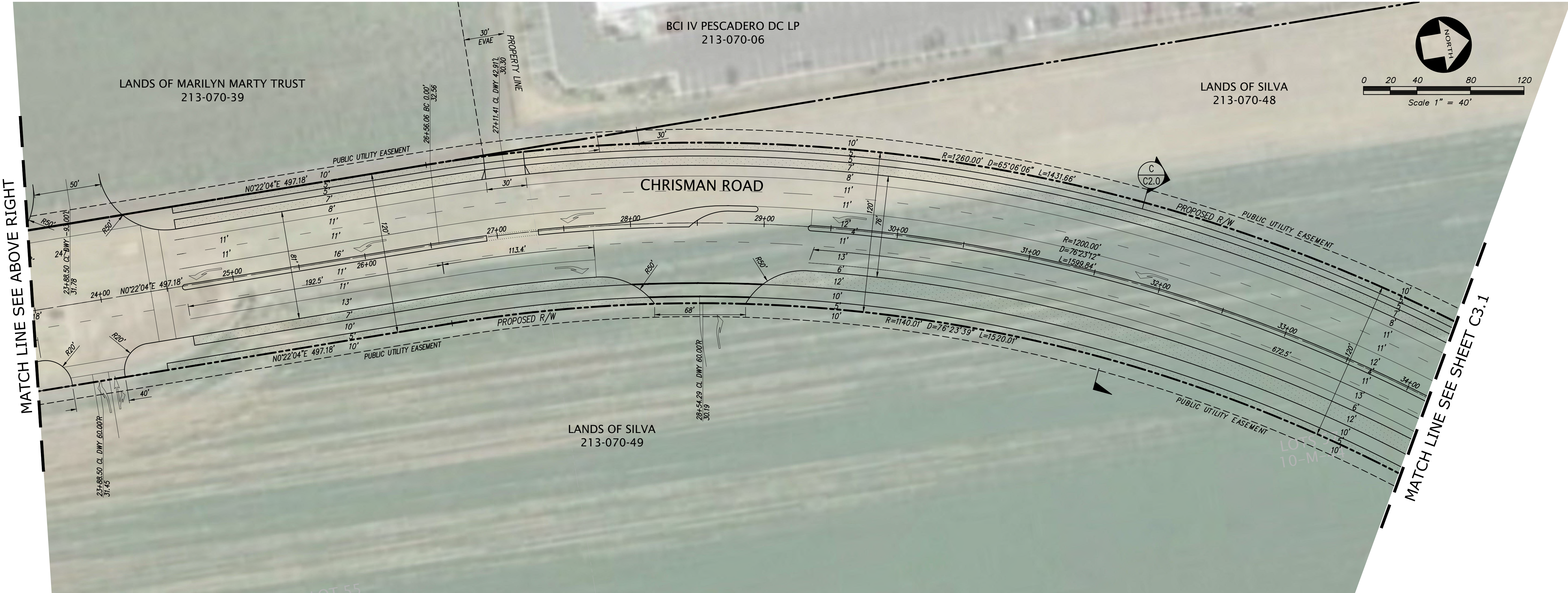
2 OF 7 SHEETS

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PLAN
SCALE: 1" = 40'



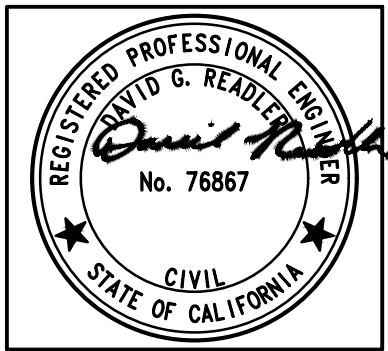
PLAN
SCALE: 1" = 40'

CITY OF TRACY

APPROVED PURSUANT TO CITY COUNCIL RESOLUTION NO. 2019-____

ROBERT ARMJO, P.E. CITY ENGINEER

DATE: _____



KIER & WRIGHT

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Fax (925) 245-8796

REVISIONS		APPROVED	
SYMBOL	DATE	DESCRIPTION	

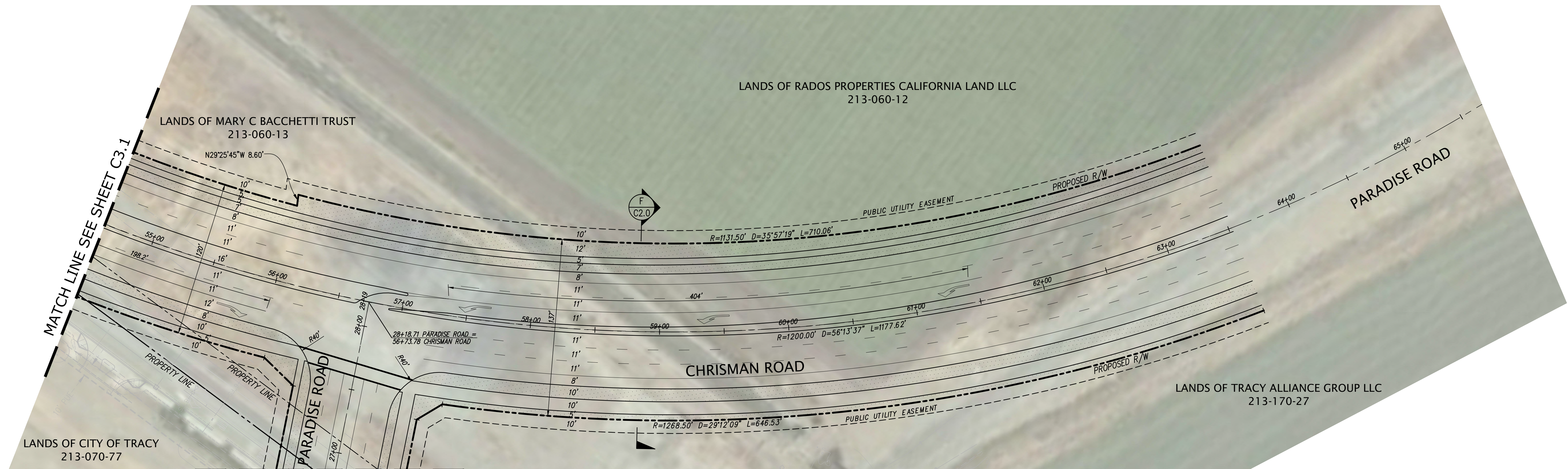
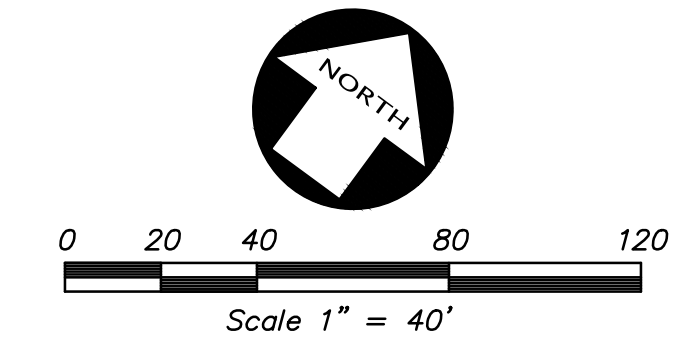
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CHRISMAN ROAD

OF

CHRISMAN ROAD EXTENSION

PRECISE PLAN



MATCH LINE SEE SHEET C5.0

PLAN
SCALE: 1" = 40'

CTCY OF TRACY

APPROVED PURSUANT TO CITY COUNCIL RESOLUTION NO. 2019-____.

ROBERT ARMijo, P.E. CITY ENGINEER

DATE:



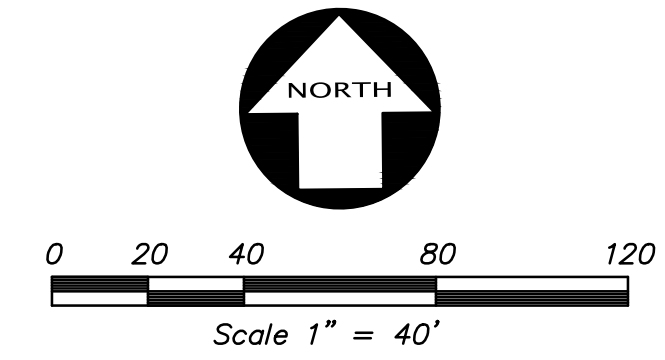
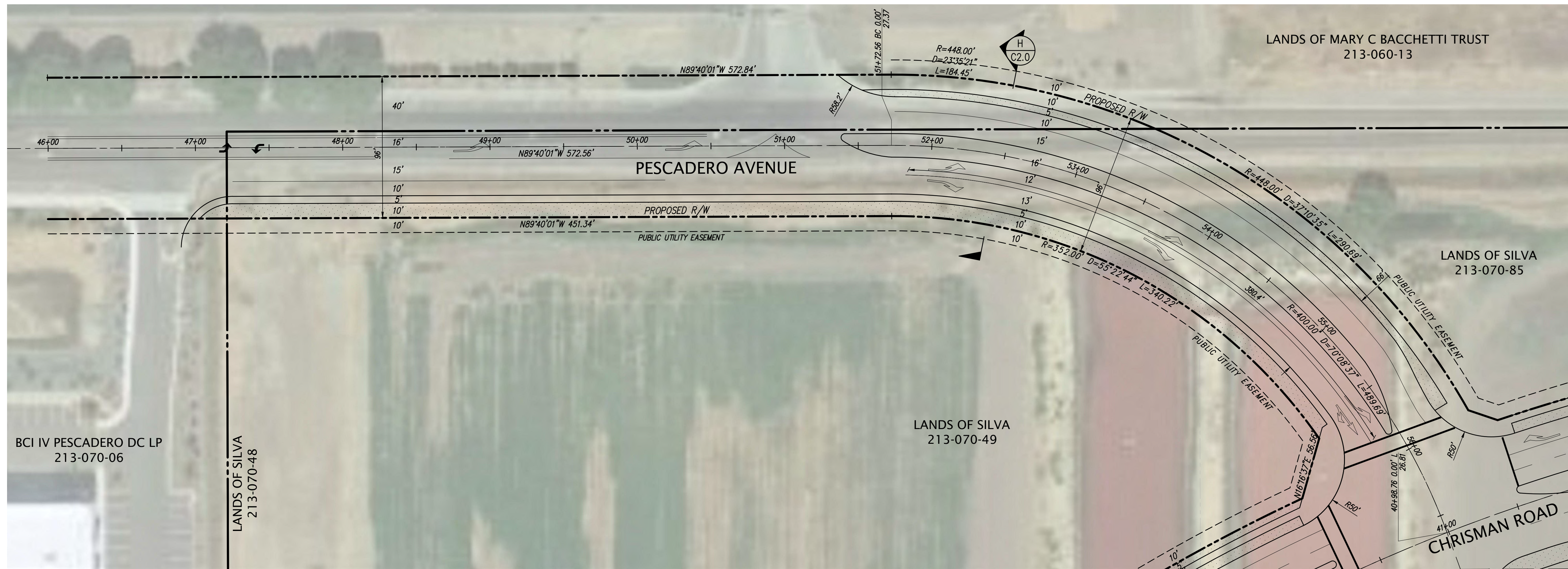
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DESIGNED BY: JDQ	DRAWN BY: MRF	CHECKED BY: DGR	SCALE: AS SHOWN

CHRISMAN ROAD
OF
CHRISMAN ROAD EXTENSION
PRECISE PLAN

SHEET
C3.2
5 OF 7 SHEETS



**PESCADERO AVENUE
OF
CHRISMAN ROAD EXTENSION
PRECISE PLAN**

SHEET
C4.0
6 OF 7 SHEETS



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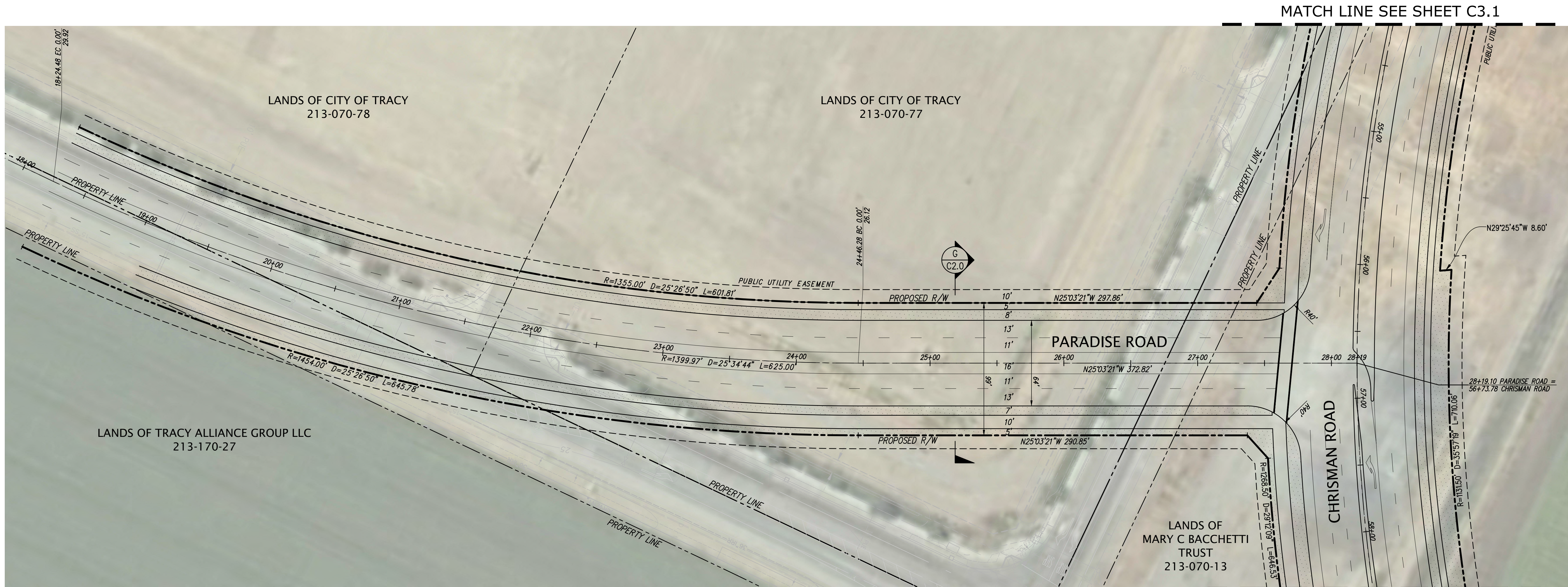


CITY OF TRACY

APPROVED PURSUANT TO CITY COUNCIL RESOLUTION NO. 2019-____.

ROBERT ARMUO, P.E. CITY ENGINEER

DATE: _____



MATCH LINE SEE SHEET C3.2

RECEIVED

OCT 10 2019

CITY OF TRACY
DEVELOPMENT SERVICES

October 10, 2019

Mr. Robert Armijo, PE
City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

Subject: Public Outreach Meeting Regarding the Precise Plan Alignment for the Chrisman Road Extension (Interim and Ultimate Plans) – Ridge Capital Comment Letter

Dear Mr. Armijo,

Ridge Capital, Inc (Ridge) is currently under contract on three separate properties, that are part of two independent projects, that the Chrisman Road Extension, both interim and ultimate plans, will impact and benefit. In light of this situation, we are ^{providing} some comment on the Precise Plan Alignment at this time and reserve the opportunity to discuss in greater detail when appropriate.

The Public Notice states that the "City will identify the requirements for dedication of rights-of-way and construction of frontage improvements in accordance with City Regulations when the fronting properties submit development applications to the City." Please note that one of two development applications have already been submitted to the City of Tracy. It is imperative that the City of Tracy and Ridge work cooperatively together to identify proper access under both interim and ultimate plans as each project, discussed below, moves forward.

I've listed the projects below separately, provided a general description of our project and/or project area and noted our comments about both the interim and ultimate plans for Chrisman Road and Paradise Road.

TRACY ALLIANCE PROPERTY/PROJECT

The Tracy Alliance Property/Project is located on the east side of Paradise Road, along the entire frontage of Paradise Road from Grant Line Road to Interstate 205. The property is outside City limits but within the City's Sphere of Influence. The City of Tracy has received a development application January of 2019 for the project and hosted a kickoff meeting.

Past Site Plan layouts prepared for the property showed several driveway cuts along Paradise Road. It is our understanding that these driveway locations took into account both the interim and ultimate plans being considered for the Chrisman Road extension. It is imperative, that we understand early in our project entitlement process that our layout meets with the design criteria associated with both the interim and ultimate plans for the Chrisman Road extension as it relates to Paradise Road.

Under the ultimate plan, the Paradise Road intersection with Chrisman Road will be moved further to the west of the existing Paradise Road and Pescadero Avenue intersection. Under this ultimate plan, how far from the future Paradise/Chrisman intersection will the first driveway need to be set back along Paradise Road from the future intersection? What will happen to the property that is abandoned when Paradise Road is realigned as part of the ultimate plan (the area immediately adjacent to the existing Pescadero and Paradise intersection/ROW)?

Ridge looks forward to working with the City on making the interface between the Tracy Alliance Property and Paradise Road a success under both interim and ultimate plans.

RADOS-HALEY PROPERTY/PROJECT

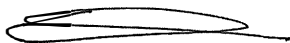
The Rados-Haley Property/Project is located at the southwest quadrant of I-205 freeway and Paradise Road. The former Haley Flying Service property (Haley Parcel) is located between the Rados property and Pescadero Avenue. Both properties are part of the Northeast Industrial Specific Plan (Parcels 1 and 2 on Figure 2 in the NEI Specific Plan).

Ridge would like to work with the City to better understand access options related to the interim and ultimate plans. The following should be considered and/or discussed:

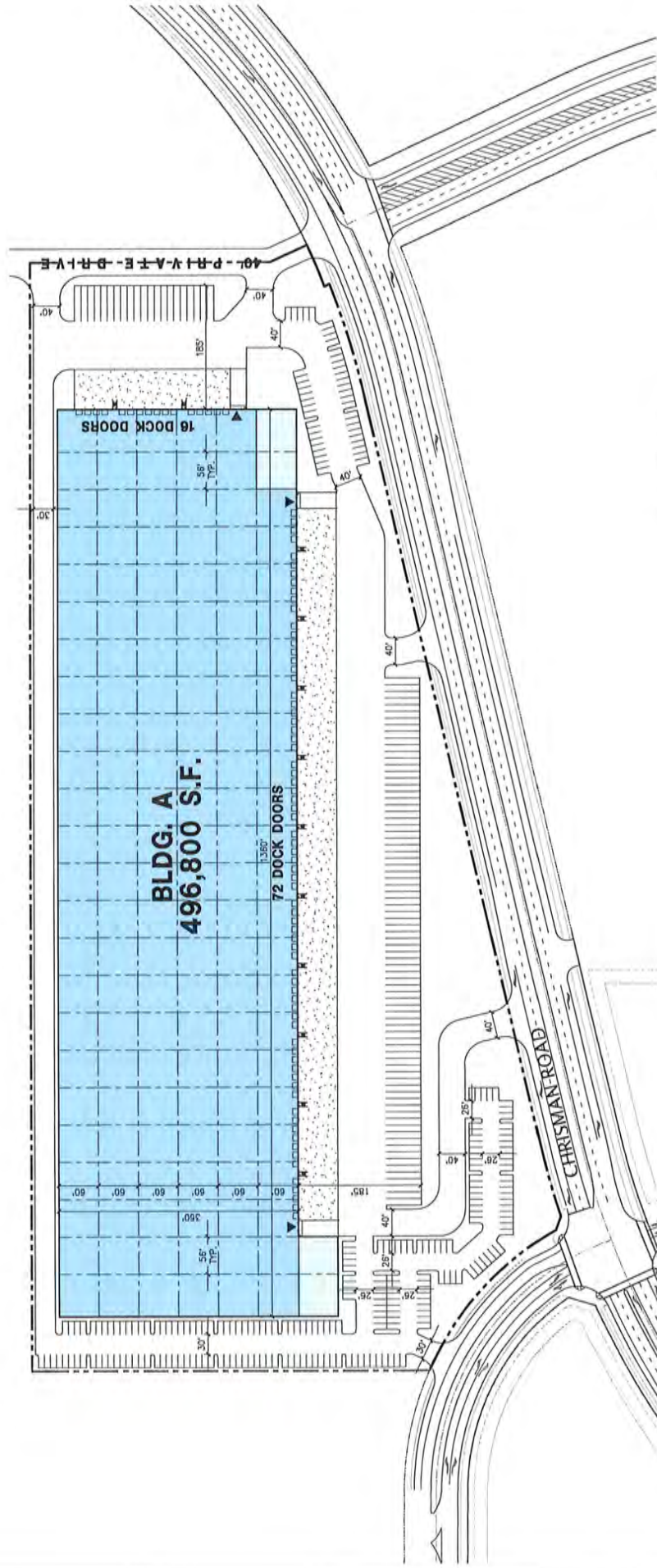
- Access to both the Rados parcel and the Haley parcel need to be considered independent of each other, under both the interim and ultimate plans for the Chrisman Road extension.
- Temporary access points from Paradise Road to the Rados parcel under the interim plan should be considered viable by the City of Tracy due to the unknown timing between the interim plan and the ultimate plan.
- Permanent access to the Rados parcel under the ultimate plan could be accommodated at the future intersection of Paradise Road and Chrisman Road, via the extension of Paradise Road north of the Chrisman alignment.
- Other access points to the western portion of the Haley parcel along the Chrisman Road alignment, under both the interim and ultimate plans, need to be identified by the City. This includes the realigned Pescadero Avenue segment. These access points need to provide access to both the Haley parcel and the Rados parcel (as illustrated on the attached Exhibit (Scheme 5)).

Ridge is committed to working cooperatively with the City of Tracy to help identify a sequencing of development over time that works for all parties involved and addresses these two projects and how they are best served by Chrisman Road extension, under both the interim and ultimate scenarios.

Sincerely,



Carlo Mormorunni
Principal



Note: This is a conceptual plan. It is based on preliminary information which is not fully verified and may be incomplete. It is meant as a comparative aid in examining alternate development strategies and any quantities indicated are subject to revision as more reliable information becomes available.

Legend

- POTENTIAL OFFICE
- WAREHOUSE
- DRIVE THRU DOOR



18801 Burdett Ave. - Ste. #100
Irvine, CA 92612
(949) 863-1770
www.hpaarch.com

Aerial Map



Tabulation

STREETS	BLDG. A
in s.f.	1,949,207
BLDG. A	24,000
in s.f.	20,000
Warehouses	478,800
TOTAL	496,800
COVERAGE	47.2%
AUTO PARKING PROVIDED	60
Notes: 1st 20% @ 1:1,000 A.F.	20
2nd 20% @ 1:2,000 A.F.	10
Above 40% @ 1:4,000 A.F.	110
TOTAL	220 stalls
AUTO PARKING PROVIDED	248 stalls
Notes: 1st 20% @ 1:1,000 A.F.	100 stalls
2nd 20% @ 1:2,000 A.F.	100 stalls
Above 40% @ 1:4,000 A.F.	148 stalls
TOTAL	248 stalls
MAXIMUM D.O.C. 60% 183,702	
F.A.R. - 50%	
SETBACKS	
Front	10'
Side	10'
Back	10'
Notes: 1st 20% @ 1:1,000 A.F.	
2nd 20% @ 1:2,000 A.F.	
Above 40% @ 1:4,000 A.F.	
Zone: Designation - Northwood Industrial Specific Plan	

Conceptual Site Plan

Chrisman Road

Tracy, CA



July 30, 2019 / Job #18285
Scheme 5

RESOLUTION 2019-_____

ADOPTING PRECISE PLAN LINE (ALIGNMENT) FOR THE CHRISMAN ROAD EXTENSION
FROM GRANT LINE ROAD TO THE FUTURE I-205 FREEWAY INTERCHANGE

WHEREAS, The proposed Chrisman Road Extension is identified in the Tracy Transportation Master Plan as a four-lane expressway serving the Northeast Industrial (NEI) Specific Plan Area and is necessary to facilitate future industrial development on the adjoining properties in accordance with objectives of the NEI Specific Plan, and

WHEREAS, It is necessary to adopt a Precise Plan Line Alignment for the proposed Chrisman Road Extension in order for property owners and/or developers along the roadway to accurately assess the amount of land which they will be required to dedicate to the City, or will be acquired by the City, for the purpose of the future construction of the roadway pursuant to Section 7.04.120 of the Tracy Municipal Code, and

WHEREAS, Properties with frontages along and having access to the Chrisman Road Extension will be subject to the requirement that upon development portions of such properties shall be dedicated to the City for the purpose of constructing Chrisman Road, and

WHEREAS, The Chrisman Road Extension is included in the roadways to be funded by the City-wide Roadway Impact Fees (program-funded projects) as identified in the Tracy Transportation Master Plan, and

WHEREAS, The property owners fronting the Chrisman Road Extension will be responsible for dedication of right-of-way and construction of frontage improvements not included in the program-funded portion of improvements, and

WHEREAS, A public hearing was held on November 19, 2019 to consider the proposed Precise Plan Line;

NOW, THEREFORE BE IT RESOLVED, That the City Council of the City of Tracy hereby adopts the Precise Plan Line (Alignment) for the Chrisman Road Extension from Grant Line Road to the future I-205 freeway interchange.

* * * * *

The foregoing Resolution 2019-_____ was passed and adopted by the Tracy City Council on the 19th day of November, 2019, by the following vote:

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

MAYOR

ATTEST:

CITY CLERK

AGENDA ITEM 3.E

REQUEST

INTRODUCE ORDINANCES AMENDING CHAPTER 6.36 OF THE TRACY MUNICIPAL CODE (TMC) REGARDING COMMERCIAL CANNABIS ACTIVITY AND AMENDING SECTION 10.08.3196 OF THE TMC REGARDING ESTABLISHING ZONING AND LOCATION REQUIREMENTS FOR COMMERCIAL CANNABIS ACTIVITY IN TRACY

EXECUTIVE SUMMARY

Per City Council direction, staff drafted two amendments to the Tracy Municipal Code: (1) an amendment to Chapter 6.36 of the TMC to allow for certain commercial cannabis activities ("Regulatory Ordinance") and (2) an amendment to Section 10.08.3196 of the TMC that would establish zoning and location requirements for commercial cannabis activities ("Zoning Ordinance"). Also in response to City Council direction, staff has modified provisions within the proposed Regulatory Ordinance regarding cannabis business employee background checks and badge requirements. These modified provisions are provided for Council's consideration.

Following Council discussion of the proposed ordinances and modifications, staff requests the Council introduce the ordinances with amendments as necessary.

DISCUSSION

Currently, all commercial cannabis activity is prohibited in Tracy. The City Council provided direction to staff on February 5, 2019 to draft regulatory and zoning ordinances to permit commercial cannabis. Over three workshops (August 13, September 3, and October 1), the City Council provided direction that has been considered in the development of the two ordinances. At the August 13th workshop, the City Council provided direction related to what types of cannabis business activities to allow in Tracy and the zoning and locational requirements for these business types. During the September 3rd workshop, the City Council provided further direction on types of business activities, including outdoor cultivation and non-volatile manufacturing. In addition, the Council discussed and provided direction for specific regulations that are above the minimum requirements established by State cannabis regulations which include Proposition 64 and implementing laws and regulations such as MAUCRSA. At the October 1st workshop, staff highlighted the sections of the ordinance that incorporated the Council's prior direction.

Staff was directed to return with a follow up discussion on two issues in Chapter 6.36: 1) Background checks requirement for Employees and 2) Badge requirements for Employees. Below is a discussion on these issues with alternative language provided depending on the direction from the City Council.

1. **Recommended:** Background check required for all employees performed by the City. (See language in Attachment A).

- As a best practice, staff recommended background checks on employees similar to the current practice under massage business employees and card room employees. Staff spoke to several jurisdictions that implemented a similar regulation to provide additional oversight of the emerging industry and those engaged in the business. The City's procedure for evaluation is based upon the same standard applied by the State to the owners of cannabis businesses. Both prospective employees and employers may ask for a waiver of denial of employment due to having evidence of a prospective employee's rehabilitation, or may proceed with the appeal process should their applications be denied.
 - Staff made a statement at the last meeting that employee background checks have helped reduce crime related to bad actors entering this businesses. This was a statement heard from other agencies, but it is better phrased as a potential deterrent to employee theft/diversion from commercial cannabis businesses. To the degree the City has an interest in avoiding the problem of employee theft/diversion from commercial cannabis businesses, employee background checks are a rapidly evolving best practice. Commercial cannabis businesses themselves recognize the value of employee background checks, for they are very much aware that the bulk of instances of missing product in the industry are the result of employee theft. This cheats the business out of revenue and public agencies out of related sales tax revenue. The key value of the background checks, from the viewpoint of the industry, is to avoid problem employees by not hiring them in the first place, by screening for persons with a track record not of drug offenses necessarily, but of theft or dishonesty. This is not a subjective standard but in the ordinance, it is specifically linked to offenses of theft, embezzlement, or fraud, as those offenses are defined by the California Penal Code.
 - In addition, having the Police already having knowledge of the employees, it could potentially expedite the solving of crimes that may occur.
- **Alternative:** Background check required for all employees performed by the employer. (See language in Attachment C).
- **Alternative:** No background requirement for employees. If Council selects this option, the provision regarding employee background checks will be deleted from the proposed regulatory ordinance in Attachment A.
2. **Recommended:** Require employer to issue an employee identification badge as required by State law and City to issue a cannabis employee permit in a non-badge form (i.e. sticker or physical permit). (See language in Attachment A).
- At the October 1st meeting, Council discussed the number of badges an employee would be required to wear. As of January 2019, the State regulations were updated to require employers to issue employee badges. Staff concurs that the issuance of a second City-

issued badge should not be required. However, staff continues to recommend a City issued employee permit referred to as a cannabis employee permit similar to massage business and card room businesses that signifies that the employee has registered with the City. The permit would take the form of either a sticker to be placed on the employer-provided badge or a physical permit.

- **Alternative:** City does not issue cannabis employee permits. If Council selects this option, the provision regarding permits will be deleted from the proposed regulatory ordinance in Attachment A.

The Regulatory Ordinance (Chapter 6.36) in Attachment A is written as recommended above. After a discussion by the City Council, staff will prepare the second reading to reflect the language approved by the consensus of the Council.

STRATEGIC PLAN

This agenda item supports Goal 2 and Objective 2.C of the Governance strategic priority:

Goal 2.Ensure Continued Fiscal Sustainability through Financial and Budgetary Stewardship

FISCAL IMPACT

The City Council has previously directed staff to establish fees related to the recovery of costs of the application and permit process. These fees will return to the City Council for consideration at a future meeting. The City Council may consider placing cannabis general tax measure on the November 2020 ballot. This item will return to the City Council in Spring 2020.

RECOMMENDATION

That City Council introduce and waive the full reading of ordinances amending Chapter 6.36 of the Tracy Municipal Code regarding commercial cannabis activity and amending Section 10.08.3196 of the TMC regarding establishing zoning and location requirements for commercial cannabis activity.

Prepared by: Karin Schnaider, Finance Director,
Bill Dean, Assistant Development Services Director

Reviewed by: Alex Neicu, Interim Police Chief
Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

Attachment A – Proposed Ordinance Amending Chapter 6.36 of the Tracy Municipal Code Regarding Commercial Cannabis Activity (Regulatory Ordinance)

Attachment B – Proposed Ordinance Amending Section 10.08.3196 of the Tracy Municipal Code Regarding Zoning and Location Requirements for Commercial Cannabis Activity (including Planning Commission meeting staff report for 10/23/2019)

Attachment C – Alternative Language for Regulatory Ordinance for Background Checks for Employees

ORDINANCE _____

AN ORDINANCE OF THE CITY OF TRACY AMENDING CHAPTER 6.36 OF TITLE 6, "BUSINESSES, PROFESSIONS, AND TRADES" OF THE TRACY MUNICIPAL CODE TO ESTABLISH LOCAL REGULATIONS FOR COMMERCIAL CANNABIS ACTIVITY IN THE CITY OF TRACY

WHEREAS, In November 1996, California voters approved the Compassionate Use Act of 1996 ("CUA") which authorized a limited defense to criminal charges for the use, possession or cultivation of marijuana (cannabis) for medical purposes when a qualified patient has a doctor's recommendation for the use of cannabis, and

WHEREAS, In November 2016, California voters approved Proposition 64, the Adult Use of Marijuana Act ("AUMA"), which legalized the use of non-medicinal (recreational) cannabis by adults and the cultivation of up to six cannabis plants for personal use; and the AUMA also created a statewide regulatory framework for the cultivation, production, and sale of non-medical cannabis for adult use, and

WHEREAS, In June 2017, the State Legislature adopted Senate Bill 94 creating a new statewide comprehensive regulatory system for medical and adult use commercial cannabis activity titled Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA"), and

WHEREAS, CUA, AUMA and MAUCRSA do not prohibit cities from enacting regulations regarding commercial cannabis activities and uses, and

WHEREAS, The City Council seeks to establish regulations for commercial cannabis activity in the City of Tracy to ensure such activities are conducted in a manner that mitigates negative impacts, protects the public health, safety, and welfare of residents, and supports economic development, and

WHEREAS, The City of Tracy engaged in a comprehensive review and study of state and local cannabis regulations, conducted community outreach on this topic, and held various public meetings to discuss commercial cannabis activity, provide policy direction to staff, and receive public input on the topic of commercial cannabis activity.

WHEREAS, The City Council considered this ordinance at a duly noticed public hearing held on November 5, 2019.

The City Council of the City of Tracy does ordain as follows:

SECTION 1. The foregoing recitals are true and correct and are incorporated herein as findings.

SECTION 2. The City Council hereby amends Chapter 6.36 as shown in Exhibit "A".

SECTION 3. 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 4. This Ordinance shall take effect 30 days after its final passage and adoption.

SECTION 5. The City Council finds that this Ordinance is exempt from CEQA in accordance with Business and Professions Code section 26055(h) because it requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity.

SECTION 6. 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 _____ was introduced at a regular meeting of the Tracy City Council on the 19th day of November 2019, and finally adopted on the ____ day of _____, 2019, by the following vote:

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

MAYOR

ATTEST:

CITY CLERK

Chapter 6.36 COMMERCIAL CANNABIS ACTIVITY.

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Article 1. General Provisions.

Section 6.36.010. Purpose and Intent

It is the purpose and intent of this Chapter to implement the provisions of the Medicinal and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”) to accommodate the needs of medically-ill persons in need of and provide access to cannabis for medicinal purposes and implement the desire of California voters who approved the Adult Use of Marijuana Act (“AUMA”) by Proposition 64 in November 2016, while imposing sensible regulations on the use of land to protect the City’s residents, neighborhoods, and businesses from disproportionately negative impacts. As such, it is the purpose and intent of this Chapter to regulate the commercial cannabis activity in a responsible manner to protect the health, safety, and welfare of the residents of Tracy and to enforce rules and regulations consistent with state law. It is the further purpose and intent of this Chapter to require all commercial cannabis operators meeting the established requirements to obtain and renew annually a regulatory permit to operate a cannabis business in Tracy. Nothing in this Chapter is intended to authorize the possession, use, or provision of cannabis for purposes that violate state or local law. The provisions of this Chapter are in addition to any other permits, licenses and approvals which may be required to operate a cannabis business in the City, such as a conditional use permit issued pursuant to Title 10 of this Code, and are in addition to any permits, licenses and approval required under state, county, or other law.

Section 6.36.011. Legal Authority.

Pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, and any subsequent state legislation and/or regulations regarding same, the City of Tracy is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial cannabis activity. Any standards, requirements, and regulations regarding health and safety, security, and worker protections established by the

State of California, or any of its departments or divisions, shall be the minimum standards applicable in the City of Tracy to all commercial cannabis activity.

Section 6.36.012. Definitions.

When used in this Chapter, the following words shall have the meanings ascribed to them as set forth herein. Any reference to California statutes includes any regulations promulgated thereunder and is deemed to include any successor or amended version of the referenced statute or regulatory provision.

“A-license” means a State License issued for cannabis or cannabis products that are intended for adults who are 21 years of age or older (adult-use) and who do not possess a physician’s recommendation.

“A-licensee” means any person holding a license under California Business and Professions Code Section 26000 et seq. for cannabis or cannabis products that are intended for adults who are 21 years of age or older (adult-use) and who do not possess a physician’s recommendation.

“Applicant” means an owner applying for a cannabis business permit or a person applying for a cannabis employee permit pursuant to this Chapter.

“Bureau” means the California Bureau of Cannabis Control within the California Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation.

“Cannabis” means all parts of the Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the California Health and Safety Code.

“Cannabis accessories” has the same meaning as in Section 11018.2 of the California Health and Safety Code.

“Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this Chapter. A cannabis concentrate is not considered food, as defined by Section 109935 of the California Health and Safety Code, or drug, as defined by Section 109925 of the California Health and Safety Code.

“Cannabis employee permit” means a regulatory permit issued by the City pursuant to

this Chapter to persons working, volunteering, interning, or apprenticing at any cannabis business operating in the City.

“Cannabis product” means cannabis or a product containing cannabis, including, but not limited to, manufactured cannabis, and shall have the same meaning as in Section 11018.1 of the California Health and Safety Code. For purposes of this Chapter, “cannabis” does not include industrial hemp as defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.

“Canopy” shall have the same meaning as that appearing in Title 3, Section 8000(f) of the California Code of Regulations.

“Caregiver” or “primary caregiver” has the same meaning as that term is defined in Section 11362.7 of the California Health and Safety Code.

“City” or “City of Tracy” means the City of Tracy, a California general law City.

“City Council” means the City Council of the City of Tracy.

“Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products as provided for in this Chapter and in MAUCRSA. This definition shall have the same meaning as set forth in California Business and Professions Code Section 26001(k) as the same may be amended from time to time.

“Commercial cannabis business” or “Cannabis business” means any business or operation which engages in medicinal or adult-use commercial cannabis activity.

“Commercial cannabis business permit” or “City cannabis business permit” means a regulatory permit issued by the City pursuant to this Chapter to a person operating a cannabis business in the City. This permit is required before any commercial cannabis activity may be conducted in the City and does not constitute a land use entitlement nor a conditional use permit. The issuance of a cannabis business permit is made expressly contingent upon the business’ ongoing compliance with all of the requirements of this Chapter and any regulations adopted or imposed by the City governing the commercial cannabis activity at issue.

“Cultivation” or “cultivate” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

“Cultivation site” means a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs.

“Cultivation area” means the area in which cannabis is cultivated.

“Customer” means a natural person 21 years of age or older or a natural person 18 years of age or older who possesses a physician’s recommendation, or a primary caregiver.

“Delivery” means the commercial transfer of cannabis or cannabis products by a retailer directly to a customer off the premises of a cannabis retail facility, in the customer’s home or other

locations authorized by this chapter. "Delivery" also includes the use by a retailer of any technology platform owned and controlled by the retailer. This definition shall have the same meaning as Section 26001(p) of the California Business and Professions Code, as may be amended from time to time.

"Dispensary" or "Dispensary site" means a state-licensed, locally permitted business selling cannabis, cannabis products or cannabis accessories from a building or structure that is open to customers. For the purposes of this Chapter, the term "Dispensary" is synonymous with a storefront retailer.

"Dispensing" means any activity involving the licensed retail sale of cannabis or cannabis products from a retailer.

"Distribution" means the procurement, sale, and transport of cannabis and cannabis products between Licensees.

"Distributor" means a person holding a valid commercial cannabis state license for distribution, required by state law to engage in the business of purchasing cannabis from a licensed cultivator, or cannabis products from a license manufacturer, for sale to a licensed retailer.

"Labeling" means any label or other written, printed, or graphic matter upon a cannabis product, upon its container or wrapper, or that accompanies any cannabis product.

"Licensee" means any person holding a State License under this Chapter, regardless of whether the license held is an A-license or an M-license, and includes the holder of a testing laboratory license.

"Licensing authority" means the state agency responsible for the issuance, renewal, or reinstatement of the license, or the state agency authorized to take disciplinary action against the Licensee.

"M-license" means a State License issued for commercial cannabis activity involving medicinal cannabis.

"M-licensee" means any person holding a State License for commercial cannabis activity involving medicinal cannabis.

"Manufacturing" or "manufacturing operation" means the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or container.

"Manufactured cannabis" means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, extraction or other manufactured product intended for internal consumption through inhalation or oral ingestion or for topical application.

"Manufacturing site" means a location that produces, prepares, propagates, or compounds cannabis or cannabis products, directly or indirectly, by extraction methods,

independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and is owned and operated by a person issued a valid commercial cannabis business permit for manufacturing from the City of Tracy and, a valid State License as required for manufacturing of cannabis products.

“Medicinal cannabis” or “medicinal cannabis product” means cannabis or a cannabis product, respectively, intended to be sold for use pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the California Health and Safety Code, by a medicinal cannabis patient in California who possesses a physician’s recommendation. For the purposes of this Chapter, the term “medicinal cannabis” is synonymous with medical cannabis.

“Microbusiness” means a business that engages in at least three of the following commercial activities: cultivation (provided that the cultivation area is less than 10,000 square feet); distribution; manufacturing (Level 1), storefront retailer (dispensary), or non-storefront retailer (delivery-only). This definition shall have the same meaning as Section 26001.1 of the California Business and Professions Code, as may be amended from time to time.

“Natural person” is an individual human being as opposed to an artificial or legal person like a company which may be a private entity or non-governmental organization or public government organization.

“Non-Storefront retailer” or “Retailer Non-Storefront” means a cannabis business that conducts sales of cannabis or cannabis products to customers exclusively by delivery and whose premises are closed to the public. The term “Non-Storefront retailer” is synonymous with the terms “delivery only” or “delivery service.”

“Non-volatile solvent” means any solvent used in the extraction process that is not a volatile solvent. For purposes of this Chapter, a nonvolatile solvent includes ethanol and carbon dioxide used for extraction, or as it may be defined and amended by the state.

“Operation” means any act for which licensure is required under the provisions of this Chapter, or any commercial transfer of cannabis or cannabis products.

“Owner” means any of the following:

- (1) A person with an aggregate ownership interest of five (5) percent or more in the person applying for a permit or a permittee, unless the interest is solely a security, lien, or encumbrance.
- (2) The chief executive officer and the members of the board of directors of the entity engaging in the cannabis business.
- (3) An individual who will be participating in the direction, control, or management of the person applying for a City cannabis business permit.

“Package” means any container or receptacle used for holding cannabis or cannabis products.

“Patient” or “qualified patient” shall have the same definition as California Health and Safety Code Section 11362.7 et seq., as it may be amended, and which means a person who is entitled to the protections of California Health and Safety Code Section 11362.5.

“Permit Holder” means person to whom a permit under this Chapter has been issued,

including but not limited to a cannabis business permit and cannabis employee permit. For purposes of this Chapter, the term “Permit Holder” is synonymous with “Permittee.”

“Person” includes any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

“Person with an identification card” shall have the meaning given that term by California Health and Safety Code Section 11362.7.

“Physician’s recommendation” means a recommendation by a physician and surgeon that a patient use cannabis provided in accordance with the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the California Health and Safety Code.

“Premises” means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee. This definition shall have the same meaning as California Business and Professions Code Section 26001(ap), and as may be amended from time to time.

“Retailer” means a cannabis business issued a state license for the retail sale and delivery of cannabis or cannabis products to customers. This definition shall have the same meaning as California Business & Professions Code Section 26070 and as may be amended from time to time.

“Sell,” “sale,” “to sell” and “retail sale” include any transaction whereby, for any consideration, title to cannabis or cannabis products are transferred from one person to another, and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return of cannabis or cannabis products by a licensee to the licensee from whom the cannabis or cannabis product was purchased.

“State” means the State of California.

“State License” means a permit or license issued by the State of California, or one of its departments or divisions, under MAUCRSA and any subsequent State of California legislation regarding the same, to engage in commercial cannabis activity.

“Testing laboratory” means a laboratory, facility, or site that offers or performs tests of cannabis or cannabis products and that is both of the following:

- (1) Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state.
- (2) Licensed by the State of California to engage in cannabis testing activities.

“Transport” means the transfer of cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity authorized by the MAUCRSA which may be amended or repealed by any subsequent State of California legislation regarding the same.

Section 6.36.13. Compliance with State and Local Laws.

It is the responsibility of the owners and operators of the cannabis business to ensure that it is always operating in a manner compliant with all applicable state and local laws, policies, rules, and regulations including, but not limited to, the California Health and Safety Code, the California Water Code, the City adopted Building Code, Plumbing Code, Electrical Code, Mechanical Code, Fire Code, Energy Code, Green Building Standards Code, Existing Building Code, Historical Building Code, the Tracy Municipal Code, the Tracy Zoning Code, all requirements and conditions related to the land use entitlement process, and any regulations promulgated thereunder. Nothing in this Chapter shall be construed as authorizing any actions that violate state law or local law with respect to the operation of a cannabis business. It shall be the responsibility of the owners and the operators of the cannabis business to ensure that the cannabis business is, at all times, operating in a manner compliant with all applicable state and local laws, including for as long as applicable, the Compassionate Use Act ("Prop. 215") and the Medical Cannabis Program Act ("MMPA") (collectively "the Medical Cannabis Collective Laws"), the Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), any subsequently enacted state law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the cannabis business permit. Nothing in this Chapter shall be construed as authorizing any actions that violate state law regarding the operation of a commercial cannabis business.

Article 2. – Cannabis Business Permits

Section 6.36.020. Commercial Cannabis Activities Prohibited Unless Specifically Authorized by this Chapter.

Except as specifically authorized in this Chapter, the commercial cultivation, manufacturing, processing, storing, laboratory testing, labeling, retail sale, delivery, distribution or transportation (other than as provided under California Business and Professions Code section 26090(e)), of cannabis or cannabis product is expressly prohibited in the City of Tracy.

Section 6.36.030. Cannabis Business Permit Required to Engage in a Commercial Cannabis Activity.

No person may engage in any commercial cannabis activity within the City of Tracy unless the person (1) has a valid Cannabis Business Permit from the City of Tracy; (2) has a valid State License; and (3) is currently in compliance with all applicable state and local laws and regulations pertaining to the cannabis business and the commercial cannabis activities and land use and zoning requirements, including obtaining a valid conditional use permit pursuant to Title 10 of this Code.

Section 6.36.040. Maximum Number and Type of Authorized Commercial Cannabis Businesses Permitted.

(a) Maximum Number and Type of Authorized Cannabis Businesses Permitted. The number of each type of cannabis business that shall be permitted to operate in the City at any one given time shall be as follows:

- i. Cultivation (Indoor Only) – no maximum number.
- ii. Distribution – no maximum number.
- iii. Manufacturing – no maximum number.
- iv. Microbusiness – no maximum number.
- v. Retailer - Non-Storefront (Delivery Only) – no maximum number.
- vi. Retailer - Storefront (Dispensary) – a maximum of four (4) storefront retailers.
- vii. Testing Laboratory – no maximum number.

This Section is only intended to create a maximum number of cannabis businesses that may be issued permits to operate in the City under each category. Nothing in this Chapter creates a mandate that the City Council must issue any or all of the cannabis business permits if it is determined that the applicants do not meet the standards which are established in the application requirements or further amendments to the application process.

(b) Each year following the Police Chief's initial award of cannabis business permits, if any, or at any time in the City Council's discretion, the City Council may reassess the number of cannabis business permits which are authorized for issuance. The City Council, in its discretion, may determine by ordinance whether the number of commercial cannabis permits should change.

Section 6.36.050. Application Procedure for a Cannabis Business Permit.

(a) The City Council shall adopt by resolution the procedures to govern the application process, and the manner in which the decision to issue a cannabis business permit(s) is made. Said resolution shall authorize City staff and/or consultants to provide detailed objective review criteria to be evaluated on a point system or equivalent quantitative evaluation scale tied to each set of review criteria ("Review Criteria") and to prepare the necessary forms, solicit applications, and review and evaluate the applicants. Applications for a cannabis business permit shall include, but not be limited to, the following information:

- i. Applicant Background Information.
 - A. A description of the statutory entity or business form that will serve as the legal structure for the applicant and a copy of its formation and organizing documents, including, but not limited to, articles of incorporation, certificate of amendment, statement of information, articles of association, bylaws, partnership agreement, operating agreement, and fictitious business name statement.
 - B. The phone number and address to which any notices and correspondence regarding the application is to be mailed.
 - C. Owners. The name, address, telephone number, title, respective percentage of ownership, and function of each of the owners.
 - D. Background checks. For each of the interested parties:
 - 1. A legible copy of one valid government-issued form of photo identification, such as a state driver's license, a passport issued by the United States, or a permanent resident card.
 - 2. A list of their misdemeanor and felony convictions, if any. For each conviction, the list must set forth the date of arrest, the offense charged, the offense convicted, the sentence, the jurisdiction of the

court, and whether the conviction was by verdict, plea of guilty, or plea of nolo contendere.

3. Consent to fingerprinting and a criminal background investigation.

ii. Business operations.

- A. Business plan. A plan describing how the cannabis business will operate in accordance with this code, state law, and other applicable regulations. The business plan must include proof of sufficient capital to start the business and sustain it through the first three months of operation, plans for handling cash and transporting cannabis and cannabis products to and from the site.
- B. Community relations plan. A plan describing who is designated as being responsible for outreach and communication with the surrounding community, including the neighborhood and businesses, and how the designee can be contacted.
- C. Document(s) demonstrating property owner acknowledgement. Document(s) demonstrating that the property owner is fully aware that the applicant intends to use the property for cannabis business purposes. Document(s) must include name, address, and contact information for the property owner.
- D. State licenses. Copies of any state licenses relating to cannabis that the applicant holds.
- E. Tax compliance. A current copy of the applicant's city business operations tax certificate, state sales tax seller's permit, and the applicant's most recent year's financial statement and tax returns.
- F. Insurance. The applicant's certificate of commercial general liability insurance and endorsements and certificates of all other insurance related to the operation of the cannabis business.
- G. Budget. A copy of the applicant's most recent annual budget for operations.
- H. Price list. A list of the most recent prices for all products and services provided by the applicant.

- iii. City authorization. Authorization and consent for the City to seek verification of the information contained within the application.
- iv. Applicant's certification. A statement dated and signed by the applicant, under penalty of perjury, that the applicant has personal knowledge of the information contained in the application, that the information contained therein is true and correct, and that the application has been completed under the applicant's supervision.
- v. Indemnification. An agreement, in a form approved by the City Attorney, whereby the applicant: (1) releases the City, and its agents, officers, elected officials, and employees from any and all claims, injuries, damages, or liabilities of any kind arising from: (a) any repeal or amendment of this Chapter or any provision of Title 10 of the Zoning Code relating to cannabis, and (b) any arrest or prosecution of the applicant or its managers, employees, or members for violation of state or federal laws; and (2) defends, indemnifies, and holds harmless the City and its agents, officers, elected officials, and employees from and against any and all claims or actions: (a) brought by adjacent or nearby property owners or any other parties for any damages, injuries, or other liabilities of any kind arising from operations at the commercial cannabis business, and (b) brought by any party for any problems, injuries, damages, or other liabilities of any kind arising out of the distribution of cannabis produced or processed at the site or by the business.

(b) Non-Refundable Application Fee. At the time of filing, each applicant shall pay a non-refundable application fee established by resolution of the City Council, to cover all costs incurred by the City in the application process.

(c) Review of Applications. The Development Services Director or designee, Finance Director or designee, and Fire Chief or designee ("Review Committee") shall conduct an initial review of the applications and rank and score the applications utilizing the Review Criteria. The Review Committee shall then make a recommendation to the Police Chief or designee, who shall make a final selection in accordance with Section 6.36.060.

(d) THE CITY'S RESERVATION OF RIGHTS:

The City reserves the right to reject any or all applications. Prior to cannabis business permit issuance, the City may also modify, postpone, or cancel any request for applications, or the entire program under this Chapter, at any time without liability, obligation, or commitment to any party, firm, or organization, to the extent permitted under California law. Persons submitting applications assume the risk that all or any part of the program, or any particular category of permit potentially authorized under this Chapter, may be cancelled at any time prior to cannabis business permit issuance. The City further reserves the right to request and obtain additional information from any candidate submitting an application.

Section 6.36.060. Selection of Cannabis Business Permittee(s).

(a) The Police Chief or designee shall determine which applicants will be granted a cannabis business permit in accordance with the procedures established referenced in Section 6.36.050, subsection (a). The Police Chief's or designee's decision as to the selection of permittees shall be appealable to the City Manager. Such appeals shall comply with Chapter 1.12 of this Code.

(b) Upon issuance of a conditional use permit, a cannabis business permit is valid at only the location granted under the conditional use permit and State License.

(c) Issuance of a cannabis business permit does not constitute a land use entitlement nor does it constitute a land use permit. Following the Police Chief's selection, the prevailing candidates(s) shall apply to the City's Development Services Department to obtain a conditional use permit pursuant to Section 10.08.4250 and any other required land use approvals or entitlements for the permittee's premises. Land use approvals shall include compliance with all applicable provisions of California Environmental Quality Act.

(d) Conditions placed on the conditional use permit issued under Title 10 of this Code are also conditions of the cannabis business permit. Any violation of the conditional use permit's conditions is grounds for suspending or revoking the cannabis business permit.

(e) Furthermore, no permittee shall begin operations, notwithstanding the issuance of a cannabis business permit, unless all of the state and local laws and regulations have been complied with, including but not limited to the requirements of this Chapter and Section 10.08.3196 of this Code.

(g) Notwithstanding anything in this Chapter to the contrary, the City reserves the right to

reject any or all applications if it determines it would be in the best interest of the City, taking into account any health, safety and welfare impacts on the community. Applicants shall have no right to a cannabis business permit until a permit is issued, and then only for the duration of the term specified in the permit. Each applicant assumes the risk that, at any time prior to the issuance of a cannabis business permit, the City Council may terminate or delay the program created under this Chapter.

(h) If an application is denied for a cannabis business permit, a new application may not be filed for one (1) year from the date of the denial.

(i) Permit Fee. Each person granted a Cannabis Business Permit shall pay the permit fee established by resolution of the City Council, to cover the costs of administering the cannabis business permit regulatory program created in this Chapter.

Section 6.36.070 Grounds for Denial of a Cannabis Business Permit.

(a) The City may deny a cannabis business permit if the Police Chief or designee(s) determines that one or more of the following circumstances exist:

- i. The application received is incomplete, filed late, or not responsive to the requirements of this article;
- ii. The application contains a false or misleading statement or omission of a material fact;
- iii. The operation of a cannabis business described in the application fails to comply with any of the requirements in this code, state law, or any other regulation;
- iv. The applicant or any of its owners has any unpaid and overdue administrative penalties imposed for violations of this chapter;
- v. The applicant has not paid the applicable business operations tax pursuant to Chapter 6.04 or subsequent Chapter(s) or taxes which may be amended from time to time by the voters.
- vi. Within 12 months of the date of application, either the applicant has had its cannabis business permit revoked; or any of its owners were associated with another business that had its cannabis business permit revoked; or
- vii. Operation of the cannabis business is a threat to the public health, safety, or welfare.

Section 6.36.080. Expiration of Cannabis Business Permits.

Each cannabis business permit issued pursuant to this Chapter shall expire twelve (12) months after the date of its issuance. Cannabis business permits may be renewed as provided in Section 6.36.100.

Section 6.36.090. Suspension, Modification, or Revocation of Cannabis Business Permits.

(a) The Police Chief or designee may suspend, modify, or revoke a cannabis business permit issued pursuant to the provisions of this Chapter for any of the following reasons:

- i. One or more of the circumstances upon which a cannabis business permit could be denied, as described in Section 6.36.070, exists or has occurred;

- ii. One or more conditions of the cannabis business permit has been violated; or
 - iii. The Permittee, its owners, officers, directors, partners, agents, or other persons vested with the authority to manage or direct the affairs of the business have violated any provision of this Chapter.
- (b) The Police Chief's or designee's decision as to the suspension, modification, or revocation of a cannabis business permit shall be appealable to the City Manager. Such appeals shall comply with Chapter 1.12 of this Code.

Section 6.36.100. Renewal Applications.

- (a) An application for renewal of a cannabis business permit shall be filed at least sixty (60) calendar days prior to the expiration date of the current permit.
- (b) The renewal application shall contain all the information required for new applications.
- (c) The applicant shall pay a fee in an amount set by the City Council to cover the costs of processing the renewal permit application, together with any costs incurred by the City to administer the program created under this Chapter.
- (d) An application for renewal of a cannabis business permit shall be denied if any of the following exists:
- i. One or more of the circumstances upon which a cannabis business permit could be denied, as described in Section 6.36.070, exists or has occurred;
 - ii. The application is filed less than sixty (60) days before its expiration.
 - iii. The cannabis business permit is suspended or revoked at the time of the application.
 - iv. The cannabis business has not been in regular and continuous operation in the four (4) months prior to the renewal application, unless the applicant has been granted a conditional use permit for a vacant site and is subject to discretionary permit processing and construction.
 - v. The permittee fails to or is unable to renew its State License.
- (e) The Police Chief or designee(s) is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the Police Chief or designee(s) is authorized to impose additional conditions to a renewal permit, if it is determined to be necessary to ensure compliance with state or local laws and regulations or to preserve the public health, safety or welfare. Appeals from the decision of the Police Chief or designee(s) shall be directed to the City Manager and shall be handled pursuant to Chapter 1.12.
- (f) If a renewal application is denied, a person may file a new application pursuant to this Chapter no sooner than one (1) year from the date of the rejection.
- (g) If an existing cannabis business permit holder fails to renew their permit, the City may, in its discretion, solicit and consider permit applications from other applicants pursuant to Sections 6.36.050 and 6.36.060.

Section 6.36.110. Effect of State License Suspension, Revocation, or Termination.

- (a) Suspension of a license issued by the State of California, or by any of its departments or divisions, shall immediately suspend the ability of a cannabis business to operate within the City, until the State of California, or its respective department or division, reinstates or reissues the State license. Should the State of California, or any of its departments or divisions, revoke or terminate the license of a cannabis business, such revocation or termination shall constitute grounds for revoking a City cannabis business permit.
- (b) Permittee shall inform the Police Chief or designee of any suspension, revocation or termination of their State license within one business day of receiving notice from the State. Failure to do so shall constitute grounds for revoking a City cannabis business permit.

Section 6.36.120. Change in Contact Information; Updated Registration Form.

- (a) Any time the contact information listed on a cannabis business permit has changed, the business shall re-register with the Police Chief or designee(s). The process and the fees for re-registration shall be the same as the process and fees set forth in Section 6.36.100.
- (b) Within fifteen (15) calendar days of any other change in the information provided in the application or any change in status of compliance with the provisions of this Chapter, including any change in the cannabis business ownership or management members, the applicant shall file an updated registration form with the Police Chief or designee(s) for review along with a registration amendment fee, as set forth in Section 6.36.100.

Section 6.36.130. Transfer of Cannabis Business Permit.

- (a) The holder of a cannabis business permit shall not transfer ownership or control of the permit to another person or entity unless and until the transferee obtains an amendment to their State License, if required, and an amendment to the permit from the Police Chief stating that the transferee is now the permittee. Such an amendment may be obtained only if the transferee files an application with the Police Chief or designee(s) in accordance with all provisions of this Chapter (as though the transferee were applying for an original cannabis business permit) accompanied by a transfer fee in an amount set by resolution of the City Council, and the Police Chief or designee(s) determines that the transferee passed the background check required for permittees and meets all other requirements of this Chapter.
- (b) Cannabis business permits issued through the grant of a transfer by the Police Chief shall be valid for a period of one year beginning on the day the Police Chief approves the transfer of the permit. Before the transferee's permit expires, the transferee shall apply for a renewal permit in the manner required by this Chapter.
- (c) Changes in ownership of a permittee's business structure or a substantial change in the ownership of a permittee business entity (changes that result in a change of more than 51% of the original ownership), must be approved by the Police Chief or designee(s) through the transfer process contained in this subsection (a). Failure to comply with this provision is grounds for revocation.
- (d) A permittee may change the form of business entity without applying to the Police Chief or designee(s) for a transfer of permit, provided that either:

- i. The membership of the new business entity is substantially similar to original permit holder business entity (at least 51% of the membership is identical), or
- ii. If the original permittee is an unincorporated association, mutual or public benefit corporation, agricultural or consumer cooperative corporation and subsequently transitions to or forms a new business entity as allowed under the MAUCRSA and to comply with Section 6.36.130, subsection (b), provided that the Board of Directors (or in the case of an unincorporated association, the individual(s) listed on the City permit application) of the original permittee entity are the same as the new business entity.

Although a transfer is not required in these two circumstances, the permit holder is required to notify the Police Chief or designee(s) in writing of the change within ten (10) days of the change. Failure to comply with this provision is grounds for permit revocation.

(e) No cannabis business permit may be transferred when the Police Chief or designee has notified the permittee that the permit has been or may be suspended or revoked.

(f) Any attempt to transfer a cannabis business permit either directly or indirectly in violation of this section is hereby declared void, and such a purported transfer shall be deemed a ground for revocation of the permit.

Section 6.36.140. Limitations on City's Liability.

To the fullest extent permitted by law, the City of Tracy shall not assume any liability whatsoever with respect to having issued a cannabis business permit pursuant to this Chapter or otherwise approving the operation of any commercial cannabis business. As a condition to the approval of any cannabis business permit, the applicant shall be required to meet all of the following conditions before receipt of the permit:

(a) The applicant must execute an agreement, in a form approved by the City Attorney, agreeing to indemnify, defend (at applicant's sole cost and expense), and hold the City of Tracy, and its officers, officials, employees, representatives, and agents, harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to, the City's issuance of the cannabis business permit, the City's decision to approve the operation of the commercial cannabis business or activity, the process used by the City in making its decision, or the alleged violation of any state or local laws by the cannabis business or any of its officers, employees or agents.

(b) Maintain insurance at coverage limits, and with conditions thereon determined necessary and appropriate from time to time by the City Attorney and/or Risk Manager.

(c) Reimburse the City of Tracy for all costs and expenses, including but not limited to attorney fees and costs and court costs, which the City of Tracy may be required to pay as a result of any legal challenge related to the City's approval of the applicant's cannabis business permit, or related to the City's approval of a commercial cannabis activity. The City of Tracy may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

Section 6.36.150. Cannabis Employee Permit Required.

(a) Any person who is an employee or who otherwise works within a cannabis business must be legally authorized to do so under applicable state law.

(b) Any person who is an employee or who otherwise works within a cannabis business must obtain a cannabis employee permit from the City prior to performing any work at any cannabis business.

(c) Applications for a cannabis employee permit shall be developed, made available, and processed by the Police Chief or designee(s), and shall include, but not be limited to, the following information:

- i. Name, address, and phone number of the applicant;
- ii. Verification of the applicant's age and identity. A copy of a birth certificate, driver's license, government issued identification card, passport or other proof that the applicant is at twenty-one (21) years of age must be submitted with the application;
- iii. Name, address of the cannabis business where the person will be employed, and the name and phone number of the primary manager of that business;
- iv. A list of any crimes enumerated in California Business and Professions Code Section 26057(b)(4) of which the applicant has been convicted;
- v. Name, address, and contact person for any previous employers from which the applicant was fired, resigned, or asked to leave and the reasons for such dismissal or firing;
- vi. The application shall be accompanied by fingerprints and a recent photograph of the applicant in a form and manner as required by the Police Chief or designee(s).
- vii. A fee paid in an amount set by resolution of the City Council in an amount necessary to cover the costs of administering the cannabis employee permit program. The fee is non-refundable and shall not be returned in the event the employee permit is denied or revoked.

(d) The Police Chief or designee(s) shall review the application for completeness, shall conduct a background check to determine whether the applicant was convicted of a crime or left a previous employer for reasons that show the applicant:

- i. Has ever been convicted of a violent felony as defined by California Penal Code Section 667.5, or equivalent offenses in other states;
- ii. Has ever been convicted of a crime involving dishonesty, fraud or deceit, including but not limited to fraud, forgery, theft, or embezzlement as those offenses are defined in California Penal Code Sections 186.11, 470, 484, and 504a, respectively; or; equivalent offenses in other states; or
- iii. Has ever been convicted of the illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, except for cannabis related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.
- iv. Employers who wish to hire an individual notwithstanding this rule shall apply to the Police Chief, who at his/her sole discretion may issue a written waiver. The employer or employee shall submit a statement of rehabilitation for each conviction. The statement of rehabilitation may contain evidence that the employer or employee would like the Police Chief to consider that demonstrates the employee's fitness for a cannabis employee permit. Supporting evidence may be attached to the statement

of rehabilitation and may include, but is not limited to, dated letters of reference from employers, instructors, or professional counselors that contain valid contact information for the individual providing the reference. The Police Chief's or designee's decision as to the selection of an employee shall be appealable to the City Manager. Such appeals shall comply with Chapter 1.12 of this Code.

Discovery of facts showing that the applicant has either failed to disclose or has been convicted of any of the above offenses are grounds for denial of the permit. Where the applicant's sentence (including any term of probation, incarceration, or supervised release) for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance is completed, such underlying conviction shall not be the sole ground for denial of a commercial cannabis employee permit.

(e) The Police Chief or designee shall implement the cannabis employee permit process in accordance with the procedures and rules established by resolution adopted by the City Council.

(f) A cannabis employee permit shall be valid for a twelve (12) month period from date of issuance and must be renewed on an annual basis. Renewal applications shall contain all the information required in Section 6.36.150, subsection (c) above including the payment of a renewal application fee in an amount to be set by resolution of the City Council.

(g) The City may immediately revoke the cannabis employee permit should the permit holder be convicted of a crime listed in subsection (d)(ii) above. The following are additional grounds for revoking a cannabis employee permit based on the specific role and function of that employee:

- i. A cannabis employee permit shall be revoked if the employee permit holder:
 - A. Sells or provides cannabis or cannabis products to a minor;
 - B. Attempts to give away cannabis or cannabis products;
 - C. Acts to illegally divert cannabis or cannabis products to the black market, including stealing cash; stealing the licensee's product for personal consumption; or selling the licensee's product and keeping the proceeds of the sale; or
 - D. Is cited for driving under the influence of alcohol, cannabis or another illicit drug while on- or off-duty.

(h) The applicant may appeal the denial or revocation of a cannabis employee permit to the City Manager by filing a notice of appeal with the City Clerk within ten (10) working days of the date the applicant received the notice of denial or revocation, which appeal shall be conducted as set forth in Chapter 1.12 of this Code.

Article 3. – General Operating Procedures for Cannabis Business Permittees

Section 6.36.160. City Business License.

Prior to commencing operations, a cannabis business shall obtain a City of Tracy business license.

Section 6.36.170. Records and Recordkeeping.

(a) Each owner and operator of a cannabis business shall maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis (at or before the time of the renewal of a commercial cannabis business permit issued pursuant to this Chapter), or at any time upon reasonable request of the City, each cannabis business shall file a sworn statement detailing the number of sales by the commercial cannabis business during the previous twelve-month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid. On an annual basis, each owner and operator shall submit to the City a financial audit of the business's operations conducted by an independent certified public accountant. Each permittee shall be subject to a regulatory compliance review and financial audit as determined by the City Manager or designee(s).

(b) Each owner and operator of a commercial cannabis business shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the commercial cannabis business. The register required by this paragraph shall be provided to the Police Chief or designee(s) upon a reasonable request.

(c) All cannabis businesses shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the growing and production or manufacturing, laboratory testing and distribution processes in accordance with the MAUCRSA.

(d) Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPAA) and other applicable regulations, each cannabis business shall allow City of Tracy officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted commercial cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated in writing by the City. The City may require the materials to be submitted in an electronic format that is compatible with the City's software and hardware.

Section 6.36.180. Security Measures.

(a) A permitted cannabis business shall implement sufficient security measures to deter and prevent unauthorized entrance into areas containing cannabis or cannabis products, and to deter and prevent theft of cannabis or cannabis products at the cannabis business. Except as may otherwise be determined by the Police Chief or designee and Fire Chief or designee, these security measures shall include, but shall not be limited to, all of the following:

- i. Preventing individuals from remaining on the premises of the cannabis business if they are not engaging in an activity directly related to the permitted operations of the cannabis business.
- ii. Establishing limited access areas accessible only to authorized commercial cannabis business personnel.
- iii. All cannabis and cannabis products shall be stored in a secured and locked room, safe, or vault, provided that such secured areas meet the emergency egress requirements in the Building Code. All cannabis and cannabis products that are

- being sold for retail purposes shall be kept in a manner as to prevent diversion, theft, and loss.
- iv. On-site security guard(s), licensed by the State of California Bureau of Security and Investigative Services, may be required as determined by the Police Chief or designee, and shall be subject to the prior review and approval of the Police Chief or his/her designee(s), with such approval not to be unreasonably withheld.
 - v. Installing security surveillance cameras of sufficient resolution to allow the identification of persons and objects to monitor all entrances and exits to and from the premises, all interior spaces within the commercial cannabis business which are open and accessible to the public, all interior spaces where cannabis, cash or currency, is being stored for any period of time on a regular basis and all interior spaces where diversion of cannabis could reasonably occur. The commercial cannabis business shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the Police Chief or designee(s), and that it is compatible with the City's software and hardware. In addition, remote access to the video footage from the cameras shall be provided to the Police Chief or designee(s). Video recordings shall be maintained for a minimum of ninety (90) days, or as required under state law, and shall be made available to the Police Chief or designee(s) upon request without unreasonable delay. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the commercial cannabis business.
 - vi. Alarm system. Professionally and centrally-monitored fire, robbery, and burglar alarm systems must be installed and maintained in good working condition. The alarm system must include a private security company that is required to respond to every alarm.
 - vii. A commercial cannabis business shall notify the Police Chief or his/her designee(s) within twenty-four (24) hours after discovering any of the following:
 - (1) Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City Manager or his/her designee(s).
 - (2) Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.
 - (3) The loss or unauthorized alteration of records related to cannabis, customers or employees or agents of the commercial cannabis business.
 - (4) Any other breach of security.

Section 6.36.190. Restriction on Alcohol and Tobacco Sales.

- (a) It shall be unlawful to cause or permit the sale, dispensing, or consumption of alcoholic beverages on or about the premises of the cannabis business.
- (b) It shall be unlawful to cause or permit the sale of tobacco products on or about the premises of the cannabis business.

Section 6.36.200. Fees and Charges.

No person may commence or continue any cannabis activity in the City, without timely paying in full all fees and charges required for the operation of a cannabis business. Fees and

charges associated with regulation of a cannabis business shall be established by resolution of the City Council which may be amended from time to time.

Section 6.36.210. Packaging and Labeling.

All cannabis, cannabis products, and cannabis accessories sold by a cannabis business shall be packaged, labeled and placed in tamper-evident packaging which at least meets the requirements of the MAUCRSA and all state implementing rules and regulations.

Section 6.36.220 Diversion Prohibited.

No person shall give, sell, distribute, or otherwise transfer any cannabis from a permitted cannabis business to any person in any manner that violates local or state law.

Section 6.36.230 Emergency Contact.

Each cannabis business shall provide the Police Chief or designee(s) with the name, telephone number (both landline and mobile, if available) of at least one 24-hour on-call designated employee to serve as a liaison to resolve complaints, to respond to operating problems or concerns associated with the cannabis business, and to notify the Police Chief of any security issues arising per the terms of Section 6.36.180 (a) vii.

Section 6.36.240 Community Relations Manager.

Each cannabis business shall provide the Police Chief or designee(s) with the name, telephone number (both landline and mobile, if available) of at least one employee to communicate with surrounding neighborhoods and businesses. The cannabis business shall make good faith efforts to encourage neighborhood residents to call this person to solve problems, if any, before any calls or complaints are made to the City.

Section 6.36.250 Payment of Taxes.

All cannabis businesses authorized to operate under this Chapter shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees required under state and local law. Each cannabis business shall cooperate with the City or designee(s) with respect to any reasonable request to audit the cannabis business' books and records for the purpose of verifying compliance with this section, including but not limited to a verification of the amount of taxes required to be paid during any period.

Section 6.36.260 Employee Permit Requirement

- (a) It shall be unlawful for any cannabis business Permittee to employ any person or allow a person to volunteer who is not the holder of a valid City cannabis employee permit.
- (b) All managers and staff of a cannabis business permittee must retain a copy of the City-issued cannabis employee permit and make it available to City officials upon request.

Section 6.36.270 Cannabis Consumption Prohibited.

No cannabis business permittee shall allow any person to smoke, ingest, or otherwise consume cannabis or cannabis products in any form on, or within 20 feet of, the premises.

Section 6.36.280 Persons Under 21 years of Age Prohibited.

- (a) Persons under the age of twenty-one (21) years shall not be allowed on the premises of any cannabis business, unless otherwise provided in this Chapter. It shall be unlawful and a violation of this Chapter for any person to employ any person at a commercial cannabis business who is not at least twenty-one (21) years of age.
- (b) Notwithstanding subsection (a) above, a natural person 18 to 20 years of age who possesses a physician's recommendation for medical cannabis shall be allowed on the premises of any cannabis business, for the purpose of purchasing cannabis for medical use only consistent with his or her physician's recommendation.

Section 6.36.290 Site Management.

- (a) The cannabis business permittee shall prevent and eliminate conditions on the site that constitute a nuisance.
- (b) The cannabis business permittee shall maintain the exterior of the site, including any parking lots under the control of the permittee, free of litter, debris, and trash.
- (c) The cannabis business permittee shall implement measures that discourage loitering near the business and shall collaborate with the City Police Department to enforce related laws.
- (d) The permittee shall properly store and dispose of all waste generated on the site, including chemical and organic waste, in accordance with all applicable laws and regulations.
- (e) Notwithstanding any provisions of this Code to the contrary, the permittee shall remove all graffiti from the site and parking lots under the control of the permittee within 72 hours of its application.

Section 6.36.300 Reporting Criminal Activity.

A cannabis business permittee shall immediately report to the City Police Department all criminal activity occurring on the cannabis business site.

Section 6.36.310 Display of Permit and City Business License.

The original copy of the City cannabis business permit issued by the City pursuant to this Chapter and the City issued business license shall be posted inside the cannabis business in a location readily-visible to all persons entering the premises.

Section 6.36.320 Miscellaneous Operating Requirements.

- (a) Cannabis businesses may operate only during the hours specified in the conditional use permit issued by the City. The hours of operation provided in the conditional use permit shall not exceed the hours of operation allowed under state law.
- (b) No cannabis, cannabis products, graphics depicting cannabis, or cannabis products shall be visible from the exterior of any property issued a cannabis business permit, or on any of the vehicles owned or used as part of the cannabis business. No outdoor storage of cannabis or cannabis products is permitted at any time.
- (c) Reporting and Tracking of Product and of Gross Sales. Each cannabis business shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City. Said tracking system must be in compliance with state's designated track-and-trace system. The commercial cannabis business shall ensure that such information is compatible with the City's record-keeping systems. In addition, the system must have the capability to produce historical transactional data for review. Furthermore, any system selected must be approved and authorized by the Police Chief or designee(s) prior to being used by the permittee.
- (d) Odor Control. Odor control devices and techniques shall be incorporated in all cannabis businesses to ensure that odors from cannabis are not detectable off-site. Commercial cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the commercial cannabis business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the commercial cannabis business. As such, cannabis businesses must install and take all measures, including installing equipment, to control odor as required by the Development Services Director or designee.

Article 4. – Operating Procedures for Specific Business Types

Section 6.36.330. Commercial Cannabis Cultivation Permit Requirements

- (a) No person shall operate a cannabis cultivation business in the City without a valid cannabis business permit issued pursuant to this Chapter, or in a manner that is inconsistent with the permit issued. This section shall not apply to the cultivation of cannabis for personal use allowed under state law.
- (b) Permit Fee. A cannabis cultivation permit program fee is established and imposed. The City Council shall establish by resolution the amount of the permit fee and any related penalties.
- (c) Cannabis Business Permit(s) will only be issued for the following types of cannabis cultivation businesses:
 - i. Specialty Cottage – Indoor cultivation up to 500 square feet of total canopy size on one cultivation site.
 - ii. Specialty - Indoor cultivation of less than or equal to 5,000 square feet of total canopy size on one cultivation site.

- iii. Small - Indoor cultivation between 5,001 and 10,000 square feet of total canopy size on one cultivation site.
- iv. Medium – Indoor cultivation between 10,001 and 22,000 square feet of total canopy size on one cultivation site.
- (d) Indoor Only. A cannabis cultivation permittee shall only cultivate cannabis in a fully enclosed building. Outdoor cultivation of commercial cannabis is expressly prohibited.
- (e) A cannabis cultivation permittee shall not allow cannabis or cannabis products on the cultivation site to be visible from the public right-of-way, the unsecured areas surrounding the buildings on the site, or the site's main entrance and lobby.
- (f) A cannabis cultivation permittee may conduct all activities permitted by the State License.
- (g) Any cultivation activity that will be conducted by the permittee shall be included on the permit application. No additional cultivation activity can be conducted without applying for and receiving written permission from the City for that additional activity.
- (h) At all times, the cannabis cultivation site shall be compliant with all state regulations for cannabis cultivation including Title 3 of the California Code of Regulations as may be amended.
- (i) Inspections by the Fire Chief or designee may be conducted any time during the business's regular business hours.
- (j) Site Requirements. A cannabis cultivation site shall comply with the following requirements:
 - i. Entrances. All entrances into the buildings on the cultivation site shall be locked at all times with entry controlled by the permittee's managers and staff, provided that such secured areas do not violate the emergency egress requirements in the Building Code.
 - ii. Cultivation area. All cultivation areas in any building on the cultivation site shall be separated from the main entrance and lobby, and shall be secured by a lock accessible only to managers and staff of the permittee from the lobby area. As such, managers and staff of the permittee shall not be required to exit the building in an emergency through the cultivation area.
 - iii. Transport area. Each building with a cultivation area shall have an area designed for the secure transfer of cannabis from a vehicle to the cultivation area.
 - iv. Storage area. Each building with a cultivation area shall have adequate storage space for cannabis that has been tested or is waiting to be tested. The storage areas shall be separated from the main entrance and lobby, and shall be secured by a lock accessible only to managers and staff of the permittee, provided that such secured areas do not violate the emergency egress requirements in the Building Code.
- (h) Signage. A cannabis cultivation permittee shall post in the lobby of the cultivation site signs that state the following:
 - i. "This site is not open to the public."
 - ii. "Retail sales of any goods and services is prohibited."
 - iii. "Persons under 21 years of age are prohibited from entering this site."
 - iv. "Smoking, ingesting, or consuming cannabis or cannabis products on this site or in a public place is prohibited."
 - v. Each sign described in must be at least 8 inches by 10 inches in size and must be displayed at all times in a conspicuous place so that it may be readily seen by all persons entering the cultivation site.

- vi. Each sign shall comply with California's accessibility requirements for persons with visual impairments.
- (i) Restricted Site. No cannabis cultivation permittee shall open their cultivation site to the public.
- i. No cannabis cultivation permittee shall allow anyone on the cultivation site, except for managers, staff, and other persons with a bona fide business or regulatory purpose for being there, such as contractors, inspectors, and distribution drivers.
 - ii. A manager must be on the cultivation site at all times that any other person, except for security guards, is on the site.
 - iii. While on the cultivation site, managers and staff of the cannabis cultivation business must maintain evidence of their cannabis employee permit, issued by the City, at all times.
 - iv. Any person other than managers or staff who are on the cultivation site must sign in, wear a visitor badge, and be escorted on the site by a manager at all times.
 - v. Retail Sales Prohibited. No person shall conduct any retail sales of any good or services on or from a permitted cannabis cultivation site.
 - vi. Cannabis cultivation sites shall not contain an exhibition or product sales area or allow for retail distribution of products at that location.
 - vii. Location Requirements. Cannabis cultivation permittees shall locate in a site consistent with Section 10.08.3196.

Section 6.36.340. Cannabis Distribution Permit Requirements

- (a) Permit Required. No person shall operate a cannabis distribution business in the City without a valid City cannabis business permit issued pursuant to this Chapter, or in a manner that is inconsistent with the permit issued.
- (b) Permit Fee. A cannabis distribution permit program fee is established and imposed. The City Council shall establish by resolution the amount of the permit fee and any related penalties.
- (c) Cannabis Business Permit(s) will only be issued for the following types of cannabis distribution businesses:
- i. Distributor (Type 11): Purchases, sells, arranges for testing, conducts quality assurance review of packaging and labeling, transports cannabis goods between licensees, and collects state cultivation tax from licensed cultivators.
 - ii. Distributor- Self-Distribution Only (Type 13): Transports only its own cannabis goods that it has cultivated or manufactured to testing facilities and retailers.
 - iii. Distributor- Transport Only (Type 13): Transports cannabis goods between licensees, but may not transport any cannabis goods, except for immature cannabis plants and/or seeds, to a retailer or to the retailer portion of a microbusiness.
- (d) The buildings on the sites of a Type-11 or Type-13 cannabis distribution permittee must comply with the following requirements:
- i. Entrances. All entrances into the buildings on the distribution site must be locked at all times with entry controlled by the cannabis distribution permittee's managers and staff, provided that such secured areas do not violate the emergency egress requirements in the Building Code.

- ii. Main entrance and lobby. The distribution site must have a building with a main entrance that is clearly visible from the public street or sidewalk. The main entrance must be maintained clear of barriers, landscaping, and other obstructions. Inside of the main entrance, there must be a lobby to receive persons into the site and to verify whether they are allowed in the areas where cannabis or cannabis products are stored.
- iii. Storage area. The distribution site must have adequate storage space for cannabis and cannabis products being distributed. All storage areas in any building on the distribution site must be separated from the main entrance and lobby and must be secured by a lock accessible only to managers and employees from the lobby area.
- iv. Transport area. Each building with a storage area must have an area designed for the secure transfer of cannabis between a vehicle and the distribution site.

(e) Storage of cannabis and cannabis products.

- i. Type-11 and Type-13 (Self-Distribution Only) cannabis distribution permittees shall only store cannabis or cannabis products in a secured room within a limited access area that is covered by video cameras, in a fully enclosed building on the distribution site. No cannabis or cannabis products in possession of the cannabis distribution business may be stored in any other facility, such as a separate storage facility or a cannabis product manufacturing facility.
- ii. Type-11 and Type-13 (Self Distribution Only) cannabis distribution permittees shall not allow cannabis or cannabis products on the distribution site to be visible from the public right-of-way, the unsecured areas surrounding the buildings on the site, or the site's main entrance and lobby.
- iii. Type-13 (Transport Only) cannabis distribution permittees shall not store cannabis or cannabis products on the distribution site.

(f) Transportation. The cannabis distribution business shall use and maintain computer software to record the following information relating to the transportation of cannabis and cannabis products:

- i. A shipping manifest that includes a specific description of the items being transported, whether each item is a medical cannabis or adult-use cannabis product, and the name, address, and license number of the cannabis business to which the items are to be transported;
- ii. The name of the person who transported the items;
- iii. The date and time of the transport; and
- iv. The name of the manager of the cannabis business who confirmed receipt of the items.
- v. A person transporting cannabis or cannabis products on behalf of a cannabis distribution business shall carry the following items:
 - A. A copy of the distributor's current cannabis distribution business permit;
 - B. The person's government-issued identification;
 - C. Evidence of the person's City-issued cannabis employee permit; and
 - D. A copy of the shipping manifest as described in subsection (f) i.
- vi. Upon demand of a peace officer or city employee authorized to enforce this chapter, a person transporting cannabis or cannabis products pursuant to this section shall present the items listed in subsection (f) v. for examination.
- vii. No person shall transport cannabis or cannabis products to anyone except a lawfully operated cannabis business. The person transporting the cannabis or cannabis

- products shall obtain a signature from a manager of the cannabis business confirming receipt of the items listed in the shipping manifest, before leaving the items.
- viii. A cannabis business shall maintain the information described in subsection (f) v. for at least three years on the site and shall produce the information upon request by the City.
- (g) **Restricted Site.** No cannabis distribution permittee shall open their distribution site to the public.
- i. No cannabis distribution permittee shall allow anyone on the distribution site, except for managers, staff, and other persons with a bona fide business or regulatory purpose for being there, such as contractors, inspectors, and distribution drivers.
 - ii. A manager must be on the distribution site at all times that any other person, except for security guards, is on the site.
 - iii. While on the distribution site, managers and staff of the cannabis distribution business must maintain evidence their City-issued cannabis employee permit at all times.
 - iv. Any person other than managers or staff who are on the distribution site must sign in, wear a visitor badge, and be escorted on the site by a manager at all times.
- (h) **Signage.** A cannabis distribution permittee shall post in the lobby of the distribution site signs that state the following:
- i. "This site is not open to the public."
 - ii. "Retail sales of any goods and services is prohibited."
 - iii. "Persons under 21 years of age are prohibited from entering this site."
 - iv. "Smoking, ingesting, or consuming cannabis or cannabis products on this site or in a public place is prohibited."
 - v. Each sign described in must be at least 8 inches by 10 inches in size and must be displayed at all times in a conspicuous place so that it may be readily seen by all persons entering the distribution site.
 - vi. Each sign shall comply with California's accessibility requirements for persons with visual impairments.
- (i) **Retail Sales Prohibited.** No person shall conduct any retail sales of any good or services on or from a permitted cannabis distribution site.
- (j) **Location Requirements.** Cannabis distribution permittees shall locate in a site consistent with Section 10.08.3196.

Section 6.36.350 Cannabis Manufacturing Permit Requirements.

- (a) No person shall operate a cannabis manufacturing business in the City without a valid cannabis business permit issued pursuant to this Chapter, or in a manner that is inconsistent with the permit issued.
- (b) **Permit Fee.** A cannabis manufacturing permit program fee is established and imposed. The City Council shall establish by resolution the amount of the permit fee and any related penalties.
- (c) Cannabis Business Permit(s) will only be issued for the following types of cannabis manufacturing businesses:

- i. Type 6 (non-volatile), for a business involving all aspects of a cannabis manufacturing business, including the extraction of substances from a cannabis plant and the activities allowed with a Type N and Type P permit as described below.
 - ii. Type N, for a business involving the production and preparation of cannabis products (such as infusing cannabis extracts or concentrates into edibles and topicals) and the activities allowed with a Type P permit as described below. A business holding a Type N permit cannot engage in the extraction of substances from a cannabis plant.
 - iii. Type P, for a business involving only the packaging and labeling of cannabis or cannabis products. A business holding a Type P permit cannot engage in the extraction of substances from a cannabis plant, or the production and preparation of cannabis products.
- (d) Indoor Only. A cannabis manufacturing permittee shall only manufacture cannabis in a fully enclosed building. Outdoor manufacturing of cannabis is expressly prohibited.
- (e) A cannabis manufacturing permittee shall not allow cannabis or cannabis products on the manufacturing site to be visible from the public right-of-way, the unsecured areas surrounding the buildings on the site, or the site's main entrance and lobby.
- (f) A cannabis manufacturing permittee may conduct all activities permitted by the State License. This includes, but is not limited to, non-volatile extractions, repackaging and relabeling, and infusions.
- (g) Any manufacturing activity that will be conducted by the permittee shall be included on the permit application. No additional manufacturing activity can be conducted without applying for and receiving written permission from the City for that additional activity.
- (h) At all times, the cannabis manufacturing facility will be compliant with all state regulations for cannabis manufacturing including California Health and Safety Code 11362.775 and as it may be amended.
- (i) Inspections by the Fire Chief or designee may be conducted any time during the business's regular business hours.
- (j) Site Requirements. A cannabis manufacturing site shall comply with the following requirements:
- v. Entrances. All entrances into the buildings on the manufacturing site shall be locked at all times with entry controlled by the permittee's managers and staff, provided that such secured areas do not violate the emergency egress requirements in the Building Code.
 - vi. Manufacturing area. All manufacturing areas in any building on the manufacturing site shall be separated from the main entrance and lobby, and shall be secured by a lock accessible only to managers and staff of the permittee from the lobby area.
 - vii. Transport area. Each building with a manufacturing area shall have an area designed for the secure transfer of cannabis from a vehicle to the manufacturing area.
 - viii. Storage area. Each building with a manufacturing area shall have adequate storage space for cannabis that has been tested or is waiting to be tested. The storage areas shall be separated from the main entrance and lobby, and shall be secured by a lock accessible only to managers and staff of the permittee, provided that such secured areas do not violate the emergency egress requirements in the Building Code.

- (h) **Signage.** A cannabis manufacturing permittee shall post in the lobby of the manufacturing site signs that state the following:
- vii. "This site is not open to the public."
 - viii. "Retail sales of any goods and services is prohibited."
 - ix. "Persons under 21 years of age are prohibited from entering this site."
 - x. "Smoking, ingesting, or consuming cannabis or cannabis products on this site or in a public place is prohibited."
 - xi. Each sign described in must be at least 8 inches by 10 inches in size and must be displayed at all times in a conspicuous place so that it may be readily seen by all persons entering the manufacturing site.
 - xii. Each sign shall comply with California's accessibility requirements for persons with visual impairments.
- (i) **Restricted Site.** No cannabis manufacturing permittee shall open their manufacturing site to the public.
- i. No cannabis manufacturing permittee shall allow anyone on the manufacturing site, except for managers, staff, and other persons with a bona fide business or regulatory purpose for being there, such as contractors, inspectors, and distribution drivers.
 - ii. A manager must be on the manufacturing site at all times that any other person, except for security guards, is on the site.
 - iii. While on the manufacturing site, managers and staff of the cannabis manufacturing business must maintain evidence of their City-issued cannabis employee permit at all times.
 - iv. Any person other than managers or staff who are on the manufacturing site must sign in, wear a visitor badge, and be escorted on the site by a manager at all times.
 - vi. Retail Sales Prohibited. No person shall conduct any retail sales of any good or services on or from a permitted cannabis manufacturing site.
 - vii. Cannabis manufacturing sites shall not contain an exhibition or product sales area or allow for retail distribution of products at that location.
- (j) **Location Requirements.** Cannabis manufacturing permittees shall locate in a site consistent with Section 10.08.3196.

Section 6.36.360 Cannabis Microbusiness Permit Requirements

- (a) No person shall operate a cannabis microbusiness in the City without a valid cannabis business permit issued pursuant to this Chapter, or in a manner that is inconsistent with the permit issued.
- (b) **Permit Fee.** A cannabis microbusiness permit program fee is established and imposed. The City Council shall establish by resolution the amount of the permit fee and any related penalties.
- (c) All cannabis commercial activity that will be conducted by the permittee shall be included on the permit application. No additional cannabis activity can be conducted without applying for and receiving written permission from the City for that additional activity. Microbusinesses will count towards dispensary limit unless otherwise directed by the City Council.
- (d) **Location Requirements.** Cannabis microbusiness permittees shall locate in a site consistent with Section 10.08.3196.

Section 6.36.370 Cannabis Non-Storefront (Delivery Only) Retailer Permit Requirements.

(a) Permit Required. No person shall operate a cannabis delivery only business in the City (without a valid City cannabis business permit issued pursuant to this Chapter, or in a manner that is inconsistent with the permit issued.

(b) Permit Fee. A cannabis delivery-only permit program fee is established and imposed. The City Council shall establish by resolution the amount of the permit fee and any related penalties.

(c) Permissible Delivery Locations and Customers. Cannabis delivery-only retailers are subject to the following requirements:

- i. Cannabis, cannabis products and cannabis accessories shall only be delivered to customers located at a residential address including a nursing or assisted living facility;
- ii. The delivery of Cannabis, cannabis products and cannabis accessories to any location or facility owned, leased or occupied by a public agency, including but not limited to, a public school, library, and community center, is expressly prohibited;
- iii. No deliveries shall be conducted on private property open to the public, including but not limited to, business and professional offices, retail stores and their adjoining parking lots, places of assembly, eating and drinking establishments.

(d) All cannabis and cannabis products being delivered shall be obtained from the site of the cannabis business that is authorized to deliver cannabis. No cannabis or cannabis products may be delivered from any other facility, such as a separate storage facility or a cannabis product manufacturing facility.

(e) No person delivering cannabis, cannabis products and cannabis accessories shall possess more than \$3,000 worth of cannabis and cannabis products at any time.

(f) The cannabis delivery only business shall use and maintain computer software to record the following information relating to each delivery:

- i. A delivery request that includes the date of the request, the full name of the person requesting the delivery, a specific description of the items requested, whether each item is a medical cannabis or adult-use cannabis product, and the address to which the items are to be delivered;
- ii. The name of the person who delivered the items; and
- iii. The date and time of the delivery.

(g) A person delivering cannabis or cannabis products on behalf of a cannabis non-storefront retailer shall carry the following items:

- i. A copy of the dispensary's current dispensary permit;
- ii. The person's government-issued identification;
- iii. Evidence of the person's City-issued cannabis employee permit; and
- iv. A copy of the delivery request as described in subsection (f).

(h) Upon demand of a peace officer or City employee authorized to enforce this chapter, a

person delivering cannabis or cannabis products pursuant to this section shall present the items listed in subsection (g) for examination.

(i) No person shall deliver cannabis to anyone except the person who requested the delivery. The person delivering the cannabis shall confirm compliance with sections 6.36.370 (g) (medical cannabis dispensing operations) and 6.36.370(f) (adult-use cannabis dispensing operations), as applicable, by inspecting the relevant identification and documentation before handing the cannabis or cannabis product to the customer.

(j) A cannabis delivery-only retailer shall maintain the information described in subsection (f) for at least three years on the site and shall produce the information to the city upon request.

(k) **Delivery-Only Vehicle Requirements.** Prior to commencing operations, a Cannabis Non-Storefront Retailer shall provide the City with all information requested by the Police Chief or designee(s) regarding the vehicles used to deliver cannabis to customers. Such information shall include, but not be limited to the following:

- i. Proof of ownership of the vehicle or a valid lease for any and all vehicles that will be used to deliver cannabis or cannabis products.
- ii. Proof of insurance as required in section 6.36.140 (b) for any and all vehicles being used to deliver cannabis or cannabis products.
- iii. The make, model, color, and license number of all vehicles owned or leased by the commercial cannabis retailer and used to deliver cannabis or cannabis products.

(l) **Retail Sales Prohibited.** No person shall conduct any retail sales of any good or services on or from a permitted cannabis delivery-only retailer site.

(m) **Location Requirements.** Cannabis non-storefront retail permittees shall locate in a site consistent with Section 10.08.3196.

Section 6.36.380 Cannabis Storefront (Dispensary) Retailer Permit Requirements.

(a) **Permit Required.** No person shall operate a cannabis storefront retailer in the City without a valid City cannabis business permit issued pursuant to this Chapter, or in a manner that is inconsistent with the permit issued.

(b) **Permit Fee.** A cannabis storefront retailer permit program fee is established and imposed. The City Council shall establish by resolution the amount of the cannabis business permit fee for a storefront retailer and any related penalties.

(c) **Operating Hours.** The maximum hours of operation for a cannabis storefront retailer shall be established by the conditional use permit issued by the City, provided that the hours shall not exceed the maximum hours of operation allowed under state law.

(d) **Indoor Operations Only.** A cannabis storefront retailer permittee shall not allow cannabis, cannabis products, or cannabis accessories on the dispensary site to be visible from the public right-of-way, the unsecured areas surrounding the buildings on the site, or the site's main entrance and lobby.

(e) **Restricted Access to Minors.** No person under 21 years of age shall be in the cannabis storefront retailer building unless they are a qualified patient or a primary caregiver or in possession of a physician's recommendation in their name, for the use of cannabis for a specific ailment. No person under 18 years of age shall be in the cannabis storefront retailer building unless they are a qualified patient or a primary caregiver, and they are accompanied by their parent or legal guardian.

(f) **Adult Use Only.** A cannabis storefront retailer with an A-license from the State shall only sell adult-use cannabis to persons who are 21 years of age or older, and who are in possession of a valid government-issued identification card.

(g) **Medical Cannabis Dispensing Operations.** A cannabis retailer that is expressly authorized to sell medical cannabis pursuant to this Chapter shall sell medical cannabis only to:

- i. Qualified patients with a currently valid physician's recommendation in compliance with the Compassionate Use Act of 1996 (California Health and Safety Code section 11362.5), the Medical Marijuana Program Act (California Health and Safety Code section 11362.7 et seq.), and valid government-issued identification such as a Department of Motor Vehicles driver's license or State Identification Card; or
- ii. Primary caregivers with a verified primary caregiver designation by their qualified patients, a copy of their qualified patient's valid physician's recommendation in compliance with the Compassionate Use Act of 1996 (California Health and Safety Code section 11362.5), the Medical Marijuana Program Act (California Health and Safety Code section 11362.7 et seq.), and valid official identification such as a Department of Motor Vehicles driver's license or State Identification Card.
- iii. No cannabis business that is expressly authorized to sell medical cannabis pursuant to this chapter shall have a physician on the dispensary site to evaluate patients or provide a recommendation for medical cannabis.

(h) **Maintenance of Medical Cannabis Records.** A cannabis retailer shall maintain records of the following information for each member and customer of the dispensary that purchases medical cannabis:

- i. The name, date of birth, physical address, and telephone number; and their status as a qualified patient or primary caregiver.
- ii. A copy of each qualified patient's written physician recommendation and their designation of a primary caregiver.
- iii. These records shall be maintained by the cannabis retailer for a period of not less than three years and shall be produced to the city within 24 hours after receipt of the City's request.
- iv. The storefront cannabis dispensary shall report any loss, damage or destruction of these records to the Police Chief within 24 hours of the loss, damage or destruction.

(i) **Cannabis Accessories.** A cannabis dispensary that is expressly authorized to sell cannabis pursuant to this chapter, whether medical cannabis or adult-use cannabis, may also sell cannabis accessories and display cannabis accessories.

(j) **Restrictions on Alcoholic Beverages.** No storefront cannabis dispensary or manager shall hold or maintain a license from the State Division of Alcoholic Beverage Control for the sale of alcoholic beverages; or operate a business on or adjacent to the dispensary site that sells alcoholic beverages.

- (k) Site Requirements.
- i. Floor Plan. A cannabis storefront retailer must have a lobby waiting area at the entrance to receive persons to verify that they are members of that dispensary or are otherwise allowed to be on the dispensary site. A dispensary must also have a separate and secure area designated for selling cannabis, cannabis products, and cannabis accessories to its customers, provided that such secured areas do not violate the emergency egress requirements in the Building Code. The main entrance must be located and maintained clear of barriers, landscaping, and similar obstructions so that it is clearly visible from public streets or sidewalks.
 - ii. Storage. A cannabis storefront retailer must have adequate locked storage on the dispensary site, identified and approved as a part of the security plan, for after-hours storage of cannabis and cannabis products. Cannabis and cannabis products must be stored at the dispensary site in secured rooms that are completely enclosed and do not violate the emergency egress requirements in the Building Code or in a safe that is bolted to the floor.
- (l) Signage. A cannabis storefront retailer shall post in the lobby of the dispensary site signs that state the following:
- i. "Smoking, ingesting, or consuming cannabis or cannabis products on this site or in a public place is prohibited."
 - ii. A cannabis storefront retailer that is only authorized to sell medical cannabis must have a sign stating, "Medical cannabis sales only. Only qualified patients and primary caregivers may enter. Any qualified patient or primary caregiver under 18 years of age must be in the presence of their parent or legal guardian."
 - iii. A cannabis storefront retailer that is only authorized to sell adult-use cannabis must have a sign stating, "Adult-use cannabis sales only. Persons under 21 years of age are prohibited from entering."
 - iv. A cannabis storefront dispensary that is authorized to sell both medical and adult-use cannabis must have a sign stating, "Medical and adult-use cannabis for sale. Persons under 21 years of age are prohibited from entering this property unless they are a qualified patient or a primary caregiver. Any qualified patient or primary caregiver under 18 years of age must be in the presence of their parent or legal guardian." If separate rooms are provided for medical cannabis and adult-use cannabis, the signs may be posted next to each room as appropriate.
 - v. Each sign described in must be at least 8 inches by 10 inches in size and must be displayed at all times in a conspicuous place so that it may be readily seen by all persons in the normal course of a transaction.
 - vi. The signs must not obstruct the entrance or windows of the dispensary.
 - vii. Each sign shall comply with California's accessibility requirements for persons with visual impairments.
- (m) Restricted Site.
- i. All entrances into a storefront cannabis dispensary's building shall be locked from the exterior at all times with entry controlled by dispensary personnel, provided that such secured areas do not violate the emergency egress requirements in the Building Code.
 - ii. A manager must be on the dispensary site at all times that any other person, except for security guards, is on the site.

- iii. While on the dispensary site, managers and staff of the cannabis dispensary permittee must maintain evidence of their City-issued cannabis employee permit at all times.
 - iv. Any person other than managers or staff who are on the dispensary site must sign in, wear a visitor badge, and be escorted on the site by a manager at all times.
- (n) Cannabis Cultivation Prohibited. No cannabis storefront dispensary shall grow or cultivate cannabis, except for immature nursery stock cannabis plants, on the dispensary site.
- (o) Location Requirements. Cannabis storefront retail permittees shall locate in a site consistent with Section 10.08.3196.

Section 6.36.390 Cannabis Testing Laboratory Requirements.

- (a) Permit Required. No person shall operate a cannabis testing laboratory business in the City without a valid City cannabis business permit issued pursuant to this Chapter, or in a manner that is inconsistent with the permit issued.
- (b) Permit Fee. A cannabis testing laboratory permit program fee is established and imposed. The City Council shall establish by resolution the amount of the cannabis business permit fee for a cannabis testing laboratory and any related penalties.
- (c) Indoor Testing Only. A cannabis testing laboratory permittee shall only test cannabis in a fully enclosed building.
- (d) Site Requirements. A cannabis testing laboratory site shall comply with the following requirements:
- i. Entrances. All entrances into the buildings on the laboratory site shall be locked at all times with entry controlled by the cannabis testing laboratory permittee's managers and staff, provided that such secured areas do not violate the emergency egress requirements in the Building Code.
 - ii. Testing area. All testing areas in any building on the laboratory site shall be separated from the main entrance and lobby, and shall be secured by a lock accessible only to managers and staff of the cannabis testing laboratory permittee, provided that such secured areas do not violate the emergency egress requirements in the Building Code.
 - iii. Transport area. Each building with a testing area shall have an area designed for the secure transfer of cannabis from a vehicle to the testing area.
 - iv. Storage area. Each building with a testing area shall have adequate storage space for cannabis that has been tested or is waiting to be tested. The storage areas shall be separated from the main entrance and lobby, and shall be secured by a lock accessible only to managers and staff of the cannabis testing laboratory permittee, provided that such secured areas do not violate the emergency egress requirements in the Building Code.
- (e) Signage. A cannabis testing laboratory permittee shall post in the lobby of the laboratory site signs that state the following:
- i. "This site is not open to the public."
 - ii. "Retail sales of any goods and services is prohibited."
 - iii. "Persons under 21 years of age are prohibited from entering this site."

- iv. "Smoking, ingesting, or consuming cannabis or cannabis products on this site or in a public place is prohibited."
 - v. Each sign must be at least 8 inches by 10 inches in size and must be displayed at all times in a conspicuous place so that it may be readily seen by all persons entering the testing site.
 - vi. Each sign shall comply with California's accessibility requirements for persons with visual impairments.
- (f) Restricted Site. No cannabis testing laboratory permittee shall open their laboratory site to the public.
- i. No cannabis testing laboratory permittee shall allow anyone on the laboratory site, except for managers, staff, and other persons with a bona fide business or regulatory purpose for being there, such as contractors, inspectors, and cannabis transporters.
 - ii. A manager must be on the laboratory site at all times that any other person, except for security guards, is on the site.
 - iii. While on the laboratory site, managers and staff of the cannabis testing laboratory permittee must maintain evidence of their City-issued cannabis employee permit at all times.
 - iv. Any person other than managers or staff who are on the laboratory site must sign in, wear a visitor badge, and be escorted on the site by a manager at all times.
- (g) Retail Sales Prohibited. No person shall conduct any retail sales of any good or services on or from a permitted cannabis testing laboratory site.
- (h) Location Requirements. Cannabis testing laboratory permittees shall locate in a site consistent with Section 10.08.3196.

Article 5. – Enforcement.

Section 6.36.390. Promulgation of Regulations, Requirements, Standards and Other Legal Duties.

- (a) In addition to any regulations adopted by the City Council, the City Manager or designee is authorized to establish any additional regulations, requirements, and standards governing the issuance, denial or renewal of cannabis business permits; the operation of cannabis businesses that are necessary to protect the public health, safety and welfare; and the City's oversight of cannabis businesses, or concerning any other subject determined to be necessary to carry out the purposes of this Chapter. Such regulations, requirements or standards shall take effect as determined by the City Manager or designee, and existing cannabis business permit holders shall comply as amended.
- (b) Regulations shall be published on the City's website.
- (c) Regulations promulgated by the City Manager or designee shall become effective as determined therein. Cannabis businesses shall be required to comply with all state and local laws and regulations, including but not limited to any rules, regulations or standards adopted by the City Manager or designee.

Section 6.36.400. Fees Deemed Debt to City of Tracy.

The amount of any fee, cost or charge imposed pursuant to this Chapter shall be deemed a debt to the City of Tracy that is recoverable via an authorized administrative process as set forth in the Tracy Municipal Code, or in any court of competent jurisdiction.

Section 6.36.410. Permit Holder Responsible for Violations.

The person to whom a permit is issued pursuant to this Chapter shall be responsible for all violations of the laws of the State of California or of the regulations and/or the ordinances of the City of Tracy, whether committed by the permittee or any employee, volunteer, or agent of the permittee, which violations occur in or about the premises of the cannabis business, and violations which occur during deliveries to off-site locations, whether or not said violations occur within the permit holder's presence.

Section 6.36.420. Inspection and Enforcement.

(a) The City Manager or designee(s), Chief of Police or designee(s), and Fire Chief or designee(s) charged with enforcing the provisions of the Tracy Municipal Code, or any provision thereof, may enter the location of a cannabis business during normal business hours, without notice, and inspect the location of any cannabis business as well as any recordings and records required to be maintained pursuant to this Chapter or under applicable provisions of State law.

(b) It is unlawful for any person having responsibility over the operation of a cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a cannabis business under this Chapter or under state or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a cannabis business under this Chapter or under state or local law.

Section 6.36.430. Compliance with State Regulations.

It is the stated intent of this Chapter to regulate commercial cannabis activity in the City of Tracy in compliance with all provisions MAUCRSA and any subsequent state legislation.

Section 6.36.440. Violations Declared a Public Nuisance.

Each and every violation of the provisions of this Chapter is hereby deemed unlawful and a public nuisance.

Section 6.36.450. Each Violation a Separate Offense.

Each and every violation of this Chapter shall constitute a separate violation and shall be subject to all remedies and enforcement measures authorized by the Tracy Municipal Code. Additionally, as a nuisance per se, any violation of this Chapter shall be subject to injunctive relief, and any permit issued pursuant to this Chapter shall be deemed null and void, entitling

the City to disgorgement and payment to the City of any monies unlawfully obtained, costs of abatement, costs of investigation, attorney fees, and any other relief or remedy available at law or in equity, including the imposition of a civil penalty not to exceed one thousand dollars (\$1000) for each day, or part thereof, such violation or failure to comply occurs. The City of Tracy may also pursue any and all remedies and actions available and applicable under state and local laws for any violations committed by the cannabis business or persons related to, or associated with, the commercial cannabis activity. Additionally, when there is determined to be an imminent threat to public health, safety or welfare, the Police Chief or designee(s), may take immediate action to temporarily suspend a cannabis business permit issued by the City, pending a hearing before the City Manager.

Section 6.36.460. Criminal Penalties.

Each and every violation of the provisions of this Chapter may be prosecuted as a misdemeanor at the discretion of the City Attorney and upon conviction be subject to a fine not to exceed one thousand dollars (\$1,000) or imprisonment in the county jail for a period of not more than six (6) months, or by both such fine and imprisonment. Each day a violation is committed or permitted to continue shall constitute a separate offense.

Section 6.36.470. Remedies Cumulative and Not Exclusive.

The remedies provided herein are not to be construed as exclusive remedies. The City is authorized to pursue any proceedings or remedies provided by law.

Section 6.36.480 Service of Notices.

All notices required by this chapter are deemed issued and served upon the date they are either deposited in the United States mail, postage pre-paid, addressed to the applicant or cannabis business at the mailing address identified in its application, the last updated address on file with the City Manager's office, or the mailing address on the appeal form; or the date upon which personal service of the notice is provided to the applicant or a manager identified on the application or appeal form.

ORDINANCE _____

AN ORDINANCE OF THE CITY OF TRACY AMENDING SECTION 10.08.3196 OF CHAPTER 10.08 "ZONING REGULATIONS" OF TITLE 10 "PLANNING AND ZONING" OF THE TRACY MUNICIPAL CODE TO ESTABLISH LAND USE RESTRICTIONS ON COMMERCIAL CANNABIS ACTIVITY IN THE CITY OF TRACY

WHEREAS, In November 1996, California voters approved the Compassionate Use Act of 1996 ("CUA") which authorized a limited defense to criminal charges for the use, possession or cultivation of marijuana (cannabis) for medical purposes when a qualified patient has a doctor's recommendation for the use of cannabis, and

WHEREAS, In November 2016, California voters approved Proposition 64, the Adult Use of Marijuana Act ("AUMA"), which legalized the use of non-medicinal (recreational) cannabis by adults and the cultivation of up to six cannabis plants for personal use; and the AUMA also created a statewide regulatory framework for the cultivation, production, and sale of non-medical cannabis for adult use, and

WHEREAS, In June 2017, the State Legislature adopted Senate Bill 94 creating a new statewide comprehensive regulatory system for medical and adult use commercial cannabis activity titled Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA"), and

WHEREAS, CUA, AUMA and MAUCRSA do not prohibit cities from enacting regulations regarding commercial cannabis activities and uses, and

WHEREAS, The City Council seeks to establish land use regulations for commercial cannabis activity in the City of Tracy to ensure such activities are conducted in a manner that mitigates negative impacts, protects the public health safety, and welfare of residents, and supports economic development, and

WHEREAS, The City of Tracy engaged in a comprehensive review and study of state and local cannabis regulations, conducted community outreach on this topic, and held various public meetings to discuss, provide policy direction to staff, and receive public input on the topic of commercial cannabis activity, and

WHEREAS, This amendment seeks to establish zoning and locational requirements on commercial cannabis activity to ensure that these uses are compatible with the City's General Plan and zoning restrictions.

WHEREAS, The Planning Commission considered this matter at a duly noticed public hearing held on October 23, 2019 and recommended that the City Council approve the proposed amendments to Section 10.08.3196, and

WHEREAS, The City Council considered this ordinance at a duly noticed public hearing held on November 5, 2019.

The City Council of the City of Tracy does ordain as follows:

SECTION 1. The foregoing recitals are true and correct and are incorporated herein as findings.

SECTION 2. The City Council hereby amends Section 10.08.3196 as shown in Exhibit "A".

SECTION 3. 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 4. This Ordinance shall take effect 30 days after its final passage and adoption.

SECTION 5. The City Council finds that this Ordinance is exempt from CEQA in accordance with Business and Professions Code section 26055(h) because it requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity.

SECTION 6. 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 _____ was introduced at a regular meeting of the Tracy City Council on the 19th day of November 2019, and finally adopted on the ____ day of _____, 2019, by the following vote:

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

MAYOR

ATTEST:

CITY CLERK

Chapter 10.08 - Zoning Regulations

10.08.3196 – Cannabis Uses.

- (a) **Purpose and Intent.** The purpose of this section is to impose zoning restrictions on commercial and personal cannabis activities or uses. This section is not intended to give any person or entity authority to conduct commercial cannabis activities in the City of Tracy. If a commercial cannabis use is not specifically permitted in this Chapter it is not allowed in any zoning district within the City.
- (b) **Definitions.** Unless otherwise provided in this section, the definitions set forth in Chapter 10.08 (Zoning Regulations) and Chapter 6.36 (Commercial Cannabis Activity) apply. The following words shall have the meanings set forth below when used in this section:
- (1) “Day care center” means a child day care facility other than a family day care home, and includes infant centers, preschools, extended day care facilities, and school age child care centers, as well as child care centers pursuant to Section 1596.951 of the California Health and Safety Code. This definition shall have the same meaning as set forth in Section 1596.76 of the California Health and Safety Code, as the same may be amended from time to time.
 - (2) “Fully enclosed and secure structure” means a space within a building, greenhouse, or other structure that has a complete roof enclosure supported by connecting walls extending from the ground to the roof, which is secure against unauthorized entry, and which is accessible only through one or more lockable doors.
 - (3) “Outdoors” means any location within the City of Tracy that is not within a fully enclosed and secure structure or private residence, as defined by California Health and Safety Code section 11362.2.
 - (4) “Personal use” shall mean an individual’s personal use, possession, processing, transporting, or giving away without any compensation whatsoever in accordance with state law, including but not limited to Health and Safety Code sections 11362.1 and 11362.2, as may be amended from time to time. Personal use does not include any commercial activity.
 - (5) “School” means those sites upon which full-time instruction in any of the grades K through 12 is provided where the primary purpose is education, as determined in the sole discretion of the Planning Commission. “School” includes public schools, private schools, and charter schools, but does not include any private site upon which education is primarily conducted in private homes.
 - (6) “Youth center” means any public or private facility that is primarily used to host recreational or social activities for minors, including but not limited to: private youth membership organizations or clubs, social service teenage club facilities, video arcades where ten (10) or more video games or game machines or devices are operated, and where minors are legally permitted to accept services, or similar amusement park facilities. It shall also include a park, playground or recreational area

specifically designed to be used by children which has play equipment installed, including public grounds designed for athletic activities such as baseball, softball, soccer, or basketball or any similar facility located on a public or private school grounds, or in City, county, or state parks. This definition shall not include any private gym, martial arts, yoga, ballet, music, art studio or similar studio of this nature, nor shall it include any athletic training facility, pizza parlor, dentist office, doctor's office primarily serving children or a location which is primarily utilized as an administrative office or facility for youth programs or organizations.

(c) Commercial Cannabis Uses.

- (1) All commercial cannabis uses are prohibited from operating in all zoning districts in the City, except as expressly permitted in this section as well as Chapter 6.36.
- (2) All commercial cannabis uses permitted by this section must, prior to establishing and commencing operations, obtain and maintain a City cannabis business permit pursuant to Chapter 6.36 and any other state or local license or permit, as applicable.
- (3) The following commercial cannabis uses are permitted to establish as a conditional use on property in the following zoning districts, subject to the granting of and compliance with terms of a City cannabis business permit pursuant to Chapter 6.36 and a conditional use permit issued pursuant to Section 10.08.4250:

(i) Storefront Retailer (dispensary):

a. Commercial Zone Districts:

Tracy Hills Specific Plan – General Highway Commercial (GHC-TH)

Tracy Hills Specific Plan – Mixed Use Business Park (MUBP-TH)

Residential Areas Specific Plan – Neighborhood Shopping (NS)

Residential Areas Specific Plan - General Highway Commercial (GHC)

Industrial Areas Specific Plan – Neighborhood Shopping (NS)

Industrial Areas Specific Plan – Village Center (VC)

Industrial Areas Specific Plan – Flex Office (FO)

Ellis Specific Plan – Limited Use (LU)

Ellis Specific Plan – Village Center (VC)

Northeast Industrial Areas Specific Plan – General Commercial (GC)

I-205 Corridor Specific Plan – Commercial Center (CC)

I-205 Corridor Specific Plan – Freeway Commercial (FC)
I-205 Corridor Specific Plan – General Commercial (GC)
I-205 Corridor Specific Plan – General Commercial 2 (GC2)
I-205 Corridor Specific Plan –Service Commercial (SC)
Cordes Ranch Specific Plan – General Commercial (GC)
Community Shopping Center (CS)
Neighborhood Shopping Center (NS)
General Highway Commercial (GHC)
Highway Service (HS)
Central Business District (CBD)
Community Recreation Support Zone (CRS)
Planned Unit Development –West Clover Rd (City Council ordinance 789 c.s.)
Planned Unit Development - Southeast corner of Grantline Road and Corral Hollow Road (City Council ordinance 697 c.s.)
Planned Unit Development – Northwest corner of 6th Street and C Street (City Council Resolution 2012-053)
Planned Unit Development – northwest corner of 11th Street and East Street (City Council ordinance 742 c.s.)

b. Industrial Zone Districts:

Tracy Hills Specific Plan – Light Industrial (M1-TH)
Industrial Areas Specific Plan – General Industrial (GI)
Industrial Areas Specific Plan – Limited Industrial (LI)
Northeast Industrial Areas Specific Plan – Light Industrial (LI)
I-205 Corridor Specific Plan – Light Industrial (LI)
Cordes Ranch Specific Plan – Business Park Industrial (BPI)
Light Industrial – M1
Heavy Industrial – M2

Planned Unit Development – West Larch Road (City Council ordinance 1083)

- (ii) Non-storefront retailer (Delivery), distribution, manufacturing, microbusiness, testing laboratory, indoor cultivation:

- a. Industrial Zone Districts:

- Tracy Hills Specific Plan – Light Industrial (M1-TH)

- Industrial Areas Specific Plan – General Industrial (GI)

- Industrial Areas Specific Plan – Limited Industrial (LI)

- Northeast Industrial Areas Specific Plan – Light Industrial (LI)

- I-205 Corridor Specific Plan – Light Industrial (LI)

- Cordes Ranch Specific Plan – Business Park Industrial (BPI)

- Light Industrial – M1

- Heavy Industrial – M2

- Planned Unit Development – 450 West Larch Road (City Council resolution)

- (d) **Location Requirements.**

- (1) Any commercial cannabis use shall be located at least 600 feet from any parcel containing any of the following sensitive uses as of the date the conditional use permit is issued: school, day care center, or youth center; and
 - (2) If located on separate parcels, the distance between the commercial cannabis use and the sensitive use property shall be measured from the outer boundaries of the sensitive use parcel to the closest structure containing a cannabis use, and
 - (3) If located on the same parcel, the distance between the structures containing the cannabis use and any sensitive use shall be at least 600 feet.

- (e) **Cultivation of Cannabis.**

- (1) All outdoor cultivation of cannabis within the City is prohibited, and shall be unlawful, as a principal use, conditional use, special use, or accessory use in any zone.
 - (2) The indoor cultivation of cannabis shall comply with Chapter 6.36 and applicable state law. The cultivation of cannabis for personal use shall only be conducted indoor and in accordance with applicable state law.

(f) **Penalties.**

- (1) Violations of this chapter are hereby declared a public nuisance.
- (2) Violations of this section are punishable as misdemeanors and as otherwise set forth in Chapter 1.04 of this Code. Each day of operation of a commercial cannabis business or the outdoor cultivation of marijuana occurs, in violation of this section, constitutes a separate offense.

October 23, 2019

AGENDA ITEM 1.A

REQUEST

PUBLIC HEARING TO CONSIDER A RECOMMENDATION TO THE CITY COUNCIL TO APPROVE AN AMENDMENT TO SECTION 10.08.3196 OF THE TRACY MUNICIPAL CODE REGARDING ESTABLISHING ZONING AND LOCATION REQUIREMENTS FOR COMMERCIAL CANNABIS BUSINESSES, APPLICATION NUMBER ZA19-0002

DISCUSSIONBackground

Currently, all commercial cannabis activity is prohibited in Tracy. The City Council provided direction to staff on February 5, 2019 to draft regulatory and zoning ordinances to permit commercial cannabis subject to certain limitations on cultivation and on the numbers of dispensaries, and further directed staff to research regulatory programs related to issuing permits to the industry. Through three separate workshops on August 13, September 3, and most recently on October 1, 2019, the City Council provided direction to staff to further develop cannabis regulatory and zoning requirements for its consideration.

City Council explored and provided feedback to staff regarding various locational considerations and cannabis business types and staff has prepared an amendment to the City's zoning ordinance responsive to that direction. An amendment to Section 10.08.3196 of the Tracy Municipal Code (TMC) would make certain cannabis business types conditionally permitted in various commercial and industrial areas, and would prohibit outdoor cultivation within the City limits. As conditionally permitted uses, operations of such businesses would only be allowed after Planning Commission issues a Conditional Use Permit, pursuant to TMC Section 10.08.4250.

Two-Track System of Regulations

The majority of the proposed regulations for commercial cannabis businesses will be established in amendments to Chapter 6.36 of the TMC. Together, the two ordinances (Chapter 6.36 and Chapter 10.08) would create a two-track system for addressing commercial cannabis. The first track (ordinance amending Chapter 6.36) addresses in the allowable cannabis business types, the operating procedures for the permitted cannabis businesses, the operating procedures specific to certain cannabis business types, and enforcement of those regulations. The second track (ordinance amending Chapter 10.08) involves where such dispensaries could be located and under what permit.

The first track, involving the cannabis regulatory requirements, would establish an application process to evaluate potential cannabis business operators. The proposed process would be managed and administered by the Tracy Police Department and involves review and permitting requirements in order for the City to select appropriate operators. The City has an interest in ensuring that the operators meet certain minimum criteria and that they and their employees undertake appropriate background checks before being able to operate in Tracy.

The second track would occur once an operator has successfully applied for and obtained approval by the Tracy Police Department. This second track is a proposed ordinance that establishes where cannabis dispensaries are permitted to be located

(allowable land uses) in the City.

The Planning Commission will only be making recommendations to Council regarding the proposed zoning amendment to Section 10.08.3196. However, for informational purposes the draft regulatory ordinance (Chapter 6.36) and the Council packet for the Council workshop on the draft regulatory ordinance has been included as Attachment A to this staff report.

Proposed Zoning Ordinance

The zoning ordinance establishes the following:

- Creates new definitions
- Allows retail storefront dispensaries in commercial and industrial zones
- Allows non-storefront retailer (delivery), distribution, manufacturing, microbusiness, testing laboratories, indoor cultivation of cannabis in industrial zones
- Prohibits outdoor cultivation of cannabis in all zones
- Maintains State law provisions that cannabis businesses must be 600 feet from day care centers, schools, and youth centers
- Establishes that the cultivation of cannabis for personal use shall only be conducted indoor and in accordance with State law
- Requires the approval of a Conditional Use Permit prior to establishing any cannabis business

CEQA Documentation

The project is exempt from the California Environmental Quality Act (CEQA) pursuant to Business and Professions Code Section 26055(h), which provides that CEQA does not apply to the adoption of an ordinance, rule, or regulation that requires discretionary review and approval of permits or other authorizations to engage in commercial cannabis activity. This project is further exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), which provides that CEQA only applies to projects that have the potential for causing a significant effect on the environment. As this is only a series of text amendments and additions, it can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment.

RECOMMENDATION

Staff recommends that the Planning Commission recommend the City Council introduce an ordinance and approve the Tracy Municipal Code amendment regarding the proposed zoning amendment to Section 10.08.3196.

RECOMMENDED MOTION

Move that the Planning Commission recommend that the City Council approve the Tracy Municipal Code amendment regarding the proposed zoning amendment to Section 10.08.3196., as indicated in the Planning Commission Resolution dated October 23, 2019.

Prepared by: Bill Dean, Assistant Director of Development Services

Approved by: Andrew Malik, Assistant City Manager

ATTACHMENTS

- A – City Council workshop Packet from October 1, 2019 containing draft ordinance amending Chapter 6.36, Commercial Cannabis Activity

RESOLUTION 2019-018

RECOMMENDING THAT THE CITY COUNCIL
INTRODUCE AND ADOPT AN ORDINANCE AMENDING TRACY MUNICIPAL CODE SECTION
10.08.3196 REGARDING ESTABLISHING ZONING AND LOCATIONAL REQUIREMENTS FOR
COMMERCIAL CANNABIS,
APPLICATION NUMBER ZA19-0002

WHEREAS, On September 19, 2017, Tracy City Council adopted Ordinance 1240, prohibiting all commercial medicinal and adult-use cannabis activity in the city; thus, until further Council action via new or revised ordinances, all such activity, including the manufacturing, cultivation, distribution, testing, and any other cannabis activity licensed by the State of California is prohibited in Tracy, and

WHEREAS, On February 5, 2019, Tracy City Council directed staff to prepare an ordinance to allow commercial cannabis business to operate in the City's industrial locations, subject to a appropriate regulation and oversight by the City, and

WHEREAS, the City Council conducted workshops on August 13, 2019, September 3, 2019, and October 1, 2019 to establish appropriate regulations and procedures related to permitting commercial cannabis activities in the City

WHEREAS, The proposed amendments establish specific locational requirements and permit requirements for commercial cannabis activities, and

WHEREAS, The proposed ordinance is exempt from the California Environmental Quality ACT (CEQA) pursuant to Business and Professions Code Section 26055(h), which provides that CEQA does not apply to the adoption of an ordinance, rule, or regulation that requires discretionary review and approval of permits or other authorizations to engage in commercial cannabis activity, and

WHEREAS, This project is further exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), which provides that CEQA only applies to projects that have the potential for causing a significant effect on the environment. As this is only a series of text amendments and additions, it can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment, and

WHEREAS, On October 23, 2019, the Planning Commission conducted a public hearing to consider the ordinance;

NOW, THEREFORE, BE IT RESOLVED, That the Planning Commission hereby recommends the City Council introduce and adopt an ordinance to amend Tracy Municipal Code Section 10.08.3196 regarding establishing zoning and locational requirements for commercial cannabis activities as indicated in Exhibit 1, attached.

The foregoing Resolution 2019-018 was adopted by the Planning Commission on the 23rd day of October, 2019, by the following vote:

AYES:	COMMISSION MEMBERS: ATWAL, FRANCIS, WOOD, HUDSON
NOES:	COMMISSION MEMBERS: NONE
ABSENT:	COMMISSION MEMBERS: ORCUTT
ABSTAIN:	COMMISSION MEMBERS: NONE


CHAIR

ATTEST:


STAFF LIAISON

Proposed New Section 6.36.065 “Evidence of Cannabis Employee Background Check Required”

Section 6.36.065. Evidence of Cannabis Employee Background Check Required.

- (a) Any person who is an employee or who otherwise works within a commercial cannabis business must be legally authorized to do so under applicable state law.
- (b) Commercial cannabis business owners and operators shall be required to have all prospective employees submit to a criminal background check.
- (c) The criminal background checks completed by commercial cannabis business employers must at a minimum identify the following:
 - i. Whether the individual applying for employment has ever been convicted of a violent felony as defined by California Penal Code 667.5, or equivalent offenses in other states;
 - ii. Whether the individual applying for employment has ever been convicted of a crime involving dishonesty, fraud or deceit, including but not limited to fraud, forgery, theft, or embezzlement as those offenses are defined in California Penal Code Sections 186.11, 470, 484, and 504a, respectively; or equivalent offenses in other states; or;
 - iii. Whether the individual applying for employment has ever been convicted of a felony for the illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, not including cannabis-related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.
 - iv. Whether the individual applying for employment has ever been convicted of a felony involving using a minor to transport or sell controlled substances, or furnishing same to a minor.
- (d) Evidence of a conviction of any the offenses enumerated in Section 6.36.065 (c) may be grounds for denial of employment. The City may reject an employee applicant based on the results of the criminal background check if the employee applicant has been convicted of an offense that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made. However, if the City determines that the employee applicant is otherwise suitable to be approved for employment, and granting the approval would not compromise public safety, the City shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the applicant or owner, and shall evaluate the suitability of the employee applicant to be approved for employment and issued a cannabis employee permit based on the evidence found through the review.
- (e) With the exception of Section 6.36.065(c) iii. and iv., a prior conviction, where the sentence, including any term of probation, incarceration, or supervised release, is completed for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance, is not considered substantially related, and shall not be the sole ground for failure of an employee background check.

Attachment C

Alternative Language for Regulatory Ordinance for Background Checks for Employees
(Employer Conducts Background Check)

- (f) Employers who wish to hire an individual notwithstanding this rule shall apply to the Police Chief, who at his/her discretion may issue a written waiver. The employer or employee shall submit a statement of rehabilitation for each conviction. The statement of rehabilitation may contain evidence that the employer or employee would like the Police Chief to consider that demonstrates the employee's fitness for an employee work permit. Supporting evidence may be attached to the statement of rehabilitation and may include, but is not limited to, dated letters of reference from employers, instructors, or professional counselors that contain valid contact information for the individual providing the reference. The Police Chief or designee's decision as to the selection of employee applicants shall be appealable to the City Manager. Such appeals shall comply with Chapter 1.12 of this Code.
- (f) Violation of this section shall be grounds for suspension of the business' operating permit.

AGENDA ITEM 3.F

REQUEST

**UPDATE ON MEASURE V FUNDED PROJECTS, APPROVE PROJECT PRIORITIES,
AND PROVIDE STAFF DIRECTION**

EXECUTIVE SUMMARY

This item provides City Council with an update on Measure V funded projects and requests that Council approve project priorities and provide staff direction.

DISCUSSION

BACKGROUND

At the general municipal election in November 2016, the City submitted Measure V, a twenty-year half-cent transactions and use (sales) tax, to provide funding for local city services/facilities. The voters approved the revenue measure (63.67% voter support) and the tax began on April 1, 2017. It is currently estimated to generate \$10 million annually, assuming there is no significant change in the economy.

The following is a timeline of actions and direction to date regarding Measure V:

March 2017

- City staff began outreach to local service clubs and stakeholder groups to gather feedback from the community on funding priorities for Measure V. In addition to public outreach, a community survey was prepared and distributed during outreach meetings, and posted to the City website and the City's social media sites for the community at-large to complete. The City gathered 728 responses from the electronic and written surveys combined. A copy of the survey questions and results were presented to Council on October 30, 2017 (Attachment A). The survey asked respondents to rank various City service areas to gauge what is of highest priority to residents. Categories included infrastructure and maintenance, community amenities, community development, and general City services. Since then, Council has taken several key actions based on community feedback and provided direction to staff on how to spend revenue generated by Measure V.

October 30, 2017

- Council prioritizes Measure V projects (Aquatics Center, Legacy Fields, Multi-Generational Recreation Center ("Multi-Gen Rec Center"), Library and Ritter Family Ball Park) and commits 50% of all Measure V funds for debt to finance these amenities (\$10 million Legacy Fields, \$30 million Aquatic Center; and \$40 million Multi-Gen Rec Center), 25% to pay-as-you-go amenities (approximately \$2 million annually) and 25% to operating and maintaining these amenities (approximately \$2 million annually). These projects were identified based on staff outreach, Council discussion, and community survey results that was conducted in early 2017.

March 6, 2018

- Council approves major community amenity projects to be funded by Measure V and allocates Measure V funds in the amount of \$4 million (planning and design for the Multi-Gen Rec Center), \$1 million (design for Aquatics Center) and \$1.5 million (design for rest of Phase 1 at Legacy Fields). The Multi-Gen Rec Center is officially added to the Capital Improvement Plan Budget and the Parks Planning and Development Manager position is established.
- Council approves a construction contract to construct Phase 1C of Legacy Fields. This includes an appropriation of \$3.66 million from Measure V (project is now completed). Council also approves a design contract to complete design for the rest of Phase 1, with \$1.5 million in Measure V funds allocated for that work.

July 17, 2018

- Council awards construction contract to renovate the Lolly Hansen Senior Center, which includes over \$950,000 in committed Measure V funds. This facility is now open.

March 5, 2019

- Council provides staff direction to fund Measure V projects using cash (pay go) in lieu of debt financing.

April 16, 2019

- Council approves a construction contract to construct Phase 1D of Legacy Fields. This includes an appropriation of \$4.9 million from Measure V funds.

May 21, 2019

- Council approves transferring the deed restrictions at the old antenna farm (previous site of Legacy Fields) to Legacy Fields. This includes a purchase of 300 acres at Legacy Fields from the Wastewater Fund using the General Fund (\$1.83 million Measure V) (Resolution 2019-104). Council further directed staff to return with options to pay over time (loan with interest) or within 1 year. In the funding outlined below, staff has represented the purchase as committed, but not paid.

November 5, 2019

- Council provides direction to Surland and staff to develop a final conceptual plan for an Aquatics Center for a not-to-exceed amount of \$65 million, which includes a \$55 million commitment from Measure V funds.

MEASURE V FINANCIAL OUTLOOK

As of June 30, 2019, the current Measure V uncommitted funds are approximately \$3.5 million. Table 1 provides revenues collected (\$21.7 million) with current staffing and projects committed (\$18.2 million). As of November 2019, approximately \$9 million of the committed projects have been expended.

Measure V is a temporary revenue source over a twenty-year period. The total revenue projections, barring any economic changes are estimated to be \$230 million over the life of the measure. Table 2 provides the forecast from 2019-2037 and the committed projects of the City Council determined at the October 2017 workshop. The projects are portrayed under the pay-go process for the funding model approved at the March 2019 Council meeting. The first project is the Aquatic Center with a budget of \$65 million (\$55 million from Measure V and \$10 million from Surland). This reflects the revised budget from the November 5, 2019 Council workshop. On a pay-as-you-go funding model, the total funding for the project will be received by June 30, 2024. The second project in the forecast is the Multi-Gen Rec Center. The City Council committed \$40 million (of which \$4 million has already been committed). The total funding for the project will be received by June 30, 2028. It should be noted that construction cost escalation (i.e. inflation) is not included under the pay-go model, therefore Council may consider adjusting the amounts or reconsidering debt financing. The remaining uncommitted between FY 2028-2037 is approximately \$83 million. The forecast allows for future pay-as-you-go to be added in FY 2028-2029.

TABLE 1			
<u>MEASURE V REVENUES AND COMMITTED PROJECTS AND STAFFING (UNAUDITED)</u>			
<u>AS OF JUNE 30, 2019</u>			
<u>Revenues</u>		<u>As of 06/30/2019</u>	
Actuals 2017		1,911,509	
Actuals 2018		9,022,125	
Unaudited 2019		10,853,130	
Total Revenues		21,786,764	
<u>Committed Expenses FY 2019</u>		<u>Committed</u>	<u>Actual Spent as of 11/5/2019</u>
	<u>Reso</u>		
Senior Center Upgrade (CIP 78155)	2018-021	601,463	
Senior Center Construction Contract (CIP 78155)	2018-141	350,000	950,000
1.0 Parks Planning Development Manager	2018-043	313,777	222,817
Aquatic Center (CIP 78054)	2018-043	1,000,000	
Muti-Gen Rec (CIP 78187)	2018-043	4,000,000	
Legacy Fields Sports Complex (CIP 78164)	2018-043	1,500,000	
Legacy Fields Sports Complex (CIP 78163)	2018-044	3,662,058	3,662,068
Legacy Fields Sports Complex (CIP 78164)	2018-146	4,900,000	4,401,083
1.0 Senior Maintenance Worker Parks	2018-197	113,835	23,366
Legacy Fields Land	2019-140	1,833,000	-
Total Committed Expenses		18,274,133	9,259,334
Estimated Uncommitted Balance as of 06/30/2019		3,512,631	

TABLE 2				
FORECAST OF MEASURE V REVENUES AND COMMITMENTS				
	FYE 2019	FY 2019-2024	FY 2024-2028	FY 2028-2037
		(five fiscal years)+ Developer Contribution	(four fiscal years)	(nine fiscal years)
Prior Year Carryover	3,512,658	15,212,658	1,987,287	3,721,908
Measure V Projected Revenues	-	52,750,201	46,126,555	111,000,000
<i>Aquatic Center Committed</i>				
Plan C	1,700,000			
Aquatic Measure V	1,000,000			
Developer Contribution	10,000,000			
<i>Multi-Gen Rec</i>			3,500,000	
<i>Other Expenses</i>				
Approved Staffing		(1,975,572)	(1,891,934)	(5,620,094)
Design Costs by Developer	(1,000,000)			
Aquatic Subsidy*			(6,000,000)	(15,000,000)
Gymnasium Subsidy**				(11,000,000)
Total Available year end	15,212,658	65,987,287	43,721,908	83,101,814
<i>Aquatic Center Design/Construction</i>		(64,000,000)		
<i>Multi-Gen Rec Design/Construction</i>			(40,000,000)	
Total Available after construction	15,212,658	1,987,287	3,721,908	83,101,814
*Aquatic Subsidy: approx. \$1,500,000 annually includes staffing and maintenance; to be refined with final design				
**Multi-Gen Rec Subsidy: approx. \$1,000,000 includes staffing and maintenance; to be refined with final design				

CURRENT PROJECT UPDATES

The following section is an update of all current Measure V projects. The projects listed below were identified by Council as priority projects, including an allocation of \$2 million per year for smaller scale projects.

Aquatics Center – Surland (Developer) presented a proposed final conceptual plan valued at \$130 million, with phasing options to Council on November 5, 2019. Council directed staff and developer to work together on a final conceptual plan not-to-exceed \$65 million and bring back to Council by January 21, 2020.

Legacy Fields – The original commitment to use \$10 million in Measure V funds towards Legacy Fields has been completed. Restrooms, stadium lights, shade structures, scoreboards, and other amenities are near completion. However, there are several other long term needs of the Phase 1 portion of the facility that include; improvement of the traffic flow and parking, paving the parking lots, way finding signage, and the complete buildout of the five eastern baseball fields that were previously operated and maintained by Tracy Little League. These fields are not completed and will eventually need fencing, restrooms, lighting, hardscaping and landscaping and reconstruction of one of the five fields, as it is currently not safe for use. Lastly, there are two larger baseball fields that were planned for Phase 1. The total cost to complete Phase 1 is estimated to be \$22 million. The estimated cost to improve the traffic flow and pave the parking lots is \$7 million. The parking lot, traffic flow improvements, wayfinding and signage are currently in design and will be shovel-ready. Staff recommends these remaining improvements be phased in, as funding is available, and considered with competing Council priorities.

Multi-Gen Rec Center – On March 6, 2018, Council approved this project as a CIP. As such, Council appropriated \$4 million to begin the planning and design. Staff hired the Dahlin Group, Inc. to perform a needs analysis, community outreach and create a conceptual plan. Staff returned to Council with an update on the community outreach and initial needs analysis on June 19, 2018. Next steps include a discussion on the needs analysis, program and site selection, cost estimates and an operational study. Further direction is needed in order to take the next steps towards finalizing a site, estimating the project costs and conducting the operational study. Once these steps are completed, staff will begin design for the project.

Ritter Family Ball Park – Built in the 1940s, the renovation of this park was designated as a top priority of Council. This park serves as the main facility for the older youth (ages 13-19) to play baseball and football. The facility also provides significant rental space for soccer and other related sports and plays a major role in serving the sports community. The latest estimate to completely renovate this park was \$12 million, which included new lighting, restrooms, play equipment, irrigation, sports turf, backstops, parking and fencing. Further community outreach and analysis is required and will have an impact of the final estimate.

Pay-as-you-go Projects – In addition to the previously listed major projects, staff was also given direction to allocate approximately \$2 million per year (or 25% of Measure V) towards smaller projects that would be evaluated year by year. Examples of these types of projects are playground renovations at older parks, ADA upgrades at City facilities, renovating the Community Center, renovating the Sports Complex, etc.

NEXT STEPS

Unless project priorities shift or change, staff will be prepared to come back to Council with an update on the Aquatics Center and Multi-Gen Rec Center in early 2020.

STRATEGIC PLAN

This agenda item is consistent with the City Council's adopted Quality of Life Strategy and meets the goal of enhancing the City's amenities.

FISCAL IMPACT

Fiscal impacts will vary, depending on Council direction.

RECOMMENDATION

That City Council approve, by resolution, Measure V project priorities and funding allocations. It is also requesting that Council provide staff direction on next steps.

Prepared by: Richard Joaquin, Parks Planning & Development Manager

Reviewed by: Brian MacDonald, Parks and Recreation Director
Karin Schnaider, Finance Director
Andrew Malik, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

Attachment A – Measure V Funding Priorities Survey



Results

Survey 149126

Number of records in this query:	728
Total records in survey:	728
Percentage of total:	100.00%



Field summary for A1

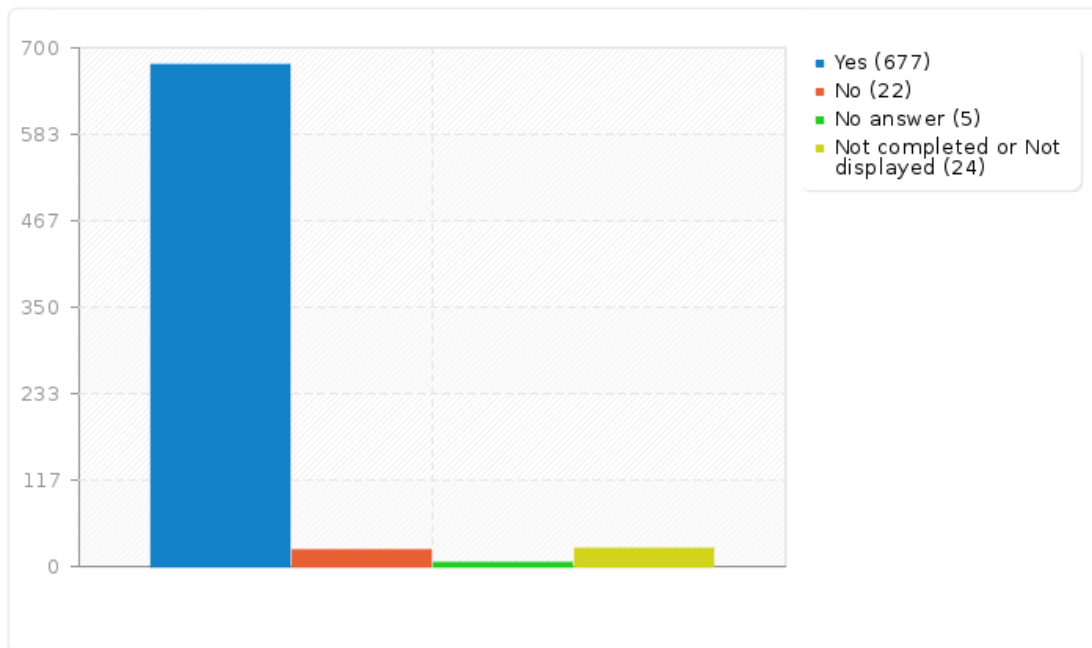
Are you a resident of Tracy?

Answer	Count	Percentage
Yes (Y)	677	92.99%
No (N)	22	3.02%
No answer	5	0.69%
Not completed or Not displayed	24	3.30%



Field summary for A1

Are you a resident of Tracy?





Field summary for A2

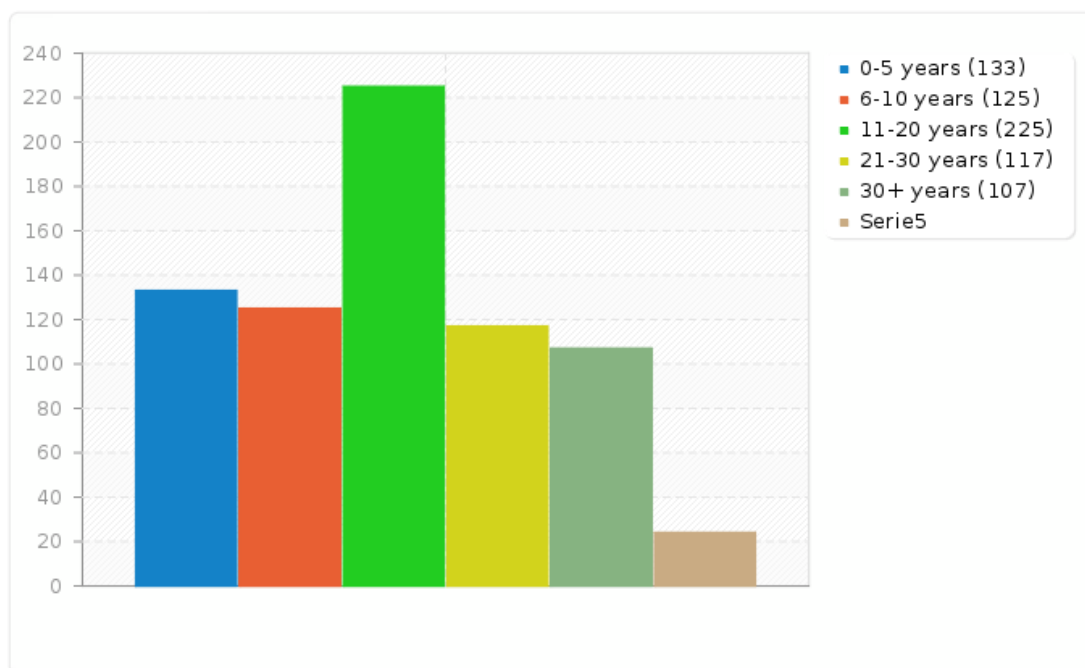
How long have you lived in Tracy?

Answer	Count	Percentage
0-5 years (SQ001)	133	18.27%
6-10 years (SQ002)	125	17.17%
11-20 years (SQ003)	225	30.91%
21-30 years (SQ004)	117	16.07%
30+ years (SQ005)	107	14.70%
Not completed or Not displayed	24	3.30%



Field summary for A2

How long have you lived in Tracy?





Field summary for B1 [1]

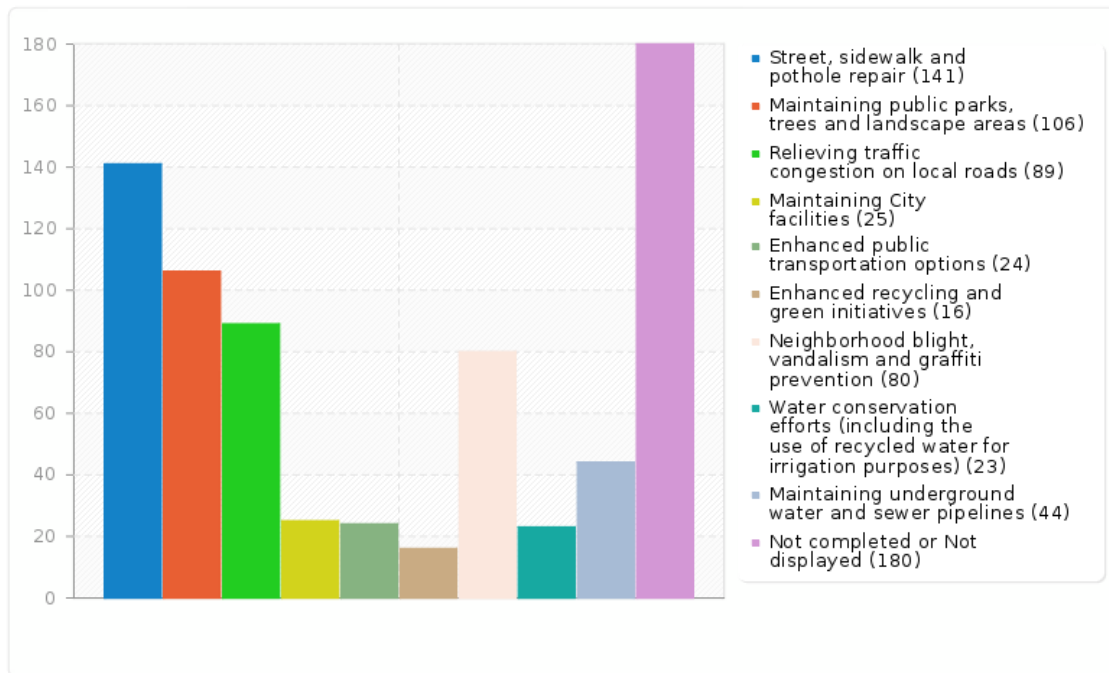
Please rank each infrastructure and maintenance area in order of importance.[Ranking 1]

Answer	Count	Percentage
Street, sidewalk and pothole repair (A1)	141	19.37%
Maintaining public parks, trees and landscape areas (A2)	106	14.56%
Relieving traffic congestion on local roads (A4)	89	12.23%
Maintaining City facilities (A10)	25	3.43%
Enhanced public transportation options (A5)	24	3.30%
Enhanced recycling and green initiatives (A6)	16	2.20%
Neighborhood blight, vandalism and graffiti prevention (A7)	80	10.99%
Water conservation efforts (including the use of recycled water for irrigation purposes) (A8)	23	3.16%
Maintaining underground water and sewer pipelines (A9)	44	6.04%
Not completed or Not displayed	180	24.73%



Field summary for B1 [1]

Please rank each infrastructure and maintenance area in order of importance.[Ranking 1]





Field summary for B2 [1]

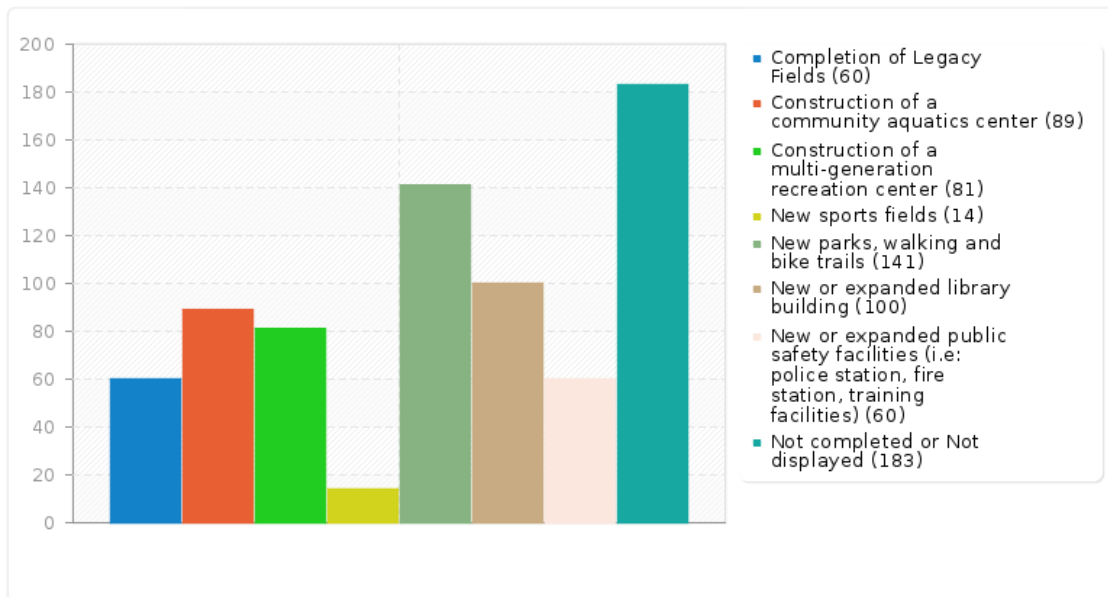
Please rank each community amenity item in order of importance.[Ranking 1]

Answer	Count	Percentage
Completion of Legacy Fields (A1)	60	8.24%
Construction of a community aquatics center (A2)	89	12.23%
Construction of a multi-generation recreation center (A3)	81	11.13%
New sports fields (A4)	14	1.92%
New parks, walking and bike trails (A5)	141	19.37%
New or expanded library building (A6)	100	13.74%
New or expanded public safety facilities (i.e: police station, fire station, training facilities) (A7)	60	8.24%
Not completed or Not displayed	183	25.14%



Field summary for B2 [1]

Please rank each community amenity item in order of importance.[Ranking 1]





Field summary for B3 [1]

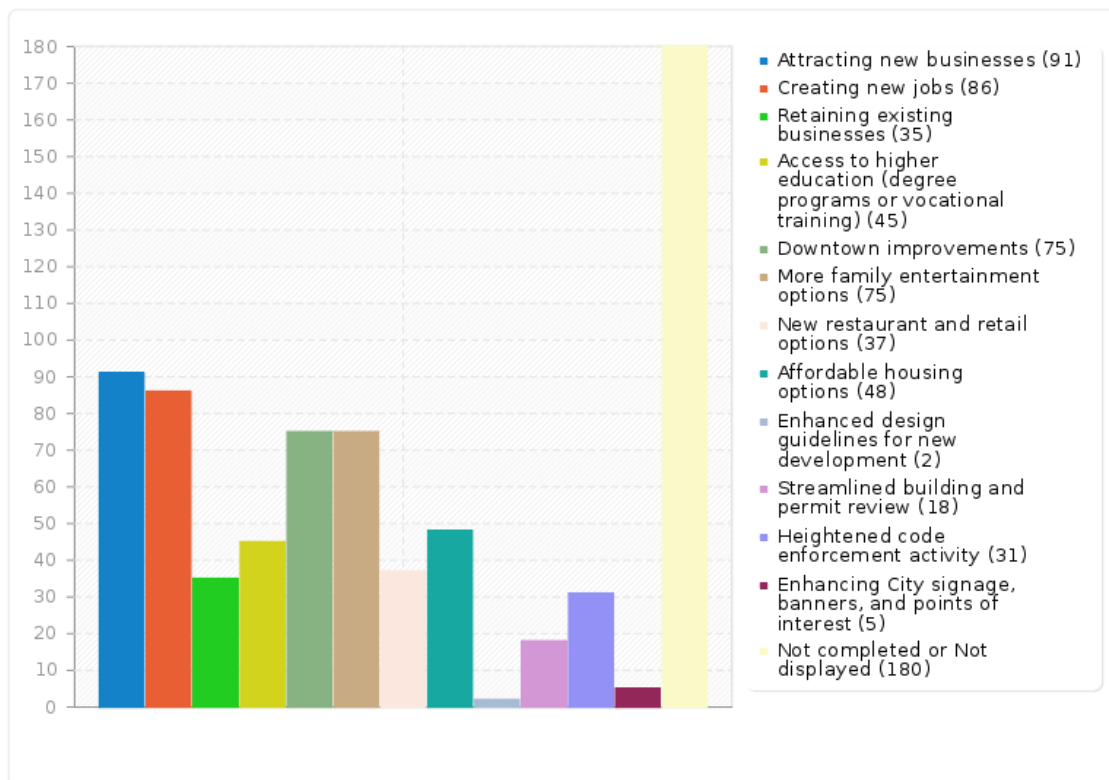
Please rank each community development area in order of importance.[Ranking 1]

Answer	Count	Percentage
Attracting new businesses (A1)	91	12.50%
Creating new jobs (A2)	86	11.81%
Retaining existing businesses (A3)	35	4.81%
Access to higher education (degree programs or vocational training) (A4)	45	6.18%
Downtown improvements (A5)	75	10.30%
More family entertainment options (A6)	75	10.30%
New restaurant and retail options (A7)	37	5.08%
Affordable housing options (A8)	48	6.59%
Enhanced design guidelines for new development (A9)	2	0.27%
Streamlined building and permit review (A10)	18	2.47%
Heightened code enforcement activity (A11)	31	4.26%
Enhancing City signage, banners, and points of interest (A12)	5	0.69%
Not completed or Not displayed	180	24.73%



Field summary for B3 [1]

Please rank each community development area in order of importance.[Ranking 1]





Field summary for B4 [1]

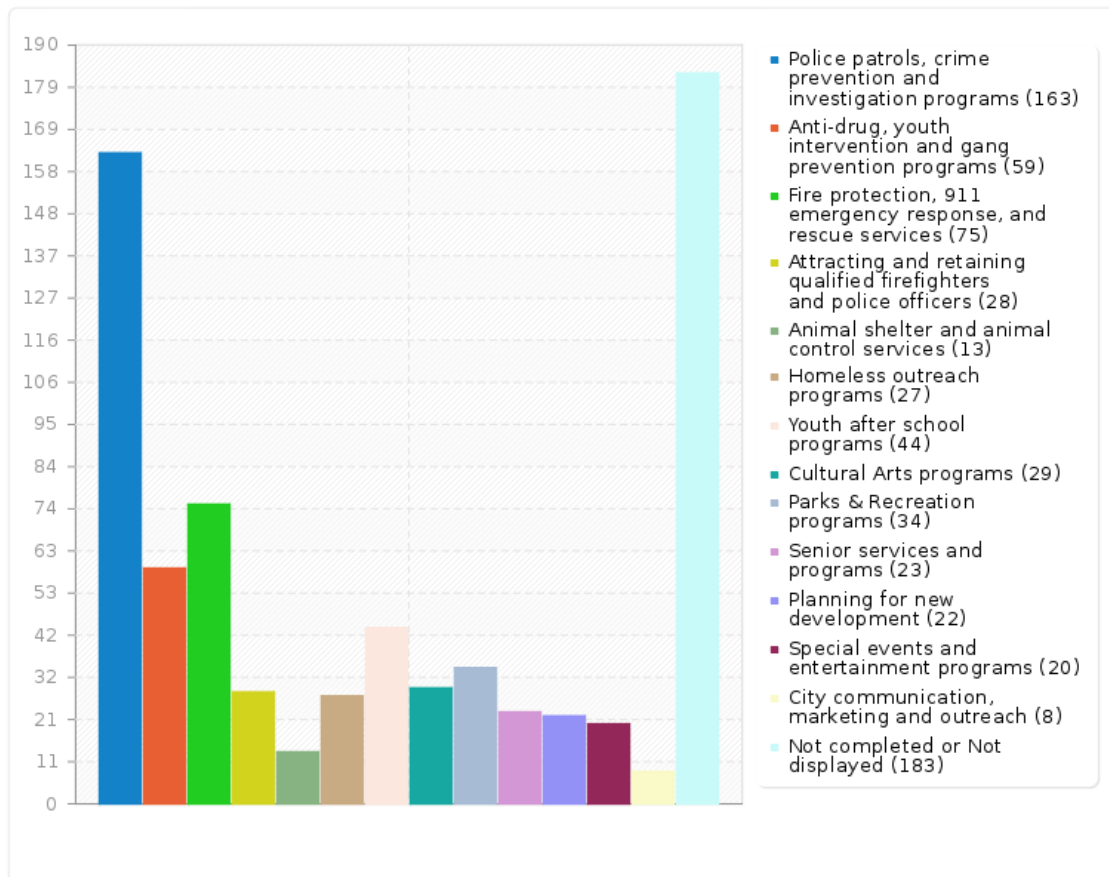
Please rank each City service area in order of importance.[Ranking 1]

Answer	Count	Percentage
Police patrols, crime prevention and investigation programs (A1)	163	22.39%
Anti-drug, youth intervention and gang prevention programs (A2)	59	8.10%
Fire protection, 911 emergency response, and rescue services (A3)	75	10.30%
Attracting and retaining qualified firefighters and police officers (A4)	28	3.85%
Animal shelter and animal control services (A5)	13	1.79%
Homeless outreach programs (A6)	27	3.71%
Youth after school programs (A7)	44	6.04%
Cultural Arts programs (A8)	29	3.98%
Parks & Recreation programs (A9)	34	4.67%
Senior services and programs (A10)	23	3.16%
Planning for new development (A13)	22	3.02%
Special events and entertainment programs (A11)	20	2.75%
City communication, marketing and outreach (A12)	8	1.10%
Not completed or Not displayed	183	25.14%



Field summary for B4 [1]

Please rank each City service area in order of importance.[Ranking 1]





Field summary for C1

Please share your thoughts on what community areas, services or amenities should be funded by Measure v?

Answer	Count	Percentage
Answer	388	53.30%
No answer	131	17.99%
Not completed or Not displayed	209	28.71%

ID	Response
7	Public Works needs a better facility.
10	Safety, emergency response. Downtown development Sports/Hotels
14	Police, Fire, Youth
16	Improve local economy by attracting/retaining business, improve local education, school system.
17	Code Enforcement, especially in the older areas of the City. Elderly citizens who take pride in their homes and keep them up, and there are new people moving into these neighborhoods, in rentals, who don't care and they can turn the entire street into a blighted area within months. How about a municipal code that owners of rental properties must provide yard maintenance to that property. Don't leave it up to the renter. The owner can recoup the cost in the rent.
18	I would love to see much go into our downtown area. Although much improved over the last 10 years, we have to continue to attract good businesses and continue to improve both the look and feel of Downtown Tracy. Creating an environment similar to that of Livermore and Pleasanton is achievable and Tracy is getting better at supporting small businesses. Also, improving our family entertainment options would be great as well. The more Tracy can provide to the residents in what is a family oriented city, the better as we will continue to circulate Tracy dollars spent. Currently, many people result to the Bay Area for their entertainment purposes due to lack of options and this continues to pull those dollars away from our community. Personally I do my best to support local businesses and hope we can create an environment that will encourage others to do the same. Events such as the Block Party's etc are such a great and appreciated start.
19	Down town Crime prevention More kid programs
21	The city needs to focus on making the Tracy a better place for families to live. Reduce expansion and work on making the current infrastructure better. Housing and commercial infill as opposed to larger spread out boarders. Down town and more community/park events and services. Night life and family friendly events are pretty much nonexistent in the city limits.
23	The landscaping areas throughout the city such as median strips and entrances to neighborhoods.
28	I would like to see the city take the more responsible long view with Measure V resources and prioritize some necessary and important expenditures but that aren't popular because they are "boring" or not sexy. Some examples include deferred maintenance on city assets, pension obligations, rainy day funding, maintenance of infrastructure, etc. I would hate to see us spend all the new money on expansionary programs and then not be able to maintain what we've got.
30	Finish and maintain what you started. Finish: Legacy fields, idea of a community aquatic center, shopping center expansion Maintain: existing amenities such as the Grand and library, police and fire stations, grounds/landscaping/roads.

The Grand is a great example of an amenity that is understaffed and underbudgeted. It is the CENTER of our cities cultural arts and half of the things that the community wants to have there either is out of budget or is unable to happen due to too few staff. Make cultural arts just as important financially as sports and parks. The return of investment is never going to yield a profit. Know that and be ok with that.



Maintain the streets and landscaping. Make this town beautiful again.

Finish the projects that get stuck in the planning stages. Legacy fields, beautification of 205 corridor, education/college, aquatics center, revitalized senior center.

31	Police, Fire, Gang Task Force, Water Storage, Sewage, Water Pipes, Road Repair, Parks, Ball Fields, Swimming Pools, Higher Education, Trade Schools, Senior Center, Volunteer Outreach, VIPS, CERT, Library, Middle Class Jobs, New Industry, Homeless Outreach.
34	Complete Legacy Fields and move forward with the aquatic center
36	I think these funds should go towards programs that are struggling or non-existent, rather than moving programs to another department that are already running efficiently. What a waste of tax payers monies.
37	Phase 2 Animal Shelter
38	Make downtown a destination location by having businesses stay open later and the area safe and friendly. Better lighting, more police patrols, or weekly events? Currently the area by the transit center feels more like a homeless camp and not a safe area. Maybe bringing back the evening farmers market like Livermore has on Thursday's. They have themed events that draw a large crowd and is family friendly.
39	new community/senior center and downtown re-development at the old West Side Market, and at 6th Street and the Bowtie
41	10% (min) to a rainy day fund. Fund 10 extra police officers. Make sure services are available evenly in all neighborhoods.
43	Police, Fire and Infrastructure improvements and repairs
44	Improving downtown and encouraging more businesses to move to Tracy.
45	All
47	Staff needs to be added at the Grand Theatre Center for the Arts. The library needs to be improved in appearance.
50	Sports fields
51	I would like to see more walking paths around town for exercising
53	I am very strongly against spending any of this money on Legacy Fields and swim center. General infrastructure issues relative to aging facilities and equipment.
54	Our pre-teens and teenagers have no where to go for entertainment except the mall. There need to be more options for them. There's plenty for the younger kids.
56	I really wish Tracy had a safe bike/walking trail. There is way to much land around us for our kids to have to ride their bikes in 3 feet of street space with cars driving by. Also, downtown needs a complete facelift.
62	Safety first. Crime seems to be on the rise and there are now areas of Tracy that I avoid or am careful as to when I will visit. Sad.
63	Fix Downtown. More business' open in the evenings. More Parking and evening transportation options for downtown. Police foot, bike or horse patrols downtown so people can feel safe. Replace ugly square box buildings downtown with modern ones that have historical facades.
65	Building of a new Senior Center
66	Another skate park is a great idea. If something indoor was built, there is countless benefits for people of all ages, from health to mental. Youth programs should try new tactics to regain support from whom they are trying to reach. An indoor skate park could help in many areas. The existing skate park is a haven for violence and drug use..I personally see it almost everyday.
67	Our roads and streets are a mess. There are a lot of potholes in the roads. Please don't let these go. Tracy keeps building new housing units but the infrastructure has not kept up. I think the new funds should be used on infrastructure with our roads a top priority.
68	Attract better retail stores
72	Tracy does a great job of maintaining the town, just keep doing what you are doing.
75	I would like to see recycling pickup every week instead of every other week. This is how other bay area cities do it and it would encourage more recycling.

We need to attract more entertainment options for teens and young adults as well as us older adults. Attracting business like Dave and Busters and Mini golf and other businesses of that nature.

Last, I would like to see continued effort to get Silicon Valley type businesses to bring operations to the valley. It seems we have a large pool of their talent living here and surrounding communities. How much happier and productive would they be if their commute was eliminated and gained 2 to 6 hours a day of their life back!

76	Starting the second phase of the animal shelter as well as increase staffing.



81	We need to keep our youth busy and learning after school and on weekends/vacations. This will prevent future crime. We also need top notch law enforcement and fire fighters in our community.
82	We need family attractions. There's nothing to do here if you're not paying to put you're children in sports. We could really use a Boomers, a Roller Rink , and a Rock and Jump Aquatic facility. Finish the legacy fields. Update and repair park play structures.
84	Infrastructure, utilities, public structures refurbishment/upgrading, fiber optics, expand library, street, sidewalk and other repairs.
85	Attracting high tech businesses with high paying jobs; hiring more police officers; youth programs for older kids
87	Aquatics center with pools geared toward different age groups & slides would be my #1 choice. Maybe indoor so could be utilized year round. Better for skin cancer prevention and would give the children in the community a lot to do to stay active.
88	every weekend i have to drive over the Altamont to shop, or entertain my family. Tracy should have more options for shopping and family activities.
91	I feel like with the growth Tracy is experiencing, we need to provide additional funding to our police/fire/medics so they can continue to come to our aid and keep our city safe. I also would love some more family-oriented activities - such as the aquatics center or other "entertainment" businesses. And road repair.
92	Cleaning up parks and making them safe places for women and children. Enhancing the existing library and its book selection.
93	Improved Bike Lanes or Adding them where they don't exist. More Walking Paths.
98	I think a Park and Ride lot near the freeway makes sense. No one is going to use this service if it adds hours to their commute. and going downtown into the heart of the beast is doing just that.
99	Down Town Clean up.
100	Measure V money should not be used for normal budget items like new employees, benefits and retirement. It sure be used for what the voters want more and nicer amenities.
103	Increase funds for traffic patrol on local streets to enforce the red-light runners and crime prevention in neighborhoods. The landscaping and weed abatement needs improvement. A multi-purpose rec center for our youth/teens is needed. It would also be reassuring to call 911 and get EMS in a timely manner.
105	
106	For the development of Down Town Tracy
107	More programs and after school and summer classes for kids and youth to keep their minds just during their down time. There are way too many bums and homeless people in our town so maybe we could use some of that money to do something about that growing problem. This town needs more family entertainer options. We have to go out of Tracy to do fun family things when we should be spends our money in our own town and not have to drive 30+ minutes away.
108	Keeping people in Tracy should be a high priority. Most travel to Livermore when going out because of the quality of restaurants and the beauty of the downtown area.
112	We need a way to get more retail and restaurants into Tracy. And develop in the south end of Tracy.
113	Fixing our roads
114	Infrastructure first - "programs" are great, but should always come second to a sound and safe city.
115	Ensure Public safety, provide clean and safe places for families and friends to gather, general city maintenance.
120	Lanscape on streets
122	Spend money to petition the house transportation subcommittee to build a connecting freeway between Patterson area and San Jose. Tracy could flourish if there were alternate roadways to bring more people/goods/services to the area. The 580 corridor is the biggest limiting factor to Tracy's growth!
127	Homelessness and the mentally ill is your biggest issue. Once or twice a year they are flushed from one city to Tracy. Where do you flush them to? Sad situation here in the valley. People livin along the hwy.
129	I see more and more homeless littering the areas where they reside. Also more people addicted to drugs. There needs to be more rehab centers for these people to recover.
133	Clean up the parks. I go to Lincoln park with my son and the park if full of homeless and people and drug use. I have see on multiple occasions smoking pot and drinking in the park especially at the gazebo.
134	I have lived in Tracy my whole life. Now that I am married and creating a family of my own I am seeing that it is going to be impossible to live here with the mortgage/rent prices for a



	medium income family. Don't kick out the locals to bring in new people!
135	Aquatic park 2nd dog park Vibrant Downtown
136	Medical payment assistance for low income families
137	More development of retail on the south side of town. It will spread out the retail across town to help with traffic congestion and also give options to the people that live on the south side of town. Try to attract competitors of big retail on the north side of town such as Lowe's to Home Depot or a Del Taco compared to Taco Bell. I for one figure if I'm going to drive a half hour cross town because of traffic I might as well go to Livermore or Modesto, why not keep business and Tracy and give us on the south side more options.
140	Maintaining the current parks we do have, bike and walking trails, better police presence especially at parks, code enforcement to remove blight especially downtown and 11th street, better business attraction- more modern diverse and on trend, and more special events for families please!
141	Parks for our kids to practice sports Cleaning programs to maitance streets, parks,etc.
142	Repave the streets
143	We need to build downtown up with a variety of business, not just the same old stuff and multiples of the same things. Hours need to be looked at and the Grand needs to have programs & performances for all ages which will also support the downtown area. This will provide jobs, entertainment and opportunities for lots a residents. The overall road upkeep and traffic issues need to be addressed as well.
145	Multigenerational center, legacy fields,
146	We need to work on fixing the streets. MacArthur and Bessie for starters. Would be nice to have animal services full time. And a place for our homeless to go so they are out of our parks where our children play.
148	Protecting citizens should come first followed by keeping our city looking good and thriving
149	Underfunded pensions need to be looked at as a ticking time bomb. Much of the Measure V money could already be spent, the general public just may not know it yet. Don't spend money on amenities until existing obligations both present and future are able to be met in a sustainable manner.
150	The city areas are covered in blight. We need proper clean up of city landscaping not just mow and blow into the side yards. I am disgusted in the site of trees dying, failure to do weed abatement, the lack of cutting of bushes, lack of watering, etc. Areas of the city look awful and NOBODY seems to want to do anything about it. Fund some decent landscape company to clean up. The fences on Monument drive along the street are covered with ivy infested with rats and it is never trimmed just let to fall.
151	I would like to see our roads better maintained. I'd also like to see a more youthful downtown area. Nightlife. Maybe some of the super talented local artists to do some murals. Something to liven up our downtown to bring in business.
152	Making our city a safe place to live.
154	Measure V was supposed to go to the police and firefighters, so give it to them. That's what we were told when we voted for it the first time.
155	Musical programs i.e Main Street music and grand theater. Transit center and downtown stretch
157	The City should pay for and maintain the half-built sports fields at the old Holly Sugar plant. No more pawning the funding off on the sports leagues. Tracy should also invest in a ANY program that will attract high-tech jobs to the area.
158	More retail stores like Trader Joes or whole foods
159	Indoor sports complex - new dog parks, biking trails
161	More police
162	I have lived in Tracy my whole life and I believe Tracy's downtown deserves the most support with this bond
163	Fix the vacant building on central line the great plate ect. Make central a focal point to our downtown like Livermore and Pleasanton have done to there's. their downtown is packed every night. Try to encourage local business downtown to stay open later to let families shop when they get of work and enjoy meals why doing so. Visit Livermore and Pleasanton and take notes. Used to love in Livermore and me and my family go their often to shop and eat on the weekend and just walk around.
164	Public safety should be the top priority.
165	Frequent themed events downtown. Help the homeless find places outside of downtown gathering areas. Attract new businesses downtown that will draw people for lunch, dinner, and shopping.



169	Tracy needs to recruit buisnesses with higher paying wages so that workers can afford to work and live in Tracy. Our rate of commuters suggests that we could support more tech related buisnesses here. People spend money where they spend their time. If we work in the bay we spend in the bay. We need to advertise Tracy as the next hot spot for Silicon Valley expansion.
170	Crime prevention, attracting new businesses, jobs and affordable housing
173	Keep the Homeless out of Tracy, focus on crime and safety at all costs the rest will work itself out if we have a safe place for our families, I want to feel comfortable walking around in every neighborhood in Tracy. We need better animal services stray dogs and cats run rampant in Tracy, we need to educate the public about proper animal welfare and strengthen animal services in general , build a huge park for walking and running, buy up some old orchards and make Tracy a destination like the parks in Lodi and even Stockton
174	Stop the selling of fireworks
177	Add more businesses to downtown and at the mall
181	Improve downtown. Need bigger parks with walking trails
182	No new taxes.
183	Better release times for school students leaving schools, traffic congestion is horrific, parents ill-legally parked blocking lanes of traffic, clearly marked do not park! Catch the cars that travel in the bike lanes to pass all others in lanes of stopped traffic only to try to get back in the lanes later causing more back ups. These bike lane travelers often run red lights, nearly hitting kids crossing streets. More police patrol, please!
185	The main thing I would like to see is more things for families to do and also to make sure our police and fire departments are well taken care of.
188	Please work to clean up downtown. Make it something that will attract businesses and customers. A nice place to spend an evening would be good. Dilapidated buildings that are shuttered and empty for years is not a good way to present this town to its residents. But please don't do what Tracy has always done and that is to piece-meal a plan together with no cohesive view of what the end result should look like.
191	Landscaping, code enforcement, police and improve the downtown area!
192	Will be a better place for everyone
193	Repair/replace and maintain all the city parks landscape medians roads etc. Start and Fast track the widening and repair of the Corral Hollow and Valpico intersection to 580.This should have been done before widening Corral Hollow from 11th to Grant line.Wrong priorities again.This intersection is a total nightmare and has been since the catholic church went in without them improving the 4 way stop.Thanks Mike Souza and the city council.
197	Infrastructure, development, high paying professional jobs, downtown, and youth programs. Not on raises for city employees.
199	When we moved here, 20 plus years ago, we were told that there would be running and biking trails for miles. We sure would like to see that happen. It would lead to healthier citizens. Now we have to leave town if we want trails. It would be nice if people came here in order to run or bike for miles.
201	Infrastructure improvements and business development/retention.
203	Making the roads in town better/wider so there is less traffic. This city is only going to get bigger and it's going to become a larger problem if we don't fix it now.
205	More days with police presence at the time schools are letting out for the day. Actually issue tickets for those who block the flow of traffic or Pak waiting where it's not allowed.
206	I have long wished for a regional park in tracy. Something like Big Break up in Oakland. Scenic walking paths that are well kept. We have a beautiful river flowing around our city that we aren't taking proper advantage of.
207	Repair existing structures, roads, and programs before building new ones. More affordable housing options. Increase police, fire, and emergency responders in preparation for population growth as a result of new housing.
209	We need more trails and bigger parks. Everything in tracy is miniscule including parks and parking lots. Even the stores like Macy's and Raley's are the smallest ever. The parks are little patch of grass with a swingset.
210	public safety (including controlling growing homeless population) street, sidewalk and public area maintenance
211	More after school programs, more police and fire to be hired.
212	The library is in desperate need of both, a large, inviting venue and a variety of books, movies, and other items to borrow in addition to more computers and work spaces.
213	I do not like how the Measure was touted to be specifically needed for items, ie, Police and Fire, Youth, etc., and then it goes directly into the General Fund. It should be ear marked for the kinds of programs it was marketed to fund.



215	Focus on strong, fiscal health of the City to keep basic services strong and to attract and keep qualified employees: police, fire, maintenance of roads, landscaping and parks, planning and permit services.
216	Indoor sports facility for soccer basketball tennis. Tennis courts in the Tracy sports complex
218	more firefighters, more fire stations. more money dedicated to public safety
220	Although not listed, I am not in favor of anything new. The first priority is to fund the retirement requirements for public employees. After that retire any outstanding bond debt, then fund rainy day fund. After those items are taken care of, and we are on sound fiscal ground, repeal the that is now taking place of the TEMPORARY tax it replaced.
222	Retail, are mall is a joke flash back to 1980 High school kids have no where to go on weekends, places and things to do in city. There are none.
227	Measure V money should be used for upgrading infrastructure and not for normal operational expenses such as salaries and benefits.
231	A focus on developing the downtown business area I believe would benefit the community as a whole. Providing the town with a central area with small business and restaurants.
232	More police. Give all of it to the police department. This city is grossly lax in law enforcement and crime prevention.
233	Getting the CERT program funded.
236	More lively downtown, fix potholes, do something with the abandoned business on 11th street
241	I thought this money was needed to pay for the salary increases to city officials that was already approved, but not funded, no?
243	I would really like the city to think about the traffic and how to make it easier to get around without increasing noise and traffic routing through neighborhoods. Perhaps if there were more local jobs that paid better than 43k per year, Tracy would benefit. I would also like more areas where one could walk or bike for recreation. In my area, there is nothing in my neighborhood. The sidewalks and streets do not make it easy to get around safely. More pet parks would be helpful.
244	Swim center Animal shelter Ball fields Senior center Library
247	Swim center Animal shelter Senior center Library Legacy Fields
256	Quality of life amenities (namely The Grand and an aquatic center) should be focused on, since improvement in these areas will attract people, businesses, and jobs to Tracy. The Grand desperately needs more staff to be effective. A decent aquatic center with a 50-meter pool would attract major meets to the area and would do a better job of serving seniors and families.
258	new skateboard parks in better area. more open baseball fields. no permits for all baseball fields. open to public
259	The City needs to keep up with current and future growth by growing the Police and Fire Departments to adequately staff them to current population.
260	We need something for youth. We are extremely lacking in a place for youth to go and play/hang out.
263	Public safety
265	#1 priority should be to build up the reserve fund like the one that saw us through the last recession. Let's please be responsible with this money. Once it is apparent that our coffers are overflowing, then splurge.
266	Our first priority should be ensuring that all emergency services are staffed and well trained. Second should be road repairs. And third youth and senior services, and programs.
268	Parks and recreation should be focused on. Our parks are in terrible shape and the availability of public recreation is lacking.
270	REPEAL MEASURE V
	SIC SEMPER TYRANNIS
271	Measure V should be used to cover our expenses and create opportunities for residents to enjoy their lives in Tracy. Growing Tracy's cultural and life-affirming options should be



	prioritized highly.
276	Please, bring a public university to Tracy. Improve local schools, if it is supported by the new measure.
279	Recreation center for families, bike paths and trails, new roads especially widening to prepare for growth, more police and fire services, new parks, park maintenance, installing restrooms at major parks, bring retail to Tracy, clean up mall, pass codes to get rid of homeless and panhandlers on street corners
281	Children and senior activities
282	Save the money, and under no circumstances dip into city reserves. Reserves are meant for downturns, not mortgages on new amenities.
285	We need city beautification so badly. During the drought we left everything to go to waste. Islands in the streets, Path ways, city parks. We need to have a city we can be proud of and a smart, water responsible option.
287	How about updating the mall? That would be a great source of revenue. I feel if something isn't done to update/expand/ attract upscale stores, the whole mall will shut down. It would be ashamed to lose the only source of entertainment. Currently we have to go out of town to do clothes and furniture shopping. Also volleyball is a huge sport. Other cities have multi use courts where both volleyball and basketball share the facilities. NB courts in Livermore is great example. Tracy could benefit from this type of thing.
288	I would like to see real effort to bring big companies here - companies that have their HQ in Silicon Valley, but could have a highly staffed space here in Tracy for their employees that commute over the hill. I would like to see more programs offered through Parks & Rec, and more college and trade school options here in town.
290	I would like more money to be provided to our local public schools. From paying our teachers better, attracting and keeping high performing teachers, supplying funds for class room renovations and materials (better and advanced equipments and systems) art , music and leadership programs for our grammar school, middle high and high school. They are our future leaders, business owners role models. Let's invest in them and their education not building parks.
291	City of Tracy desperately needs some sort of recreational park where families can ride bikes, hike, play and get together. A great example would be a man made lake a large park around it. We also need to get more diverse options in our retail and grocery stores, make it inviting for companies like Trader Joe's, Whole Foods and or Sprouts.
297	There are so many families here in Tracy and not enough family friendly places to go. Our family enjoys going out to eat and then doing a activity after. Other than the movies there isn't much going on. We shouldn't have to drive out of Tracy to have a family activity.
298	Youth programs, recreation events and programs, and family entertainment.
299	I believe Tracy needs to be enhanced in order to feel proud of the community I live in. There are areas that are not maintained, broken down and shoddy. Families need opportunities to work in the community they live in, instead of commuting. This town has grown numbers since I have moved here; however, the city has not been accommodating to the growth. Its slow progression that has made our family question whether we will stay here or relocate. The Tracy community needs to feel inviting, not attract the homeowner that utilizes Tracy as a stepping stone to the next housing that is now become affordable elsewhere. In addition, Tracy is known for its crime with an excellent get away plan due to access in and out of the city. The Westfield mall is a ghost town, so the youth do not have anything to do with their idle time. I always ponder, why do we have furniture stores in the mall? Why are the majority of stores having to do with cell phones?
	How about retaining our citizens, provide them with reason to stay, establish roots, emotionally invest in a community so they care more, take pride and find fulfillment with their quality of living here.
303	I have lived here for 16 years and we were always promised to have an aquatic center built but we have yet to see that come to fruition. We are in desperate need of an Aquatic Facility with it being so hot here in the Summers. A lot of families don't have pools or access to pools so I feel that it is important to have that in Tracy. It would also attract a lot of families from the surrounding areas. This would help put Tracy on the map. I would also like to see The Condemned buildings in the downtown areas fixed to make them more aesthetically pleasing when visitors come to town. Having these boarded-up buildings makes Tracy look very shabby and rundown. If we want to attract new businesses and upstanding citizens I feel that it is important to have these issues fixed. I would also like to see other family entertainment facilities built such as an ice skating rink, miniature golfing, a roller skating rink and additional movie theaters. Tracy is a darling town with a ton of potential if our city leaders would only see the potential and allow new businesses to be



attracted to come here. It has the potential to be just as quaint as Livermore, Pleasanton, and Los Gatos, my home town. Sometimes I feel like we are a Dumping Ground for homeless people and undesirables from Stockton Oakland and Modesto. If we make it attractive for undesirables to come here we will never be rid of this problem. I live in South Tracy in Edgewood. We have heavy traffic problems at valpico and Corral Hollow. I would like to see the city put a stop light there and widen the road so the traffic is not as bad for commuters and the high schoolers at Kimball. It takes my children from 20 to 30 minutes to get to Kimball everyday. This drive should only take 5 to 10 minutes. Instead of allowing more Housing Development first we should be taking care of the infrastructure to accommodate the amount of new people coming to the area.

- 304 police
- 306 We need proper walkways, parks, roads and jobs before we can grow. If we don't put this in place first we will create the need for low income housing and gang prevention. Let's build it safe first. We can't wait for developers.
- 308 Let's Market Tracy as the next Silicon Valley growth area so we get tech companies that can't find contiguous space anywhere in the Bay Area. The jobs pay better, offices are less impactful on our environment than warehouses and we can't uplift the lifestyle of thousands of tracy commuters by bringing good jobs to tracy so they no longer have to commute so far. This should be a top priority.
- 309 Improved infrastructure roads and public transportation
- 310 Stop sub-contracting out the maintenance of parks and rec programs. They don't weed and feed the grass. They don't add new plants if they are dead. Bill Swartz Park grass is not grass, its weeds with dandelions. I send my kids to Manteca Summer camp in order for them to get a traditional feel of an all day summer camp. No I will not send my kids to YMCA or boys and girls clubs. The city should be able to provide this service and no leave it upto other non profits to fill the gap.
- 313 Clearly there's a need for an aquatics center or somewhere to cool off during the summer months. Teenagers have limited options for entertainment. I would like to see continued investment downtown. Some of the parks could use more lighting to prevent loitering and illicit activity.
- 314 Public safety and an Olympic size pool and supporting aquatic facility for year round use.
- 315 Repairing and updating city infrastructure that we already have. This puts streets , landscaping, existing parks and utilities a priority in city spending
- 317 Homeless need to get out of city parks. We should allow specific tent camping areas and they should be kept clean and sanitary. Dr Powers Park is scary now.San Diego has camping on grass around freeways. Not in a park with kids.
- 318 Beside kimball, there is minimal walkway space and no safe sidewalk. (Between Kimball High and Redbridge) Hundreds of students walk home that way and even further past Redbridge. It is one step away from being in the street. Not only is there preexisting traffic after and before school along that road, but when the weather is poor, the path along there is muddy and wet, and students are forced to walk on the road where cars do not pay much attention. This issue has been brought up numerous times and I don't feel as though it is being taken seriously. By the time someone realizes that this is a serious need, someone is going to get hurt.
Thank you for your time.
- 321 I would really love a large park with walking trails and a downtown that is thriving. Places to get out and be part of our city . I believe we need to also look at our city streets and landscape as well as support our local law enforcement and fire departments
- 322 Interaction of safety services with disadvantaged youth so they don't see them as hostile.
- 324 You insist I rank issues not important and irrelevant to Measure V such things should be a part of the City's operations. I committed to tax myself primarily for the amenities we don't have. You should have asked out of each category, what ranking order would I give. I'd choose community amenities as #1. You also left out an expanded Senior Facility desperately needed as an option and instead gave us safety facilities.
- 326 Public Safety is highest priority, Infrastructure maintenance including the pathetic landscape areas in town.
- 328 Fix and maintain what we have.
- 329 Enhance and update downtown area. Emulate Livermore.
- 333 I voted for Measure V because I was told it would build the water park, gym, senior center, library and inferstructure. Not to pay preexisting bills.
- 335 Expanding and revitalizing the downtown area to make it a destination with business and family oriented things to do. On the weekends, we want to stay in our community and have options of things to do.
We need more police. It is. It often that we see a patrol car in our neighborhood and we



	have all the mail boxes in our neighborhood broken into multiple times.
	Water conservation and retention is incredibly important. If the city were to educate the community more, our city could thrive.
	I would love to see some kind of community garden. Teaching children to garden and giving citizens a way to feed themselves would benefit the city greatly.
337	More programs in schools, i.e. Auto shop, music, art, sports in all schools
338	I'd like to see more landscaping maintenance improvements to all areas of Tracy. My city landscaping taxes are not being used in my area as frequently as other areas in the city. I was told by city, that my area in zone 9 is unfunded but I see it paid on my tax bill.
	There have been weeds and dead hedges, trees for years on a main city street in my area. Makes me want to go clean it myself but was told I could not.
	Have spoken to city official at many Neighborhood watch functions.
339	Complete a covered aquatics center and a construction of an aquatics recreational park will be really great for our kids and community.
340	Maintaining streets and park and landscape infrastructure should be a higher priority.
341	Parks and Airport Maintenance. Street Maintenance, Revitalize the Downtown Area!
344	We should invest in the future of our community by focusing on public safety so those that live in our community feel safe, city faculties & events so we don't have to leave Tracy to enjoy time with family and higher education so the next generation can go to school and work in our community. May of us that live in Tracy commute to work. We want to stay in Tracy and enjoy our community. However, if it doesn't offer the entertainment, retail, and educational services we need, we have to commute for those as well. Not the best quality of life.
345	Parks and Recreation, youth after school programs, library
346	Improving down town amenities and parking. Lower rents for small businesses in downtown areas so they can afford to hire help which will increase jobs and allow them to remain open longer hours in the evenings and on weekends
347	Downtown has improved I love the yellow banners with military people listed on them. It's a daily reminder we have a lot of people in the service. We need walking/biking areas.
352	Lots of families here that have to leave the city to do things. Need more family activities.
353	our streets and sidewalks are in need of serious repair. Also the medians along some main streets in town look worn down and neglected. The City should move toward lower maintenance medians that look clean and appealing at all times. Also something should be done with attracting retail and restaurants to Tracy. Our mall is ridiculous and how many Mexican food restaurants do we need in Tracy??
355	Primarily community amenities and facilities, capital and operating costs.
	Safety net only for other general fund expenses.
357	Funds should be used to build out the Aquatics Center with a 50 meter pool. The community identified the need almost 30 years ago.
358	Tracy needs destination recreational opportunities like an aquatic center. We need a community recreation center with reasonable fees for use for residents and we need a safe uninterrupted bike path. (right now there are too many street crossings)
362	The City of Tracy should build the sound wall along the south side of Schulte Road between Central Ave. and Amaretto Ave. This portion of Schulte Road is the only major arterial roadways that do not have a sound wall built for the safety and security of the Almondwood residents. After the expansion of Schulte Road from two lanes to four lanes in the 1980's this project was never done even though it was a projected development when the expanse took place. In the 1980's the City of Tracy had an election for residents that were not paying landscape and lighting taxes. The Almondwood resident's did not vote to have the taxes leaned on them. One of many reasons is there was no park developed during the building of this housing development. So there is no park or landscaping like other housing developments have so why pay a tax that has no essentials? Since then the City of Tracy has been approached several times about building a sound wall on Schulte Road. But they still hold a grudge against the residents of Almondwood for voting against their tax increase. This is a State, County and City code that on all developed major arterial roadways a sound wall shall be built to protect the safety and security of those residents.
363	A 50m POOL!!!!!!
365	Code enforcement!!!!
366	Tracy needs to address blight, attract high paying jobs, make downtown a delightful place to visit on the order of Pleasanton or Livermore. The trouble with adding more personnel in police fire or any department is that the retirement benefits need to be considered. Therefore I think new contracts need to be negotiated and city employees need to pay towards their benefits just like private sector instead of not funding amenities for the community. I am aware that we need more officers in particular, code enforcement officers



	but we need a new contract first that gives the community some relief from these future pension costs and medical costs.
367	This sales tax should be used to fund large capital projects that improve our community and enhance our way of life. Projects like and Aquatics Center or Sports complexes that support our local programs and attract regional tournaments should be the priority.
369	Building of the aquatics center with priority on a 50m pool
372	We really need an aquatics center with a 50mm pool. Tracy swim teams is a proud part of the community. It brings in thousands of dollars to the community during local swim meets and is a positive healthy way for our youth to take pride in our community.
373	50m pool would be necessary to meet the needs of Tracy.
375	A 50m pool would be necessary to meet the city's needs.
376	I've been with the Tracy Tritons for 6 years and this is the 1st time we had a difficult time looking for a pool for our invitational which invites more than 6 teams and their families to Tracy. That's a lot of revenue that Tracy is missing out on in addition to going to a pool outside our city.
378	Improving infrastructure as roadways are congested and in terrible condition. City parks and fields are in bad condition and it is outrageously priced to rent out fields. The city is over populated, we do not need to focus on more housing developments, we should work on bringing in more businesses and retailers which would interest the public to spend their money in Tracy instead of the Bay Area or elsewhere (this would also generate a higher income of tax dollars for the city.)
379	Community aquatic center, new business that are NOT blue collar - professional companies and more family entertainment restaurants/facilities in the city
384	Traffic enforcement 24/7,code enforcement enforce illegal fireworks properly, road maintenance
385	Community Aquatics Park
387	The aquatics center has been promised for so long.. not sure why it needs to even be discussed. As well general improvements need to be made to improve quality of life. A better library, a community center that doesn't look abandoned, and continuing to invest in the grand program are essential
389	We need an aquatics center. The Joe Wilson pool is not sufficient to Tracy's needs.
391	We need a larger expanded Senior Center. We need more than one community swimming pool. More public transportation. More public events like the Friday night block party. A free Tracy wide WiFi availability.
392	Small Business incentives to open. More code enforcement. Better and uniformed signage downtown
393	Sr. ctr. Amenities Expansion for facility for senior activity. Programs especially for Sr. exercise. Need room for capacity for exercise. A lot of seniors are turned away because not any room. These are seniors who want to continue to thrive and be healthy.
394	fix our streets!!!
396	need new big senior center
397	Recruiting qualified, diverse teachers and police officers. More mental health services. Pool for swim meets
398	new/larger/improved SENIOR CENTER
399	When I moved to Tracy nearly 10 years ago, one of the things that attracted me was the plan to build a new aquatics facility. This has been sadly neglected for way too long. Tracy would benefit greatly from the addition of a new aquatics center; one with a 50-meter competition swimming pool that can be used for large scale swim meets and water polo tournaments. Why do I keep having to drive to Livermore, Modesto, Ripon or Turlock for this?
400	new senior center
401	Tracy needs a new Senior Center
402	Though I live outside the city and pay taxes as a city property owner and a very interested in the city, the things I'm most interested in are the library, the senior center, and the development and restoration of downtown.
403	A new senior center. more up to date. More field trips. Everybody should be able o get funding, not only the seniors that live in Tracy. We all pay taxes.
404	New Senior Citizen's center
405	Unfair tax for seniors, with IRS and state!
408	A new senior center larger and opened longer to serve more seniors. Bus service to Bart stations



409	Improving our downtown and mall. Tracy is a bore for young adults. Lets have more things to do here locally
410	I do not think ANY of this money should be used for staff pay raises for existing staff, only new staff for new services- if necessary. I do not think this \$ should be used for pay & benefits.
411	Number of senior citizens are growing every year. Number using the senior center exercise program has doubled in last 10 years- we actually would prefer a whole new senior center- use the old one for other activities.
412	A Community Recreation Center to accommodate all ages and activities. A Swim Center, and improvements to the Senior Center. Incentives for more restaurants.
414	Public safety Public streets walkin trails
416	I love to take my kids to community events. Wish we could expand more programs for kids in our community. Att
418	We need local jobs with giid pay so that residents don't have to commute to the bay area.
419	The citizens have been asking for a complete aquatic center to serve ALL of the needs of the town for over 20 years. The City needs to work with people who know aquatics! Not just the fancy pool/aquatic developers. This has gone on too long. I continue to drive over 20 miles away for aquatic programs, there by spending my money in other towns.
420	Aquatic, and family recreation
426	There are great parks in town but no biking or running paths. There isn't a community rec center, schools don't open their doors to the community to share their amenities. What professional businesses will you attract to keep people in town instead of the majority of the town having to commute for decent paying jobs. Housing costs no longer match the income available in town. People will be priced out and your economic base will spend their money out of town.
427	Police and enforcement of existing laws, fire protection, Swimming recreation especially a 50 M pool. Good for teaching a needed skill and exercise not just for fun!
430	fixing pot holes, streets
432	There are many used train tracks in our community, while our small town is home to around 90,000 people (and growing). Traffic has become a HUGE problem. We are in need of more ways to create flow. Look around, our infrastructure is in desperate need of repair! Also, our community needs to learn to expand with it's growth, instead of having a small town mentality.
433	clean up of the railroad tracks areas behind the 99cent store tracy to 11th weekly.the storm drains along Shulte and Larriana before the rain.free range dogs on Chestnut/Sequoia.residence accountability for cleanup on Palm Circlce and w6th st and pot holes.
434	Existing streets, sidewalks and landscaping have been negelected for years. Make this repair happen, it has been put off far too long !!
435	As a millennial (or Gen Y), we are seeking for better and affordable housing options within Tracy. Since many of us have jobs outside of Tracy and and we have to commute, yet we can't afford to live beyond the Altima (and our families are in Tracy) we want to invest our future in this beautiful city. Also, attracting new entertainment, restaurants, family activities, etc will allow us to stay the weekends in the city of Tracy and invest in local dinning and entertainment.
436	Free Summer Activities for teens and Kids all ages-(Water Activities)
438	We need a regulation competitive swimming pool that the Tracy Tritons and other swim teams can use in town that is not owned by a high school.
439	Senior living
440	I question the wording of this request. I can't weigh in on WHERE funds should be spent if I don't understand where/what we are currently spending on and the success/or unmet needs of current spending efforts.
441	Education support! A major factor when competing with other cities for educated professionals is how well the schools are ranked. Tracy's schools are ranked better than Manteca etc., but definitely not as well as Livermore or Pleasanton. After school tutoring to help raise test scores, and other community programs to support families with kids, go a long way to improving the appeal to professionals and increase property values.
442	Parks & walking trails
443	I believe the added sales tax fund should be only used to repair the existing infrastructure including streets landscape and parks. Any left over should go into the reserve funds
444	Open walkways, bike paths, bike lanes, park maintenance, street landscaping, regular tree maintenance-monitor and enforce the regulations. Many businesses (l.e.3rd and Central) chop trees in half, remove, improperly prune trees.
447	Spending on quality of life should be the highest priority. The general fund already well



	funds police and fire safety
451	Unfortunately, we're going to need more police and it is more difficult to attract people to that profession. Money definitely is needed for our police department to attain and retain a healthy force.
	This is a family town with a growing community of all ages. So, local entrainment and "things to do" are appreciated. I am glad we are looking at things for seniors, youth, and young adults.
	Thirdly, it is very difficult to find jobs around here that are not retail or manual labor. Although, I am noticing many educational and health jobs (but just outside Tracy, like Stockton). Administrative jobs would be good.
452	Family friendly items and safety should be before aesthetic items
453	I've raised 6 children in Tracy and the next generation is staying here as well. We need more activities for kids and adults. Ice Skating, roller skating, or an indoor/outdoor sports club, better bowling alley. The lot is big enough to tear our bowling alley down and build a facility with various activities including bowling and pool, maybe batting cages, etc.
455	Tree program in house or inhanced
456	We are in desperate need of an aquatics center with a pool that has at the very minimum 8 lanes. There are two large swim teams in this town who cannot figure out where to practice or hold swim meets on a yearly basis. Tracy is in desperate need of an aquatic center!
457	Senior Center (Lolly Hansen)is too small for the daily/weekly use and for the senior age population in Tracy. Needs expansion for additional classrooms, meeting rooms and storage.
460	Please build a decent pool.
464	No additional city money should be put into Legacy Fields until other options for funding are fully explored, like money from the County, or grants from professional sports leagues/organizations, or other grants.
466	Build the damn water park
468	I love the city i live in, TRACY! And i want to see our city continue to grow and provide for the families that are vested in this city. it is vital to keep our residents here in our town on weekends when they are looking for family entertainment and to spend their hard earned money on retail, restaurants, etc. it is also very important to me that we keep our town SAFE and provide an efficient ERT. i am committed to help support our community in any way i can and have faith that our new mayor and city council will go in a new direction than our past council and mayor has. GOD BLESS!
471	Walking trails. Family friendly entertainment
472	I believe Tracy should focus on providing services for our youth and our ever growing senior population. Let's look at these services as a service that will support all residents and not solely those that are "at risk". Professional development for those who provide these services should also include a reflection on their own biases.
474	We need parks and trails! We need our city to build more trails. The city is building too many houses and need to focus in on parks, businesses and sustaining our roads and other facilities. We have nice facilities and don't need to build or enhance our city facilities.
477	-Services/programs for kids (more in rec's catalog)=look @ Livermore's -Get better quality and more frequent shows a Grand Theater (Look @ Modesto Gallo Fine Arts -Trails for walking/hiking (like Livermore, Lathrop, Ripon (as well state Park)Like Eagles Lake and Resort in Tracy
478	Why spend \$ on a pool that is only used effectively for 3-4 months out of the year?
480	Tracy is a beautiful city, but there's nothing to do; nowhere to take your family, nowhere for teens to hang out, no performance/cultural arts schools for students, no variety of higher educations options, no bus/transportation options.
484	increased police services involving families/youth, aquatics center and family entertainment options
485	I don't mind the tax increase.
488	Completion of Legacy fields. I think it would be very beneficial to the city to install cork based artificial turf on at least one the soccer fields at the sports complex to allow continuous use. There should be a city based primary field with stands and such.
492	I think its healthy for us to contribute to the cities growth.
494	First I believe we should always set aside a "rainy day fund". There will always be something that comes up that will drain the coffers, so to speak. Therefore, it's only prudent to have something set aside so that debt can be mitigated or kept under control As



	far as priority for spending, Security/Safety should be number one. Everything else stems from that. Businesses and homeowners are attracted by a safe place to conduct their business in and a safe place to raise families.
497	Neighborhood blight, city blight. Get a handle on the signage up 11th Street Tracy Boulevard Grant Line it's out of control
499	We really need a new library. Our library is embarrassing.
504	Downtown enhancement and family friendly entertainment
505	Maybe revitalization of 11th street. In some cases it's the first impression of Tracy as travelers come through, it is not currently a good first impression. It gets particularly bad closer to Tracy Blvd and closer to downtown. Tracy Blvd near the 205 freeway, were La Plaza (formally Mi Pueblo, Food 4 Less) is also suffering through to the old save mart on Lowell, maybe attracting larger business to that area will help the once beautiful area.
506	Youth programs. Attracting businesses. Paying Tracy teachers more.
511	Higher education, Bike Trails and more Family entertainment Most important is our Police, Fire and safety officers.
514	We have no good walking trails and the library is way overused for how small and old it is!!
517	While I want a well rounded blend of outreach, senior & youth services, recreation, expanding public transportation, and business retention/attraction services I feel our area is in desperate need to curb crime, violence and drugs.
520	Bike walking trails would nice as well as an aquatics park for the kids for the hot summer weather . Maybe an incredibles pizza or boomers would be nice!
525	Focus on the solution not the problem.
526	Fixing streets, beautify current park that are worn down, continue to make downtown a place people want to shop at, bring in the stores and restaurants and entertainment.
528	Making more family entertainment. Working on keeping Tracy residents in Tracy by providing family entertainment that often drives families to neighboring cities during the weekend
529	Better maintenance of green areas
531	The first priority should be to expand/replace or add to our library. The current library is undersized and has been for ayt least 10 years and lack of care means it is dingy, worn and depressing How old are those computers? The Library provides many of the services you asked about - youth programs, outreach families, recreation, cultural enrichment.
532	Clean up the city and enforce the municipal code. Add code enforcement and public works personnel.
533	An indoor aquatic center will be great to have a year round fun at the pool
534	reduce city water rates
535	Recently, I read that 3 surrounding towns are opening water parks, something Tracy residents have been asking for years. So once again residents will have to travel outside of Tracy or entertainment. So money should be used for entertainment. Not like the small Dr Powers pool, something that will bring in revenue.
537	Police. I am unhappy that the police are to busy to come to a break in or vandilism at my home and tell me that I have to fill out an online form. That is not community engagement or Civic duty.
539	MORE Police & Fire personnel . New restaurants I DID NOT VOTE FOR THE MEASURE V !!!!! YOU ALREADY GET PLENTY OF TAX MONEY WHAT ARE YOU GOING TO DO ? TAKE EVERY FRIDAY OFF ?????
540	Our city needs to take care of the parks and landscape areas that we have. Street medians and parks have been neglected.
542	Having vocational education programs would be amazing. I want my town to have opportunities for everyone and I want it to be safe and have fun activities for my family. To have it be well maintained and look nice is also important.
544	Update park areas, provide shade covers to existing play structures.
	Schools need to be better, rankking of schools are way to low
546	Kids where can safely play
547	Roads/infrastructure; senior/youth programs
548	After school programs and city wide activities for youth.
552	Securing and making public bathrooms safe and sanitary for use.
554	Parks and recreation needs some help. We need more options for year round affordable children's activities through the city. Downtown needs a serious makeover. If Tracy had a decent downtown we could generate so much revenue!
555	These funds should be used to make the city one we are all proud of. People are willing to spend the money and we need to SEE the results. Aesthetics are a major attractor to our city and we it to look more like the Livermore and Pleasanton areas we are close to



557	Complete Legacy- this should provide money for other projects
558	We must do better in dealing with the increasing problems of human trafficking and homelessness in Tracy.
560	Any area which results in people outside of Tracy coming to Tracy to spend their money. That could be to shop (Trader Joe's and Whole Foods), to dine (Outback Steakhouse, BJ's) or for entertainment (water park, amusement park, outdoor theater).
561	Bringing more restaurants and entertainment to various areas of Tracy, not just near the mall. Expanding our first responders and outreach programs. Affordable extra curricular activities for kids.
562	Vandalism prevention.
563	need to get the LLMD areas looking nice again, they look horrible
	Tim Jayne
564	Community garden or compost. Cities like Berkley have a recycling program where kitchen waste is collected and used in a city compost that is available for all the people in the he city.
565	I think our downtown could take note from some surrounding communities. Not just in beautification but in services offered and stores, restaurants and clubs, maybe an indie theater that would attract some night life and liven things up a bit. Much business opportunity down there that is not offered or even been explored. Especially in a sleeper town like Tracy. We want to keep our residents in town at night and on the weekends rather than seek their social life or entertainment in other areas outside of town. Our mall needs a major overhaul. We do t need so many chain restaurants. We have too many of those and not enough decent retail. We need family programs. We need our parks to be pretty and safe again. Walking and biking trails. Things that encourage people to get out and move physically and enjoy their community. We need to fix broken down neighborhoods. It can be done!
566	Parks, biking and running trails
567	More police coverage and traffic control Expanded Branch Library and Services Enhanced job training and local jobs for trainees to go to. Expanded Pubic Transportation More retail and restaurant development of the NE corridor.
568	Policies that would yield to more jobs in the area and better retail options.
569	Aquatic center we need something for families to do in town
570	Luring new businesses to Tracy
572	Personally: The senior center is extremely outdated compared to other cities. The activities are well organized and the staff is great but the building is way too small. AS NEXTDOOR LEAD AND NEIGHBORHOOD WATCH CAPTAIN, I can tell you that people are upset about the following (which you already know): codes enforced (as soon as we have enough people to do this), removal of cars parked on front lawns, keep RVs and boats off the streets (Livermore allows 3 days before and 3 days after an event but people cannot just move it to a side street to avoid being tagged), people to help with complaints about constantly barking dog. Also educating people on the fact that these things take MONEY and RESOURCES and we don't want our officers doing work that others could be doing. :)
573	Law enforcement, gang abatement, and crime prevention
576	I think its important to invest in infrastructure and entertainment. With better infrastructure and entertainment residents and locals from surrounding areas will spend more time and money here. This will also attract more residents and funds to attract higher paying workforce companies. Emergency services appear to be sufficient but it is always safer to have a reserve for necessary or unanticipated improvements.
577	Whatever will help bring white collar jobs here and create a vibrant community for those employees.
578	I believe that we should try and make Tracy somewhere that people actually want to go to. Tracy is a boring place with not a lot of things for people to be entertained. There are no fun places for youth like nightclubs or even a really great concert hall. Tracy is boring which is why a lot of people leave to work somewhere over the Altamont because Tracy does not have well-paying jobs and it's a boring town with not a lot of things to do so people leave to go have fun somewhere else because they can't find that in Tracy. Opening up this idiot to new businesses like nightclubs, entertainment venues, or other businesses that create new fun environment for people to try new things would be incredible to add to Tracy and stimulate the economy.
579	Police, Fire, Safety Programs
580	Traffic congestion, road conditions entering and exiting Tracy other than 11th street.



More local restaurants and breweris making downtown a destination.

581	Measure V must prioritize new amenities and proograms
582	Corral Hollow between Schulte and I580 is in need of a light at Valpico and Corral Hollow and a total repaving of most of the road.
588	Parks and recreation need a lot of attention! We need walking and biking trails.
592	Survey is too leading. Some of the items are not even that important to me. Allowing folks to write in their own answers would have been more realistic.
594	finish the sidewalks or continue them, such in locations as valpico stretch, the length of MacAurthor and add a green stripe bike lane separate from the car lane on all major road ways.
597	Police and First Responders. Upgrade downtown Tracy to mirror Livermore's successful downtown.
600	Spending on new amenities and programming that enhances quality of life in city
603	Jobs, Jobs, Jobs, would be awesome to live in Tracy and work in Tracy.
604	Tracy needs youth centers for the 14 - 17 year olds. A place to be other than roaming the mall or streets.
606	The library is too small and very old, a new library would serve the community as a whole.
608	Inner cities such as East Beverly PI needs side walk replacement and need handicap ramps placed pot holes and roads need to be replaced also. All streets surrounding Tracy High school, Discovery Charter/ Millennium High, Central Elementary, Public Library, Lincoln Park need proper crosswalks, stop signs and speed bums to regulate traffic and keep our children safe.
610	New and larger dog park. More Senior programs
611	Inner city/ downtown
613	As a community we need to keep protecting our children. Children are told not to smoke yet, they are exposed to smoke against their will and without their parents permission while on their own property. They are protected from second hand smoke at school, at playgrounds, living in apartment buildings, and even when walking into a store. They need those same protections while at their family owned homes playing in their backyards and sleeping in their rooms. Children deserve to be protected, "the California Air Resources Board classified secondhand smoke as a "Toxic Air Contaminant" in the same category as asbestos, cyanide and arsenic." CDC, "There is no risk-free level of secondhand smoke exposure; even brief exposure can be harmful to health.1,2,6 Since 1964, approximately 2,500,000 nonsmokers have died from health problems caused by exposure to secondhand smoke." I would like the city of Tracy to make a city ordinance to protect children from exposure to second hand smoke while on their own property from those that do not have permission to expose the child to second hand smoke. Parents have a legal obligation to protect their children against harm, I ask that the city give parents the right to protect our child with city enforced protection. That no child is to be exposed while in their home or on their property to second hand smoke from toxic drifting nuisance smoke known to the state of California to be unsafe at any level. In addition to the toxic nuisance secondhand smoke is, childhood asthma is rising. Both of my children have asthma, secondhand smoke triggers asthma, secondhand smoke kills but, for asthma kids secondhand smoke has a high risk of killing them within minutes of them breathing it. Please, give kids the right not to be killed, give them the right to protect themselves, and the parents the ability to call for help! Make a new city ordinance that protects kid not only at school, at the park, in an apartment, in a car, give them those same rights while sleeping in their bedroom and playing in their own backyards because there is no safe distance...
615	Better maintenance of the Tracy airport facility. Add one full time dedicated employee for airport maintenance. Install a new AWOS-3 system. Install sprinklers in the city owned hangars. Upgrade the fuel farm and dispensing machines. Complete scheduled runway foreign object debris removal. Installation of permanent bathrooms. Tumbleweed control. Complete the installation of the PAPI system. Repair the runway lighting system. Build a new business jet hangar.A food concession. If you build it, they will come!
617	Specifically, road and sidewalk repairs, road striping, safety improvements to intersections.
618	I believe that we should create some place for our teenagers to hang out. Perhaps monthly a get together for the community of teens. Enhance the boys & girls club to allow for more kid access.
622	I would love to see some improvements to the downtown area. The area just needs a little TLC. This side of town could use a few more popular restaurants. This would help with some of the traffic, everything seems to be on one side of town, near the mall. The lights that are put on during the holidays, should be up all year long. The vendors should stay open a little later. The vendors on 10th street are almost there, however Central could use



a little more work. When you attend the Grand Theater, you should have the opportunity to have food and drink at a venue that is open for business after your show. More people from the bay area are moving to Tracy because of housing prices, they would love a beautiful cozy downtown area like Livermore. Thank you for this survey, I hope the downtown area is selected!!!!

623	Our children our the future of this city. We should be putting more focus on child centered activities and education. Such as free community colleges, or pre-school being part of the mandatory tax paid school systems. More easier ways for children to get involved in the community.
625	Improving the current public library in Tracy or building a new one specifically for the youth of Tracy, to keep kids and parents feeling comfortable and confident in the library. Possibly having educational activities for the kids to support learning and a sense of community.
626	The landscaping in the city has sadly continued to deteriorate year over year. Dead and dying trees and bushes, overgrown vegetation and weeds, public benches are falling apart, the list goes on and on. When will someone start to pay the appropriate level of attention to this? Taxpayers are already funding landscaping services and it seems like we get little to no return on the investment.
627	Build amenities that make Tracy more inviting place to visit and live
628	Water and Sewer systems, we need to have access to clean water in our area. Maintenance is needed for vital water.
631	The Senior Center needs to be enlarged and its facilities expanded. The present building was constructed when the City was much smaller and center usage was less.
632	We need a new Senior Center. This current facility does not meet the needs of our senior community. 2,800 seniors are registered and only 68 spaces are available for the exercise class (per class). Many are turned away.
634	We need to attract tech and other higher paying jobs to Tracy other than warehouses so fewer people need to travel to the bay area to work. Target 100K jobs so a family can survive and live in Tracy on a single salary. Non skill based jobs make it difficult to make ends meet. We also need other things to keep people in Tracy, rather than leaving for shopping, our mall is a joke compared to others, and amenities, other than more sports fields, to hold peoples interest and have them spend their hard earned dollars in Tracy, rather than other places.
636	Improving local infrastructure like roads, side walks, and government buildings
638	Consider the betterment of the majority of our citizens and not just "I want something my way" attitude of some of our current City Council members
643	Our public green areas along streets,dividers,and drainage are in poopr condition 80-90% of the time. As this is the first impression of our town for business and residents, it needs to be addressed
644	Maintain the green areas of our streets. Most the time many of them look terrible.
646	Dog park improvements. Downtown improvements to encourage the community to support local businesses. Increase activities for youth.
647	Measure V should funds should be used to establish a self-sustaining city. Much of the disposable income generated by residents are spent outside of the city. Tracy has been known as a bedroom community for many years. The city of Tracy needs to put into action the steps necessary to build up jobs within the city. We need establish technology jobs here in Tracy. Not focusing on Warehouse, Logistics, and agriculture.
648	Nicer dog park. Completing area by Train Station. Boardwalk shopping and pixie woods type place to attract younger parents to downtown development.
649	I definitely support unclogging high traffic areas, especially in school areas, and the support of programs for families in need, including youth and women protection programs.
650	not every child is sports minded, create alternate activities for ages up to and through high school. Family oriented.
651	More family activities. Activities for young adults
652	Taking care ofnour roads and sidewalks!
653	I believe that downtown Tracy can be made into a fun environment similar to that of downtown Livermore; it caters to famillies and singles. With some adjustments in the types of business and infrastructure I feel that if people from Tracy had a reason to stay in town they would. Whereas almost every weekend me, my family, and friends take our business and entertainment to the Bay Area. Ultimately we take our money and invest elsewhere.
655	Neighborhood parks. We live across from a neighborhood park (Dorothy Evans) and it is not maintained. The "lawn" is in desperate need of weed abatement and fertilizing and regular attention, the bark under the play structure needs immediate refilling and cleaning, the picnic area is dirty. The park attracts drug dealers on a regular basis and it's not what a



	neighborhood park should be. Please address this!!
664	911 response time
667	As Tracy continues to rebound from the economic downturn of the previous decade, first our attention and funds should increasingly be devoted to repairing and maintaining the infrastructure already in place that we've invested so much in - landscaping, lighting, streetscape, roadways,& water & sewage; and then towards new amenities. We should build a new library, and a multi-gen recreational facility, places that will benefit all ages of the Tracy community young and old.
668	Would really like to finish (quickly) the projects that have already started. Legacy Fields needs to be up and running ASAP. There should not be any reason to fight for space for our children to play.
669	Anti-drug programs such as DARE, need to be 100% community supported through the city adopting and implementing a city wide ordinance calling for zero child exposure allowances. Children are protected at schools, parks, in stores, restaurants, but not when walking or riding their bike to school, playing in their yards, and other places children should be safe from smoking. Smoking of tobacco products, marijuana smoke, or other drugs should be restricted to inside adult only businesses or inside the smoker's homes where the smoke can not escape and expose a child against the child & child's parent will. No one should be exposed and forced to take in anyway drugs or alcohol against their will, especially children, babies, and pregnant women. There should be a city ordinance protecting people from exposure to drugs including tobacco smoke. There should be a fine that grows with each exposure for exposing others against their will to these toxic nuisances. Citizens, especially kids of Tracy should have the right to fresh air and not to ingest drugs other's choose to do. We should have the right and support of the city of Tracy to just say, NO!
671	There is nothing to do in Tracy
673	Safer, cleaner, more job recruiting, family friendly place to live.
676	I really don't think the Gangs of Tracey should be our main concern. We ought to be looking after our elderly, paying attention to our youth, and improving our efforts to save the planet.
677	It should be going to improve our city, not increase in employee income or pensions and benefits.
680	Build a fence around each park and lock it at dusk. Address the homeless and panhandling problem. Hire more facility attendants, Police Officers, Firefighters and Code Enforcement Officers.
682	Our roads are terrible and getting worse all the time. We need to take care of this as it is costly to the citizens to repair their cars due to these problems
683	Police and Fire Protection Code Enforcement
684	Finishing legacy fields, so that it may include at the very least restrooms, and generate a revenue for the city. Work on decreasing high traffic areas on residential streets to that my children may play in front of our home.
685	Completing Legacy Fields, bleachers , bathrooms and snack bar are a priority !
688	We really need to upgrade our Library. We need to ensure we have clean drinking water supply and storage, frequent sewage and trash disposal maintenance, prompt graffiti cleanup, road repairs.
689	Community center with classes for all age groups. Aquatics center.
691	I love taking my 5 year old to El Pescadero park. I do call police for a drive through every once in a while. Id like more skate parks and bike parks...the cooexist and can be used by all ages. Give a 5 year old a bike and some hills and valleys and their set for all day!
693	landscaping and sidewalks.
694	STREETS PARKS POLICE
696	Measure V funds should be used to address deficits in the Tracy community. Tracy is lacking in terms of the quality and variety of dining, cultural activities, & youth & senior activities. Tracy also needs to proactively address its aging infrastructure - in particular water & sewer lines, roads, and public use facilities.
701	An agricultural theme park with walking and bike trails.
702	More senior services Increased residential neighborhood landscaping Make downtown a nicer place A better library increased police patrols to deter home break-ins



	Social services for GLBT population
703	Money should not go primarily to police and firefighters as we have done this many times over the past several years. Money should go primarily to the citizens to improve their daily lives.
705	City services need to be considered first to maintain a adequate and consistent level of service. Amenities should be prioritized according to which amenities provide the benefits to the largest population base.
707	Fire department response first before AMR or whatever ambulance service the city has chosen.
710	Try CLEANING the damn streets. And all of them not just a select group. The road surfaces are atrocious. Most railway crossings could be much smoother. Locate trash receptacles near benches (if you're going to empty them). Speaking of benches, why not position them set back so that user's feet are not extended onto the walkway.
711	Need more food places like Sizzlers
712	Setting up a meaningful fund or program to pay down the liability to CalPERS. It's not going away! Striving for meaningful productivity from staff - not adding new numbers to staff levels - and not engaging in salary bidding wars for staff members.
715	Park, media, common area landscaping rehabilitation!!! Repair Roads!!!
716	There are so many parks in Tracy, which is great, but there is only one dog ark - which is not. Every weekend, we leave Tracy to go to the dog park in Dublin, and we spend our money there. It would be nice to have a really nice dog park in town. It would save us on gas money and it would keep our purchasing dollars in Tracy.
717	Consider supporting the Sister City Cultural Exchanges for youth and adults.
718	cultural diversity programs
719	Improve landscaping regardless of current district funding. Build a dog park in southern part of town. Increase funding for traffic enforcement and code enforcement.
720	I think it's important to use the funds to fix roads that may have many potholes or cracks. I'd like to see an upgraded library, with newer computers to help those in the community that may not have computer or internet access anywhere else. Expanded recycling and green initiatives would be nice as well; there is so much more than can be recycled that's being missed out on. I'm sure homeless, youth, and senior programs could probably use additional funding.
723	new library,NOT for Legacy Fields or an Aquatics Center
724	Tracy needs a safe/happy outdoor gathering location for all ages. A special location where on a Sunday afternoon all can enjoy a walk, music, eats, ice cream,and such. Other cities have a wharf or a pier as the focal point, but Tracy has none. Maybe we could emulate older countries where the center would be "La Plaza". We could make this a place to be proud of and be a part of our city identity!
726	The areas that are demanded most by the community.
732	Money is bettwr spent on community projects that engage the public. Creating new jobs and attracting mew businesses.
733	I think they are covered in previous page.
734	It's important that we retain funding for our police/fire/emergency services, but we can't keep taxing our citizens. Please use the measure v funding wisely and keep our city funded with what it needs. My specific neighborhood voted in an extra property tax to keep our greenbelt clean, healthy, cared for and then the city was hit with budget cuts; therefore, there went the property tax increase. We're lucky if we get our greenbelt mowed once every two to three weeks, nothing more is done than that. We need to attract other businesses than distribution; not everyone is cut out to work in manufacturing or distribution. If the city feels that a four year university is required to bring other types of businesses, then maybe that should be looked at.
735	Cleaning of trash and the maintenance of landscaping of subdivision commons. Maintenance and trimming of the city trees planted in subdivisions. Homeless population is growing and is moving into residential areas. Rodents (rats) are out of control. Theft and other petty crimes has increased dramatically. Traffic has become congested and will continue to get worse as new developments are built. Need to attract new business and to keep existing businesses in Tracy.
737	Make our city look nice. Maintain the street landscaping
739	Sister City Exchange Program



Field summary for C2

Other comments:

Answer	Count	Percentage
Answer	137	18.82%
No answer	382	52.47%
Not completed or Not displayed	209	28.71%

ID	Response
7	Why mention the Animal Shelter? It's already been replaced. Legacy Fields is taking too much money from the City coffers.
21	11th St continues to be used as an express way by commuters and is a big reason as to why the downtown area continues to suffer. Use Livermore as an example, make the entire downtown area more family friendly by diverting traffic (In Tracy's case divert traffic to Grantline) and expanding walkways and patio areas in the downtown area. 11th St. needs to condense down to 2 lanes and make it more pedestrian friendly. Call me if you would like to talk more in depth 925-784-3877
30	This Mayor, council and City Manager seem to be on the right path with the 5 point plan. I'd like to see the plan implemented with minimal road blocks. Exercise the voice of the people and get things done yesterday.
31	Turn the airport fuel services over to the local FBO. Get sewage lines and water lines out to the airport. Add another full time employee to the airport for maintenance and upkeep of the airport grounds. Hire an airport manager that has actual airport managing skills. Fix the PAPIs. Install an AWOS-3 system. Install wash racks. Build corporate hangars and a restaurant at the airport. Extend some form of public transit to the airport.
53	There is a growing gap in the PERS funding for pensions which should inform hiring practices.
54	The many of Tracy's community mailboxes have been broken into ... Please do something to insure our mail and identities are not stolen. Also, it's taking them 3 to 5 weeks to get them fix, in the mean time resident have to go to the post office and stand in a long line to pick up our mail.
62	I know it is not a crime to be homeless, however, littering, loitering, camping, and aggressive pan-handling are an issue. I also noticed many suspicious middle aged seemingly homeless men on bicycles that seem to be almost an organized group. I've heard that such groups in Manteca are theft rings.
63	Downtown!
66	Proactive policing should be boosted up about the city. Target rough neighborhoods, gets some badges out there mingling with their citizens and observe. Easier said then done I'm sure.
81	We also need to attract better entertainment to Tracy. We have a wonderful theater--we just need good entertainment there.
85	Measure V should not be used for salaries and pension benefits. That is not why the voters approved it - they did so based on seeing those funds put back into the community in much more tangible and utilitarian projects.
88	A community center along with senior activities could even be connected to building with aquatics center
99	It is up to the city to protect your residents and their property values to keep that train from being a two story eye sore through the center of our town.
103	Should not be used to bail the council out in dealing with budget issues or more employees. This should be done with normal budgeting.
105	Get rid of the homeless people, an embarrassment to the community, one on every corner. Send them to Stockton. If the City can't or won't deal with Long John Silvers, let the citizens know who to contact and maybe they have the power. Welcome to Tracy and see this eyesore that has been there for how many years now??? Way too long!!
106	
114	For the improvement of side walks and roads. Perhaps consider a way to integrate the small pockets of unincorporated residential areas that are adjacent to, or surrounded by the city. Those homeowners will not vote to join the city so long as the city would encumber them with the costs of sidewalks, sewers and city water. But if the city could shoulder that cost, those areas could be integrated and the



	roads / sidewalks brought up to city standards. The narrowing of Corral Hollow and Valpico in those County areas are a bottleneck to traffic, and could use an upgrade in appearance. The residents consider themselves part of Tracy, but aren't legally.
127	Your city water kavanaugh Street drainage pipes under the 205 hwy right into my yard here on Clover Rd.which floods up to my front porch, back porch. Would be nice of you all to figure out a more appropriate direction for your rain water to travel, instead of into the properties who are burden by flood here in the county by your city water.
129	There needs to be something done so much theft going on in this city and the homeless starting to come more from other cities and they litter and some are aggressive.
136	Thank you to Tracy Press FB page for informing us about this.
137	Stop catering to the freeway and Northern residents, help develop business in south Tracy!
150	I went to the city council meeting with pictures of "blight" in my area that is city controlled over 6 months ago and NOTHING has been done about it. Nothing. The broken bench bus bench has still not been repaired, the weeds are still growing, and we have two dead trees in the medium in front of my house. Yes city maintenance is where Measure V should be partly allocated.
152	Dont support and/or pander to the local developers as was done in the 1990's. Follow the people, not the money.
157	This town is backward and blind. New houses are being built all around and our City Council and our Mayor seem to believe that jobs for all these new families are just going to magically appear. We need public officials who will go the extra mile to attract t businesses to this community that can support the new and much larger homes.
158	I would also like to see massive road expansion on 205 getting in and out of Tracy on 205 is a nightmare! If there were more high tech businesses that pay silicon valley salaries in Tracy, it would greatly improve traffic
163	Work on fixing building on central make Tracy more inviting. Talked to to many family that leave town to eat and shop due to not a lot of business and foot places open after normal business hours.
169	We need higher end shopping centers life Whole Foods and Trader Joe's. These buisnesses would thrive in Tracy.
173	Don't waste money on sports fields and senior centers, facilities are not the issue, have more community events festivals , film screenings , farmers markets , etc all year round that's what's makes a small town special not some new baseball field or pool a few people use when it's hot
174	The city should support out schools and teachers and look into the school board and superintendent!! Tracy schools can attract or detract new residents
175	Finish roads. Scholty project way too long. Also why approve all the new warehouse buildings if you don't add more lanes or fix the ones that are deteriorating with all the big rig traffic
181	More entertainment like a David busters
183	Would like to see the city take more responsibility in citing homes with many junk cars parked in their front yards and in the strip's of land between houses. A neighbor has 8 cars, 4 in a driveway that holds 2 cars, car in front of my house on Jack's, missing tires, for weeks now! All other cars usually in front of blocking my address drive way. Never parking in front of their own home or their side street to their house. They use our access driveway to haul their garbage cans to the curb that block my access driveway. They can't use their own driveway because of too many non running cars. They sleep all day and party all night. More city patrols to cite these unruly residents, please.
188	I have been a resident here for 20 years and this town has always held such promise for what it could become. Unfortunately, that is all we ever seem to have - promise. I would like to see some actual movement toward becoming a grown-up city. Make our town a place where people want to spend their time and money. Bring in businesses, bring in retail, bring restaurants, develop entertainment. Please don't make us wait another 20 years on the hope that Tracy will someday fulfill the promise we have shown for so long.
195	Please restore Kellog park in Elissagaray Ranch. We pay so much in property tax (higher than others in town) and our park is sad and broken. It should be restored to the true gem of the city.
205	Need more city officers to cite home owners with multiple cars on lawns, on patches between houses. Environmental hazards can happen from oil leaks, gas leaks, rains that carry the pollutants to the drains.
209	Tracy needs trails for running and biking. You put a bike route in and people run in the bike lane. You go to Livermore or Stockton and there are trails everywhere out of the traffic areas. We have nothing like the trails offered elsewhere.
215	I do not like the items to rank earlier in this survey. The lists to rank included some items that I would not include, even as a low priority, such as "marketing", community signage,



	etc.
232	Stop incessant building in Tracy. Preserve the farmland and open spaces.
233	The plan should have been in place prior to the tax being on the ballot.
243	The city council needs to work harmoniously to make Tracy a place where its residents want to stay. In the past year my neighbors have left to be closer to their jobs and less savory elements have replaced them. It is so sad to see so many neighborhoods declining.
244	Measure V should be used exclusively to fund new amenities and programs not existing amenities/programs
247	Measure V should be used exclusively to fund new amenities and programs not existing amenities/programs.
260	Next is family entertainment
266	Our city is in desperate need of LOW INCOME housing. We have a beautiful new apartment complex by winco, but the prices are ridiculous. I have had 3 friends want to relocate to Tracy, but be unable to due to the lack of low income housing, partnered with the lack of high paying jobs in our city.
270	REPEAL MEASURE V
	SIC SEMPER TYRANNIS
271	The city should add staff to the Grand Theatre Center for the Arts. No where in the above survey was that an option. Creating more opportunities to enrich young and old should be a top priority.
282	This survey will likely carry little statistical relevance. I can take it as many times as I want, there's no engineered randomness to who is presented with the survey, and the options are limited and grouped in such a way that the results will no doubt be skewed. The results will not be an accurate representation of public opinion, but will no doubt be represented as such to further political ends. If this is to be taken seriously, publish the survey's methodology and report margin of error with the results.
290	I'm not yong nor old but one thing I do see a lot is lots of money being use in the side effects of not paying attesion and investing in education, prevention. Invest in educatio and less money will be spent in forgiveness. Let's teach what's important. Education, values, work ethics, leadership, finance, how to prevent,....
303	I really like Tracy but there is still a lot of work to be done. We really need to be attracting more high-tech jobs to the area so we don't have so many commuters driving to the South Bay. It is frustrating to see so many warehouse jobs available but nothing in the high-tech field. I feel as though we only have giant warehouses being built in this town. We also have a ton of new family is in this town and it would be nice if there were more places for families to take their children to be entertained on the weekends instead of having to drive to surrounding cities such as Stockton, Modesto, and Pleasanton. It would be nice to be able to spend the money in our own town. I always try to support our local businesses. I wish we had better stores in the mall as well. Modesto's Vintage Faire Mall is always extremely busy. It would be nice to see the same thing at our West Valley Mall.
306	EX: Lamers Road-So. of Kimball High Kids walk within inches of cars going 50 miles per hour. Every day we wait out kids are at risk. We can't afford to wait!!! The City, County and School are aware of the danger but still allow exposure to this hazard.
310	If Tracy Tritons has been around for 55 years, why hasn't the city build them a competition style pool for them to use and compete in. And why is so difficult to get it built. Dublin is doing it, no problem.
313	There still aren't enough businesses serving southeast Tracy. Many of these residents must drive across town to do their shopping. The intersection at Valpico and Corral Hollow is getting worse & needs to be addressed soon.
314	Please address homelessness and blight.
315	Added features that are being discussed need to be put second after existing infrastructure repairs and upgrades are completed not before. New features being considered need to be looked at for upkeep costs when deciding.
324	Too many options to rank in each category. Plus, the boxes kept moving and my ranks kept getting renumbered. That can end up giving false information for those who don't go back through and reshuffle. I'd rather chosen the top 5 per category as I think others have no weight verses a lessor weight in ranking.
326	Facilitate city services to be fair and consistent when it comes to dealing with the public.
333	Those against Measure V argued that the city has enough money and didn't need another Measure like E. So be it.
338	Would like to see more business and restaurants on the south end of Tracy, Valpico area. There's just too much of everything still going on in the Naglee area. Tracy is growing and



	we have to spread the wealth to other parts of the city. Better access to hwy 5 and hwy .580
352	Trader Joes, Whole Foods or Sprouts! Lots of people travel to Dublin to do their shopping.
355	It would help the prioritization of services, facilities, etc. if there was some indication of associated costs for each item.
357	City leadership should be more willing, helpful and interested in working with the community that pays their wages!!!
362	Is the City of Tracy above the law and tax collection is more of a priority than the safety and security of its residents.
366	Thank you for the opportunity to give my opinion. I look forward to Tracy becoming a better and better place to live.
367	Funding existing programs like police, roads and maintenance should be funded through the general fund and not temporary tax ballots
378	City staff should be reevaluated and should have income comparable to the average middle class citizens of Tracy. There is no reason for them to have above and beyond when they don't do their jobs.
385	We need to support our kids specifically summer programs i.e. swim teams etc.
391	No salaries should be used with this money.
393	I would like to see a New Senior Center.
	Bring back Barnes & Noble or expand and update public library.
	Would love a Trader Joe's grocery store so we don't have to spend our \$\$\$ in Livermore, also improve our variety of restaurants here, so we don't have to go outside Tracy.
410	Currently seniors are turned away from services on a regular basis. Facility is inadequate for population. Too small, not proper for specific uses.
	Some of the choices seem heavily weighted for public safety only and is for seniors.
	Survey seems to "direct" choices to public safety. Ex. pg.4- 1st choices are public safety!
411	Actually let the seniors have the existing community center and build a bigger better community center with better parking and more space- weekend rentals of these buildings would be a good constant revenue.
	temporary funds should not be used for salaries- i.e. "we want more personnel in fore and police but we should use this money for more fire trucks or upgrading facilities."
412	Code enforcement and clean up of the blighted areas of our town.
420	And another dog park, and trails to take hikes.
433	your wasting time,resources and money on Legacy Field and on an aquatic center when your focus should be more on getting better paying jobs in town so that we don't all have to commute to the bayarea to work.
436	New Phone # where people can call when City Hall is Close (24 hrs. number)
440	I trust the city is paying close attention to our protection (Police, Fire, EMT..) services as we look to the future (tomorrow & beyond) so that our developmental goals walk in tandem with the needs to support the vision. I also trust the city is carefully considering the broad scope infrastructure requirements of the next 20-50 years as Tracy develops and matures and we are employing the proper 3rd parties to analyze, evaluate & prioritize the area needs rather than relying on the court of public opinion.
441	The Tracy loves kids idea was awesome and a great way to build community. With so many commuters, the more we can do to help families feel like they are part of the community they live in, the better.
444	The empty lots where buildings have been demolished need to be addressed. Cyclone fences and weeds along 11th. The "Historical " District is slowly being destroyed.
451	Thank you for letting us participate!
453	We have many great dining options now and need to focus on giving our residents a variety of options of things to do in town. Today they travel to Dublin, Stockton, Modesto, etc. and spend their money on entertainment there. This is truly what is keeping us from being ahead of every other city around us.
457	Safety in the city homelessness, gang suppression, should be top priority.
460	I believe in Tracy!
466	Now.
474	I believe that tracy can be a great city. Our elected officials need to think about how do we make tracy a desirable place to live. I hope our council will be able to shake the label as tracy being a bedroom community. We should be a city where people want to live and work here. Build parks, green belts and trails. Build aquatic centers and sporting fields that bring in people from all over. Look at pleasanton and their sport parks. Why reinvent the wheel. Look at what easy bay cities are doing. Stop wasting the money on building schools and fancy city buildings. Also, the maintenance on our landscaping is rediculous. How can we be a nice city when nobody has cut our grass and trim the bushes. Come on! We are Tracy and start thinking inside the triangle!



477	Maybe recruiting family oriented business to come here and restaurants to help generate ongoing \$\$\$ plus utilize Code Enforcement more in older part of town to get funds going while cleaning up area.
478	We need to build more amenities that will keep residents \$ in Tracy.
497	We need to find a way to communicate with more of the citizens whether it's on Facebook or I'm not sure since we only get the Tracy Press once a week and not everybody reads it the last survey that you sent out came right before the holidays I believe that's why you did not get that large of a response
505	I love living in this city but it would be nice to see it concerned about existing areas.
517	For public transportation, let's get creative for Bay Area commuters
520	I love tracy and hate to drive to cities for family activites.
531	Attract quality retailers to the mall to keep dollars in Tracy. Do something about the derelict buildings especially those along routes into the city. Long John Silver's is long gone, but the boarded up building is right there at the Central Tracy exit.
535	What about the Mall? Bring in some quality stores, it would be nice to shop in town at the mall, instead of going to Pleasanton. Consider expanding it or adding a second level. this would attract better stores.
539	I simply cannot believe the measure V passed in the first place ! SURE ! Do I really want to pay more taxes ! Get Serious !
544	Take a look at dublin, pleasanton, San ramon and now even livermore, we are behind on providing for the residence of tracy. Please take away those ugly banners and flags you see on the car lots on grantline, have them update their look.
546	Aquatic play structure
548	We NEED to bring jobs and businesses to Tracy if we want to comfortably expand our city.
557	We need to clean up the area - graffiti and crime so that groups are excited to come here for things. This will help our overall life here in TRacy.
568	NO affordable housing since this causes increase in crimes.
570	We need a Trader Joe's. Please?
572	Thanks for all you guys do! The chief is great and all the officers I have personally met are doing a great job. It is a hard and thankless task. Thanks for the training you take as well as the risks. (Maggie Willis)
576	I think its a great idea to supply city staff with tools(funds) to negotiate with businesses we are seeking to attract. The sweetening the deal for highly sought out organizations benefits the city in the long run. As a city with a bad rep for business relations and attraction, we need to be more mindful about being so focused on regulations with less focused on accommodations. Let staff do their jobs and let businesses run their business. Guidelines to maintain structure and progression and micro management are 2 different things, and people react to how they are treated (value vs undervalue).
578	Tracy is becoming expensive when it comes to housing and I don't see why because Tracy is boring. there is nothing fun to do here and developers are already charging extreme amounts for rent in apartments that are almost more expensive than Los Angeles, where you have 1 million things to do. Tracy's not gonna move up if we keep charging so much friend and not actually offering enough amenities for the citizens that live here. People work across the Altamonte because it's for the better paying jobs and they were a lot more stuff to be entertained with concert places night clubs things that use for people actually want to do. Maybe spend some time attracting things that people actually want to do
592	Need to hold meetings like the measure V one later in the evening to allow folks to get home. Instead of using consultants info could be put into water bills so that you are targeting a better percentage of the folks who live in Tracy. Let's finish what we have started Legacy Fields, Animal Shelter)before we move on to new projects.
594	youth program could be merge with the homeless outreach, they could help each other out. WE NEED A PUBLIC TRACK FOR RUNNING WITHOUT FEELING LIKE WE ARE GONNA GET RUN OVER ON THE STREETS WITHOUT SIDEWALKS. street bikes"10 speeds" need a brake light, blinkers to be on the road with the cars as well as obeying the traffic laws. they always run the stop signs and red lights. please get rid of all the hair salons downtown and add more restaurants and family friendly attractions as well as after hour night life. add stores on linne rd such as Lowes or homedepot as well as more stores, high school.
603	Great job so far on Legacy Fields, hope the project gets finished up, I have a 5 year old



	and 8 year old playing baseball out there and the place is awesome!
604	Also the one public pool is way to small for Tracy. Tracy could use a large aquatic center with aquatic programs for youth, adults and seniors.
610	Bike trails that don't include vehicle traffic
615	Rebuild the road on south Tracy blvd between Linne Rd and the Tracy water facility.
617	add a citizen oversight board to oversee Measure V funds and expenditures. Annual report to citizens.
618	Need to have places in town where adults can go and dance and have fun - downtown would be great.
622	I lived in Tracy in 1999 and I remember that they had a group of volunteers that would patrol the area to prevent graffiti and theft. Tracy was really charming. I know that the world has changed, however I don't feel that we should give up on our town.
	Tra
625	Or a community garden with different activities aimed at different groups like youth gardening or senior gardening etc.
632	Seniors are most interested in how this Measure V money will be spent and we will be paying close attention to your decisions.
636	n/a
637	I would like to see the City Council budget funds to support the Sister City Assoc of Tracy to continue the 8th grade exchange program.
647	There are many up and coming millennials graduating from college. If you can establish incentives/ assistance for this demographic. Keeping this up and coming age group will best serve Tracy in the long run. The need for reasonable housing, well paying jobs, and investment back into the city by this group.
648	We a chick filA don't you say! Attract new business back here lost our outlets shopping!
653	Ultimately I would like to see the support for new businesses and enhancement efforts for down town. Along with the supporting infrastructure and development to invite/promote the growth of these efforts. There is almost nothing to do in this town other than go to the dying mall we have or the movies. If we want to retain residency and encourage people to support local businesses there needs to be an effort to effectively communicate and invite the people to invest in their community.
669	I would love to see more high paying jobs locally. Families are having a hard time living here. We need Tech jobs over \$80k annually. My husband makes \$118, 000 and can't find a tech support supervisor job here for more than \$60,000. It's hard for us to stay. We need a full University Campus including dorms for Notre Dame with a big tech/sciences department to support and connect the Valleys.
676	Recycling should be far more of a priority, as well as animal protection. The charge on plastic bags is already a huge improvement - more in this direction wouldn't go amiss.
680	Improve Central Avenue in Downtown and add more restaurants and Starbucks. Add new stores; Trader Joe's, Whole Foods.
682	We need to have a city council who can work together for the people of the city. They are too disfunctional and do not get the important itmes done. This has been going on for a # of years
683	Slow growth until traffic congestion can be improved.
688	Retail/Restaurant Request: please expand Macy's (more shoes and clothing), want Red Lobster (or seafood restaurant)
689	No more parks needed.
691	Thank you for listening. I heard you have plans for this!
695	calpers MUST be included in spending as calpers has increased.
696	This new revenue should NOT be used to further increase public safety or executive management compensation which is already extremely generous.
705	Downtown parking is atrocious and some form of parking enforcement should be considered within the police department
712	I am skeptical that this survey will reflect what the general public would do with the funds unless they were well educated on the situation and options. City needs to take a conservative approach to spending especially with CalPERS debt looming.
720	Whatever ultimately gets funded with the Measure V funds, I hope that the City endeavors to use the funds wisely to make the biggest impact on our community and continue to make this a great city to live in (and working in wouldn't be bad either).
723	We don't need an large Aquatics Center. If swim clubs want one they should build it themselves.
724	Tracy needs a safe/happy outdoor gathering location for all ages. A special location where on a Sunday afternoon all can enjoy a walk, music, eats, ice cream,and such. Other cities



	have a wharf or a pier as the focal point, but Tracy has none. Maybe we could emulate older countries where the center would be "La Plaza". We could make this a place to be proud of and be a part of our city identity!
726	None.
732	Removing the ban on medical marijuana growing per city ordinance. Allowing businesses to grow and be taxed creating new tax revenue for the city. We are behind the times, and should be more progressive concerning marijuana it offers many tax revenue options and is now legal in the state. Marijuana is not going anywhere. The city can either profit from it or be left behind.
733	Thank you
734	This city has the same potential that Pleasanton or Livermore had in their time. They now are thriving cities, with booming downtowns that continue to thrive. We are only 20 miles to Livermore and most people in the Bay Area think we are hours into farmland, which is simply not true. Let's change that perception and work to become a go-to city. I bought my house close to downtown twenty years ago because I felt that there was so much potential and so many improvements have already been made; it's just slow moving improvements. Thanks to the city, though, for all the hard work - there is still much to do!
736	biggest issue is the CALPERS funding

RESOLUTION 2019-_____

APPROVING MEASURE V PROJECT PRIORITIES AND FUNDING ALLOCATIONS

WHEREAS, at the general municipal election in November 2016, the City submitted Measure V, a twenty-year half-cent transactions and use (sales) tax, to provide funding for local city services/facilities. The voters approved the revenue measure (63.67% voter support) and the tax began on April 1, 2017, and

WHEREAS, on October 30, 2017 Council prioritized Measure V projects (Aquatics Center, Legacy Fields, Multi-Generational Recreation Center ("Multi-Gen Rec Center"), Library and Ritter Family Ball Park) and committed 50% of all Measure V funds for debt to finance these amenities (Legacy Fields \$10 million; Aquatic Center \$30 million; Multi-Gen Rec Center \$40 million), 25% to pay-as-you-go amenities and 25% to operating and maintaining these amenities, and

WHEREAS, on March 6, 2018 Council approved major community amenity projects to be funded by Measure V and allocated Measure V funds in the amount of \$4 million (planning and design for the Multi-Gen Rec Center), \$1 million (design for Aquatics Center) and \$1.5 million (design for rest of Phase 1 at Legacy Fields). The Multi-Gen Rec Center is officially added to the Capital Improvement Plan Budget and the Parks Planning and Development Manager position is established. Council approved a construction contract to construct Phase 1C of Legacy Fields. This included an appropriation of \$3.66 million from Measure V (project is now completed). Council also approved a design contract to complete design for the rest of Phase 1, with \$1.5 million in Measure V funds allocated for that work, and

WHEREAS, on July 17, 2018 Council awarded construction contract to renovate the Lolly Hansen Senior Center, which included over \$950,000 in committed Measure V funds. This facility is now open, and

WHEREAS, on March 5, 2019 Council provided staff direction to fund Measure V projects using cash (pay go) in lieu of debt financing, and

WHEREAS, on April 16, 2019 Council approved a construction contract to construct Phase 1D of Legacy Fields. This included an appropriation of \$4.9 million from Measure V funds, and

WHEREAS, on May 21, 2019 Council approved transferring the deed restrictions at the old antenna farm (previous site of Legacy Fields) to Legacy Fields. This included a purchase of 300 acres at Legacy Fields from the Wastewater Fund using the General Fund (\$1.83 million Measure V) (Resolution 2019-104). Council further directed staff to return with options to pay over time (loan with interest) or within 1 year, and

WHEREAS, on November 5, 2019 Council provided direction to Surland Communities, LLC and staff to develop a final conceptual plan for an Aquatics Center for a not-to-exceed amount of \$65 million, which included a \$55 million commitment from Measure V funds, and

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Tracy hereby confirms Measure V project priorities and approves funding allocations, and in accordance with this resolution.

* * * * *

	Amount
Aquatic Center	\$55M
Multi-Gen Rec Center	\$40M
Pay-As-You-Go Projects	\$2M/annually
Operations & Maintenance	\$2M/annually

The foregoing Resolution 2019-_____ was passed and adopted by the Tracy City Council on the 19th day of November 2019, by the following vote:

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

MAYOR

ATTEST:

CITY CLERK

AGENDA ITEM 3.G

REQUEST

ADOPT COUNCIL MEETING PROTOCOLS AND RULES OF PROCEDURE

EXECUTIVE SUMMARY

The City Council last adopted "Procedures for Preparation, Posting and Distribution of Agenda and the Conduct of Public Meetings" in April 2015 by Resolution No. 2015-052 (Attachment A). During Council's development of a Code of Ethics last fiscal year, Council expressed a desire to update these procedures to ensure Council meetings are conducted in an efficient and transparent manner.

On October 15, 2019, Council held a workshop to discuss the Council Meeting Protocols and Rules of Procedures ("Protocols") and provided direction to staff. Staff has revised the Protocols in accordance with that direction and now presents them to Council for further review and approval.

DISCUSSION

During Council's review of a Code of Ethics last fiscal year (FY 2018-2019), Council expressed a desire to update their Council meeting procedures to ensure Council meetings are conducted in an efficient and transparent manner. On July 16, 2019, the City Manager and City Attorney presented a proposed work plan to Council regarding various items relating to the Grand Jury's report, which included the presentation of these Protocols to Council on October 15, 2019.

Government Code section 36813 authorizes legislative bodies to establish rules for the conduct of their proceedings. These rules must comport with the Ralph M. Brown Act ("Brown Act"; Government Code sections 54950 et seq.) which applies to all meetings of "legislative bodies" within California, including the Tracy City Council and advisory boards and commissions.

A Council workshop was held on October 15, 2019 during which Council provided feedback and direction to staff about the proposed Protocols. The Protocols have been amended to be consistent with the direction given at that workshop. (Attachment B). The following sections were revised:

- Section 2.3: Re-ordered sentences.
- Section 3.4.2: Added citation to Government Code regarding remedies for violating the confidentiality of closed session discussions.
- Section 4.3.1: Added language about limiting discussions regarding placing items on the agenda to only two Council members if occurring outside of a Council meeting.
- Section 5.7.1: Changed maximum time limit for per speaker to five minutes and added a new Section 5.7.1.1 regarding the maximum time allowed per speaker being reduced to three minutes if there are more

than 15 people wishing to speak on any agenda item. Similar change made to Section 5.8.

- Section 5.14.1: Added clarifying language encouraging Council to disclose the reason for an abstention prior to Council engaging in discussion on that item.
- Section 6.1: Added clarifying language regarding items that are within the Council's subject matter jurisdiction.
- Section 6.4: Adding citation to Penal Code section 403 regarding disruptive conduct at a public meeting.

Other changes made by staff include removing the summary of motions under Rosenberg's Rules of Order as an appendix and fixing typographical errors. The summary of motions document ("cheat sheet") will be prepared after a training is held on Rosenberg's Rules. That training will be open to Council and all boards and commissions.

Staff requests that Council review and adopt the revised Protocols and also rescind Resolution No. 2015-052.

STRATEGIC PLAN

This is a routine operational item and is not related to any of the Council Strategic Plans.

FISCAL IMPACT

There is no fiscal impact.

RECOMMENDATION

That the City Council adopt, by resolution, the proposed Council Meeting Protocols and Rules of Procedure and rescind Resolution No. 2015-052.

Prepared by: Leticia Ramirez, City Attorney

Reviewed by: Adrienne Richardson, City Clerk

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

A – Resolution No. 2015-052

B – Proposed Council Meeting Protocols and Rules of Procedure

C - Rosenberg's Rules of Order

RESOLUTION 2015-052

RESCINDING RESOLUTION 2015-012 AND
ESTABLISHING UPDATED COUNCIL POLICIES AND PROCEDURES

WHEREAS, On January 20, 2015, the Tracy City Council adopted Resolution 2015-012 which revised the City Council Procedures for Preparation, Posting and Distribution of Agenda and the Conduct of Public Meetings ("City Council Policies and Procedures"), and

WHEREAS, On April 7, 2015, the City Council amended the City Council Policies and Procedures to establish a new policy for Council Member requests for matters to be discussed by Council.

NOW, THEREFORE, BE IT RESOLVED, that the City Council rescinds Resolution 2015-012 and adopts the Procedures for Preparation, Posting and Distribution of Agenda and the Conduct of Public Meetings attached as Exhibit "A."

The foregoing Resolution 2015-052, was passed and adopted by the Tracy City Council on the 7th day of April, 2015, by the following vote:

AYES: COUNCIL MEMBERS: MITRACOS, RICKMAN, VARGAS, YOUNG, MACIEL

NOES: COUNCIL MEMBERS: NONE

ABSENT: COUNCIL MEMBERS: NONE

ABSTAIN: COUNCIL MEMBERS: NONE


MAYOR

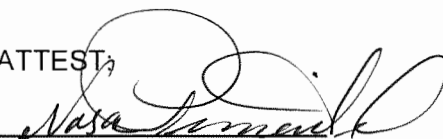
ATTEST:

CITY CLERK

EXHIBIT A

PROCEDURES FOR PREPARATION, POSTING AND DISTRIBUTION OF AGENDA AND THE CONDUCT OF PUBLIC MEETINGS

(Exhibit "A" to Resolution No. 2015-052)

Applicability

The procedures outlined below relating to the preparation, posting and distribution of agendas apply to the City Council, the Successor Agency to the Community Development Agency, the South County Fire Authority, the Public Facilities Corporation, the Tracy Operating Partnership Joint Powers Authority, and all City Boards, Commissions, and Committees. The procedures outlined below relating to the conduct of Council meetings apply only to the City Council. All City Council meetings shall be open to the public; however, the City Council may hold closed sessions as authorized by state law.

A. Preparation, Posting and Distribution of Agenda

Purpose of Agenda

The agenda process serves four purposes:

- As a communication mechanism, the agenda informs City staff, City Council, the public and the press.
- As a compliance mechanism, the agenda process ensures compliance with mandated state laws.
- As a decision-making mechanism, the agenda process regularly brings City business to the City Council for consideration and action. Agenda items should contain enough background information so City Council can obtain a full understanding of the issues. The agenda item should conclude with a staff recommendation so City Council has the benefit of staff input prior to making a final decision.
- As a historical reference that can be kept as a record of proceedings and actions as needed for future actions and/or litigation.

Agenda

As set forth above, the purpose of the agenda is to provide a framework within which Council meetings can be conducted and to effectively implement the approved Council programs, goals and budget. Staff shall work within the policies established by Council and not place matters on the agenda that are outside the scope of existing work programs and priorities except as approved by a majority of the Council, or matters necessary to the proper operation and well-being of the City.

The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting.

Procedures for Preparation, Posting and Distribution of Agenda
and the Conduct of Public Meetings
Page 2

Distribution of Agenda

At a minimum the posting and distribution of all agendas shall be done in accordance with the Ralph M. Brown Act ("Brown Act") (California Government Code sections 54950 et seq.). Agendas for regular meetings shall be posted 72 hours prior to the meeting; special meeting agendas shall be posted not less than 24 hours prior to the meeting. All agendas shall be posted in the following locations: City Hall, the library, the City's website, and other locations as may be required by a particular Board or Commission's Bylaws. Posting of agendas at City Hall shall be the official location for purposes of Brown Act compliance.

The agenda packets are provided to City Council Members on the Thursday (or Friday) prior to City Council meeting. Distribution to the staff, public and media shall occur immediately after distribution to the City Council. The City will provide, by mail, a copy of the agenda cover sheet and the specific item relating to any individual and/or company which has an item on any given Council agenda.

Agenda subscriptions are available from the City Clerk's Office, 333 Civic Center Plaza, Tracy, (Tel: 209/831-6105). Copies of the agenda, and of individual agenda items, are available at costs established in the City's Master Fee Schedule. Copies of the agenda are also available at the Library and the agenda is posted on the City's website www.ci.tracy.ca.us.

Public Access to Written Materials after the Agenda has been Posted or Distributed at Council Meetings

On occasion, Council may receive written materials either after the Agenda has been posted or at a Council meeting. These written materials are typically related to an agendized item or handed out during Items from the Audience. Upon the Council receiving these written materials they become a public record. For materials related to an agendized item, a copy will be kept on file at the City Clerk's Office and will typically be posted on the City's website under "Materials Distributed at Council Meetings" 48 hours after the Council meeting.

B. Conduct of Council Meetings

Council Meetings

Council meetings are held on the first and third Tuesdays of the month, unless the meeting date falls on a holiday as defined in California Government Code Section 6700. No meeting shall be held on such a holiday, but a regular meeting shall be held at 7:00 p.m. on the next business day thereafter, as required by California Government Code Section 54954. Special meetings are scheduled as necessary.

Council meetings are broadcast live on Channel 26. Reruns of the preceding Council meeting are shown every Wednesday at 8:00 p.m. and every Saturday at 9:00 a.m. on Channel 26. Videotapes and DVD recordings of City Council meetings are available at costs established in the City's Master Fee Schedule.

Order of Business

The suggested order of business of Council meetings shall be as follows. However, the City Manager may make exceptions to the order as needed.

1. Roll Call
2. Pledge of Allegiance
3. Invocation
4. Proclamations and Awards
5. Consent Calendar
6. Items from the Audience
7. Continued Public Hearings
8. New Public Hearings
9. Regular Items including Introduction and Second Readings of Ordinances
10. Items from the Audience
11. Staff Items
12. Council Items
13. Adjournment

The regular order of business may be changed or suspended for any purpose at any particular meeting by the Mayor.

The Council may determine whether it will consider any new items after 11:00 p.m. and shall determine which specific items will be considered. If an item is continued due to the lateness of the hour, the item shall be automatically placed on the agenda for the next regularly scheduled City Council meeting unless otherwise scheduled by motion action of the Council.

Consent Calendar

All items listed on the Consent Calendar are considered to be routine matters 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 members of the City Council, City staff or the public request discussion on a specific item at the beginning of the meeting.

Public Access/Items from the Audience

It is the policy of the City Council that members of the public be allowed to address the Council on any agenda item or other matter within the Council's jurisdiction. Each member of the public will be allowed a maximum of five minutes for public input or testimony. At the Mayor's discretion, additional time for testimony may be granted. The Mayor shall request that individuals addressing the Council state their names and addresses for the record, to ensure accuracy in the minutes and for contact information. An individual's failure to state his or her name or address shall not preclude the individual from addressing the Council. The public shall be given an opportunity to speak on "Items of Interest to the Public." Agendas for regular meetings will have two opportunities for "Items from the Audience." The first opportunity will be limited to a 15-minute maximum period. The second opportunity will not have a maximum time limit. The five minute maximum time limit per speaker will apply to all "Items from the Audience." The City Clerk shall be the timekeeper.

Non-Agendized Items (Items from the Audience and Council Items)

No matters, other than those on the posted agenda, shall be acted upon by the Council. However, items may be added to the agenda (such as emergency matters) as permitted in the

Brown Act. Brief announcements, brief responses or questions for clarification, may be made to statements or questions raised on items not on the agenda.

Action on any item not on the agenda shall be deferred until the item is properly listed on the agenda for a subsequent Council meeting unless added due to an immediate need if permitted under state law.

Council Member Request for Matters to be Discussed by Council

Council Members wishing to have a matter discussed by the City Council may request that it be placed on a future City Council agenda during a Council meeting, under "Council Items," or by contacting the City Manager, or his/her designee, via telephone, email, or in person. Upon the request of a Council Member, the item will be placed on a future City Council agenda as long as one other Council Member concurs with the request. The City Manager will determine when to place the item on a future agenda based on time necessary to complete the research and staff workload considerations and the effect on City Council established priorities.

Members of the Public - Request for Agenda Items

When a member of the public raises an item at a Council meeting which requires attention, such items shall be referred to staff for follow-up. If the requesting member of the public is not satisfied with staff's response to his/her question, the member of the public may request a Council Member to sponsor his/her item for discussion at a future Council meeting. In such cases, the sponsoring Council Member shall follow those procedures described under "Council Member Request for Agenda Items." Placing an item from a member of the public on a Council agenda does not imply or guarantee a decision or action different from that taken by staff in the initial follow-up to the question or request.

Public Hearings

Public hearings are required for a variety of City Council actions such as most changes to the Tracy Municipal Code, zoning revisions, some annexations, street vacations, weed abatement, liens, fee increases, etc. Whenever the law provides that publication of a notice shall be made, such notice shall be published in a newspaper of general circulation for the period prescribed, the number of times, and in the manner required. Each speaker will be allowed a maximum of five minutes for public input or testimony. At the Mayor's discretion, additional time for testimony may be granted. The City Clerk shall be the timekeeper.

Presentations to the Council

Letters and written communications: Speakers are encouraged to submit comments in writing at the earliest possible time to ensure distribution to Council and other interested parties. Letters submitted with a request that they be read into the record will be done so only upon a request of the majority of the Council.

PowerPoint (or similar): Staff and members of the public who wish to make PowerPoint, Video or similar presentations to the Council will utilize the City's audio/visual equipment. Staff and members of the public are required to provide the City Clerk's Office with the DVD/CD/Video (or email copy) of the presentation no later than 24 hours prior to the Council meeting.

Additionally, eight hard copies of the presentation material shall be provided to the City Clerk's Office for inclusion in the record of the meeting and for distribution to Council, City Attorney and City Manager.

Americans with Disabilities Act

The City of Tracy is in compliance with the Americans with Disabilities Act and will make all reasonable accommodations for the disabled. To allow for such reasonable accommodations, persons requiring assistance or auxiliary aids to participate at a City meeting, should contact the City Manager's Office at (209) 831-6000 at least 24 hours prior to the meeting.

Workshops

The purpose of a workshop is to inform the policy body on complex issues. Workshops provide an opportunity for the Council to review documents and request additional information. However, no final Council action shall be taken during the workshop on workshop items.

Procedure for Invocations

Any member of the public who wishes to offer an invocation prior to the opening of a regular City Council meeting shall contact the City Clerk. The City Clerk shall select a mutually agreeable City Council meeting date for the invocation.

Minutes

The City Clerk's office shall be responsible for the preparation and distribution of the Council minutes. The minutes shall include a public report on any action taken and the vote or abstention on such action of each Council Member present for the action. Unless a reading of the minutes is requested by a Council Member, the minutes may be approved as a Consent Calendar item.

No minutes or written record of closed sessions of the City Council shall be kept, except as required by state law or as directed by the majority vote of the City Council. The Council shall report at a public meeting any action taken in closed session, as required by Government Code Section 54957.1.

The City Clerk shall include a report on posting of the agenda in the minutes.

Rules of Decorum – Enforcement

While the Council is in session, all persons shall preserve the order and decorum of the session. The standards of order and decorum shall be governed by common sense. Any person who disrupts the orderly course of the meeting is guilty of an infraction and may be called out of order by the Mayor and barred from further participation during that session of the Council in accordance with the Brown Act and the California Penal Code.

(Exhibit "A" to Resolution No. 2015-052)



COUNCIL MEETING PROTOCOLS AND RULES OF PROCEDURE

Adopted by Resolution No. 2019-_____

City of Tracy – Council Meeting Protocols and Rules of Procedures

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City of Tracy – Council Meeting Protocols and Rules of Procedures

Section 1 –Purpose and Applicability

1. Purpose and Applicability

- 1.1. The purpose of these Council Meeting Protocols and Rules of Procedures (“Protocols”) are to provide clear guidelines to assist the City Council, staff and the public to conduct meetings in an efficient and transparent manner and in accordance with the Ralph M. Brown Act (“Brown Act”; Government Code sections 54950-54963) and all applicable laws.¹ These Protocols are adopted pursuant to Section 36813. In the event of a conflict between the Brown Act and these Protocols, the Brown Act shall control.
- 1.2. These Protocols shall apply to the City Council, the Successor Agency to the Community Development Agency, the Tracy Public Facilities Corporation, the Tracy Industrial Development Authority, and all City Boards, Commissions, and Committees.
- 1.3. Suspension of Protocols. Any rule set forth herein may be suspended by a supermajority vote of Council.
- 1.4. Review and Changes to Protocols. These Protocols shall be reviewed by December 31st of every odd numbered year. A majority vote of the Council shall be necessary to amend these Protocols.
- 1.5. A copy of these Protocols shall be available for public review at the City Clerk’s Office and City’s website (www.cityoftracy.org).

¹ All references to statutes are to the California Government Code unless otherwise specified.

City of Tracy – Council Meeting Protocols and Rules of Procedures

Section 2 –Duties (Roles and Responsibilities)

2. Roles and Responsibilities' at Council Meetings

- 2.1. Mayor. The Mayor is the Presiding Officer of all meetings of the Council. The Presiding Officer is the primary, but not the only, person responsible for ensuring that the Council, staff, and members of the public adhere to these Protocols during Council meetings. (Section 36802). The Chair of a City board or commission shall act as the Presiding Officer.
- 2.2. Mayor Pro Tem. The Mayor Pro Tem shall serve as the Presiding Officer in the absence of the Mayor. Upon arrival of the Mayor, the Mayor Pro Tem shall immediately relinquish the role of Presiding Officer at the conclusion of the business then before Council. (Section 36802) The Vice Chair of a City board or commission shall act as the Presiding Officer in the absence of the Chair.
- 2.3. Council. **All members of Council shall comply with the Council Code of Conduct at meetings. Newly elected Council members shall be sworn in and seated at the first regular Council meeting after receipt of the certified election results from the County Registrar of Voters.**
- 2.4. Sergeant-at-Arms. The Sergeant-at-arms is the law enforcement official charged with maintaining security during meetings of the Council. The Sergeant-at-arms of the Council shall be a police officer assigned by the Police Chief. There shall be at least one member so assigned and present at each meeting of the Council. The officer shall maintain order and enforce the orders of the Council and Presiding Officer.
- 2.5. City Manager. Pursuant to the Council-Manager form of government established by Chapter 2.08 of the Tracy Municipal Code, the City Manager sets the Council agenda and once published, may withdraw an item(s). The City Manager may consult with the Mayor regarding the development of the agenda.
- 2.6. City Clerk. The City Clerk shall attend all meetings of the Council unless excused. The Deputy City Clerk shall attend Council meetings in the City Clerk's absence. The City Clerk shall record, prepare, and maintain the official records of the Council and perform other duties as directed by the City Manager. (Section 36804)
 - 2.6.1. Minutes. The City Clerk's office shall be responsible for the preparation and distribution of the Council minutes. The minutes shall include a public report on any action taken and the vote or abstention on such action of each Council Member present for the action. Unless a reading of the minutes is requested by a Council Member, the minutes may be approved as a Consent Calendar item.
 - 2.6.1.1. No minutes or written record of closed sessions of the City Council shall be kept, except as required by state law or as directed by the majority vote of the City Council. The Council shall report at a public meeting any action taken in closed session, as required by Section 54957.1.

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- 2.6.1.2. The City Clerk shall include a report on posting of the agenda in the minutes.
- 2.7. City Staff. City staff shall (a) prepare balanced staff reports and provide accompanying documents on all agenda items in accordance with the agenda preparation schedule; (b) be available for questions from Council in accordance with the Brown Act prior to and during meetings; and (c) respond to questions from the public during meetings only when requested to do so by the Council or the City Manager.
- 2.8. City Attorney. The City Attorney shall attend all meetings of the Council unless excused. The Assistant City Attorney shall attend Council meetings in the City Attorney's absence. The City Attorney shall give opinions upon request from Council, either in writing or verbally, on questions of law. The City Attorney shall advise the Council at meetings on legal issues, including these Protocols.

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Section 3 – Meeting Types

3. Council Meeting Types

- 3.1. Regular Meetings. Regular Council meetings are held on the first and third Tuesdays of the month at 7:00 p.m. at City Hall Council Chambers, 333 Civic Center Plaza, Tracy, California 95376, unless otherwise noticed and as allowed under Section 54954. No meeting shall be held on a holiday as defined by Section 6700. (Section 36805)
- 3.2. Special Meetings. The City Manager, Mayor, or a majority of the members of Council may call a special meeting. (Section 54956). The City Attorney is also authorized to call a special meeting for the sole purpose of convening a closed session in accordance with the Brown Act. (Section 36807)
- 3.3. Workshops. The purpose of a workshop is to inform Council of complex issues and provide an opportunity for the Council to review documents and request additional information. However, no final Council action shall be taken during the workshop on workshop items. Workshops are open to the public and are meetings for the purpose of the Brown Act.
- 3.4. Closed Sessions.
 - 3.4.1. Closed sessions shall be held in accordance with the Brown Act. Non-agendized matters shall not be discussed in closed session. Closed sessions may precede or follow a Council meeting.
 - 3.4.2. All closed session information, verbal or written, is privileged and confidential and shall not be shared with any person not at the closed session. Any member sharing information in violation of this rule may be subject to censure by the Council or other legal remedies as set forth in Section 54963.
 - 3.4.3. The public may speak regarding any closed session item prior to the closed session as required by the Brown Act.
 - 3.4.4. The Presiding Officer shall report out in public session any reportable actions there taken by Council and the vote on such actions in accordance with the Brown Act.
- 3.5. Teleconferenced Meetings. The City Council may hold a meeting by teleconference, meaning a meeting of the Council in which members are in different locations and connected by electronic means, through either audio or video, or both. Any teleconference meeting of the Council must be comply with the requirements under Section 54953, including but not limited to the requirement that all votes taken shall be by roll call.
- 3.6. Emergency Meetings. In the case of an emergency as defined by Section 54956.5, as may be amended from time to time, a majority of Council may call a meeting and dispense

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with the special meeting notice and posting requirements under the Brown Act. Any emergency meeting held shall comply with the applicable Brown Act provisions.

- 3.7. The City Clerk shall ensure that the applicable noticing and posting requirements under the Brown Act are followed for all meetings of the Council.

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Section 4 – Meeting Agendas

4. Meetings Agendas

4.1. Purpose of Agenda. The Council meeting agenda documents serve four purposes:

- To communicate and inform City Council, City staff, the public and the press about City business.
- To comply with mandated state laws.
- To facilitate the decision-making process by including sufficient background information so that the City Council can obtain a full understanding of the issues and staff's analysis and recommendation prior to their consideration and action.
- To serve as a historical reference that can be kept as a record of proceedings and actions as needed for future actions and/or litigation.

As set forth above, the purpose of the agenda is to provide a framework within which Council meetings can be conducted and to effectively implement the approved Council programs, goals and budget. The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting.

4.2. Posting and Distribution of Agendas. At a minimum the posting and distribution of all agendas shall be done in accordance with the Brown Act. Agendas for regular meetings shall be posted not less than 72 hours prior to the meeting (Section 54954.2(a)(1)); special meeting agendas shall be posted not less than 24 hours prior to the meeting (Section 54956).

4.2.1. All agendas shall be posted in the following locations: City Hall, the Tracy Library, the City's website, and other locations as may be required by the bylaws of a particular Board or Commission. Posting of agendas at City Hall shall be the official location for purposes of Brown Act compliance.

4.2.2. Agenda packets are provided electronically to City Council Members on the Thursday prior to a City Council meeting unless technical difficulties occur. If technical difficulties occur, the City Clerk will endeavor to provide Council with hard copies of the agenda as soon as reasonably possible. Distribution to the staff, public and media shall occur immediately after distribution to the City Council. Members of the public may sign up to receive notification that a Council meeting agenda has been posted on the City's website (www.cityoftracy.org). The City Clerk will mail copies of the agenda or particular agenda items to any person submitting a request. (Section 54954.1) Said requests will be valid for one year. Copies of the agenda, and of individual agenda items, are available at costs established in the City's Master Fee Schedule. Copies of the agenda are also available for inspection at the Tracy Library and City Clerk's office. Agendas for Council meetings are posted on the City's website (www.cityoftracy.org).

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4.3. Agenda Item Submission

4.3.1. Council Member Request for Agenda Items. Council Members wishing to have a matter discussed by the City Council may request that it be placed on a future City Council agenda during a Council meeting, under "Council Items and Comments," or by contacting the City Manager, or their designee, via telephone, email, or in person. Upon the request of a Council Member, the item will be placed on a future City Council agenda as long as one other Council Member concurs with the request. In the interest of transparency and Brown Act compliance, Council is encouraged to limit discussions outside of Council meetings about requests to support agenda items to a maximum of two Council Members.

4.3.1.1. The City Manager shall notify the rest of Council when two Council Members request an item to be placed on the agenda. The City Manager will determine when to place the item on a future agenda based on time necessary to complete the research and staff workload considerations.

4.3.2. Other Public Agencies. Agenda items such as presentations and proposals from other public entities must be sponsored for agenda placement by two Council members or the City Manager.

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Section 5 –Conduct of Meetings

5. Conduct of Meetings

- 5.1. Order of Business. The suggested order of business of Council meetings shall be as follows. However, the Mayor may reorder the items unless a majority of Council members object.
1. Call to Order
 2. Roll Call
 3. Pledge of Allegiance
 4. Invocation
 5. Presentations/Proclamations and Awards
 6. Consent Calendar
 7. Items from the Audience/Public Comment
 8. Continued Public Hearings
 9. Public Hearings
 10. Regular Items
 11. Items from the Audience/Public Comment
 12. Staff Items
 13. Council Items and Comments
 14. Adjournment
- 5.2. Call to Order. The Presiding Officer shall take the chair at the hour appointed for the meeting and shall immediately call the meeting to order.
- 5.3. Roll Call. A majority of the members of the Council then in office shall constitute a quorum. (Section 36810)
- 5.4. Invocations. Any member of the public who wishes to offer an invocation prior to the opening of a regular Council meeting shall contact the City Clerk. The City Clerk shall select a mutually agreeable City Council meeting date for the invocation.
- 5.5. Presentations/Proclamations and Awards. This portion of the Agenda is dedicated for presentations, such as proclamations and awards, employee of the month recognitions, board and commission recognitions, and employee swearing-ins, and shall be limited to a 15-minute maximum period.
- 5.6. Consent Calendar. All items listed on the Consent Calendar are considered to be routine matters or consistent with previous City Council direction, such as resolutions confirming action from a previous meeting or the adoption of an ordinance previously introduced by Council. 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.
- 5.7. Items from the Audience/Public Comment. It is the policy of the City Council that members of the public be allowed to address the Council on any item of interest to the

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public, before or during its consideration of that item, that is within the Council's subject matter jurisdiction. (Section 54954.3(a)).

5.7.1. Agendas for regular meetings will have two opportunities for "Items from the Audience/Public Comment." (Section 54954.3(a)). In the interest of allowing Council to have adequate time to address the agenda items of business, the first public comment opportunity will be limited to a 15-minute maximum period. (Section 54954.3(b)). The second opportunity will not have a maximum time limit. **A five-minute maximum time limit per speaker will apply to all individuals speaking during the "Items from the Audience/Public Comment" portion of the agenda.** The City Clerk shall be the timekeeper. Speakers may not concede any part of their allotted time to another speaker.

5.7.1.1. **However, 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**

5.7.2. Each speaker shall avoid repetition of the remarks of the prior speakers, and when speaking under a specific agenda item, shall speak only to that agenda item. 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.

5.7.3. Speaker Cards. 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. (Section 54953.3)

5.8. Public Hearings. Public hearings are required for a variety of City Council actions such as changes to the Tracy Municipal Code, zoning revisions, some annexations, street vacations, weed abatement, liens, fee increases, etc. Whenever the law provides that publication of a notice shall be made, such notice shall be published in a newspaper of general circulation for the period prescribed, the number of times, and in the manner required. Each speaker will be allowed a maximum of five minutes for public input or testimony. **However, in the event there are 15 or more individuals wishing to speak regarding a public hearing item, the maximum amount of time allowed per speaker will be three minutes.** The City Clerk shall be the timekeeper.

5.8.1. Public Hearings for Land Use and Other Matters. The Presiding Officer may designate individuals as the "Proponent/Appellant" or "Opponent" and provide each with additional time for comments and the opportunity to present a rebuttal.

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- 5.9. Regular Items. This portion of the Agenda is for non-public hearing agenda items that require Council action or direction such as status or informational reports from staff and Council requests for agenda items.
- 5.10. Staff Items. This portion of the agenda provides an opportunity for the City Manager, City Attorney, and City staff to provide information of community interest to the City Council.
- 5.11. Council Items and Comments. This portion of the agenda is for each member of the City Council to provide brief reports on any intergovernmental agency meetings, conferences, community meetings, meetings of other legislative bodies, or other events of interest to the community that they attended, as well as meetings attended at the City's expense. This portion of the agenda is also for the City Council to provide guidance and direction to staff concerning items to be included on future agendas and information to be provided in response to questions raised during "Items from the Audience/Public Comment." Under this portion of the agenda, two Council members may request staff to provide information, perform studies, or undertake other action. If the requested action is routine in nature, the City Manager will direct staff to proceed. However, if the request cannot be accomplished within the approved budget or City Council priorities, or if it will involve substantial staff resources, the City Manager will report to the City Council at a subsequent City Council meeting and request further direction. At that time, the consensus of a majority of the City Council will be required to proceed.
- 5.12. Adjournment. If a Council meeting is still in session at 11:00 p.m., the Presiding Officer shall ask the question of whether Council desires to consider any new items after 11:00 p.m. Council shall determine, by motion, which specific items will be considered or continued. City Manager shall inform Council of any time sensitive items. Any item continued due to the lateness of the hour shall automatically be placed on the agenda for the next regularly scheduled City Council meeting unless otherwise scheduled by motion action of the Council.
- 5.13. Non-Agendized Items. The Brown Act prohibits Council from discussing or acting upon any non-agendized matter, unless an exception under Section 54954.2 applies. 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 person; or request that the matter be placed on a future agenda or that staff provide additional information to Council. However, items may be added to the agenda (such as emergency matters) as permitted in the Brown Act. Brief announcements, brief responses, or questions seeking clarifications, may be made to statements or questions raised on items not on the agenda (Section 54954.2(a)(3)). Action on any item not on the agenda shall be deferred until the item is properly listed on the agenda for a subsequent Council meeting unless added due to an immediate need if permitted under state law.

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- 5.14. Voting Requirements. All ordinances, resolutions, and orders for payment of money require a majority vote of the total membership of the Council in accordance with Section 36936, unless otherwise required by state law.
- 5.14.1. It is a best practice that all Council members vote on every item of business unless prevented from doing so by virtue of an actual or potential conflict of law or other valid abstention under applicable laws. **Council Members are encouraged to disclose the reason for that abstention prior to Council engaging in discussion on that item.**
- 5.15. Parliamentary Procedures. Council meetings shall be conducted in accordance with the Rosenberg's Rules of Order: Simple Parliamentary Procedures for the 21st Century unless otherwise specified herein. (Appendix A - Rosenberg's Rules of Order, Revised 2011, as may be amended).
- 5.15.1. Point of Order. Any Council member may ask for a point of order, at which time the Presiding Officer will ask for an explanation. Points of order relate to matters that a Council member considers inappropriate conduct for the meeting, such as the failure to adhere to these Protocols. The Presiding Officer shall rule on matter. Any member can move to appeal the Presiding Officer's ruling, with a second from another Council member. Following debate, the ruling of the Presiding Officer may be reversed by a majority vote.
- 5.16. Written Communications from the City and the Public. The City Clerk shall manage communications to members regarding meeting topics to ensure compliance with the Brown Act.
- 5.16.1. Except for records exempt from disclosure under the California Public Records Act and otherwise by law, agendas or any other writings distributed to all or a majority of the members of a legislative body for discussion or consideration at a public meeting are disclosable to the public, and shall be made available upon request without delay.
- 5.16.2. Materials distributed to the members during the meeting shall be available for viewing by the public during the meeting if the materials were prepared by the City or a Council member, or posted on the City's website within 48 hours the conclusion of the meeting if prepared by another person.
- 5.17. Written Materials after the Council Agenda has been Distributed. On occasion, Council may receive written materials either after the Agenda has been posted or at a Council meeting. These written materials are typically related to an agenda item or handed out during "Items from the Audience/Public Comment." Upon the Council receiving these written materials they become a public record. For materials related to an agenda item, a copy will be kept on file at the City Clerk's Office and will typically be posted on the City's website under "Materials Distributed at Council Meetings" 48 hours after the Council meeting.

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5.17.1. Any materials about an agenda item that are received less than 72 hours before a Council meeting that are distributed to a majority of Council will be made available at the Council meeting for the public to review.

5.17.2. Interested parties or their authorized representatives may address the Council by written communications regarding agenda items.

5.17.2.1. Documents (6 copies are recommended) that members of the public submit to the City Council at the meeting shall be given directly to the City Clerk for distribution and shall not be given directly to the Council. The documents will be available to the public on the City's website within 48 hours of the conclusion of the meeting.

5.18. Compliance with the Americans with Disabilities Act (ADA). The City of Tracy is in compliance with the Americans with Disabilities Act and will make all reasonable accommodations for the disabled. To allow for such reasonable accommodations, persons requiring assistance or auxiliary aids to participate at a City meeting, should contact the City Clerk's Office at (209) 831-6105 at least 24 hours prior to the meeting.

City of Tracy – Council Meeting Protocols and Rules of Procedures

Section 6 – Conduct of the Public

6. Conduct of the Public

- 6.1. Purpose of Public Comment. The City, in accordance with the Brown Act, provides the public the opportunity to address the Council body as a whole and express their opinions regarding agenda items and non-agenda matters within the subject matter jurisdiction of the City Council. (Section 54954.3) **Items are generally considered to be within the Council's subject matter jurisdiction if they are within the City Council's purview.**
- 6.1.1. Nothing in these Protocols shall be construed as prohibiting public criticism of the City's policies, procedures, programs or services, or the acts or omissions of the Council. However, these Protocols are not intended to confer any privilege or protection for expression beyond that otherwise provided by law. (Section 54954.3(c)).
- 6.1.2. Public comments should not be addressed to individual Council members nor City staff, but rather to the Council as a whole.
- 6.1.3. While members of the public may speak their opinions on City business, personal attacks on members and City officials, use of swear words, and verbal or non-verbal signs or displays of disrespect for individuals are discouraged as they impede good communication with the Council.
- 6.1.4. Consistent with the Brown Act, the Council is limited in its ability to respond to public comments regarding non-agenda matters. The limited circumstances under which members may respond to public comments are set out in Rule 5.13.
- 6.2. In the interest of conducting an efficient meeting, the Presiding Officer may stop a member of the public whose comments are not confined to the agenda item being heard. In addition, during the "Items from the Audience/Public Comment" portion of the agenda, the Presiding Officer may stop a member of the public whose comments are not within the subject matter jurisdiction of the City.
- 6.3. Rules of Decorum. While the Council is in session, no person in the audience at a Council meeting shall engage in conduct that disrupts the orderly conduct of a Council meeting, including, but not limited to, the utterance of loud, threatening or abusive language, refusing to abide speaker time limits and leave the podium when directed; whistling, clapping, stamping of feet, yelling or shouting or interrupting a speaker who is addressing the Council; repeated waving of arms; or other disruptive acts.
- 6.4. Any person who disrupts the orderly course of the meeting may be issued a criminal citation **pursuant to Penal Code section 403 and/or** called out of order by the Presiding Officer and barred from further participation during that session of the Council in accordance with the Brown Act.

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- 6.4.1. All persons attending a Council meeting shall obey any lawful order or direction of the Presiding Officer or Sergeant-at-Arms.
- 6.4.2. The Sergeant-at-arms shall assist the Presiding Officer in enforcing these rules of decorum at Council meetings, including but not limited, removing disruptive audience members. Additionally, any Council member may at any time call for a point of order, to request the timely enforcement of these rules of decorum.
- 6.5. Location of Speaker. Members of the public wishing to address the Council must approach the podium when recognized by the Presiding Officer and shall speak only from the podium.

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Section 7 – Miscellaneous

7. Miscellaneous

- 7.1. Conflicts of Interests. It is the responsibility of every Council member to disclose conflicts of interest in accordance with state and local conflict of interest laws.
- 7.2. Proclamations. The Mayor issues proclamations to provide special recognition by the City to an individual, event, issue etc. Proclamations are not statements of policy and do not require the official approval or action of Council.
- 7.3. Broadcasting of Council Meetings. Generally Council meetings are broadcast live on Channel 26 and the City's website (www.cityoftracy.org), unless technical difficulties make that infeasible. Reruns of the preceding Council meeting are shown every Wednesday at 8:00 p.m., every Thursday at 10:00 a.m., and every Saturday at 9:00 a.m. on Channel 26.
 - 7.3.1. Recordings of Council meetings shall be accessible on the City's website (www.cityoftracy.org) by the end of the following business day. DVD recordings of Council meetings are available at costs established in the City's Master Fee Schedule.

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Appendices

A. Rosenberg's Rules of Order



Rosenberg's Rules of Order

REVISED 2011

Simple Rules of Parliamentary Procedure for the 21st Century

By Judge Dave Rosenberg



MISSION AND CORE BELIEFS

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

VISION

To be recognized and respected as the leading advocate for the common interests of California's cities.

About the League of California Cities

Established in 1898, the League of California Cities is a member organization that represents California's incorporated cities. The League strives to protect the local authority and autonomy of city government and help California's cities effectively serve their residents. In addition to advocating on cities' behalf at the state capitol, the League provides its members with professional development programs and information resources, conducts education conferences and research, and publishes Western City magazine.

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ABOUT THE AUTHOR

Dave Rosenberg is a Superior Court Judge in Yolo County. He has served as presiding judge of his court, and as presiding judge of the Superior Court Appellate Division. He also has served as chair of the Trial Court Presiding Judges Advisory Committee (the committee composed of all 58 California presiding judges) and as an advisory member of the California Judicial Council. Prior to his appointment to the bench, Rosenberg was member of the Yolo County Board of Supervisors, where he served two terms as chair. Rosenberg also served on the Davis City Council, including two terms as mayor. He has served on the senior staff of two governors, and worked for 19 years in private law practice. Rosenberg has served as a member and chair of numerous state, regional and local boards. Rosenberg chaired the California State Lottery Commission, the California Victim Compensation and Government Claims Board, the Yolo-Solano Air Quality Management District, the Yolo County Economic Development Commission, and the Yolo County Criminal Justice Cabinet. For many years, he has taught classes on parliamentary procedure and has served as parliamentarian for large and small bodies.

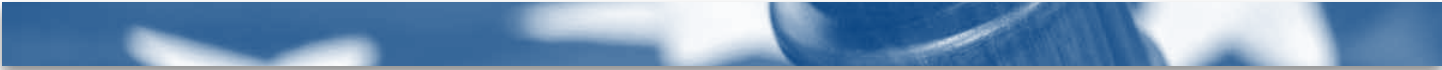


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INTRODUCTION

The rules of procedure at meetings should be simple enough for most people to understand. Unfortunately, that has not always been the case. Virtually all clubs, associations, boards, councils and bodies follow a set of rules — *Robert's Rules of Order* — which are embodied in a small, but complex, book. Virtually no one I know has actually read this book cover to cover. Worse yet, the book was written for another time and for another purpose. If one is chairing or running a parliament, then *Robert's Rules of Order* is a dandy and quite useful handbook for procedure in that complex setting. On the other hand, if one is running a meeting of say, a five-member body with a few members of the public in attendance, a simplified version of the rules of parliamentary procedure is in order.

Hence, the birth of *Rosenberg's Rules of Order*.

What follows is my version of the rules of parliamentary procedure, based on my decades of experience chairing meetings in state and local government. These rules have been simplified for the smaller bodies we chair or in which we participate, slimmed down for the 21st Century, yet retaining the basic tenets of order to which we have grown accustomed. Interestingly enough, *Rosenberg's Rules* has found a welcoming audience. Hundreds of cities, counties, special districts, committees, boards, commissions, neighborhood associations and private corporations and companies have adopted *Rosenberg's Rules* in lieu of *Robert's Rules* because they have found them practical, logical, simple, easy to learn and user friendly.

This treatise on modern parliamentary procedure is built on a foundation supported by the following four pillars:

1. **Rules should establish order.** The first purpose of rules of parliamentary procedure is to establish a framework for the orderly conduct of meetings.
2. **Rules should be clear.** Simple rules lead to wider understanding and participation. Complex rules create two classes: those who understand and participate; and those who do not fully understand and do not fully participate.
3. **Rules should be user friendly.** That is, the rules must be simple enough that the public is invited into the body and feels that it has participated in the process.
4. **Rules should enforce the will of the majority while protecting the rights of the minority.** The ultimate purpose of rules of procedure is to encourage discussion and to facilitate decision making by the body. In a democracy, majority rules. The rules must enable the majority to express itself and fashion a result, while permitting the minority to also express itself, but not dominate, while fully participating in the process.

Establishing a Quorum

The starting point for a meeting is the establishment of a quorum. A quorum is defined as the minimum number of members of the body who must be present at a meeting for business to be legally transacted. The default rule is that a quorum is one more than half the body. For example, in a five-member body a quorum is three. When the body has three members present, it can legally transact business. If the body has less than a quorum of members present, it cannot legally transact business. And even if the body has a quorum to begin the meeting, the body can lose the quorum during the meeting when a member departs (or even when a member leaves the dais). When that occurs the body loses its ability to transact business until and unless a quorum is reestablished.

The default rule, identified above, however, gives way to a specific rule of the body that establishes a quorum. For example, the rules of a particular five-member body may indicate that a quorum is four members for that particular body. The body must follow the rules it has established for its quorum. In the absence of such a specific rule, the quorum is one more than half the members of the body.

The Role of the Chair

While all members of the body should know and understand the rules of parliamentary procedure, it is the chair of the body who is charged with applying the rules of conduct of the meeting. The chair should be well versed in those rules. For all intents and purposes, the chair makes the final ruling on the rules every time the chair states an action. In fact, all decisions by the chair are final unless overruled by the body itself.

Since the chair runs the conduct of the meeting, it is usual courtesy for the chair to play a less active role in the debate and discussion than other members of the body. This does not mean that the chair should not participate in the debate or discussion. To the contrary, as a member of the body, the chair has the full right to participate in the debate, discussion and decision-making of the body. What the chair should do, however, is strive to be the last to speak at the discussion and debate stage. The chair should not make or second a motion unless the chair is convinced that no other member of the body will do so at that point in time.

The Basic Format for an Agenda Item Discussion

Formal meetings normally have a written, often published agenda. Informal meetings may have only an oral or understood agenda. In either case, the meeting is governed by the agenda and the agenda constitutes the body's agreed-upon roadmap for the meeting. Each agenda item can be handled by the chair in the following basic format:



First, the chair should clearly announce the agenda item number and should clearly state what the agenda item subject is. The chair should then announce the format (which follows) that will be followed in considering the agenda item.

Second, following that agenda format, the chair should invite the appropriate person or persons to report on the item, including any recommendation that they might have. The appropriate person or persons may be the chair, a member of the body, a staff person, or a committee chair charged with providing input on the agenda item.

Third, the chair should ask members of the body if they have any technical questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.

Fourth, the chair should invite public comments, or if appropriate at a formal meeting, should open the public meeting for public input. If numerous members of the public indicate a desire to speak to the subject, the chair may limit the time of public speakers. At the conclusion of the public comments, the chair should announce that public input has concluded (or the public hearing, as the case may be, is closed).

Fifth, the chair should invite a motion. The chair should announce the name of the member of the body who makes the motion.

Sixth, the chair should determine if any member of the body wishes to second the motion. The chair should announce the name of the member of the body who seconds the motion. It is normally good practice for a motion to require a second before proceeding to ensure that it is not just one member of the body who is interested in a particular approach. However, a second is not an absolute requirement, and the chair can proceed with consideration and vote on a motion even when there is no second. This is a matter left to the discretion of the chair.

Seventh, if the motion is made and seconded, the chair should make sure everyone understands the motion.

This is done in one of three ways:

1. The chair can ask the maker of the motion to repeat it;
2. The chair can repeat the motion; or
3. The chair can ask the secretary or the clerk of the body to repeat the motion.

Eighth, the chair should now invite discussion of the motion by the body. If there is no desired discussion, or after the discussion has ended, the chair should announce that the body will vote on the motion. If there has been no discussion or very brief discussion, then the vote on the motion should proceed immediately and there is no need to repeat the motion. If there has been substantial discussion, then it is normally best to make sure everyone understands the motion by repeating it.

Ninth, the chair takes a vote. Simply asking for the “ayes” and then asking for the “nays” normally does this. If members of the body do not vote, then they “abstain.” Unless the rules of the body provide otherwise (or unless a super majority is required as delineated later in these rules), then a simple majority (as defined in law or the rules of the body as delineated later in these rules) determines whether the motion passes or is defeated.

Tenth, the chair should announce the result of the vote and what action (if any) the body has taken. In announcing the result, the chair should indicate the names of the members of the body, if any, who voted in the minority on the motion. This announcement might take the following form: “The motion passes by a vote of 3-2, with Smith and Jones dissenting. We have passed the motion requiring a 10-day notice for all future meetings of this body.”

Motions in General

Motions are the vehicles for decision making by a body. It is usually best to have a motion before the body prior to commencing discussion of an agenda item. This helps the body focus.

Motions are made in a simple two-step process. First, the chair should recognize the member of the body. Second, the member of the body makes a motion by preceding the member’s desired approach with the words “I move ...”

A typical motion might be: “I move that we give a 10-day notice in the future for all our meetings.”

The chair usually initiates the motion in one of three ways:

1. **Inviting the members of the body to make a motion**, for example, “A motion at this time would be in order.”
2. **Suggesting a motion to the members of the body**, “A motion would be in order that we give a 10-day notice in the future for all our meetings.”
3. **Making the motion**. As noted, the chair has every right as a member of the body to make a motion, but should normally do so only if the chair wishes to make a motion on an item but is convinced that no other member of the body is willing to step forward to do so at a particular time.

The Three Basic Motions

There are three motions that are the most common and recur often at meetings:

The basic motion. The basic motion is the one that puts forward a decision for the body’s consideration. A basic motion might be: “I move that we create a five-member committee to plan and put on our annual fundraiser.”



The motion to amend. If a member wants to change a basic motion that is before the body, they would move to amend it. A motion to amend might be: “I move that we amend the motion to have a 10-member committee.” A motion to amend takes the basic motion that is before the body and seeks to change it in some way.

The substitute motion. If a member wants to completely do away with the basic motion that is before the body, and put a new motion before the body, they would move a substitute motion. A substitute motion might be: “I move a substitute motion that we cancel the annual fundraiser this year.”

“Motions to amend” and “substitute motions” are often confused, but they are quite different, and their effect (if passed) is quite different. A motion to amend seeks to retain the basic motion on the floor, but modify it in some way. A substitute motion seeks to throw out the basic motion on the floor, and substitute a new and different motion for it. The decision as to whether a motion is really a “motion to amend” or a “substitute motion” is left to the chair. So if a member makes what that member calls a “motion to amend,” but the chair determines that it is really a “substitute motion,” then the chair’s designation governs.

A “friendly amendment” is a practical parliamentary tool that is simple, informal, saves time and avoids bogging a meeting down with numerous formal motions. It works in the following way: In the discussion on a pending motion, it may appear that a change to the motion is desirable or may win support for the motion from some members. When that happens, a member who has the floor may simply say, “I want to suggest a friendly amendment to the motion.” The member suggests the friendly amendment, and if the maker and the person who seconded the motion pending on the floor accepts the friendly amendment, that now becomes the pending motion on the floor. If either the maker or the person who seconded rejects the proposed friendly amendment, then the proposer can formally move to amend.

Multiple Motions Before the Body

There can be up to three motions on the floor at the same time. The chair can reject a fourth motion until the chair has dealt with the three that are on the floor and has resolved them. This rule has practical value. More than three motions on the floor at any given time is confusing and unwieldy for almost everyone, including the chair.

When there are two or three motions on the floor (after motions and seconds) at the same time, the vote should proceed *first* on the *last* motion that is made. For example, assume the first motion is a basic “motion to have a five-member committee to plan and put on our annual fundraiser.” During the discussion of this motion, a member might make a second motion to “amend the main motion to have a 10-member committee, not a five-member committee to plan and put on our annual fundraiser.” And perhaps, during that discussion, a member makes yet a third motion as a “substitute motion that we not have an annual fundraiser this year.” The proper procedure would be as follows:

First, the chair would deal with the *third* (the last) motion on the floor, the substitute motion. After discussion and debate, a vote would be taken first on the third motion. If the substitute motion *passed*, it would be a substitute for the basic motion and would eliminate it. The first motion would be moot, as would the second motion (which sought to amend the first motion), and the action on the agenda item would be completed on the passage by the body of the third motion (the substitute motion). No vote would be taken on the first or second motions.

Second, if the substitute motion *failed*, the chair would then deal with the second (now the last) motion on the floor, the motion to amend. The discussion and debate would focus strictly on the amendment (should the committee be five or 10 members). If the motion to amend *passed*, the chair would then move to consider the main motion (the first motion) as *amended*. If the motion to amend *failed*, the chair would then move to consider the main motion (the first motion) in its original format, not amended.

Third, the chair would now deal with the first motion that was placed on the floor. The original motion would either be in its original format (five-member committee), or if *amended*, would be in its amended format (10-member committee). The question on the floor for discussion and decision would be whether a committee should plan and put on the annual fundraiser.

To Debate or Not to Debate

The basic rule of motions is that they are subject to discussion and debate. Accordingly, basic motions, motions to amend, and substitute motions are all eligible, each in their turn, for full discussion before and by the body. The debate can continue as long as members of the body wish to discuss an item, subject to the decision of the chair that it is time to move on and take action.

There are exceptions to the general rule of free and open debate on motions. The exceptions all apply when there is a desire of the body to move on. The following motions are not debatable (that is, when the following motions are made and seconded, the chair must immediately call for a vote of the body without debate on the motion):

Motion to adjourn. This motion, if passed, requires the body to immediately adjourn to its next regularly scheduled meeting. It requires a simple majority vote.

Motion to recess. This motion, if passed, requires the body to immediately take a recess. Normally, the chair determines the length of the recess which may be a few minutes or an hour. It requires a simple majority vote.

Motion to fix the time to adjourn. This motion, if passed, requires the body to adjourn the meeting at the specific time set in the motion. For example, the motion might be: “I move we adjourn this meeting at midnight.” It requires a simple majority vote.



Motion to table. This motion, if passed, requires discussion of the agenda item to be halted and the agenda item to be placed on “hold.” The motion can contain a specific time in which the item can come back to the body. “I move we table this item until our regular meeting in October.” Or the motion can contain no specific time for the return of the item, in which case a motion to take the item off the table and bring it back to the body will have to be taken at a future meeting. A motion to table an item (or to bring it back to the body) requires a simple majority vote.

Motion to limit debate. The most common form of this motion is to say, “I move the previous question” or “I move the question” or “I call the question” or sometimes someone simply shouts out “question.” As a practical matter, when a member calls out one of these phrases, the chair can expedite matters by treating it as a “request” rather than as a formal motion. The chair can simply inquire of the body, “any further discussion?” If no one wishes to have further discussion, then the chair can go right to the pending motion that is on the floor. However, if even one person wishes to discuss the pending motion further, then at that point, the chair should treat the call for the “question” as a formal motion, and proceed to it.

When a member of the body makes such a motion (“I move the previous question”), the member is really saying: “I’ve had enough debate. Let’s get on with the vote.” When such a motion is made, the chair should ask for a second, stop debate, and vote on the motion to limit debate. The motion to limit debate requires a two-thirds vote of the body.

NOTE: A motion to limit debate could include a time limit. For example: “I move we limit debate on this agenda item to 15 minutes.” Even in this format, the motion to limit debate requires a two-thirds vote of the body. A similar motion is a *motion to object to consideration of an item*. This motion is not debatable, and if passed, precludes the body from even considering an item on the agenda. It also requires a two-thirds vote.

Majority and Super Majority Votes

In a democracy, a simple majority vote determines a question. A tie vote means the motion fails. So in a seven-member body, a vote of 4-3 passes the motion. A vote of 3-3 with one abstention means the motion fails. If one member is absent and the vote is 3-3, the motion still fails.

All motions require a simple majority, but there are a few exceptions. The exceptions come up when the body is taking an action which effectively cuts off the ability of a minority of the body to take an action or discuss an item. These extraordinary motions require a two-thirds majority (a super majority) to pass:

Motion to limit debate. Whether a member says, “I move the previous question,” or “I move the question,” or “I call the question,” or “I move to limit debate,” it all amounts to an attempt to cut off the ability of the minority to discuss an item, and it requires a two-thirds vote to pass.

Motion to close nominations. When choosing officers of the body (such as the chair), nominations are in order either from a nominating committee or from the floor of the body. A motion to close nominations effectively cuts off the right of the minority to nominate officers and it requires a two-thirds vote to pass.

Motion to object to the consideration of a question. Normally, such a motion is unnecessary since the objectionable item can be tabled or defeated straight up. However, when members of a body do not even want an item on the agenda to be considered, then such a motion is in order. It is not debatable, and it requires a two-thirds vote to pass.

Motion to suspend the rules. This motion is debatable, but requires a two-thirds vote to pass. If the body has its own rules of order, conduct or procedure, this motion allows the body to suspend the rules for a particular purpose. For example, the body (a private club) might have a rule prohibiting the attendance at meetings by non-club members. A motion to suspend the rules would be in order to allow a non-club member to attend a meeting of the club on a particular date or on a particular agenda item.

Counting Votes

The matter of counting votes starts simple, but can become complicated.

Usually, it’s pretty easy to determine whether a particular motion passed or whether it was defeated. If a simple majority vote is needed to pass a motion, then one vote more than 50 percent of the body is required. For example, in a five-member body, if the vote is three in favor and two opposed, the motion passes. If it is two in favor and three opposed, the motion is defeated.

If a two-thirds majority vote is needed to pass a motion, then how many affirmative votes are required? The simple rule of thumb is to count the “no” votes and double that count to determine how many “yes” votes are needed to pass a particular motion. For example, in a seven-member body, if two members vote “no” then the “yes” vote of at least four members is required to achieve a two-thirds majority vote to pass the motion.

What about tie votes? In the event of a tie, the motion always fails since an affirmative vote is required to pass any motion. For example, in a five-member body, if the vote is two in favor and two opposed, with one member absent, the motion is defeated.

Vote counting starts to become complicated when members vote “abstain” or in the case of a written ballot, cast a blank (or unreadable) ballot. Do these votes count, and if so, how does one count them? The starting point is always to check the statutes.

In California, for example, for an action of a board of supervisors to be valid and binding, the action must be approved by a majority of the board. (California Government Code Section 25005.) Typically, this means three of the five members of the board must vote affirmatively in favor of the action. A vote of 2-1 would not be sufficient. A vote of 3-0 with two abstentions would be sufficient. In general law cities in



California, as another example, resolutions or orders for the payment of money and all ordinances require a recorded vote of the total members of the city council. (California Government Code Section 36936.) Cities with charters may prescribe their own vote requirements. Local elected officials are always well-advised to consult with their local agency counsel on how state law may affect the vote count.

After consulting state statutes, step number two is to check the rules of the body. If the rules of the body say that you count votes of “those present” then you treat abstentions one way. However, if the rules of the body say that you count the votes of those “present and voting,” then you treat abstentions a different way. And if the rules of the body are silent on the subject, then the general rule of thumb (and default rule) is that you count all votes that are “present and voting.”

Accordingly, under the “present and voting” system, you would **NOT** count abstention votes on the motion. Members who abstain are counted for purposes of determining quorum (they are “present”), but you treat the abstention votes on the motion as if they did not exist (they are not “voting”). On the other hand, if the rules of the body specifically say that you count votes of those “present” then you **DO** count abstention votes both in establishing the quorum and on the motion. In this event, the abstention votes act just like “no” votes.

How does this work in practice?

Here are a few examples.

Assume that a five-member city council is voting on a motion that requires a simple majority vote to pass, and assume further that the body has no specific rule on counting votes. Accordingly, the default rule kicks in and we count all votes of members that are “present and voting.” If the vote on the motion is 3-2, the motion passes. If the motion is 2-2 with one abstention, the motion fails.

Assume a five-member city council voting on a motion that requires a two-thirds majority vote to pass, and further assume that the body has no specific rule on counting votes. Again, the default rule applies. If the vote is 3-2, the motion fails for lack of a two-thirds majority. If the vote is 4-1, the motion passes with a clear two-thirds majority. A vote of three “yes,” one “no” and one “abstain” also results in passage of the motion. Once again, the abstention is counted only for the purpose of determining quorum, but on the actual vote on the motion, it is as if the abstention vote never existed — so an effective 3-1 vote is clearly a two-thirds majority vote.

Now, change the scenario slightly. Assume the same five-member city council voting on a motion that requires a two-thirds majority vote to pass, but now assume that the body **DOES** have a specific rule requiring a two-thirds vote of members “present.” Under this specific rule, we must count the members present not only for quorum but also for the motion. In this scenario, any abstention has the same force and effect as if it were a “no” vote. Accordingly, if the votes were three “yes,” one “no” and one “abstain,” then the motion fails. The abstention in this case is treated like a “no” vote and effective vote of 3-2 is not enough to pass two-thirds majority muster.

Now, exactly how does a member cast an “abstention” vote?

Any time a member votes “abstain” or says, “I abstain,” that is an abstention. However, if a member votes “present” that is also treated as an abstention (the member is essentially saying, “Count me for purposes of a quorum, but my vote on the issue is abstain.”) In fact, any manifestation of intention not to vote either “yes” or “no” on the pending motion may be treated by the chair as an abstention. If written ballots are cast, a blank or unreadable ballot is counted as an abstention as well.

Can a member vote “absent” or “count me as absent?” Interesting question. The ruling on this is up to the chair. The better approach is for the chair to count this as if the member had left his/her chair and is actually “absent.” That, of course, affects the quorum. However, the chair may also treat this as a vote to abstain, particularly if the person does not actually leave the dais.

The Motion to Reconsider

There is a special and unique motion that requires a bit of explanation all by itself; the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure to the issue. And so, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion to consider is made and passed.

A motion to reconsider requires a majority vote to pass like other garden-variety motions, but there are two special rules that apply only to the motion to reconsider.

First, is the matter of timing. A motion to reconsider must be made at the meeting where the item was first voted upon. A motion to reconsider made at a later time is untimely. (The body, however, can always vote to suspend the rules and, by a two-thirds majority, allow a motion to reconsider to be made at another time.)

Second, a motion to reconsider may be made only by certain members of the body. Accordingly, a motion to reconsider may be made only by a member who voted in the majority on the original motion. If such a member has a change of heart, he or she may make the motion to reconsider (any other member of the body — including a member who voted in the minority on the original motion — may second the motion). If a member who voted in the minority seeks to make the motion to reconsider, it must be ruled out of order. The purpose of this rule is finality. If a member of minority could make a motion to reconsider, then the item could be brought back to the body again and again, which would defeat the purpose of finality.

If the motion to reconsider passes, then the original matter is back before the body, and a new original motion is in order. The matter may be discussed and debated as if it were on the floor for the first time.



Courtesy and Decorum

The rules of order are meant to create an atmosphere where the members of the body and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the chair and the members of the body to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the chair before proceeding to speak.

The chair should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the members of the body. Debate on policy is healthy, debate on personalities is not. The chair has the right to cut off discussion that is too personal, is too loud, or is too crude.

Debate and discussion should be focused, but free and open. In the interest of time, the chair may, however, limit the time allotted to speakers, including members of the body.

Can a member of the body interrupt the speaker? The general rule is “no.” There are, however, exceptions. A speaker may be interrupted for the following reasons:

Privilege. The proper interruption would be, “point of privilege.” The chair would then ask the interrupter to “state your point.” Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person’s ability to hear.

Order. The proper interruption would be, “point of order.” Again, the chair would ask the interrupter to “state your point.” Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the chair moved on to a vote on a motion that permits debate without allowing that discussion or debate.

Appeal. If the chair makes a ruling that a member of the body disagrees with, that member may appeal the ruling of the chair. If the motion is seconded, and after debate, if it passes by a simple majority vote, then the ruling of the chair is deemed reversed.

Call for orders of the day. This is simply another way of saying, “return to the agenda.” If a member believes that the body has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the chair discovers that the agenda has not been followed, the chair simply reminds the body to return to the agenda item properly before them. If the chair fails to do so, the chair’s determination may be appealed.

Withdraw a motion. During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw his or her motion from the floor. The motion is immediately deemed withdrawn, although the chair may ask the person who seconded the motion if he or she wishes to make the motion, and any other member may make the motion if properly recognized.

Special Notes About Public Input

The rules outlined above will help make meetings very public-friendly. But in addition, and particularly for the chair, it is wise to remember three special rules that apply to each agenda item:

Rule One: Tell the public what the body will be doing.

Rule Two: Keep the public informed while the body is doing it.

Rule Three: When the body has acted, tell the public what the body did.



1400 K Street, Sacramento, CA 95814
(916) 658-8200 | Fax (916) 658-8240
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RESOLUTION 2019-_____

ADOPTING COUNCIL MEETING PROTOCOLS AND RULES OF PROCEDURE AND
RESCINDING RESOLUTION NO. 2015-052

WHEREAS, Government Code section 36813 authorizes legislative bodies to establish rules for the conduct of their proceedings. These rules must comport with the Ralph M. Brown Act ("Brown Act"; Government Code sections 54950 et seq.) which applies to all meetings of "legislative bodies" within California, including the Tracy City Council and advisory boards and commissions; and

WHEREAS, On April 7, 2015, Council adopted "Procedures for Preparation, Posting and Distribution of Agenda and the Conduct of Public Meetings" by Resolution No. 2015-052; and

WHEREAS, During the development of a Code of Conduct, Council expressed a desire to revise their policies regarding meetings; and

WHEREAS, On October 15, 2019, staff presented draft Council Meeting Protocols and Rules of Procedures ("Protocols") and Council discussed and provided policy direction to staff regarding the proposed Protocols;

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Tracy hereby adopts the attached Council Meeting Protocols and Rules of Procedure and rescinds Resolution No. 2015-052.

* * * * *

The foregoing Resolution 2019-_____ was adopted by Tracy City Council on the 19th day of November, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK