



Council Chambers
200 H Street
Antioch, CA 94509

Closed Session - 6:30 P.M.
Regular Meeting - 7:00 P.M.

ANNOTATED AGENDA

for

JANUARY 13, 2015

**Antioch City Council
Regular Meeting**

**Including the Antioch City Council
acting as Successor Agency/
Housing Successor to the
Antioch Development Agency
Antioch Public Financing Authority**

Wade Harper, Mayor

Lori Ogorchock, Mayor Pro Tem

Mary Helen Rocha, Council Member

Tony Tiscareno, Council Member

Monica E. Wilson, Council Member

Arne Simonsen, City Clerk

Donna Conley, City Treasurer

Steven Duran, City Manager

Lynn Tracy Nerland, City Attorney

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Notice of Availability of Reports

This agenda is a summary of the actions proposed to be taken by the City Council. For almost every agenda item, materials have been prepared by the City staff for the Council's consideration. These materials include staff reports which explain in detail the item before the Council and the reason for the recommendation. The materials may also include resolutions or ordinances which are proposed to be adopted. Other materials, such as maps and diagrams, may also be included. All of these materials are available at the City Clerk's Office, located on the 3rd Floor of City Hall, 200 H Street, Antioch, CA 94509, during normal business hours for inspection and (for a fee) copying. Copies are also made available at the Antioch Public Library for inspection. Questions on these materials may be directed to the staff member who prepared them, or to the City Clerk's Office, who will refer you to the appropriate person.

Notice of Opportunity to Address Council

The public has the opportunity to address the Council on each agenda item. To address the Council, fill out a yellow Speaker Request form, available on each side of the entrance doors, and place in the Speaker Card Tray. See the Speakers' Rules on the inside cover of this Agenda. Comments regarding matters not on this Agenda may be addressed during the "Public Comments" section.

6:30 P.M. **ROLL CALL – CLOSED SESSIONS** – for Council Members for Council Members/City Council Members acting as Successor Agency/Housing Successor to the Antioch Development Agency/Antioch Public Financing Authority - ***All Present***

PUBLIC COMMENTS for Closed Sessions - ***None***

CLOSED SESSIONS:

- 1) **CONFERENCE WITH LABOR NEGOTIATORS** – This Closed Session with the City's Labor Negotiators is authorized by California Government Code section 54957.6; City designated representatives: Michelle Fitzer, Denise Haskett and Glenn Berkheimer; Employee organizations: Operating Engineers Local Union No. 3 (OE3) and Public Employees Union Local 1.

Direction to labor negotiators

SPECIAL MEETING/CLOSED SESSION ON JANUARY 6, 2015 – City Attorney reported out that no action was taken on the closed session items discussed by the City Council at the Special/Closed Session Meeting held on January 6, 2015

No action taken

7:10 P.M. **ROLL CALL – REGULAR MEETING** for Council Members/City Council Members acting as Successor Agency/Housing Successor to the Antioch Development Agency/Antioch Public Financing Authority – ***All Present***

PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS OF CIVIC AND COMMUNITY EVENTS

ANNOUNCEMENTS OF BOARD AND COMMISSION OPENINGS (*Deadline date to apply: 01/16/15*)

- *PLANNING COMMISSION*
- *CONTRA COSTA TRANSIT AUTHORITY-CITIZEN ADVISORY COMMITTEE*

PUBLIC COMMENTS—*Only unagendized issues will be discussed during this time*

CITY COUNCIL COMMITTEE REPORTS

MAYOR'S COMMENTS

1. **CONSENT CALENDAR for City /City as Successor Agency/Housing Successor to the Antioch Development Agency/Antioch Public Financing Authority**

A. APPROVAL OF COUNCIL MINUTES FOR DECEMBER 9, 2014 AND DECEMBER 16, 2014
Recommended Action: Motion to approve the minutes for December 9 and December 16, 2014. **Approved, 5/0**

MINUTES

MINUTES

B. APPROVAL OF COUNCIL WARRANTS
Recommended Action: Motion to approve the warrants. **Approved, 5/0**

STAFF REPORT

C. APPROVAL OF TREASURER'S REPORT FOR NOVEMBER 2014
Recommended Action: Motion to approve the report. **Approved, 5/0**

STAFF REPORT

D. MESSAGE REGULATIONS (*Introduced on 12/16/14*)
Recommended Action: It is recommended that the City Council adopt the Ordinance amending Sections 5-19.01, 5-19.04, 5-19.22 and 5-19.23 of the Antioch Municipal Code to address new State Laws regarding Massage Establishments and Massage Therapists. **Adopted Ord. No. 2101-C-S, 5/0**

STAFF REPORT

E. STANDBY CITY COUNCIL MEMBERS
Action: It is recommended that the City Council Motion appoint the following nominated Standby City Council Members: **Approved, 5/0**

- Mayor Harper: 1) Vincent Manuel; 2) Diane Gibson-Gray; 3) Robert Miller
- Mayor Pro Tem Ogorchock: 1) Allen Payton; 2); William Chapman; 3) Manny Soliz, Jr
- Council Member Rocha: 1) Louie Rocha Jr.; 2) Jessica Fernandez; 3) Ken Gray
- Council Member Tiscareno: 1) Diane Gibson-Gray; 2) Argentina Luevano; 3) Greg Feere
- Council Member Wilson: 1) Don Freitas; 2) Lamar Thorpe; 3) Patrice Guillory

STAFF REPORT

F. CITY OF ANTIOCH COMPREHENSIVE ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014
Recommended Action: It is recommended that the City Council receive and file the City of Antioch Comprehensive Annual Report for the Fiscal Year Ended June 30, 2014. **Approved, 5/0**

STAFF REPORT

CONSENT CALENDAR for City /City as Successor Agency/Housing Successor to the Antioch Development Agency/Antioch Public Financing Authority – Continued

G. SINGLE AUDIT REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Approved, 5/0

Recommended Action: It is recommended that the City Council receive and file the City of Antioch Single Audit Reports for the Fiscal Year Ended June 30, 2014.

STAFF REPORT

H. MAINTENANCE SERVICE CENTER FUELING SYSTEM IMPROVEMENTS (P.W. 143-Q)

Reso No. 2015/01 adopted, 5/0

Recommended Action: It is recommended that the City Council:

1. Authorize the Director of Finance to increase Water Enterprise funding by \$4,263 and Sewer Enterprise funding by \$4,263 for this project and increase the existing contract with GEMS Environmental Management Services, Inc. by \$8,526 for a total contract amount of \$145,231; and
2. Adopt the resolution accepting work, authorizing the Public Works Director/City Engineer to File a Notice of Completion and authorizing the Director of Finance to make a final payment of \$8,099.15 plus retention of \$7,261.53 to be paid 35 days after recordation of the Notice of Completion.

STAFF REPORT

Antioch Public Financing Authority

I. ANTIOCH PUBLIC FINANCING AUTHORITY – BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED JUNE 30, 2014

Approved, 5/0

Recommended Action: It is recommended that the Board of the Antioch Public Financing Authority receive and file the Antioch Public Financing Authority – Basic Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2014.

STAFF REPORT

PUBLIC HEARING

2. PDP-14-07 – LAUREL RANCH PRELIMINARY DEVELOPMENT PLAN – STRACK FARMS LLC REQUESTS REVIEW OF A PRELIMINARY DEVELOPMENT PLAN, WHICH IS NOT AN ENTITLEMENT, FOR THE DEVELOPMENT OF APPROXIMATELY 191 SINGLE FAMILY HOMES ON APPROXIMATELY 54 ACRES. THE PROJECT SITE IS LOCATED TO THE EAST OF THE CURRENT TERMINUS OF LAUREL ROAD AND TO THE WEST OF THE HIGHWAY 4 BYPASS (APN 053-060-031)

Feedback provided to the applicant

Recommended Action: It is recommended that the City Council provide feedback to the applicant and staff regarding the Strack Farms LLC preliminary development plan, which is not an entitlement, for the development of approximately 186 single family homes on approximately 54 acres located to the east of the current terminus of Laurel Road and to the west of the Highway 4 Bypass, and provide direction to the applicant for the Final Development Plan submittal.

STAFF REPORT

PUBLIC HEARING – Continued

3. ISSUANCE AND SALE OF CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2015A

Reso No. 2015/02 adopted, 5/0

Recommended Action: It is recommended that the City Council adopt the resolution approving the issuance and sale by the City of Antioch Public Financing Authority of not to exceed \$25,000,000 aggregate principal amount of Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A; authorizing the forms of and directing the execution and delivery of a trust agreement, a site lease, a facility lease, a bond purchase agreement and a continuing disclosure agreement; approving form of and distribution of a preliminary official statement and official statement; appointing bond and disclosure counsel for such refinancing; and authorizing taking of necessary actions and execution of necessary certificates in connection therewith.

STAFF REPORT

COUNCIL REGULAR/ANTIOCH PUBLIC FINANCING AUTHORITY AGENDA

4. ISSUANCE AND SALE OF CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2015A

Reso No. 2015/03 adopted, 5/0

Recommended Action: It is recommended that the City of Antioch Public Financing Authority adopt the resolution approving the issuance and sale by the City of Antioch Public Financing Authority of not to exceed \$25,000,000 aggregate principal amount of Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A; authorizing the forms of and directing the execution and delivery of a trust agreement, a site lease, a facility lease, a bond purchase agreement and a continuing disclosure agreement; approving form of and distribution of a preliminary official statement and official statement; appointing bond and disclosure counsel for such refinancing; and authorizing taking of necessary actions and execution of necessary certificates in connection therewith.

STAFF REPORT

5. PARKS AND RECREATION COMMISSION TERM ASSIGNMENTS

Approved, 5/0

Recommended Action: It is recommended that the Mayor assign and the City Council approve the term assignments for Commissioners Lori Cook and Beverly Knight who were appointed to the Parks and Recreation Commission on November 25, 2014:

- One term expiring March 2016 – **Lori Cook**
- One term expiring April 2018 - **Beverly Knight**

STAFF REPORT

6. APPOINTMENT TO THE ANTIOCH POLICE CRIME PREVENTION COMMISSION – ONE (1) VACANCY

Appointed Hilda Parham, Term expiring February 2019, 5/0

Recommended Action: It is recommended that the City Council and Mayor receive and file the applications for the Police Crime Prevention Commission, and approve and appoint for the one (1) vacancy which will expire February 2019.

STAFF REPORT

COUNCIL REGULAR/ANTIOCH PUBLIC FINANCING AUTHORITY AGENDA – Continued

9:00 P.M. ADJOURNED TO BREAK

9:16 P.M. RECONVENE. ROLL CALL for Council Members – All Present

7. ANIMAL SERVICES UPDATE

Received and filed, DIRECTING THE City Manager to continue the dialogue with the respective TNR organizations to include Lisa Kirk and report back in 3 months, 5/0

Recommended Action: Receive oral report regarding staff's efforts regarding the implementation of the ban on feeding feral cats except on one's own private property.

STAFF REPORT

10:13 P.M. ADJOURN TO BREAK

10:19 P.M. RECONVENE. ROLL CALL for Council Members – All Present

8. CARD ROOM ORDINANCE

Recommended Action: It is recommended that the City Council consider the revisions to the Card Room Ordinance and, if desired, to:

1. Make a motion to read the ordinance by title only; and
2. Make a motion to introduce the proposed Ordinance to amend sections 5-4.02, 5-4.03, 5-4.07 and 5-4.14 of the Antioch Municipal Code regarding the number of card rooms in Antioch and procedures for Card Room Licenses.

To 01/27/15 for adoption, 5/0

Direct City Attorney to come back with another ordinance to address restrictions on proximity to schools, parks, daycare, churches and existing card rooms, to include grandfathering existing card rooms. Approved, 5/0

STAFF REPORT

PUBLIC COMMENT

STAFF COMMUNICATIONS

COUNCIL COMMUNICATIONS

ADJOURNMENT at 10:53 P.M.

**CITY COUNCIL MEETING
INCLUDING THE ANTIOCH CITY COUNCIL
ACTING AS SUCCESSOR AGENCY/HOUSING SUCCESSOR
TO THE ANTIOCH DEVELOPMENT AGENCY
ANTIOCH PUBLIC FINANCING AUTHORITY**

Special/Regular Meeting
6:00 P.M.

December 9, 2014
Council Chambers

Mayor Harper called the meeting to order at 6:03 P.M., and City Clerk Simonsen called the roll.

Present: Council Members Wilson, Rocha, Tiscareno and Mayor Harper

PLEDGE OF ALLEGIANCE

Mayor Pro Tem Rocha led the Council and audience in the Pledge of Allegiance.

INVOCATION

Holy Rosary Priest Roberto Corral led the audience in the invocation.

Mayor Harper recognized former and current elected officials in attendance.

ANNOUNCEMENTS OF CIVIC AND COMMUNITY EVENTS

Mayor Harper announced to assist residents in preparing for the storm, sand bags were available at the Corporation yard.

ANNOUNCEMENTS OF BOARD AND COMMISSION OPENINGS

City Clerk Simonsen announced the following Board and Commission opening:

- *Planning Commission: One (1) vacancy; deadline date is January 16, 2015*

He reported applications would be available in Council Chambers, online at the City's website and at the City Clerk's and Deputy City Clerks offices.

PUBLIC COMMENTS

Lee Ballesteros, representing CRAWDAD, requested City Manager Duran provide an update with regards to the RFP/RFQ process for the lot on "A" Street. She reported their proposal for the property was a rough draft and they would provide further details if the City was willing to consider their ideas.

Mayor Harper announced he had received written comment from Antioch resident David Trebotich.

Diane Gibson-Gray, stated it was a pleasure to work with Councilmember Tiscareno and Councilmember-elect Ogorchock during the election. As a community volunteer, Executive Director of the Arts and Cultural Foundation and School Board Trustee, she stated she looked forward to working with the new Council.

1. RESOLUTION CONFIRMING CANVASS BY THE COUNTY CLERK-RECORDER AND REGISTRAR OF VOTERS OF CONTRA COSTA COUNTY OF BALLOTS CAST AT THE GENERAL ELECTION HELD ON NOVEMBER 4, 2014

RESOLUTION NO. 2014/97

On motion by Wilson, seconded by Rocha, the City Council unanimously adopted the resolution.

OATHS OF OFFICE FOR NEWLY ELECTED COUNCIL MEMBERS

The Council congratulated Council Members Tiscareno and Ogorchock for being elected to the Antioch City Council. Mayor Harper recognized former Councilmember Agopian's years of service.

The Oaths of Office for the newly elected City Officials were administered as follows:

Tony Tiscareno, Council Member – Administered by Mayor Harper

Lori Ogorchock, Council Member – Administered by Supervisor Mary Nejedly Piepho

Councilmember Tiscareno recognized his family, friends and the volunteers who supported his campaign. He explained his primary focus for the City was public safety, economic development and recreation.

ROLL CALL - *New Council*

City Clerk Simonsen called the roll.

Present: Council Members Wilson, Ogorchock, Tiscareno, Rocha and Mayor Harper

2. COUNCIL REORGANIZATION

On motion by Committee Member Rocha, seconded by Councilmember Tiscareno, the Council unanimously appointed Councilmember Ogorchock as Mayor Pro Tem.

COMMENTS by Mayor and City Council Members

Councilmember Ogorchock recognized her family, friends and the volunteers who supported her campaign. She stated her primary focus was public safety and she looked forward to representing the citizens of Antioch.

Mayor Harper thanked Councilmember Tiscareno for allowing him to administer the Oath of Office and stated he looked forward to working with the City Council to improve the quality of life for Antioch residents. He thanked the community for their support and staff for their dedication.

PUBLIC COMMENTS

Allen Payton, Antioch resident, congratulated Councilmember Tiscareno and Councilmember Ogorchock.

Willie Mims, representing NAACP and Black Political Association, encouraged the City Council to consider the entire community when making their decisions.

Brandon Ginn expressed concern regarding an incident that occurred on August 7, 2014 involving the Antioch Police Department and a mentally ill man.

Kaitlyn Biondi, representing Futures Explored Inc., read written comment from participants of their program who requested the City consider placing stop signs and crosswalks on "I" Street at Second and Fourth Streets.

Kym Kelley, Antioch resident and owner of Where Did You Get Your Shoes, expressed concern regarding activities occurring in their parking lot and requested the City install a street light in the area. Additionally, she noted trees on City property behind her residence were dropping leaves in her yard and she requested the City assist her in addressing the situation.

Mayor Harper stated he would forward Ms. Kelley's contact information to City Manager Duran and reported the Public Works Department was looking into the lighting issues on Second Street.

STAFF COMMUNICATIONS

City Manager Duran reported on his attendance at the East County Justice Center meeting and the Mayor's Conference.

COUNCIL COMMUNICATIONS

Councilmember Rocha recognized Barbara George, Fathers Roberto and Vicente and former Councilmember Moore's wife, Dishon for attending the meeting this evening. She stated it would be an honor to serve in former Councilmember Agopian's seat. She wished everyone a Feliz Navidad.

Councilmember Tiscareno thanked the Holiday De Lites committee for organizing an outstanding event. He reported on his attendance at ribbon-cutting events and encouraged residents to support downtown businesses.

Councilmember Ogorchock reported due to a previous engagement she was unable to attend the Holiday De Lites event. She congratulated Councilmember Tiscareno on his re-election.

Councilmember Wilson recognized the Holiday De Lites committee for organizing an outstanding event. She reported on her attendance at ribbon-cutting events and encouraged residents to patronize Antioch businesses. She congratulated Councilmembers Ogorchock and Tiscareno for being elected to the City Council and stated she looked forward to working with them.

Mayor Harper stated the Holiday De Lites parade was a wonderful event and congratulated Councilmembers Ogorchock and Tiscareno.

ADJOURNMENT

With no further business, Mayor Harper adjourned the meeting at 7:07 P.M. to a special/adjourned regular Council meeting on December 16, 2014.

Respectfully submitted:

Kitty Eiden

KITTY EIDEN, Minutes Clerk

CITY COUNCIL MEETING

Special/Adjourned Regular Meeting
7:00 P.M.

December 16, 2014
Council Chambers

6:30 P.M. - CLOSED SESSION

1. **CONFERENCE WITH LABOR NEGOTIATORS** – This Closed Session with the City's Labor Negotiators is authorized by California Government Code section 54957.6; City designated representatives: Michelle Fitzner, Denise Haskett and Glenn Berkheimer; Employee organizations: Operating Engineers Local Union No. 3 (OE3) and Public Employees Union Local 1

City Attorney Nerland reported the City Council had been in Closed Session and gave the following report: **#1 CONFERENCE WITH LABOR NEGOTIATORS**, No action was taken.

Mayor Harper called the meeting to order at 7:09 P.M., and City Clerk Simonsen called the roll.

Present: Council Members Wilson, Ogorchock, Tiscareno, Rocha and Mayor Harper

PLEDGE OF ALLEGIANCE

Mayor Pro Tem Ogorchock led the Council and audience in the Pledge of Allegiance.

City Attorney Nerland announced there was an urgency item that came to the attention of the staff after the posting of the agenda and that item had been posted in Council Chambers and on the City's Website. She presented the staff report dated December 15, 2014, recommending City Council approve a motion to include: **URGENCY ITEM REGARDING PAYROLL SPECIALIST POSITION**, on the regular session agenda.

On motion by Councilmember Tiscareno, seconded by Councilmember Rocha, the Council unanimously placed **URGENCY ITEM REGARDING PAYROLL SPECIALIST POSITION** on the regular session agenda.

1. PROCLAMATION

Mike's Auto Body

On motion by Councilmember Wilson, seconded by Councilmember Tiscareno, the Council unanimously approved the Proclamation.

Mayor Harper encouraged the community to support Mike's Auto Body and attend the 14th Annual Benevolence Presentation on December 17, 2014.

ANNOUNCEMENTS OF CIVIC AND COMMUNITY EVENTS

Julie Hass-Wadjowicz, representing the City of Antioch, announced Christmas trees could be recycled in yard waste carts or dropping them off at the Marina parking lot or Prewett Water Park from 8:00 A.M. – 5:00 P.M. on December 27-28, 2014 and January 3-4, 2015. She noted Boy Scouts were also offering to pick up trees for a donation. Contact information was provided. She stated flocked trees should be disposed of in the garbage carts or by using a large item pick up.

Mark Jordan, Antioch resident, wished everyone a Merry Christmas and welcomed Councilmember Ogorchock to the Antioch City Council. He requested an update from staff regarding the City's process for hiring a firm to administer the business license tax and the re-implementation of the rental inspection program.

Claryssa Wilson, announced an East County NAACP Prayer Breakfast honoring Dr. Martin Luther King Jr. would be held from 8:00 A.M. – 10:00 A.M. on January 19, 2015, at St. Mark Bethel Baptist Church in Pittsburg and a Dr. Martin Luther King Jr. birthday celebration would be held on January 19, 2015, at Antioch High School Beede Auditorium.

Lawrence Rasheed, representing Greatness Rediscovered In Our Time (G.R.I.O.T.), invited the community to hear the concerns of local youths at 10:30 A.M. at the Delta Bay Church of Christ in Antioch.

Joy Motts, representing the Celebrate Antioch Foundation, CRAWDAD, and rivertown residents, requested the City agendaize a discussion of the RFP/RFQ results for the parcel at the foot of "A" Street as well as their request for the formation of a subcommittee.

Park and Recreation Director Kaiser invited the community to an open house at Mira Vista Park at 3:30 P.M. on January 5, 2015.

ANNOUNCEMENTS OF BOARD AND COMMISSION OPENINGS

City Clerk Simonsen announced the following Board and Commission openings:

- *Planning Commission: One (1) vacancy; deadline date is January 16, 2015*
- *Contra Costa Transit Authority-Citizen Advisory Committee: One (1) vacancy; deadline date is January 16, 2015*

He reported applications would be available in Council Chambers, online at the City's website, and at the City Clerk's and Deputy City Clerks offices.

PUBLIC COMMENTS

Bonnie J. Williams, Precious Little Ones, reported on May 16, 2014 her great-grandson drowned in their swimming pool. She acknowledged Councilmember Rocha, Fire Department, staff at Kaiser Hospital, and the Antioch Police Department for their kindness and professionalism during

their time of sorrow. She announced her organization Precious Little Ones would be offering a free swim program for infants.

Mayor Harper thanked Ms. Williams for offering the swim program and stated he was sorry for her loss.

David Trebotich, Antioch resident, wished everyone a Merry Christmas and presented the City Council with copies of his request seeking assistance in addressing criminal activity occurring in his neighborhood. Also included was a request from neighbors to install additional street lights in the area.

COUNCIL SUBCOMMITTEE REPORTS

Councilmember Tiscareno reported on his attendance at the Police Crime Prevention Commission meeting and thanked Deputy Director of Community Development Graham for his presentation on Neighborhood Improvement Services/Code Enforcement. He suggested a similar presentation be made at a City Council meeting.

Councilmember Ogorchok reported on her attendance at the Women's Club Christmas Open House.

MAYOR'S COMMENTS

Mayor Harper reported on his attendance at the TRANSPLAN, ECCRFFA, and Highway 4 Bypass meeting. He noted he had requested an official report regarding the delay for BART service to the Hillcrest Station.

2. COUNCIL CONSENT CALENDAR

A. APPROVAL OF COUNCIL MINUTES FOR NOVEMBER 25, 2014 AND DECEMBER 9, 2014

B. APPROVAL OF COUNCIL WARRANTS

C. REJECTION OF CLAIM

1. Agustin R. Colchado 14/15-2202 (property damage)

D. RESOLUTION NO. 2014/98 APPROVING A SUBDIVISION IMPROVEMENT AGREEMENT AND DEFERRED IMPROVEMENT AGREEMENT WITH BUCHANAN CROSSINGS, LLC, AND AUTHORIZING THE CITY MANAGER TO EXECUTE RELATED DOCUMENTS GENERALLY IN THE FORM ATTACHED AND AS ACCEPTABLE TO THE CITY MANAGER AND CITY ATTORNEY; AND VACATING A SURPLUS SLOPE AND DRAINAGE EASEMENT AND AUTHORIZING THE CITY MANAGER TO EXECUTE ANY ADDITIONAL DOCUMENTS THAT MAY BE NECESSARY TO VACATE THE EASEMENT AND QUITCLAIM ANY INTEREST TO THE UNDERLYING FEE OWNER

(BUCHANAN CROSSINGS, LLC) FOR THE BUCHANAN CROSSINGS SHOPPING CENTER (PW 357-302-08)

- E. **RESOLUTION NO. 2014/99** OF LOCAL SUPPORT AND AUTHORIZING THE FILING OF A GRANT APPLICATION TO MTC REQUESTING AN ALLOCATION OF THE TRANSPORTATION DEVELOPMENT ACT (TDA) ARTICLE 3 PEDESTRIAN/BICYCLE PROJECT FUNDS FOR NEW CURB RAMPS AT VARIOUS LOCATIONS (PW 409-4)
- F. **RESOLUTION NO. 2014/100 AND RESOLUTION NO. 2014/101** TO SUMMARILY VACATE AN EASEMENT RESERVED WITH THE ABANDONMENT OF OLD LONE TREE WAY AND AUTHORIZE THE CITY MANAGER TO EXECUTE ANY ADDITIONAL DOCUMENTS TO VACATE ANY INTEREST TO BLUEROCK PARTNERS II, LLC AND AUTHORIZE THE CITY MANAGER TO ACCEPT AN EASEMENT FOR RELOCATED AND EXISTING RAW WATER MAIN (PW 357-301-09)

City Clerk Simonsen stated there were letters on dais from Seecon Built Homes Inc., regarding agenda Item D and copies were available in Council Chambers.

On motion by Councilmember Wilson, seconded by Councilmember Ogorchock, the City Council unanimously approved the Council Consent Calendar.

COUNCIL REGULAR AGENDA

14. URGENCY ITEM REGARDING PAYROLL SPECIALIST POSITION

Finance Director Merchant presented the staff report dated December 15, 2014, recommending the City Council approve the resolution.

RESOLUTION NO. 2014/102

On motion by Councilmember Tiscareno, seconded by Councilmember Rocha, the City Council unanimously approved the resolution.

3. REVIEW, DISCUSS, SELECT AND PRIORITIZE POTENTIAL DEVELOPMENT PROJECTS FOR THE FINAL PHASE OF PREWETT COMMUNITY PARK; DIRECT STAFF TO INITIATE THE DESIGN PROCESS.

Project Manager Karste presented the staff report recommending the City Council review, discuss, select, and prioritize the potential development projects for the final phase of Prewett Community Park and direct staff to initiate the design process.

Bob Lyles and Josh Johnson, Antioch residents, recommended the City Council support a disc golf course as a project for Prewett Community Park.

Mayor Harper thanked Mr. Karste for the comprehensive staff report.

Following discussion, the Council expressed interest in exploring the feasibility of a marquee/digital sign for the community center. Each Councilmember provided a list of their top five (5) project priorities.

Councilmember Rocha stated her project priorities were as follows:

- All access playground
- All abilities zero depth pool play area
- Lighted sports court
- Group picnic areas/shade
- Security Cameras

Mayor Harper stated his project priorities were as follows:

- All access playground
- All abilities zero depth pool play area
- Lighted sports court
- Group picnic areas/shade
- Security Cameras

Councilmember Tiscareno stated his project priorities were as follows:

- All access playground
- All abilities zero depth pool play area
- Security Cameras
- Lighted sports court
- Group picnic areas/shade

Councilmember Wilson stated her project priorities were as follows:

- All abilities zero depth pool play area
- All access playground
- Lighted sports court
- Security Cameras
- Facility Storage

Councilmember Ogorchock stated her project priorities were as follows:

- All access playground
- All abilities zero depth pool play area
- Security Cameras
- Lighted sports court/disc golf course
- Shade Structures

Project Manager Karste stated they would initiate the design process based on Council direction.

4. ECONOMIC DEVELOPMENT COMMISSION APPOINTMENTS FOR TWO PARTIAL-TERM VACANCIES BOTH EXPIRING JUNE 2017

Mayor Harper nominated Ken Turnage and Loretta Sweatt to fill the two partial-term vacancies on the Economic Development Commission.

On motion by Councilmember Tiscareno, seconded by Councilmember Rocha, the City Council unanimously appointed Ken Turnage and Loretta Sweatt to the two partial-term vacancies on the Economic Development Commission.

5. PLANNING COMMISSION APPOINTMENT FOR ONE PARTIAL-TERM VACANCY EXPIRING OCTOBER 2017

Mayor Harper nominated Janet Zacharatos to fill the one partial-term vacancy on the Economic Development Commission.

On motion by Councilmember Rocha, seconded by Councilmember Wilson, the City Council unanimously appointed Janet Zacharatos to the one partial-term vacancy on the Planning Commission.

6. PROPERTY ASSESSED CLEAN ENERGY PROGRAM (PACE)

Environmental Resource Coordinator Hass-Wadjowicz clarified there was an error in the staff report and the California Hero program had commercial opportunities. She presented the staff report dated December 11, 2014 recommending the City Council adopt the resolutions allowing participation for properties with within the City's jurisdiction in Property Assessed Clean Energy (PACE) financing for property improvements including renewable energy sources, energy and water efficiency improvements, and electric vehicle charging infrastructure and approving an amendment to a certain joint powers agreement related thereto.

Gil Murrillo, Antioch resident, voiced his support of the Property Assessed Clean Energy Program (PACE). He suggested the City consider utilizing solar energy at Prewett Water Park.

RESOLUTION NO. 2014/103
RESOLUTION NO. 2014/104
RESOLUTION NO. 2014/105
RESOLUTION NO. 2014/106

On motion by Councilmember Rocha, seconded by Councilmember Tiscareno, the Council unanimously approved the resolutions.

Jonathan Kevles, Senior Director PACE, thanked the City Council for their support of the Property Assessed Clean Energy Program (PACE).

7. RESOLUTION APPROVING THREE (3) CODE ENFORCEMENT OFFICER POSITIONS IN THE FY 2014/15 BUDGET AND AUTHORIZING THE APPROPRIATE BUDGET ADJUSTMENT

Administrative Service Director Fitzer and Director of Community Development Wehrmeister presented the staff report dated December 2, 2014 recommending the City Council adopt the resolution.

Bill Cook, Antioch resident, voiced his support for the City converting the contract Code Enforcement Officers to City employees.

Mark Jordan, Antioch resident, stated there should be one (1) code enforcement officer for every ten (10) police officers and stated all citizens were entitled to equal enforcement of the code within the City of Antioch.

RESOLUTION NO. 2014/107

On motion by Councilmember Tiscareno, seconded by Councilmember Rocha, the Council unanimously adopted the resolution.

Mayor Harper declared a recess at 9:22 P.M. The meeting reconvened at 9:31 P.M. with all Council members present.

8. SEWER LATERAL INSPECTION AND REPLACEMENT PROGRAM

City Attorney Nerland presented the staff report dated December 10, 2014. In accordance with the Settlement Agreement with Northern California River Watch, a private sewer lateral inspection and replacement program was presented which requires the following actions: 1) Motion to read the Ordinance by title only; and 2) Motion to introduce an Ordinance adding Sections 6-4.301 to 6-4.310 to the Antioch Municipal Code regarding a Sewer Lateral Inspection and Replacement program, which included a requirement that all sewer laterals have proper cleanouts and that sewer laterals be inspected, cleaned and replaced if necessary when there have been two or more sewer overflows in the same private sewer lateral within two years and prior to the following events, unless the sewer lateral was installed within the past 10 years or inspected within the past 20 years and not found defective:

- a) The sale or transfer of property,
- b) The issuance of a building permit for a significant remodel, or
- c) A more intensive use.

The Ordinance would also amend section 5-1.314 of the Antioch Municipal Code to make minor corrections and provided that the City Manager may designate someone to make a determination regarding the use of summary abatement of a public nuisance.

Mark Jordan, Antioch resident, suggested the ordinance require mandatory if there was not a current lateral inspection within three (3) years of the point of sale.

In response to Council, Deputy Director of Public Works Bechtholdt reviewed the inspection process and associated costs. He noted the City provided a "one shot" for residents that did not have a cleanout in an attempt to remove the blockage, which also served as a warning to install a sewer clean out.

Councilmember Ogorchock stated cost could be prohibitive for anyone selling or buying a home and she urged the Council to reject the program.

City Attorney Nerland clarified the City was required under the terms of the settlement agreement to present the ordinance to the City Council for consideration. She noted as there continued to be sewer overflows and leakages, the City remained liable for violations of federal clean water and state regulations.

Mayor Harper stated he would not support the ordinance until homeowners were informed and provided feedback regarding the impacts of the program.

On motion by Councilmember Ogorchock, seconded by Councilmember Wilson, the Council tabled the item. The motion carried the following vote:

Ayes: Ogorchock, Wilson, Harper

Noes: Tiscareno, Rocha

9. APPROVE AMENDMENT TO FY 14/15 CAPITAL IMPROVEMENT BUDGET FOR THE PAVEMENT PREVENTATIVE MAINTENANCE PROGRAM (P.W. 328-8)

Director of Public Works/City Engineer Bernal presented the staff report dated December 2, 2014 recommending the City Council authorize the Director of Finance to amend the 2014-2015 Capital Improvement Budget to increase Gas Tax funding to the Pavement Preventative Maintenance Program to \$3,840,000.

On motion by Councilmember Rocha, seconded by Councilmember Tiscareno, the Council unanimously authorized the Director of Finance to amend the 2014-2015 Capital Improvement Budget to increase Gas Tax funding to the Pavement Preventative Maintenance Program to \$3,840,000.

10. FIRST AMENDMENT TO THE CONSULTANT SERVICE AGREEMENT WITH RMC WATER AND ENVIRONMENT FOR ENGINEERING DESIGN, ENVIRONMENTAL PERMITTING AND CONSTRUCTION SUPPORT SERVICES FOR THE WEST ANTIOCH CREEK CHANNEL IMPROVEMENTS PROJECT (P.W. 201-6)

Director of Public Works/City Engineer Bernal presented the staff report dated December 2, 2014 recommending the City Council approve the First Amendment to the Consultant Service Agreement with RMC Water and Environment for engineering design, permitting and construction support services for the West Antioch Creek Channel Improvement Project.

On motion by Councilmember Tiscareno, seconded by Councilmember Ogorchock, the Council unanimously approved the First Amendment to the Consultant Service Agreement with RMC

Water and Environment for engineering design, permitting and construction support services for the West Antioch Creek Channel Improvement Project.

11. APPROVAL OF PROPOSAL AND AUTHORIZATION FOR THE CITY MANAGER TO SIGN AN AGREEMENT WITH ECONOMIC AND PLANNING SYSTEMS, INC. (EPS) TO CONDUCT A TRANSPORTATION IMPACT FEE STUDY (P.W. 644-A)

Director of Public Works/City Engineer Bernal presented the staff report dated December 2, 2014 recommending the City Council approve the proposal and authorize the City Manager to sign an agreement with Economic and Planning Systems, Inc. (EPS) to conduct a Transportation Impact Fee Study in the amount of \$129,500.

On motion by Councilmember Rocha, seconded by Councilmember Ogorchock, the Council unanimously approved the proposal and authorized the City Manager to sign an agreement with Economic and Planning Systems, Inc. (EPS) to conduct a Transportation Impact Fee Study in the amount of \$129,500.

12. AMENDMENTS TO THE MASSAGE REGULATIONS TO COMPLY WITH NEW ASSEMBLY BILL 1147

City Attorney Nerland presented the staff report dated December 9, 2014 recommending the City Council: 1) Approve by motion the reading of the ordinance by title only; and 2) Introduce the Ordinance amending Sections 5-19.01, 5-19.04, 5-19.22 and 5-19.23 of the Antioch Municipal Code to address new State Laws regarding Massage Establishments and Massage Therapists.

Lieutenant Morefield stated when the Antioch Police Department was alerted to an issue with a massage parlor, they conducted undercover operations to substantiate the validity of the observation which were followed up with enforcement actions, if warranted.

On motion by Councilmember Ogorchock, seconded by Councilmember Tiscareno, the Council unanimously 1) Approved by motion the reading of the ordinance by title only; and 2) Introduced the Ordinance amending Sections 5-19.01, 5-19.04, 5-19.22 and 5-19.23 of the Antioch Municipal Code to address new State Laws regarding Massage Establishments and Massage Therapists.

13. CITY COUNCIL APPOINTMENTS TO COUNCIL COMMITTEES AND OTHER ENTITIES

City Attorney Nerland presented the staff report dated December 10, 2014 recommending the Mayor Harper make appointments for City Council approval by majority vote.

Mayor Harper recused himself and turned the gavel over to Mayor Pro Tem Ogorchock and left the dais.

On motion by Councilmember Tiscareno, seconded by Councilmember Rocha, the Council appointed Mayor Harper to the following committees and other entities:

- ABAG (Association of Bay Area Governments)

- Delta Diablo Sanitation District
- East Contra Costa Transit Authority (Tri Delta) (Board of Directors)
- Mayor's Conference
- Budget Committee
- Lone Tree Golf Course Committee
- Northeast Antioch Annexation
- Quality of Life Forum

The motion carried the following vote:

Ayes: Wilson, Ogorchock, Tiscareno, Rocha

Mayor Harper returned to the dais and Mayor Pro Tem Ogorchock recused herself.

On motion by Councilmember Rocha, seconded by Councilmember Wilson, the Council appointed Councilmember Ogorchock to the following committees and other entities:

- Community Facilities District (Mello Roos)
- City/School Relations Committee
- East Bay Division (League of California Cities)
- East County Water Management Association
- Sycamore Corridor Committee
- ICLEI (International Council for Local Environmental Initiatives)
- ABAG (Alternate)
- Mayor's Conference (Alternate)

The motion carried the following vote:

Ayes: Wilson, Tiscareno, Rocha, Harper

Mayor Pro Tem Ogorchock returned to the dais. Councilmember Tiscareno recused himself.

On motion by Councilmember Rocha, seconded by Councilmember Wilson, the Council appointed Councilmember Tiscareno to the following committees and other entities:

- Community Advisory Board – S.F. Bay Water Transit Authority
- Graffiti Committee
- State Route 4 By-Pass Authority
- TRANSPLAN
- East Contra Costa Regional Fee and Financing Authority
- Budget Committee
- Lone Tree Golf Course Committee

The motion carried the following vote:

Ayes: Wilson, Ogorchock, Rocha, Harper

Councilmember Tiscareno returned to the dais. Councilmember Rocha recused herself.

On motion by Councilmember Tiscareno, seconded by Councilmember Wilson, the Council appointed Councilmember Rocha to the following committees and entities:

- East Contra Costa Transit Authority (Tri Delta) (Board of Directors)
- CDBG Committee
- Committee on Aging
- Northeast Antioch Annexation
- Delta Diablo Sanitation District (alternate)
- Historic Preservation Committee

The motion carried the following vote:

Ayes: Wilson, Ogorchock, Tiscareno, Harper

Councilmember Rocha returned to the dais. Councilmember Wilson recused herself.

On motion by Councilmember Rocha, seconded by Councilmember Tiscareno, the Council appointed Councilmember Wilson to the following committees and entities:

- Chamber of Commerce Liaison
- Community Facilities District (Mello Roos)
- City/School Relations Committee
- CDBG
- Sycamore Corridor Committee
- State Route 4 By-Pass Authority (alternate)
- TRANSPLAN (alternate)
- East Contra Costa Regional Fee and Financing Authority (alternate)

The motion carried the following vote:

Ayes: Ogorchock, Tiscareno, Rocha, Harper

Councilmember Wilson returned to the dais.

PUBLIC COMMENTS

Mayor Harper received written comment from Paul Narducci requesting the City update the Code Enforcement flyer and distribute it in the water bill.

Contra Costa Fire Protection District Battalion Chief Ed Gonzalez introduced himself and stated he was available to answer any questions.

STAFF COMMUNICATIONS

City Manager Duran announced he had met with representatives from Senator DeSaulnier and Assemblymember Frazier's offices regarding the Department of Finance issues on the redevelopment dissolution.

COUNCIL COMMUNICATIONS

Councilmember Wilson wished everyone a happy holiday.

Councilmember Rocha wished everyone a Feliz Navidad.

Mayor Harper requested staff agendaize the recent appointments of Park and Recreation Commissioners for determination of their length of terms. He requested City Manager Duran update the public on the RFP/RFQ process in his weekly or monthly report. He wished everyone a happy and safe holiday.

ADJOURNMENT

With no further business, Mayor Harper adjourned the meeting at 10:32 P.M. to the next regular Council meeting on January 13, 2015.

Respectfully submitted:

Kitty Eiden
KITTY EIDEN, Minutes Clerk

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100 General Fund

Non Departmental

354139 THD AT HOME SERVICES INC	CBSC FEE REFUND	2.30
354163 BUCHANAN CROSSINGS LLC	PEER REVIEW REFUND	6.75
354175 DAHLIN GROUP INC	DESIGN REVIEW	1,080.00
354272 CIRCLEPOINT	CONSULTANT SERVICES	8,546.74
354285 DELTA DENTAL	PAYROLL DEDUCTIONS	577.36
354316 M R SEREDA CO	CHECK REPLACEMENT	14.99
354340 RANEY PLANNING & MANAGEMENT INC	CONSULTING SERVICES	11,366.05

City Council

203836 UNLIMITED GRAPHIC AND SIGN NETWORK	NAME PLATE	21.80
203871 COSTCO	MEETING EXPENSE	48.39
354026 PERS	PAYROLL DEDUCTIONS	1,490.49
354284 DANIELS, SHARON P	EXPENSE REIMBURSEMENT	51.78
354364 BANK OF AMERICA	CONFERENCE-OGORCHOCK	550.00

City Attorney

203832 SMITH, JAMIE	CONFERENCE DUES	46.00
203834 LEXISNEXIS	ONLINE LEGAL RESEARCH	76.50
203838 BANK OF AMERICA	MCLE CREDIT	36.00
354035 SHRED IT INC	SHRED SERVICE	47.13
354119 PORTER SCOTT ATTORNEYS	LEGAL SERVICES	200.00
354258 BURKE WILLIAMS AND SORENSEN LLP	LEGAL SERVICES	3,717.00
354274 COLANTUONO HIGHSMITH WHATLEY PC	LEGAL SERVICES	97.50
354349 STATE BAR OF CALIFORNIA	MEMBERSHIP FEES	430.00
354362 XEROX CORPORATION	COPIER LEASE/USAGE	133.79

City Manager

203833 DS WATERS OF AMERICA	SUPPLIES	32.11
203835 VERIZON WIRELESS	DATA USAGE	38.01
203837 PRINT CLUB	EMERGENCY CONTACT CARDS	14.17
354062 CA SHOPPING CART RETRIEVAL CORP	SHOPPING CART RETRIEVAL	402.00
354244 BANK OF AMERICA	POSTAGE	656.60
354269 CC COUNTY PUBLIC MANAGERS ASSOC	ANNUAL DUES	312.00
354362 XEROX CORPORATION	COPIER LEASE/USAGE	133.81
354364 BANK OF AMERICA	CONFERENCE-DURAN	582.41
923377 KARSTE CONSULTING INC	CONSULTING SERVICES	600.00

City Clerk

354160 BAY AREA NEWS GROUP	LEGAL AD	869.53
354185 GARCIA, CHRISTINA L	EXPENSE REIMBURSEMENT	60.83
354295 EIDEN, KITTY J	MINUTES CLERK	1,160.00
354362 XEROX CORPORATION	COPIER LEASE/USAGE	133.77
354378 EIDEN, KITTY J	MINUTES CLERK	56.00

City Treasurer

354118 PFM ASSET MGMT LLC	ADVISORY SERVICES	7,323.41
354300 GARDA CL WEST INC	ARMORED CAR PICK UP	226.93

Human Resources

354035 SHRED IT INC	SHRED SERVICE	47.12
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 Finance Accounting

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354102 MUNICIPAL POOLING AUTHORITY	DOT PROGRAM	790.30
354108 OFFICE MAX INC	OFFICE SUPPLIES	303.68
354183 FEDEX	SHIPPING	24.47
354244 BANK OF AMERICA	ANNUAL CARD FEE	1,549.27
354270 EMPLOYEE	EMPLOYEE RECOGNITION	350.00
354273 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	57.19
354305 IEDA INC	PROFESSIONAL SERVICES	3,699.04
354308 JACKSON LEWIS LLP	PROFESSIONAL SERVICES	177.00
354362 XEROX CORPORATION	COPIER LEASE/USAGE	405.16
354382 EMPLOYEE	EMPLOYEE RECOGNITION	350.00
354389 EMPLOYEE	EMPLOYEE RECOGNITION	250.00
354407 EMPLOYEE	EMPLOYEE RECOGNITION	300.00
Economic Development		
354026 PERS	PAYROLL DEDUCTIONS	864.65
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	483.52
354130 STATE OF CALIFORNIA	FINGERPRINTING	32.00
354362 XEROX CORPORATION	COPIER LEASE/USAGE	133.78
923371 BERNICK, MICHAEL	PROFESSIONAL SERVICES	3,300.00
Finance Administration		
354108 OFFICE MAX INC	OFFICE SUPPLIES	47.34
354362 XEROX CORPORATION	COPIER LEASE/USAGE	333.13
354397 OFFICE MAX INC	OFFICE SUPPLIES	422.73
Finance Accounting		
353960 AT AND T MCI	BITECH PHONE LINE	481.30
354035 SHRED IT INC	SHRED SERVICE	47.13
354108 OFFICE MAX INC	OFFICE SUPPLIES	119.79
354289 DIABLO LIVE SCAN	FINGERPRINTING	20.00
923353 SUNGARD PUBLIC SECTOR INC	SOFTWARE UPDATE	46,592.16
Finance Operations		
354059 BANK OF AMERICA	POSTAGE MACHINE SUPPLIES	277.72
354174 CSMFO	MEMBER DUES-SAUNDERS	110.00
354230 UNITED PARCEL SERVICE	WEEKLY PRINTER SERVICE FEE	13.30
354273 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	17.05
354357 UNITED PARCEL SERVICE	WEEKLY PRINTER SERVICE FEE	13.30
354362 XEROX CORPORATION	COPIER LEASE/USAGE	1,970.23
354397 OFFICE MAX INC	OFFICE SUPPLIES	44.78
354408 UNITED PARCEL SERVICE	WEEKLY PRINTER SERVICE FEE	26.60
Non Departmental		
203858 PLASIGNING SERVICE	BUS LIC APP FEE REFUND	25.00
203859 ANTIOCH GLASS	BUS LIC APP FEE REFUND	30.00
203860 RAINBOW REFINISHING	BUS LIC OVERPAYMENT REFUND	6.50
203861 FINTA ENTERPRISES INC	BUS LIC APP FEE REFUND	30.00
203862 CALIFORNIA CHINA BUSINESS ASSOC	BUS LIC OVERPAYMENT REFUND	5.50
203863 VALLEYS CLEANING SERVICE	BUS LIC OVERPAYMENT REFUND	16.50
203864 PICAZO DYNAMICS	BUS LIC OVERPAYMENT REFUND	15.00
203865 ALCAL SPECIALTY CONTRACTING	BUS LIC APP FEE REFUND	30.00

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203866 CHARLES M SAULTER ASSOCIATES INC	BUS LIC APP FEE REFUND	30.00
203867 SYGMA NETWORK INC, THE	BUS LIC APP FEE REFUND	30.00
203868 US LOGISTICS	BUS LIC FEE REFUND	6.50
354026 PERS	PAYROLL DEDUCTIONS	1,206.76
354044 WAGeworks	ADMIN FEES	150.00
354103 MUNICIPAL POOLING AUTHORITY	LIABILITY DEDUCTIBLE	20,624.48
354219 RAINS LUCIA STERN PC	SETTLEMENT	5,000.00
354325 MUNICIPAL POOLING AUTHORITY	UNMET LIABILITY DEDUCTIBLE	28,287.36
354359 WAGeworks	ADMIN FEES	150.00
923246 RETIREE	MEDICAL AFTER RETIREMENT	1,658.84
Public Works Maintenance Administration		
354243 BANK OF AMERICA	ANNUAL CARD FEE	25.00
354330 OFFICE MAX INC	OFFICE SUPPLIES	16.83
354362 XEROX CORPORATION	COPIER LEASE/USAGE	45.76
354395 NEXTEL SPRINT	CELL PHONE	57.64
Public Works General Maintenance Services		
203763 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	15.00
353994 FRIGARD CHIROPRACTIC AND	DMV EXAM	75.00
354304 HUNT AND SONS INC	FUEL	80.33
354330 OFFICE MAX INC	OFFICE SUPPLIES	70.54
354362 XEROX CORPORATION	COPIER LEASE/USAGE	122.02
Public Works Street Maintenance		
353980 CROP PRODUCTION SERVICES INC	CHEMICAL SPRAY	6,455.75
353982 DELTA GRINDING CO INC	EQUIPMENT RENTAL	5,350.00
354010 L SERPA TRUCKING INC	TRUCK RENTAL	6,557.00
354051 ALTA FENCE	FENCE REPAIR	774.00
354055 ANTIOCH BUILDING MATERIALS	ASPHALT	14,016.66
354095 KEN KELLER SALES	SAW BLADE	979.48
354098 L SERPA TRUCKING INC	TRUCK RENTAL	3,668.60
354124 ROBERTS AND BRUNE CO	SUPPLIES	128.90
354286 DELTA GRINDING CO INC	EQUIPMENT RENTAL	2,675.00
354304 HUNT AND SONS INC	FUEL	238.94
354395 NEXTEL SPRINT	CELL PHONE	57.61
923346 GRAINGER INC	SUPPLIES	393.55
Public Works-Signal/Street Lights		
354052 AMERICAN GREENPOWER USA INC	LIGHTING MATERIALS	10,534.54
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	5,299.31
354156 AT AND T MCI	PHONE	576.54
354210 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	861.00
354399 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	199.83
923364 ICR ELECTRICAL CONTRACTORS	ELECTRICAL SERVICES	2,983.87
923376 ICR ELECTRICAL CONTRACTORS	ELECTRICAL SERVICES	7,207.69
Public Works-Striping/Signing		
354034 SHERWIN WILLIAMS CO	PAINT SUPPLIES	239.78
354120 PRINT CLUB	SUPPLIES	163.50
354136 SUBURBAN PROPANE	PROPANE	65.00

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354194 INTERSTATE SALES	BARRICADES	759.50
354227 T AND T PAVEMENT MARKINGS	SIGNS	1,092.19
354296 FASTENAL CO	INDUSTRIAL SUPPLIES	67.85
354304 HUNT AND SONS INC	FUEL	59.30
354371 BECHTHOLDT, MICHAEL J	EXPENSE REIMBURSEMENT	52.98
354379 FASTLANE TEK INC	REMOTE SUPPORT	187.50
354390 MOLINAR, ADAM	EXPENSE REIMBURSEMENT	5.51
354395 NEXTEL SPRINT	CELL PHONE	57.61
Public Works-Facilities Maintenance		
353957 ACME SECURITY SYSTEMS	ALARM DOOR REPAIR	253.75
353984 DREAM RIDE ELEVATOR	ELEVATOR SERVICE	240.00
354019 OAKLEYS PEST CONTROL	PEST CONTROL SERVICE	100.00
354113 PACIFIC GAS AND ELECTRIC CO	GAS	11,634.44
354145 ACME SECURITY SYSTEMS	GATE REPAIR	347.50
354147 AMERICAN PLUMBING INC	PLUMBING SERVICES	290.00
354156 AT AND T MCI	PHONE	49.42
354177 DREAM RIDE ELEVATOR	ELEVATOR SERVICE	240.00
354341 REAL PROTECTION INC	FIRE ALARM SYSTEM TEST	360.23
354361 WESCO RECEIVABLES CORP	SUPPLIES	380.37
923239 HAMMONS SUPPLY COMPANY	SUPPLIES	120.60
923378 LEES BUILDING MAINTENANCE	JANITORIAL SERVICES	1,766.00
Public Works-Parks Maint		
354030 RON TONKIN IRRIGATION	IRRIGATION WIRING	135.00
354038 STEWARTS TREE SERVICE INC	TREE SERVICE	750.00
354053 AMERICAN PLUMBING INC	PLUMBING SERVICE	710.20
354071 DELTA LOCK KEY AND SAFE	LOCK REPAIR	140.00
354111 PACHECO BROTHERS GARDENING INC	LANDSCAPE SERVICES	54,744.24
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	831.35
354156 AT AND T MCI	PHONE	86.49
354210 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	405.70
354355 STEWARTS TREE SERVICE INC	TREE SERVICES	1,900.00
923366 JOHN DEERE LANDSCAPES PACHECO	IRRIGATION CONTROLLER PARTS	285.84
Public Works-Median/General Land		
353980 CROP PRODUCTION SERVICES INC	CHEMICAL SPRAY	1,139.25
354107 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	384.00
354112 PACIFIC COAST LANDSCAPE MGMT INC	LANDSCAPE SERVICES	7,050.00
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	1,643.73
354156 AT AND T MCI	PHONE	173.63
354206 MT DIABLO LANDSCAPE CENTERS INC	SUPPLIES	198.71
354210 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	112.95
354226 STEWARTS TREE SERVICE INC	TREE SERVICES	3,050.00
354235 ACE HARDWARE, ANTIOCH	SUPPLIES	98.05
354304 HUNT AND SONS INC	FUEL	156.28
354334 PACIFIC COAST LANDSCAPE MGMT INC	LANDSCAPE SERVICES	11,468.60
354399 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	12.26
923252 JOHN DEERE LANDSCAPES PACHECO	CONTROLLER INSTALLATION	9,331.69

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923348 JOHN DEERE LANDSCAPES PACHECO	IRRIGATION REPAIR	1,711.03
Public Works-Work Alternative		
354381 FURBER SAW INC	SUPPLIES	86.79
354395 NEXTEL SPRINT	CELL PHONE	49.02
354401 RED WING SHOE STORE	SAFETY SHOES-REESE	217.52
Police Administration		
203737 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	6.00
203739 BACIAA	MEMBER DUES	50.00
203740 OREGON DEPT OF MOTOR VEHICLES	INFO REQUEST FEE	3.00
353964 BANK OF AMERICA	BUSINESS EXPENSE	44.48
353965 BANK OF AMERICA	TRAINING-BROOKS	394.20
353976 CONCORD UNIFORMS LLC	UNIFORMS	261.34
353979 CRIME SCENE CLEANERS INC	CRIME SCENE CLEANUP	225.00
354011 LC ACTION POLICE SUPPLY	SUPPLIES	159.84
354057 ARROWHEAD 24 HOUR TOWING INC	TOWING SERVICES	202.50
354142 TULLY WIHR CO	FORMS	318.40
354152 ARROWHEAD 24 HOUR TOWING INC	TOWING SERVICES	137.50
354153 ASR - BRICKER MINCOLA	UNIFORMS	5,121.43
354169 COMMERCIAL SUPPORT SERVICES	CAR WASHES	766.50
354170 CONCORD UNIFORMS LLC	UNIFORMS	357.91
354200 LIONS GATE HOTEL	LODGING-SCHNITZIUS WEEK1	322.23
354201 LIONS GATE HOTEL	LODGING-SCHNITZIUS WEEK2	322.23
354202 LOWTHER, GARY M	GAS REIMBURSEMENT	40.59
354204 MARRIOTT HOTEL	LODGING-PETERSON	280.90
354208 OFFICE MAX INC	OFFICE SUPPLIES	1,490.70
354212 PERKINSON, JAMES A	TRAINING PER DIEM	610.00
354213 PETERSON, SAMANTHA GENOVEVA	TRAINING PER DIEM	142.00
354223 SCHNITZIUS, TREVOR W	TRAINING PER DIEM	366.00
354233 HILTON	LODGING-PERKINSON WEEK1	733.00
354234 HILTON	LODGING-PERKINSON WEEK2	733.00
354239 ARROWHEAD 24 HOUR TOWING INC	TOWING SERVICES	779.78
354240 ASR - BRICKER MINCOLA	UNIFORMS	1,489.68
354244 BANK OF AMERICA	ADVERTISEMENT	75.00
354245 BANK OF AMERICA	SUPPLIES	916.23
354246 BANK OF AMERICA	SUPPLIES	445.19
354247 BANK OF AMERICA	TRAINING	2,849.72
354256 BROOKS, TAMMANY N	SUPPLIES REIMBURSEMENT	69.75
354257 BROOKS, TAMMANY N	TRAINING PER DIEM	710.00
354259 CALIF HOMICIDE INVESTIGATORS ASSOC	TUITION-STENGER	275.00
354260 CALIF HOMICIDE INVESTIGATORS ASSOC	TUITION-MEADS	275.00
354262 CARMEL MISSION INN	LODGING-ROSE	703.15
354263 CASA MUNRAS	LODGING-MOREFIELD WEEK1	472.56
354264 CASA MUNRAS	LODGING-MOREFIELD WEEK2	472.56
354265 CASA MUNRAS	LODGING-MOREFIELD WEEK3	635.35
354266 CASA MUNRAS	LODGING-LADUE WEEK1	566.37
354267 CASA MUNRAS	LODGING-LADUE WEEK2	707.96

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354268	CASA MUNRAS	LODGING-LADUE WEEK3	566.37
354277	COMMERCIAL SUPPORT SERVICES	CAR WASHES	588.00
354281	CPS HUMAN RESOURCE SERVICES	EXAM SERVICES	493.00
354282	CROWNE PLAZA	LODGING-MEADS	381.48
354291	DOUBLETREE HOTEL	LODGING-BROOKS WEEK1	889.15
354292	DOUBLETREE HOTEL	LODGING-BROOKS WEEK2	844.13
354304	HUNT AND SONS INC	FUEL	40.67
354308	JACKSON LEWIS LLP	PROFESSIONAL SERVICES	236.00
354313	LADUE, DONALD	TRAINING PER DIEM	923.00
354317	MCMURRY, JAMES P	MILEAGE REIMBURSEMENT	53.76
354318	MEADS, ROBERT P	TRAINING PER DIEM	213.00
354320	MOREFIELD, ANTHONY W	TRAINING PER DIEM	923.00
354336	PARS	RETIREMENT/PARS	91,667.36
354342	RGH GROUP, THE	PROFESSIONAL SERVICES	1,600.00
354344	ROSE, BRIAN C	TRAINING PER DIEM	355.00
354345	SAN DIEGO POLICE EQUIPMENT CO	AMMUNITION SUPPLIES	8,138.96
354358	VERIZON WIRELESS	AIR CARD	76.02
354362	XEROX CORPORATION	COPIER LEASE/USAGE	2,095.00
354394	NET TRANSCRIPTS	TRANSCRIPTION SERVICES	214.73
354397	OFFICE MAX INC	OFFICE SUPPLIES	1,223.40
923275	MOBILE MINI LLC	PORTABLE STORAGE CONTAINER	355.78
923339	3M AOSAFETY EYEWARE	SAFETY GLASSES-VANDERKLUGT	537.42
923365	IMAGE SALES INC	BADGE	17.27
923386	MOBILE MINI LLC	PORTABLE STORAGE CONTAINER	355.78
Police Prisoner Custody			
354346	SAVE MART SUPERMARKETS	JAIL FOOD	115.45
Police Community Policing			
203737	CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	37.00
203738	CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	63.98
203901	CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	99.28
203902	CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	91.65
203903	CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	98.53
203904	CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	30.00
203905	CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	61.20
353979	CRIME SCENE CLEANERS INC	CRIME SCENE CLEANUP	245.00
354001	HUNT AND SONS INC	FUEL	58.53
354026	PERS	PAYROLL DEDUCTIONS	3,895.05
354057	ARROWHEAD 24 HOUR TOWING INC	TOWING SERVICES	90.00
354106	OCCUPATIONAL HEALTH CENTERS	PREPLACEMENT EXAM	208.50
354121	PSYCHOLOGICAL RESOURCES INC	PROFESSIONAL SERVICES	900.00
354162	BLUE SHIELD LIFE	PAYROLL DEDUCTIONS	11.97
354173	CRIME SCENE CLEANERS INC	CRIME SCENE CLEANUP	135.00
354184	FOLSOM LAKE FORD	2015 FORD UTILITY VEHICLE	58,905.34
354217	PERS	PAYROLL DEDUCTIONS	10.08
354239	ARROWHEAD 24 HOUR TOWING INC	TOWING SERVICES	90.00
354273	CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	44.80

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354285 DELTA DENTAL	PAYROLL DEDUCTIONS	41.64
354304 HUNT AND SONS INC	FUEL	7,553.59
354328 OCCUPATIONAL HEALTH CENTERS	PREPLACEMENT MEDICAL	800.50
923357 CDW GOVERNMENT INC	COMPUTER EQUIPMENT	225.20
Police Investigations		
203737 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	15.50
203902 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	7.50
203904 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	67.50
203905 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	36.20
354247 BANK OF AMERICA	EXPENSE REIMBURSEMENT	165.96
354304 HUNT AND SONS INC	FUEL	15.59
354312 KOCH, MATTHEW T	EXPENSE REIMBURSEMENT	64.04
354322 MORTIMER, MICHAEL P	EXPENSE REIMBURSEMENT	64.04
354362 XEROX CORPORATION	COPIER LEASE/USAGE	873.93
923341 COMPUTERLAND	COMPUTER SUPPLIES	149.72
Police Special Operations Unit		
354026 PERS	PAYROLL DEDUCTIONS	459.18
354140 TOYOTA FINANCIAL SERVICES	VEHICLE LEASE	1,546.94
Police Communications		
353961 AT AND T MOBILITY	HIGH SPEED WIRELESS	2,330.20
354003 IBS OF TRI VALLEY	BATTERIES	403.89
354026 PERS	PAYROLL DEDUCTIONS	2,670.86
354079 ENTISYS SOLUTIONS INC	SERVER WARRANTY	3,582.90
354148 AMERICAN TOWER CORPORATION	CELL TOWER RENTAL	222.84
354155 AT AND T MCI	PHONE	655.27
354156 AT AND T MCI	PHONE	1,188.49
354168 COMCAST	CONNECTION SERVICE	660.81
354188 GLOBALSTAR	SATELLITE PHONE	86.67
354211 PACIFIC TELEMAGEMENT SERVICES	LOBBY PAY PHONE	78.00
923359 COMPUTERLAND	COMPUTER SUPPLIES	127.92
Office Of Emergency Management		
354156 AT AND T MCI	PHONE	329.37
354304 HUNT AND SONS INC	FUEL	63.09
Police Community Volunteers		
354295 EIDEN, KITTY J	MINUTES CLERK	126.00
354346 SAVE MART SUPERMARKETS	SUPPLIES	22.00
Police Facilities Maintenance		
353984 DREAM RIDE ELEVATOR	ELEVATOR SERVICE	80.00
354019 OAKLEYS PEST CONTROL	PEST CONTROL SERVICE	165.00
354113 PACIFIC GAS AND ELECTRIC CO	GAS	19,565.09
354145 ACME SECURITY SYSTEMS	CARD READER REPAIR	250.00
354156 AT AND T MCI	PHONE	304.46
354177 DREAM RIDE ELEVATOR	ELEVATOR SERVICE	80.00
354261 CAMALI CORP	MAINTENANCE SERVICE	363.00
354341 REAL PROTECTION INC	FIRE ALARM SYSTEM TEST	311.38
354396 NEXTEL SPRINT	CELL PHONE	3,134.15

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923378 LEES BUILDING MAINTENANCE	JANITORIAL SERVICES	3,426.00
Community Development Administration		
354362 XEROX CORPORATION	COPIER LEASE/USAGE	366.09
Community Development Land Planning Services		
354061 BAY AREA NEWS GROUP	LEGAL AD	547.68
354182 EIDEN, KITTY J	MINUTES CLERK	210.00
354214 PMC	PROFESSIONAL SERVICES	1,139.31
354220 RANEY PLANNING & MANAGEMENT INC	PROFESSIONAL SERVICES	3,512.92
354302 GENTRY, MELINDA M	MILEAGE REIMBURSEMENT	57.75
CD Code Enforcement		
354196 INTERWEST CONSULTING GROUP INC	PROFESSIONAL SERVICES	13,800.00
354208 OFFICE MAX INC	OFFICE SUPPLIES	109.16
354216 PRINT CLUB	FORMS	474.15
354242 BANK OF AMERICA	CONFERENCE FEE-GRAHAM	224.98
354273 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	10.52
354304 HUNT AND SONS INC	FUEL	236.18
PW Engineer Land Development		
353971 CANON SOLUTIONS AMERICA INC	EQUIPMENT REPAIR	2,348.27
354156 AT AND T MCI	PHONE	32.34
354193 INSTITUTE OF TRANSPORT ENGINEERS	MEMBER DUES	314.28
354228 TJKM TRANSPORTATION CONSULTANTS	CONSULTING SERVICES	8,811.60
354304 HUNT AND SONS INC	FUEL	135.03
354362 XEROX CORPORATION	COPIER LEASE/USAGE	142.39
354395 NEXTEL SPRINT	CELL PHONE	168.63
Community Development Building Inspection		
354108 OFFICE MAX INC	OFFICE SUPPLIES	52.49
354139 THD AT HOME SERVICES INC	BLDG PERMIT FEE REFUND	164.44
354164 CAPITAL TOWER COMMUNICATIONS	ACCESS FEE REFUND	8.89
354304 HUNT AND SONS INC	FUEL	62.86
354395 NEXTEL SPRINT	CELL PHONE	57.43
354397 OFFICE MAX INC	OFFICE SUPPLIES	321.91
Capital Imp. Administration		
354208 OFFICE MAX INC	OFFICE SUPPLIES	100.28
354351 STATE OF CALIFORNIA	LICENSE RENEWAL	115.00
Community Development Engineering Services		
354395 NEXTEL SPRINT	CELL PHONE	57.61
354397 OFFICE MAX INC	OFFICE SUPPLIES	76.99
212 CDBG Fund		
CDBG		
354196 INTERWEST CONSULTING GROUP INC	PROFESSIONAL SERVICES	9,292.50
923375 HOUSE, TERI	CONSULTING SERVICES	5,882.50
CDBG NSP		
923375 HOUSE, TERI	CONSULTING SERVICES	195.00
213 Gas Tax Fund		
Streets		
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	26,535.74

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354210	PACIFIC GAS AND ELECTRIC CO	ELECTRIC	407.65
354399	PACIFIC GAS AND ELECTRIC CO	ELECTRIC	80.45

214 Animal Control Fund

Animal Control

353989	EAST BAY VETERINARY EMERGENCY	VETERINARY SERVICES	496.89
353990	EAST HILLS VETERINARY HOSPITAL	VETERINARY SERVICES	3,513.74
354000	HILLS PET NUTRITION	ANIMAL FOOD	1,548.80
354018	MWI VETERINARY SUPPLY CO	VETERINARY SUPPLIES	465.60
354026	PERS	PAYROLL DEDUCTIONS	183.66
354048	ZOETIS LLC	ANIMAL CARE SUPPLIES	505.10
354076	EAST HILLS VETERINARY HOSPITAL	VETERINARY SERVICES	140.40
354097	KOEFRAAN SERVICES INC	ANIMAL DISPOSAL SERVICES	1,850.00
354113	PACIFIC GAS AND ELECTRIC CO	ELECTRIC	1,029.74
354179	EAST BAY VETERINARY EMERGENCY	VETERINARY SERVICES	165.68
354180	EAST HILLS VETERINARY HOSPITAL	VETERINARY SERVICES	269.35
354304	HUNT AND SONS INC	FUEL	28.57
354310	JOHNSON, GABRIELLE M	SAFETY SHOES REIMBURSEMENT	32.69
354362	XEROX CORPORATION	COPIER LEASE/USAGE	191.43
354376	EAST BAY VETERINARY EMERGENCY	VETERINARY SERVICES	263.81
354377	EAST HILLS VETERINARY HOSPITAL	VETERINARY SERVICES	88.20
354383	HILLS PET NUTRITION	ANIMAL FOOD	1,201.14
354393	MWI VETERINARY SUPPLY CO	SUPPLIES	986.28
354396	NEXTEL SPRINT	CELL PHONE	288.60
923378	LEES BUILDING MAINTENANCE	JANITORIAL SERVICES	436.00

Maddie's Fund Grant

353990	EAST HILLS VETERINARY HOSPITAL	VETERINARY SERVICES	1,175.60
354138	TAIL WAG INN VETERINARY HOSPITAL	VETERINARY SERVICES	1,596.23
354179	EAST BAY VETERINARY EMERGENCY	VETERINARY SERVICES	1,343.49
354180	EAST HILLS VETERINARY HOSPITAL	VETERINARY SERVICES	4,605.10
354377	EAST HILLS VETERINARY HOSPITAL	VETERINARY SERVICES	4,274.00

215 Civic Arts Fund

Civic Arts

354341	REAL PROTECTION INC	FIRE ALARM SYSTEM TEST	67.60
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216 Park-In-Lieu Fund

Parks & Open Space

354319	MIRACLE PLAY SYSTEMS INC	PLAYGROUND EQUIPMENT	69,788.03
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218 Senior Bus Fund

Senior Bus

354304	HUNT AND SONS INC	FUEL	183.07
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219 Recreation Fund

Non Departmental

353997	GUILLIAMS, PATRICIA	DEPOSIT REFUND	500.00
354078	ELLIS, DOROTHY	DEPOSIT REFUND	500.00
354084	FERNANDEZ, DELFINA	DEPOSIT REFUND	1,000.00
354191	HUB INTERNATIONAL OF CA INSURANCE	LIABILTIY INSURANCE	629.90
354385	KANGS TAEKWONDO ACADEMY	DEPOSIT REFUND	500.00

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Recreation Admin

354113	PACIFIC GAS AND ELECTRIC CO	ELECTRIC	2,718.36
354157	BANK OF AMERICA	LIGHTS	141.05
354341	REAL PROTECTION INC	FIRE ALARM SYSTEM TEST	94.64

Senior Programs

354113	PACIFIC GAS AND ELECTRIC CO	ELECTRIC	1,812.25
354156	AT AND T MCI	PHONE	96.75
923378	LEES BUILDING MAINTENANCE	JANITORIAL SERVICES	336.00

Recreation Classes/Prog

203640	MCGUIRE, VICKI	CLASS REFUND	30.00
353987	DUGAND, KARINA	CONTRACTOR PAYMENT	187.20
354009	KOVALICK, LUANNE	CONTRACTOR PAYMENT	1,091.85
354015	LIPPE, PATRICIA	CONTRACTOR PAYMENT	310.80
354021	ORTIZ, CHERYL	CONTRACTOR PAYMENT	163.80
354058	AUBURN JOURNAL INC	WINTER 2015 PRINTING	1,338.51
354077	EDUCATION TO GO	CONTRACTOR PAYMENT	538.00
354125	ROBERTS, NANCY	CONTRACTOR PAYMENT	592.80
354171	COSTCO	SUPPLIES	109.31
354197	JENNIFER HINES DESIGN	DESIGN SERVICES	1,122.88
354231	WE ARE ONE PRODUCTIONS	CONTRACTOR PAYMENT	1,140.00
354294	DUGAND, KARINA	CONTRACTOR PAYMENT	768.60
354301	GEDDES MUSIC BRENTWOOD	CONTRACTOR PAYMENT	408.00
354323	MUIR, ROXANNE	CONTRACTOR PAYMENT	651.48
354327	NEOPOST	EQUIPMENT RENTAL	61.97
354330	OFFICE MAX INC	OFFICE SUPPLIES	202.11

Recreation Camps

354058	AUBURN JOURNAL INC	WINTER 2015 PRINTING	1,095.14
354197	JENNIFER HINES DESIGN	DESIGN SERVICES	459.36

Recreation Sports Programs

353975	CONCORD SOFTBALL UMPIRES	UMPIRE FEES	1,352.00
354058	AUBURN JOURNAL INC	WINTER 2015 PRINTING	1,034.30
354060	BAY AREA BARRICADE	SUPPLIES	911.51
354113	PACIFIC GAS AND ELECTRIC CO	ELECTRIC	2,352.54
354197	JENNIFER HINES DESIGN	DESIGN SERVICES	918.72
354330	OFFICE MAX INC	OFFICE SUPPLIES	279.08
354372	BIG SKY LOGOS AND EMBROIDERY	LEAGUE AWARDS	662.14

Recreation Special Needs

354058	AUBURN JOURNAL INC	WINTER 2015 PRINTING	547.57
354197	JENNIFER HINES DESIGN	DESIGN SERVICES	255.20

Recreation Concessions

354156	AT AND T MCI	PHONE	23.57
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Recreation-New Comm Cntr

203605	SOUTH NORTH DRAGON	MEETING EXPENSE	44.08
354026	PERS	PAYROLL DEDUCTIONS	372.62
354049	AAA FIRE PROTECTION SVCS	STEAM CLEAN SERVICE	817.32
354058	AUBURN JOURNAL INC	WINTER 2015 PRINTING	304.22

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354105 OAKLEYS PEST CONTROL	PEST CONTROL SERVICES	230.00
354111 PACHECO BROTHERS GARDENING INC	LANDSCAPE SERVICES	3,619.00
354130 STATE OF CALIFORNIA	FINGERPRINTING	64.00
354155 AT AND T MCI	PHONE	127.00
354156 AT AND T MCI	PHONE	26.12
354166 COLE SUPPLY CO INC	SUPPLIES	58.26
354168 COMCAST	CONNECTION SERVICE	1,641.29
354171 COSTCO	BATTERIES	17.43
354172 CREATIVE SUPPORTS INC	KEYBOARD HOLDER	291.82
354197 JENNIFER HINES DESIGN	DESIGN SERVICES	867.68
354203 MARLIES CLEANING SERVICE	CLEANING SERVICE	270.00
354210 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	7,581.87
354273 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	23.97
354275 COLE SUPPLY CO INC	JANITORIAL SUPPLIES	124.39
354289 DIABLO LIVE SCAN	FINGERPRINTING	40.00
354295 EIDEN, KITTY J	MINUTES CLERK	126.00
354330 OFFICE MAX INC	OFFICE SUPPLIES	40.43
354341 REAL PROTECTION INC	FIRE ALARM SYSTEM TEST	405.00
354350 STATE OF CALIFORNIA	FINGERPRINTS	64.00
354362 XEROX CORPORATION	COPIER LEASE/USAGE	285.15
354365 ACME SECURITY SYSTEMS	MONITORING	300.00
354399 PACIFIC GAS AND ELECTRIC CO	GAS	4,899.25
923346 GRAINGER INC	SUPPLIES	273.79
221 Asset Forfeiture Fund		
Non Departmental		
354222 ROMITI, JOHN ANTHONY	ASSET FORFEITURE RETURN	141.00
Asset Forfeiture		
354063 CELLEBRITE USA INC	SUPPLIES/EQUIPMENT	8,583.99
222 Measure C/J Fund		
Streets		
354083 FEDERAL ADVOCATES INC	ADVOCACY SERVICES	5,000.00
354279 CCC TRANSPORTATION AUTHORITY	TRANSPAN ANNUAL DUES	6,988.00
354297 FEDERAL ADVOCATES INC	ADVOCACY SERVICES	5,000.00
226 Solid Waste Reduction Fund		
Solid Waste		
354094 KATHY KRAMER CONSULTING	GARDEN TOUR CONTRIBUTION	1,000.00
354139 THD AT HOME SERVICES INC	WASTE MGMT FEE REFUND	35.00
354196 INTERWEST CONSULTING GROUP INC	PROFESSIONAL SERVICES	2,672.50
354198 KETTLE CREEK CORP	METAL CANABLES	7,931.25
354242 BANK OF AMERICA	SUPPLIES	23.98
354273 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	15.68
228 Abandoned Vehicles Fund		
Abandoned Vehicles		
354196 INTERWEST CONSULTING GROUP INC	PROFESSIONAL SERVICES	2,815.00
354304 HUNT AND SONS INC	FUEL	135.01

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229 Pollution Elimination Fund

Channel Maintenance Operation

203767 HARBOR FREIGHT TOOLS	SUPPLIES	58.83
354123 RMC WATER AND ENVIRONMENT	CONSULTING SERVICES	3,541.25
354237 ANKA BEHAVIORAL HEALTH INC	LANDSCAPE MAINTENANCE	16,560.00
354304 HUNT AND SONS INC	FUEL	150.42
354381 FURBER SAW INC	SUPPLIES	585.88
354395 NEXTEL SPRINT	CELL PHONE	49.02
923234 GRAINGER INC	SUPPLIES	206.23

238 PEG Franchise Fee Fund

Non Departmental

354158 BARTON, T ALAN	EXPENSE REIMBURSEMENT	44.11
354309 JIM CLARK COMPANY	WATER HEATER INSTALL	1,875.00
923341 COMPUTERLAND	AC POWER ADAPTERS	42.14

251 Lone Tree SLLMD Fund

Lonetree Maintenance Zone 1

354107 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	192.00
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	846.83
354156 AT AND T MCI	PHONE	68.32
354226 STEWARTS TREE SERVICE INC	TREE SERVICES	350.00
354329 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	2,800.00

Lonetree Maintenance Zone 2

354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	739.02
354156 AT AND T MCI	PHONE	131.49
354329 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	5,000.00
923252 JOHN DEERE LANDSCAPES PACHECO	IRRIGATION VALVES	1,253.01

Lonetree Maintenance Zone 3

354156 AT AND T MCI	PHONE	50.62
354226 STEWARTS TREE SERVICE INC	TREE SERVICES	650.00

Lonetree Maintenance Zone 4

354020 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	900.00
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252 Downtown SLLMD Fund

Downtown Maintenance

354107 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	384.00
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	370.99
354226 STEWARTS TREE SERVICE INC	TREE SERVICES	385.00

253 Almondridge SLLMD Fund

Almondridge Maintenance

354020 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	1,263.00
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	212.01

254 Hillcrest SLLMD Fund

Hillcrest Maintenance Zone 1

354107 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	460.80
354112 PACIFIC COAST LANDSCAPE MGMT INC	LANDSCAPE SERVICES	2,863.74
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	1,016.36
354156 AT AND T MCI	PHONE	34.16

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Hillcrest Maintenance Zone 2

354107 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	960.00
354112 PACIFIC COAST LANDSCAPE MGMT INC	LANDSCAPE SERVICES	9,934.00
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	746.68
354156 AT AND T MCI	PHONE	118.32
354226 STEWARTS TREE SERVICE INC	TREE SERVICES	550.00

Hillcrest Maintenance Zone 4

354107 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	307.20
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	649.66
354156 AT AND T MCI	PHONE	99.72

255 Park 1A Maintenance District Fund

Park 1A Maintenance District

354107 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	460.80
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	168.63
354156 AT AND T MCI	PHONE	17.12
354210 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	60.46

256 Citywide 2A Maintenance District Fund

Citywide 2A Maintenance Zone 3

354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	77.85
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Citywide 2A Maintenance Zone 4

354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	309.90
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Citywide 2A Maintenance Zone 5

354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	482.62
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Citywide 2A Maintenance Zone 6

354107 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	384.00
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	233.52

Citywide 2A Maintenance Zone 9

354107 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	307.20
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	484.40
354156 AT AND T MCI	PHONE	68.32

Citywide 2A Maintenance Zone10

354020 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	820.00
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	126.66

257 SLLMD Administration Fund

SLLMD Administration

203763 CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	5.45
354069 CPRS	CERTIFICATION COURSE	735.00
354304 HUNT AND SONS INC	FUEL	744.82
354371 BECHTHOLDT, MICHAEL J	EXPENSE REIMBURSEMENT	52.98
354390 MOLINAR, ADAM	EXPENSE REIMBURSEMENT	5.50
354395 NEXTEL SPRINT	CELL PHONE	169.31
923252 JOHN DEERE LANDSCAPES PACHECO	REMOTE REPAIR	225.00

259 East Lone Tree SLLMD Fund

Zone 1-District 10

354020 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	1,290.00
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311 Capital Improvement Fund

Measure WW

354225 SRP COMPANY	FISHING PIER DEMOLITION	22,088.45
354243 BANK OF AMERICA	EQUIPMENT RENTAL	150.00

Streets

354149 ANCHOR CONCRETE CONSTRUCTION INC	SIDEWALK REPAIR PROJECT	9,085.80
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Public Buildings & Facilities

923377 KARSTE CONSULTING INC	CONSULTING SERVICES	720.00
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312 Prewett Family Park Fund

Parks & Open Space

923367 KARSTE CONSULTING INC	CONSULTING SERVICES	3,000.00
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376 Lone Diamond Fund

Assessment District

353972 CENTRAL SELF STORAGE ANTIOCH	STORAGE FEES	165.00
354123 RMC WATER AND ENVIRONMENT	CONSULTING SERVICES	29,015.03
354373 CENTRAL SELF STORAGE ANTIOCH	STORAGE FEES	165.00

416 Honeywell Capital Lease Fund

Non Departmental

353963 BANK OF AMERICA	LOAN PAYMENT	43,516.24
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570 Equipment Maintenance Fund

Non Departmental

354088 HUNT AND SONS INC	FUEL	17,257.88
354304 HUNT AND SONS INC	FUEL	10,599.65

Equipment Maintenance

353959 ANTIOCH TOYOTA	REPAIR SERVICE	150.00
353991 FAST UNDERCAR	BRAKE PARTS	64.95
354023 PETERSON	REPAIR SERVICE	1,165.18
354032 ROYAL BRASS INC	SUPPLIES	328.19
354040 TRED SHED, THE	TIRES	2,431.42
354054 ANTIOCH AUTO PARTS	AUTO PARTS STOCK	747.24
354064 CHUCKS BRAKE AND WHEEL SERVICE	BATTERIES	896.33
354074 EAST BAY TRUCK CENTER	SUPPLIES	207.62
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	646.10
354117 PETERSON	WATER PUMP & COOLANT	2,373.57
354126 ROYAL BRASS INC	HOSE & FITTINGS	340.88
354144 WALNUT CREEK FORD	LAMPS	572.29
354150 ANTIOCH AUTO PARTS	AUTO PARTS STOCK	448.02
354151 ANTIOCH GLASS	WINDOW REPLACEMENT	208.05
354152 ARROWHEAD 24 HOUR TOWING INC	TOWING SERVICES	47.50
354159 BAY AREA FLOOR MACHINE CO	SUPPLIES	954.48
354178 EAST BAY TRUCK CENTER	RADIATOR HOSE	219.12
354186 GEMS ENVIRONMENTAL MGMT SERVICES	FUEL SYSTEM IMPROVEMENTS	129,869.89
354187 GENERAL TRAILER INC	FLOORING	1,341.83
354195 INTERSTATE TRUCK CENTER	SUPPLIES	278.13
354199 LEHR AUTO ELECTRIC	SUPPLIES	688.13
354207 MUNICIPAL POOLING AUTHORITY	VEHICLE INSURANCE	98.48

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354215	PRECISION BRAKE AND FRONT END	VEHICLE REPAIR	368.52
354218	PURSUIT NORTH	LIGHT BAR	3,015.15
354229	TRED SHED, THE	TIRES	2,252.60
354238	ANTIOCH AUTO PARTS	AUTO PARTS STOCK	539.21
354239	ARROWHEAD 24 HOUR TOWING INC	TOWING SERVICES	42.50
354248	BAY AREA AIR QUALITY MGMT DIST	PERMIT RENEWAL FEES	283.00
354271	CHUCKS BRAKE AND WHEEL SERVICE	HITCH	312.96
354311	KEN KELLER SALES	REPAIR PARTS	381.36
354338	PHILS DIESEL CLINIC	VEHICLE REPAIR	718.00
354360	WALNUT CREEK FORD	AUTO PARTS STOCK	954.28
354362	XEROX CORPORATION	COPIER LEASE/USAGE	55.92
354368	ANTIOCH AUTO PARTS	BEARING ASSEMBLY	444.90
354401	RED WING SHOE STORE	SAFETY SHOES-ULLMANN	160.00
354406	SUPERIOR AUTO PARTS	BELT	42.31
923182	A1 TRANSMISSION	REBUILD TRANSMISSION	2,388.59
923340	A1 TRANSMISSION	TRANSMISSION REPAIR	1,979.64
923351	SC FUELS	LUBRICANTS	4,571.60

573 Information Services Fund

Information Services

354043	VERIZON WIRELESS	AIR CARD	122.63
354156	AT AND T MCI	PHONE	61.14
354395	NEXTEL SPRINT	CELL PHONE	56.62

Network Support & PCs

354065	COMCAST	INTERNET SERVICE	156.05
354072	DIGITAL SERVICES	WEBSITE MAINTENANCE	2,925.00
354156	AT AND T MCI	PHONE	450.79
354167	COMCAST	INTERNET SERVICE	127.38
354168	COMCAST	CONNECTION SERVICE	1,061.86
354370	AT AND T MCI	PHONE	357.32
354375	COMCAST	INTERNET SERVICE	132.13
354395	NEXTEL SPRINT	CELL PHONE	121.02
923358	COMPUCOM SYSTEMS INC	COMPUTER SOFTWARE	15,393.00

Telephone System

203526	AMERICAN MESSAGING	PAGER	37.37
354154	AT AND T MCI	PHONE	28.68
354155	AT AND T MCI	PHONE	440.84
354156	AT AND T MCI	PHONE	2,261.14
923186	ALTURA COMMUNICATION SOLUTIONS	ANNUAL SERVICE	40,845.00

GIS Support Services

353970	CALIFORNIA SURVEYING AND DRAFTING	SOFTWARE EQUIPMENT	9,297.80
354026	PERS	PAYROLL DEDUCTIONS	1,412.81
354330	OFFICE MAX INC	OFFICE SUPPLIES	57.63
923344	ESRI INC	ESRI ANNUAL SOFTWARE	11,062.64

Office Equipment Replacement

354087	HEWLETT PACKARD COMPANY	COMPUTER EQUIPMENT	1,483.65
923357	CDW GOVERNMENT INC	COMPUTER EQUIPMENT	1,759.82

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577 Post Retirement Medical-Police Fund

Non Departmental

353962 RETIREE	MEDICAL AFTER RETIREMENT	289.50
353968 RETIREE	MEDICAL AFTER RETIREMENT	1,067.00
353969 RETIREE	MEDICAL AFTER RETIREMENT	600.97
353995 RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
354008 RETIREE	MEDICAL AFTER RETIREMENT	74.04
354012 RETIREE	MEDICAL AFTER RETIREMENT	918.69
354026 PERS	MEDICAL AFTER RETIREMENT	4,801.24
354031 RETIREE	MEDICAL AFTER RETIREMENT	252.36
354037 RETIREE	MEDICAL AFTER RETIREMENT	80.44
354041 RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
354046 RETIREE	MEDICAL AFTER RETIREMENT	697.99
354047 RETIREE	MEDICAL AFTER RETIREMENT	470.94
354412 RETIREE	MEDICAL AFTER RETIREMENT	270.95
354414 RETIREE	MEDICAL AFTER RETIREMENT	1,170.00
354420 RETIREE	MEDICAL AFTER RETIREMENT	1,021.12
354425 RETIREE	MEDICAL AFTER RETIREMENT	887.96
354433 RETIREE	MEDICAL AFTER RETIREMENT	235.23
354436 RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
354438 RETIREE	MEDICAL AFTER RETIREMENT	663.90
354439 RETIREE	MEDICAL AFTER RETIREMENT	469.02
923183 RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
923184 RETIREE	MEDICAL AFTER RETIREMENT	252.36
923189 RETIREE	MEDICAL AFTER RETIREMENT	918.69
923191 RETIREE	MEDICAL AFTER RETIREMENT	1,244.18
923194 RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
923195 RETIREE	MEDICAL AFTER RETIREMENT	1,244.18
923204 RETIREE	MEDICAL AFTER RETIREMENT	918.69
923205 RETIREE	MEDICAL AFTER RETIREMENT	830.00
923208 RETIREE	MEDICAL AFTER RETIREMENT	495.46
923210 RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
923221 RETIREE	MEDICAL AFTER RETIREMENT	1,225.13
923226 RETIREE	MEDICAL AFTER RETIREMENT	1,163.16
923227 RETIREE	MEDICAL AFTER RETIREMENT	672.00
923228 RETIREE	MEDICAL AFTER RETIREMENT	252.36
923242 RETIREE	MEDICAL AFTER RETIREMENT	175.97
923245 RETIREE	MEDICAL AFTER RETIREMENT	252.36
923248 RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
923249 RETIREE	MEDICAL AFTER RETIREMENT	1,465.00
923250 RETIREE	MEDICAL AFTER RETIREMENT	256.70
923257 RETIREE	MEDICAL AFTER RETIREMENT	175.97
923274 RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
923277 RETIREE	MEDICAL AFTER RETIREMENT	623.72
923278 RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
923290 RETIREE	MEDICAL AFTER RETIREMENT	1,366.44

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923291	RETIREE	MEDICAL AFTER RETIREMENT	804.48
923292	RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
923294	RETIREE	MEDICAL AFTER RETIREMENT	995.08
923304	RETIREE	MEDICAL AFTER RETIREMENT	623.72
923314	RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
923316	RETIREE	MEDICAL AFTER RETIREMENT	185.67
923319	RETIREE	MEDICAL AFTER RETIREMENT	470.94
923324	RETIREE	MEDICAL AFTER RETIREMENT	623.72
923334	RETIREE	MEDICAL AFTER RETIREMENT	623.72
923336	RETIREE	MEDICAL AFTER RETIREMENT	267.70
923337	RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
923389	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923393	RETIREE	MEDICAL AFTER RETIREMENT	887.96
923395	RETIREE	MEDICAL AFTER RETIREMENT	1,199.92
923398	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923399	RETIREE	MEDICAL AFTER RETIREMENT	1,199.92
923405	RETIREE	MEDICAL AFTER RETIREMENT	887.96
923406	RETIREE	MEDICAL AFTER RETIREMENT	897.00
923408	RETIREE	MEDICAL AFTER RETIREMENT	556.94
923409	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923418	RETIREE	MEDICAL AFTER RETIREMENT	1,428.90
923422	RETIREE	MEDICAL AFTER RETIREMENT	1,190.16
923423	RETIREE	MEDICAL AFTER RETIREMENT	680.00
923424	RETIREE	MEDICAL AFTER RETIREMENT	235.23
923433	RETIREE	MEDICAL AFTER RETIREMENT	173.51
923436	RETIREE	MEDICAL AFTER RETIREMENT	235.23
923438	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923439	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923440	RETIREE	MEDICAL AFTER RETIREMENT	262.28
923446	RETIREE	MEDICAL AFTER RETIREMENT	173.51
923460	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923462	RETIREE	MEDICAL AFTER RETIREMENT	592.45
923463	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923472	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923473	RETIREE	MEDICAL AFTER RETIREMENT	811.87
923474	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923476	RETIREE	MEDICAL AFTER RETIREMENT	949.68
923484	RETIREE	MEDICAL AFTER RETIREMENT	592.45
923494	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923498	RETIREE	MEDICAL AFTER RETIREMENT	469.02
923502	RETIREE	MEDICAL AFTER RETIREMENT	592.45
923510	RETIREE	MEDICAL AFTER RETIREMENT	592.45
923512	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90

578 Post Retirement Medical-Misc Fund

Non Departmental

353967	RETIREE	MEDICAL AFTER RETIREMENT	235.69
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353973	RETIREE	MEDICAL AFTER RETIREMENT	228.67
353981	RETIREE	MEDICAL AFTER RETIREMENT	235.69
353983	RETIREE	MEDICAL AFTER RETIREMENT	117.69
353985	RETIREE	MEDICAL AFTER RETIREMENT	435.44
353986	RETIREE	MEDICAL AFTER RETIREMENT	590.38
353999	RETIREE	MEDICAL AFTER RETIREMENT	118.65
354006	RETIREE	MEDICAL AFTER RETIREMENT	235.69
354016	RETIREE	MEDICAL AFTER RETIREMENT	235.69
354024	RETIREE	MEDICAL AFTER RETIREMENT	354.38
354026	PERS	MEDICAL AFTER RETIREMENT	6,184.85
354027	RETIREE	MEDICAL AFTER RETIREMENT	117.69
354028	RETIREE	MEDICAL AFTER RETIREMENT	590.38
354029	RETIREE	MEDICAL AFTER RETIREMENT	117.69
354033	RETIREE	MEDICAL AFTER RETIREMENT	117.69
354045	RETIREE	MEDICAL AFTER RETIREMENT	117.69
354413	RETIREE	MEDICAL AFTER RETIREMENT	232.69
354417	RETIREE	MEDICAL AFTER RETIREMENT	114.69
354418	RETIREE	MEDICAL AFTER RETIREMENT	285.44
354419	RETIREE	MEDICAL AFTER RETIREMENT	587.38
354424	RETIREE	MEDICAL AFTER RETIREMENT	232.69
354427	RETIREE	MEDICAL AFTER RETIREMENT	232.69
354429	RETIREE	MEDICAL AFTER RETIREMENT	351.38
354430	RETIREE	MEDICAL AFTER RETIREMENT	114.69
354431	RETIREE	MEDICAL AFTER RETIREMENT	587.38
354432	RETIREE	MEDICAL AFTER RETIREMENT	114.69
354434	RETIREE	MEDICAL AFTER RETIREMENT	114.69
354437	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923185	RETIREE	MEDICAL AFTER RETIREMENT	208.36
923187	RETIREE	MEDICAL AFTER RETIREMENT	590.38
923188	RETIREE	MEDICAL AFTER RETIREMENT	179.21
923190	RETIREE	MEDICAL AFTER RETIREMENT	435.44
923193	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923198	RETIREE	MEDICAL AFTER RETIREMENT	235.69
923200	RETIREE	MEDICAL AFTER RETIREMENT	235.69
923202	RETIREE	MEDICAL AFTER RETIREMENT	590.38
923209	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923211	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923215	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923217	RETIREE	MEDICAL AFTER RETIREMENT	235.69
923220	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923223	RETIREE	MEDICAL AFTER RETIREMENT	175.97
923225	RETIREE	MEDICAL AFTER RETIREMENT	250.00
923230	RETIREE	MEDICAL AFTER RETIREMENT	175.97
923233	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923235	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923237	RETIREE	MEDICAL AFTER RETIREMENT	61.18

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923238	RETIREE	MEDICAL AFTER RETIREMENT	171.80
923244	RETIREE	MEDICAL AFTER RETIREMENT	590.38
923247	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923253	RETIREE	MEDICAL AFTER RETIREMENT	235.69
923256	RETIREE	MEDICAL AFTER RETIREMENT	590.38
923259	RETIREE	MEDICAL AFTER RETIREMENT	235.69
923261	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923264	RETIREE	MEDICAL AFTER RETIREMENT	590.38
923267	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923269	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923273	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923286	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923287	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923296	RETIREE	MEDICAL AFTER RETIREMENT	235.69
923299	RETIREE	MEDICAL AFTER RETIREMENT	235.69
923303	RETIREE	MEDICAL AFTER RETIREMENT	590.38
923309	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923318	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923320	RETIREE	MEDICAL AFTER RETIREMENT	208.36
923322	RETIREE	MEDICAL AFTER RETIREMENT	23.64
923323	RETIREE	MEDICAL AFTER RETIREMENT	175.97
923327	RETIREE	MEDICAL AFTER RETIREMENT	709.38
923333	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923335	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923338	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923390	RETIREE	MEDICAL AFTER RETIREMENT	246.76
923391	RETIREE	MEDICAL AFTER RETIREMENT	587.38
923392	RETIREE	MEDICAL AFTER RETIREMENT	230.63
923394	RETIREE	MEDICAL AFTER RETIREMENT	258.90
923397	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923401	RETIREE	MEDICAL AFTER RETIREMENT	232.69
923404	RETIREE	MEDICAL AFTER RETIREMENT	587.38
923412	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923414	RETIREE	MEDICAL AFTER RETIREMENT	232.69
923417	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923420	RETIREE	MEDICAL AFTER RETIREMENT	173.51
923421	RETIREE	MEDICAL AFTER RETIREMENT	250.00
923428	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923429	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923431	RETIREE	MEDICAL AFTER RETIREMENT	257.98
923435	RETIREE	MEDICAL AFTER RETIREMENT	587.38
923437	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923442	RETIREE	MEDICAL AFTER RETIREMENT	232.69
923445	RETIREE	MEDICAL AFTER RETIREMENT	587.38
923447	RETIREE	MEDICAL AFTER RETIREMENT	232.69
923449	RETIREE	MEDICAL AFTER RETIREMENT	114.69

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923452	RETIREE	MEDICAL AFTER RETIREMENT	587.38
923455	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923456	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923459	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923468	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923469	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923480	RETIREE	MEDICAL AFTER RETIREMENT	232.69
923489	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923499	RETIREE	MEDICAL AFTER RETIREMENT	246.76
923500	RETIREE	MEDICAL AFTER RETIREMENT	131.94
923501	RETIREE	MEDICAL AFTER RETIREMENT	173.51
923509	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923511	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923513	RETIREE	MEDICAL AFTER RETIREMENT	114.69

579 Post Retirement Medical-Mgmt Fund

Non Departmental

353974	RETIREE	MEDICAL AFTER RETIREMENT	894.90
353977	RETIREE	MEDICAL AFTER RETIREMENT	175.69
353993	RETIREE	MEDICAL AFTER RETIREMENT	117.69
353996	RETIREE	MEDICAL AFTER RETIREMENT	235.69
354002	RETIREE	MEDICAL AFTER RETIREMENT	400.00
354005	RETIREE	MEDICAL AFTER RETIREMENT	590.38
354013	RETIREE	MEDICAL AFTER RETIREMENT	354.38
354017	RETIREE	MEDICAL AFTER RETIREMENT	755.38
354022	RETIREE	MEDICAL AFTER RETIREMENT	117.69
354026	PERS	MEDICAL AFTER RETIREMENT	9,115.90
354039	RETIREE	MEDICAL AFTER RETIREMENT	235.69
354415	RETIREE	MEDICAL AFTER RETIREMENT	891.90
354416	RETIREE	MEDICAL AFTER RETIREMENT	172.69
354421	RETIREE	MEDICAL AFTER RETIREMENT	232.69
354422	RETIREE	MEDICAL AFTER RETIREMENT	400.00
354423	RETIREE	MEDICAL AFTER RETIREMENT	587.38
354426	RETIREE	MEDICAL AFTER RETIREMENT	351.38
354428	RETIREE	MEDICAL AFTER RETIREMENT	114.69
354435	RETIREE	MEDICAL AFTER RETIREMENT	232.69
923192	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923196	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923197	RETIREE	MEDICAL AFTER RETIREMENT	269.65
923199	RETIREE	MEDICAL AFTER RETIREMENT	175.70
923201	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923203	RETIREE	MEDICAL AFTER RETIREMENT	894.90
923206	RETIREE	MEDICAL AFTER RETIREMENT	590.38
923213	RETIREE	MEDICAL AFTER RETIREMENT	535.72
923214	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923216	RETIREE	MEDICAL AFTER RETIREMENT	590.38
923218	RETIREE	MEDICAL AFTER RETIREMENT	470.38

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923219	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923222	RETIREE	MEDICAL AFTER RETIREMENT	208.36
923229	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923231	RETIREE	MEDICAL AFTER RETIREMENT	894.90
923232	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923236	RETIREE	MEDICAL AFTER RETIREMENT	829.31
923240	RETIREE	MEDICAL AFTER RETIREMENT	512.29
923241	RETIREE	MEDICAL AFTER RETIREMENT	358.38
923243	RETIREE	MEDICAL AFTER RETIREMENT	470.94
923251	RETIREE	MEDICAL AFTER RETIREMENT	293.13
923254	RETIREE	MEDICAL AFTER RETIREMENT	720.38
923255	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923258	RETIREE	MEDICAL AFTER RETIREMENT	208.36
923260	RETIREE	MEDICAL AFTER RETIREMENT	590.38
923262	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923263	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923265	RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
923266	RETIREE	MEDICAL AFTER RETIREMENT	235.69
923268	RETIREE	MEDICAL AFTER RETIREMENT	235.69
923270	RETIREE	MEDICAL AFTER RETIREMENT	161.41
923271	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923272	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923276	RETIREE	MEDICAL AFTER RETIREMENT	587.40
923279	RETIREE	MEDICAL AFTER RETIREMENT	175.97
923280	RETIREE	MEDICAL AFTER RETIREMENT	208.36
923283	RETIREE	MEDICAL AFTER RETIREMENT	179.21
923284	RETIREE	MEDICAL AFTER RETIREMENT	590.38
923285	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923288	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923289	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923293	RETIREE	MEDICAL AFTER RETIREMENT	1,366.44
923295	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923297	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923298	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923300	RETIREE	MEDICAL AFTER RETIREMENT	235.69
923301	RETIREE	MEDICAL AFTER RETIREMENT	179.21
923302	RETIREE	MEDICAL AFTER RETIREMENT	375.69
923305	RETIREE	MEDICAL AFTER RETIREMENT	894.90
923306	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923307	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923308	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923310	RETIREE	MEDICAL AFTER RETIREMENT	208.36
923311	RETIREE	MEDICAL AFTER RETIREMENT	535.72
923312	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923313	RETIREE	MEDICAL AFTER RETIREMENT	590.38
923315	RETIREE	MEDICAL AFTER RETIREMENT	755.38

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923317	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923321	RETIREE	MEDICAL AFTER RETIREMENT	208.36
923325	RETIREE	MEDICAL AFTER RETIREMENT	1,321.08
923326	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923328	RETIREE	MEDICAL AFTER RETIREMENT	354.38
923329	RETIREE	MEDICAL AFTER RETIREMENT	1,653.13
923330	RETIREE	MEDICAL AFTER RETIREMENT	117.69
923331	RETIREE	MEDICAL AFTER RETIREMENT	1,388.00
923332	RETIREE	MEDICAL AFTER RETIREMENT	208.36
923396	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923400	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923402	RETIREE	MEDICAL AFTER RETIREMENT	172.70
923403	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923407	RETIREE	MEDICAL AFTER RETIREMENT	587.38
923410	RETIREE	MEDICAL AFTER RETIREMENT	615.52
923411	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923413	RETIREE	MEDICAL AFTER RETIREMENT	587.38
923415	RETIREE	MEDICAL AFTER RETIREMENT	467.38
923416	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923419	RETIREE	MEDICAL AFTER RETIREMENT	246.76
923425	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923426	RETIREE	MEDICAL AFTER RETIREMENT	891.90
923427	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923430	RETIREE	MEDICAL AFTER RETIREMENT	873.55
923432	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923434	RETIREE	MEDICAL AFTER RETIREMENT	469.02
923441	RETIREE	MEDICAL AFTER RETIREMENT	322.37
923443	RETIREE	MEDICAL AFTER RETIREMENT	717.38
923444	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923448	RETIREE	MEDICAL AFTER RETIREMENT	587.38
923450	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923451	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923453	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923454	RETIREE	MEDICAL AFTER RETIREMENT	232.69
923457	RETIREE	MEDICAL AFTER RETIREMENT	172.38
923458	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923461	RETIREE	MEDICAL AFTER RETIREMENT	531.58
923464	RETIREE	MEDICAL AFTER RETIREMENT	173.51
923465	RETIREE	MEDICAL AFTER RETIREMENT	246.76
923466	RETIREE	MEDICAL AFTER RETIREMENT	172.69
923467	RETIREE	MEDICAL AFTER RETIREMENT	587.38
923470	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923471	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923475	RETIREE	MEDICAL AFTER RETIREMENT	1,306.90
923477	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923478	RETIREE	MEDICAL AFTER RETIREMENT	351.38

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923479	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923481	RETIREE	MEDICAL AFTER RETIREMENT	232.69
923482	RETIREE	MEDICAL AFTER RETIREMENT	172.70
923483	RETIREE	MEDICAL AFTER RETIREMENT	372.69
923485	RETIREE	MEDICAL AFTER RETIREMENT	891.90
923486	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923487	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923488	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923490	RETIREE	MEDICAL AFTER RETIREMENT	246.76
923491	RETIREE	MEDICAL AFTER RETIREMENT	615.52
923492	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923493	RETIREE	MEDICAL AFTER RETIREMENT	587.38
923495	RETIREE	MEDICAL AFTER RETIREMENT	752.38
923496	RETIREE	MEDICAL AFTER RETIREMENT	185.67
923497	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923503	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923504	RETIREE	MEDICAL AFTER RETIREMENT	351.38
923505	RETIREE	MEDICAL AFTER RETIREMENT	1,596.50
923506	RETIREE	MEDICAL AFTER RETIREMENT	114.69
923507	RETIREE	MEDICAL AFTER RETIREMENT	1,520.00
923508	RETIREE	MEDICAL AFTER RETIREMENT	246.76

611 Water Fund

Non Departmental

353988	E M HUNDLEY HARDWARE CO	LOCK CORES	4,566.44
354060	BAY AREA BARRICADE	SUPPLIES	441.46
354108	OFFICE MAX INC	OFFICE SUPPLIES	142.57
354124	ROBERTS AND BRUNE CO	SUPPLIES	7,264.18
354143	UNITED LABORATORIES	SUPPLIES	1,107.43
354176	DELTA DIABLO	SRF LOAN PAYMENT	252,026.18
354241	AUSTERO, HERMAN	CHECK REPLACEMENT	27.76
354249	BAY AREA BARRICADE	SUPPLIES	750.47
354254	BISHOP CO	SUPPLIES	1,825.74
354296	FASTENAL CO	INDUSTRIAL SUPPLIES	649.79
354333	PACE SUPPLY CORP	SUPPLIES	1,322.40
354343	ROBERTS AND BRUNE CO	SUPPLIES	94.83
354404	ROBERTS AND BRUNE CO	PIPE & FITTINGS	14,996.64
354411	WESCO RECEIVABLES CORP	SUPPLIES	109.87
923234	GRAINGER INC	SUPPLIES	770.53
923239	HAMMONS SUPPLY COMPANY	SUPPLIES	3,507.05
923346	GRAINGER INC	SUPPLIES	1,510.06
923363	HAMMONS SUPPLY COMPANY	SUPPLIES	121.64
923374	HAMMONS SUPPLY COMPANY	SUPPLIES	1,176.33
923384	GRAINGER INC	SUPPLIES	1,910.72
923385	HAMMONS SUPPLY COMPANY	SUPPLIES	1,130.02

Water Supervision

354127	RT LAWRENCE CORP	LOCKBOX PROCESSING FEE	648.25
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354164 CAPITAL TOWER COMMUNICATIONS	BACKFLOW FIRE LINE REFUND	474.00
354314 LEYS, BONNIE	SAME DAY FEE REFUND	175.00
354330 OFFICE MAX INC	OFFICE SUPPLIES	202.98
354395 NEXTEL SPRINT	CELL PHONE	130.32
354398 ORTIZ, MONICA	DUPLICATE PAYMENT REFUND	164.28

Water Production

203490 RADIO SHACK	WIRELESS SWITCHES	75.18
203881 DEPT OF PESTICIDE REGULATION	CERTIFICATION-LISTEK	60.00
353992 FASTENAL CO	SUPPLIES	28.30
353998 HACH CO	LAB SUPPLIES	153.12
354050 ACE HARDWARE, ANTIOCH	CABLE TIES	127.79
354054 ANTIOCH AUTO PARTS	WRENCH	16.34
354056 ANTIOCH GLASS	WINDSHIELD	208.05
354080 ENVIRONMENTAL RESOURCE ASSOC INC	PROFESSIONAL SERVICES	241.82
354081 EXPONENT INC	PROFESSIONAL SERVICES	290.00
354085 FISHER SCIENTIFIC COMPANY	LAB SUPPLIES	927.16
354093 KARL NEEDHAM ENTERPRISES INC	EQUIPMENT RENTAL	18,500.00
354106 OCCUPATIONAL HEALTH CENTERS	PREPLACEMENT EXAM	491.30
354108 OFFICE MAX INC	OFFICE SUPPLIES	166.75
354113 PACIFIC GAS AND ELECTRIC CO	GAS	149,226.85
354131 STATE OF CALIFORNIA	WATER RIGHTS FEES	153.34
354135 WATER RESOURCES CONTROL BOARD	ANNUAL PERMIT FEE	11,195.00
354150 ANTIOCH AUTO PARTS	BATTERY	412.14
354155 AT AND T MCI	PHONE	254.08
354156 AT AND T MCI	PHONE	916.16
354210 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	406.30
354221 RF MACDONALD COMPANY	BOILER REPAIR	1,703.13
354235 ACE HARDWARE, ANTIOCH	SUPPLIES	164.50
354255 BORGES AND MAHONEY	CHLORINATOR PARTS	336.28
354280 CONTRA COSTA WATER DISTRICT	TREATED WATER	702,723.93
354299 FRIGARD CHIROPRACTIC AND	DMV EXAMS	75.00
354304 HUNT AND SONS INC	FUEL	247.73
354362 XEROX CORPORATION	COPIER LEASE	100.93
354366 ALAMEDA ELECTRICAL DISTRIBUTORS	PC REPAIR	911.24
354367 ANIMAL DAMAGE MANAGEMENT	ANIMAL CONTROL SERVICE	125.00
354374 CLIPPER CONTROLS INC	CHLORINE SENSOR	1,556.03
354380 FISHER SCIENTIFIC COMPANY	LAB SUPPLIES	237.87
354395 NEXTEL SPRINT	CELL PHONE	103.88
354397 OFFICE MAX INC	OFFICE SUPPLIES	77.35
354401 RED WING SHOE STORE	SAFETY SHOES-BENNETT	156.77
354404 ROBERTS AND BRUNE CO	PIPE	104.38
354410 WALTER BISHOP CONSULTING	CONSULTING SERVICES	1,595.58
923207 CHEMTRADE CHEMICALS US LLC	ALUM	2,159.17
923212 CONSOLIDATED ELECTRICAL DIST INC	LIGHTS	408.37
923224 EUROFINS EATON ANALYTICAL INC	MONITORING	360.00
923234 GRAINGER INC	SUPPLIES	73.90

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923239	HAMMONS SUPPLY COMPANY	SUPPLIES	502.60
923281	NTU TECHNOLOGIES INC	POLYMER	2,700.00
923282	OLIN CHLOR ALKALI PRODUCTS	CAUSTIC	5,863.73
923342	CONSOLIDATED ELECTRICAL DIST INC	ELECTRICAL SUPPLIES	665.09
923345	EUROFINS EATON ANALYTICAL INC	MONITORING	25.00
923346	GRAINGER INC	SAFETY HARNESS	328.52
923347	ICR ELECTRICAL CONTRACTORS	ELECTRICAL SERVICES	4,790.00
923350	OLIN CHLOR ALKALI PRODUCTS	CAUSTIC	5,721.16
923352	SIERRA CHEMICAL CO	CHLORINE	4,073.79
923355	AIRGAS SPECIALTY PRODUCTS	AMMONIA	1,226.15
923361	EUROFINS EATON ANALYTICAL INC	MONITORING	385.00
923368	AIRGAS SPECIALTY PRODUCTS	AMMONIA	1,157.24
923372	CHEMTRADE CHEMICALS US LLC	ALUM	14,248.64
923373	CONSOLIDATED ELECTRICAL DIST INC	SUPPLIES	307.46
923378	LEES BUILDING MAINTENANCE	JANITORIAL SERVICES	292.00
923380	OLIN CHLOR ALKALI PRODUCTS	CAUSTIC	5,353.24
923382	CONSOLIDATED ELECTRICAL DIST INC	SUPPLIES	284.81
923383	EUROFINS EATON ANALYTICAL INC	MONITORING	75.00
923384	GRAINGER INC	DRILL BIT	74.78
923388	OLIN CHLOR ALKALI PRODUCTS	CAUSTIC	5,652.17

Water Distribution

203763	CITY OF ANTIOCH	EXPENSE REIMBURSEMENT	70.23
353970	CALIFORNIA SURVEYING AND DRAFTING	EQUIPMENT	5,063.69
353978	COUNTY ASPHALT	ASPHALT	1,382.40
353994	FRIGARD CHIROPRACTIC AND	DMV EXAM	75.00
354004	INFOSEND INC	SUPPLIES	3,423.41
354007	KELLY MOORE PAINT CO	PAINT	90.79
354032	ROYAL BRASS INC	HOSE FITTINGS	176.35
354036	SICS CONSULTANTS LLC	LICENSED ORTHO IMAGERY	11,635.00
354042	TYLER TECHNOLOGIES	MONTHLY INSITE FEES	340.00
354075	EAST BAY WELDING SUPPLY	PIPE & FITTING	118.68
354082	FASTENAL CO	SMALL TOOLS	191.58
354089	INFOSEND INC	PRINT/MAIL/POSTAGE SERVICES	3,060.81
354092	JACK DOHENY SUPPLIES INC	TOOLS	303.02
354095	KEN KELLER SALES	PAVEMENT BREAKER	4,791.36
354099	MT DIABLO LANDSCAPE CENTERS INC	CONCRETE SUPPLIES	119.36
354124	ROBERTS AND BRUNE CO	PIPE & FITTINGS	1,440.39
354129	SCHATZ, MICHAEL J	CERTIFICATE REIMBURSEMENT	180.00
354130	STATE OF CALIFORNIA	FINGERPRINTING	128.00
354156	AT AND T MCI	PHONE	17.08
354168	COMCAST	CONNECTION SERVICE	660.81
354181	EH WACHS	TRAILER MOUNTED VALVE	59,766.96
354192	INFOSEND INC	PRINT/MAIL SERVICES	1,640.45
354243	BANK OF AMERICA	SUPPLIES	166.06
354296	FASTENAL CO	INDUSTRIAL SUPPLIES	37.59
354304	HUNT AND SONS INC	FUEL	1,639.80

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354308 JACKSON LEWIS LLP	PROFESSIONAL SERVICES	3,200.00
354343 ROBERTS AND BRUNE CO	PIPE & FITTINGS	5,387.87
354362 XEROX CORPORATION	COPIER LEASE/USAGE	142.36
354371 BECHTHOLDT, MICHAEL J	MEETING REIMBURSEMENT	211.93
354384 INFOSEND INC	POSTAGE/PRINT/MAIL SERVICE	3,972.84
354390 MOLINAR, ADAM	EXPENSE REIMBURSEMENT	21.99
354391 MT DIABLO LANDSCAPE CENTERS INC	CONCRETE MIX	196.75
354392 MUNICIPAL MAINT EQUIPMENT INC	NOZZLES	429.33
354395 NEXTEL SPRINT	CELL PHONE	615.30
354397 OFFICE MAX INC	OFFICE SUPPLIES	362.45
354401 RED WING SHOE STORE	SAFETY SHOES-OLSEN	193.66
354404 ROBERTS AND BRUNE CO	PIPE & FITTINGS	7,508.91
923234 GRAINGER INC	SUPPLIES	128.28
923343 CRYSTAL CLEAR LOGOS INC	SHIRTS	118.61
923360 CRYSTAL CLEAR LOGOS INC	SHIRTS	327.85
923362 GRAINGER INC	SMALL TOOLS	72.36
923377 KARSTE CONSULTING INC	CONSULTING SERVICES	600.00
Water Meter Reading		
354304 HUNT AND SONS INC	FUEL	82.30
354395 NEXTEL SPRINT	CELL PHONE	47.23
923356 BADGER METER INC	REGISTERS	6,893.41
Public Buildings & Facilities		
354251 BEAR ENGINEERING GROUP INC	ENGINEERING SERVICES	381.25
354252 BENCHMARK CONSULTANTS	CONSULTING SERVICES	160.00
354369 APPLIED TECHNOLOGY GROUP INC	WIRELESS KIT	1,582.32
923387 NICHOLS CONSULTING ENGINEERS CORP	PROFESSIONAL SERVICES	1,212.49
Warehouse & Central Stores		
354230 UNITED PARCEL SERVICE	WEEKLY PRINTER SERVICE FEE	13.30
354357 UNITED PARCEL SERVICE	WEEKLY PRINTER SERVICE FEE	13.30
354362 XEROX CORPORATION	COPIER LEASE/USAGE	146.28
354395 NEXTEL SPRINT	CELL PHONE	61.34
354408 UNITED PARCEL SERVICE	WEEKLY PRINTER SERVICE FEE	26.60
621 Sewer Fund		
Sewer-Wastewater Supervision		
354293 DOWNEY BRAND ATTORNEYS LLP	LEGAL SERVICES	627.00
354304 HUNT AND SONS INC	FUEL	44.73
354330 OFFICE MAX INC	OFFICE SUPPLIES	105.96
354362 XEROX CORPORATION	COPIER LEASE/USAGE	142.36
Sewer-Wastewater Collection		
353970 CALIFORNIA SURVEYING AND DRAFTING	EQUIPMENT	2,608.57
353978 COUNTY ASPHALT	ASPHALT	1,382.40
354004 INFOSEND INC	PRINT/MAIL SERVICES	3,423.42
354032 ROYAL BRASS INC	HOSE	479.07
354036 SICS CONSULTANTS LLC	GMP-IMAGERY	11,635.00
354042 TYLER TECHNOLOGIES	MONTHLY INSITE FEES	340.00
354050 ACE HARDWARE, ANTIOCH	PIPE & FITTINGS	67.10

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354053	AMERICAN PLUMBING INC	PLUMBING SERVICE	30.00
354055	ANTIOCH BUILDING MATERIALS	ASPHALT	341.52
354070	CRESO EQUIPMENT RENTALS	EQUIPMENT RENTAL	201.42
354086	GENERAL PLUMBING SUPPLY CO	SUPPLIES	59.79
354089	INFOSEND INC	PRINT/MAIL/POSTAGE SERVICES	3,060.82
354090	INFRASTRUCTURE TECHNOLOGIES LLC	SOFTWARE TRAINING	2,250.00
354106	OCCUPATIONAL HEALTH CENTERS	PREPLACEMENT EXAM	437.65
354124	ROBERTS AND BRUNE CO	SUPPLIES	314.21
354126	ROYAL BRASS INC	FITTINGS	27.15
354127	RT LAWRENCE CORP	LOCKBOX PROCESSING FEE	648.24
354156	AT AND T MCI	PHONE	84.50
354165	CHALK, BRANDON S	EXPENSE REIMBURSEMENT	117.62
354168	COMCAST	CONNECTION SERVICE	660.81
354183	FEDEX	SHIPPING	24.47
354192	INFOSEND INC	PRINT/MAIL SERVICES	1,640.46
354224	SCOTTO, CHARLES W AND DONNA F	PROPERTY LEASE	4,500.00
354235	ACE HARDWARE, ANTIOCH	SUPPLIES	11.75
354243	BANK OF AMERICA	CAMERA REPAIR	511.02
354298	FERNANDEZ LOPEZ, KIM ANGEL	LICENSE FEE REIMBURSEMENT	226.00
354304	HUNT AND SONS INC	FUEL	1,150.89
354308	JACKSON LEWIS LLP	PROFESSIONAL SERVICES	3,200.00
354321	MORGANS HOME AND GARDEN	BRICKS	176.55
354371	BECHTHOLDT, MICHAEL J	EXPENSE REIMBURSEMENT	621.93
354384	INFOSEND INC	POSTAGE/PRINT/MAIL SERVICE	3,972.85
354390	MOLINAR, ADAM	EXPENSE REIMBURSEMENT	21.99
354395	NEXTEL SPRINT	CELL PHONE	276.50
354397	OFFICE MAX INC	OFFICE SUPPLIES	362.45
354400	PORTER, CLEVELAND J	EXPENSE REIMBURSEMENT	44.48
354404	ROBERTS AND BRUNE CO	PIPE & FITTINGS	381.50
923341	COMPUTERLAND	COMPUTER EQUIPMENT	951.27

Wastewater Collection

354251	BEAR ENGINEERING GROUP INC	ENGINEERING SERVICES	381.25
354252	BENCHMARK CONSULTANTS	CONSULTING SERVICES	160.00
923387	NICHOLS CONSULTING ENGINEERS CORP	PROFESSIONAL SERVICES	1,212.51

622 Sewer Facilities Expansion Fund

Wastewater Collection

354096	KLEINFELDER INC	PROFESSIONAL SERVICES	4,150.00
354122	RGW CONSTRUCTION INC	SEWER MAIN PROJECT	446,281.50
354123	RMC WATER AND ENVIRONMENT	CONSULTANT SERVICES	3,399.45
354161	BENCHMARK CONSULTANTS	SURVEYING	1,820.00
354387	KLEINFELDER INC	SEWER MAIN PROJECT	11,510.75
354402	RGW CONSTRUCTION INC	SEWER MAIN PROJECT	147,573.00
354403	RMC WATER AND ENVIRONMENT	CONSULTING SERVICES	501.71

631 Marina Fund

Non Departmental

354073	DURFLINGER, WILLIAM	BERTH DEPOSIT REFUND	138.00
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354114 PALOMBI, VICTOR	BERTH DEPOSIT REFUND	230.78
354137 SULLIVAN, MICHAEL	BERTH DEPOSIT REFUND	149.50
Marina Administration		
354053 AMERICAN PLUMBING INC	PLUMBING SERVICE	125.00
354113 PACIFIC GAS AND ELECTRIC CO	GAS	3,104.54
354156 AT AND T MCI	PHONE	85.29
354341 REAL PROTECTION INC	FIRE ALARM SYSTEM TEST	65.62
354362 XEROX CORPORATION	COPIER LEASE	111.87
354395 NEXTEL SPRINT	CELL PHONE	56.62
354397 OFFICE MAX INC	OFFICE SUPPLIES	135.78
Marina Maintenance		
354020 ODYSSEY LANDSCAPE CO INC	LANDSCAPE SERVICES	970.00
923346 GRAINGER INC	SUPPLIES	41.78
923378 LEES BUILDING MAINTENANCE	JANITORIAL SERVICES	1,200.00
641 Prewett Water Park Fund		
Non Departmental		
353958 ALARCON, VANESSA	DEPOSIT REFUND	500.00
354191 HUB INTERNATIONAL OF CA INSURANCE	LIABILTIY INSURANCE	352.94
354409 UNITED PENTECOSTAL CHURCH	DEPOSIT REFUND	500.00
Recreation Aquatics		
203639 HARRISON, ASHLEY	CLASS REFUND	58.00
353966 BAY BUILDING MAINTENANCE INC	JANITORIAL SERVICE	500.00
354101 MUIR, ROXANNE	CONTRACTOR PAYMENT	105.00
354157 BANK OF AMERICA	TRAINING	486.00
354250 BAY BUILDING MAINTENANCE INC	JANITORIAL SERVICES	500.00
Recreation Water Park		
203802 LESLIES POOL SUPPLIES	SUPPLIES	61.98
203803 COMCAST	CABLE	48.51
354014 LINCOLN EQUIPMENT INC	SUPPLIES	47.14
354026 PERS	PAYROLL DEDUCTIONS	372.63
354052 AMERICAN GREENPOWER USA INC	LIGHTING SUPPLIES	2,068.42
354058 AUBURN JOURNAL INC	WINTER 2015 PRINTING	1,764.40
354068 CCC FIRE PROTECTION DISTRICT	DOME PERMIT FEES	364.00
354100 MUIR DIABLO OCCUPATIONAL MEDICINE	RESPIRATOR EXAM	110.00
354111 PACHECO BROTHERS GARDENING INC	LANDSCAPE SERVICES	2,507.67
354113 PACIFIC GAS AND ELECTRIC CO	ELECTRIC	12,837.60
354128 SAFETY COMPLIANCE MANAGEMENT	TRAINING	395.00
354156 AT AND T MCI	PHONE	48.38
354197 JENNIFER HINES DESIGN	DESIGN SERVICES	1,480.16
354276 COMMERCIAL POOL SYSTEMS INC	POOL CHEMICALS	1,595.83
354304 HUNT AND SONS INC	FUEL	62.69
354341 REAL PROTECTION INC	FIRE ALARM SYSTEM TEST	196.87
354362 XEROX CORPORATION	COPIER LEASE/USAGE	282.00
354386 KELLY MOORE PAINT CO	SUPPLIES	23.53
354388 LINCOLN EQUIPMENT INC	POOL SUPPLIES	246.07
354405 SHERWIN WILLIAMS CO	PAINT SUPPLIES	99.84

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923346 GRAINGER INC	SUPPLIES	425.32
Recreation Community Cnter		
353966 BAY BUILDING MAINTENANCE INC	JANITORIAL SERVICE	250.00
354250 BAY BUILDING MAINTENANCE INC	JANITORIAL SERVICE	250.00
Rec Prewett Concessions		
354049 AAA FIRE PROTECTION SVCS	STEAM CLEAN SERVICE	275.76
354156 AT AND T MCI	PHONE	49.11
721 Employee Benefits Fund		
Non Departmental		
354025 PERS	PAYROLL DEDUCTIONS	351,756.26
354026 PERS	PAYROLL DEDUCTIONS	318,367.20
354066 CONTRA COSTA COUNTY	PAYROLL DEDUCTIONS	400.00
354067 CONTRA COSTA COUNTY	PAYROLL DEDUCTIONS	50.00
354091 INTERNAL REVENUE SERVICE	PAYROLL DEDUCTIONS	60.00
354109 OPERATING ENGINEERS TRUST FUND	PAYROLL DEDUCTIONS	4,466.97
354110 OPERATING ENGINEERS TRUST FUND	PAYROLL DEDUCTIONS	2,993.93
354115 PARS	PAYROLL DEDUCTIONS	1,754.48
354116 PERS LONG TERM CARE	PAYROLL DEDUCTIONS	72.02
354132 STATE OF CALIFORNIA	PAYROLL DEDUCTIONS	200.00
354133 STATE OF CALIFORNIA	PAYROLL DEDUCTIONS	112.31
354134 STATE OF CALIFORNIA	PAYROLL DEDUCTIONS	696.35
354141 RECIPIENT	PAYROLL DEDUCTIONS	112.15
354146 AFLAC	PAYROLL DEDUCTIONS	7,292.84
354162 BLUE SHIELD LIFE	PAYROLL DEDUCTIONS	2,487.59
354217 PERS	PAYROLL DEDUCTIONS	368,618.62
354232 EMPLOYEE	ACH REIMBURSEMENT	200.00
354236 EMPLOYEE	CHECK REPLACEMENT	280.47
354278 CONTRA COSTA COUNTY	PAYROLL DEDUCTIONS	400.00
354283 CSAC EXCESS INSURANCE AUTHORITY	PAYROLL DEDUCTIONS	2,880.00
354285 DELTA DENTAL	PAYROLL DEDUCTIONS	28,328.59
354287 DELTA PARK ATHLETIC CLUB	PAYROLL DEDUCTIONS	37.00
354288 DELTA VALLEY ATHLETIC CLUB	PAYROLL DEDUCTIONS	54.00
354290 DIAMOND HILLS SPORT CLUB	PAYROLL DEDUCTIONS	59.00
354306 IN SHAPE HEALTH CLUBS	PAYROLL DEDUCTIONS	875.00
354307 INTERNAL REVENUE SERVICE	PAYROLL DEDUCTIONS	60.00
354315 LINA	PAYROLL DEDUCTIONS	5,082.79
354324 MUNICIPAL POOLING AUTHORITY	PAYROLL DEDUCTIONS	2,643.85
354331 OPERATING ENGINEERS LOCAL NO 3	PAYROLL DEDUCTIONS	2,643.00
354332 OPERATING ENGINEERS TRUST FUND	PAYROLL DEDUCTIONS	7,521.04
354335 PARS	PAYROLL DEDUCTIONS	2,472.97
354337 PERS LONG TERM CARE	PAYROLL DEDUCTIONS	72.02
354339 PUBLIC EMPLOYEES UNION LOCAL 1	PAYROLL DEDUCTIONS	2,295.22
354347 SOLAR SWIM AND GYM	PAYROLL DEDUCTIONS	27.00
354348 STANDARD LIFE INSURANCE	PAYROLL DEDUCTIONS	952.60
354352 STATE OF CALIFORNIA	PAYROLL DEDUCTIONS	103.98
354353 STATE OF CALIFORNIA	PAYROLL DEDUCTIONS	200.00

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354354 STATE OF CALIFORNIA	PAYROLL DEDUCTIONS	523.35
354356 RECIPIENT	PAYROLL DEDUCTIONS	112.15
354363 XTREME FITNESS	PAYROLL DEDUCTIONS	104.00
923349 NATIONWIDE RETIREMENT SOLUTIONS	PAYROLL DEDUCTIONS	25,035.26
923354 VANTAGEPOINT TRANSFER AGENTS	PAYROLL DEDUCTIONS	4,960.35
923369 ANTIOCH PD SWORN MGMT ASSOC	PAYROLL DEDUCTIONS	625.50
923370 APOA	PAYROLL DEDUCTIONS	13,481.26
923379 NATIONWIDE RETIREMENT SOLUTIONS	PAYROLL DEDUCTIONS	47,808.63
923381 VANTAGEPOINT TRANSFER AGENTS	PAYROLL DEDUCTIONS	5,610.48
736 APFA Lone Diamond Reassessment 1998 Fund		
<i>Non Departmental</i>		
354104 NBS LOCAL GOVERNMENT SOLUTIONS	DISCLOSURE REPORTING	525.00



STAFF REPORT TO THE CITY COUNCIL
FOR CONSIDERATION AT THE COUNCIL MEETING OF JANUARY 13, 2015

SUBMITTED BY: Donna Conley, City Treasurer

A handwritten signature in black ink, appearing to be "DC", is written over the text "City Treasurer".

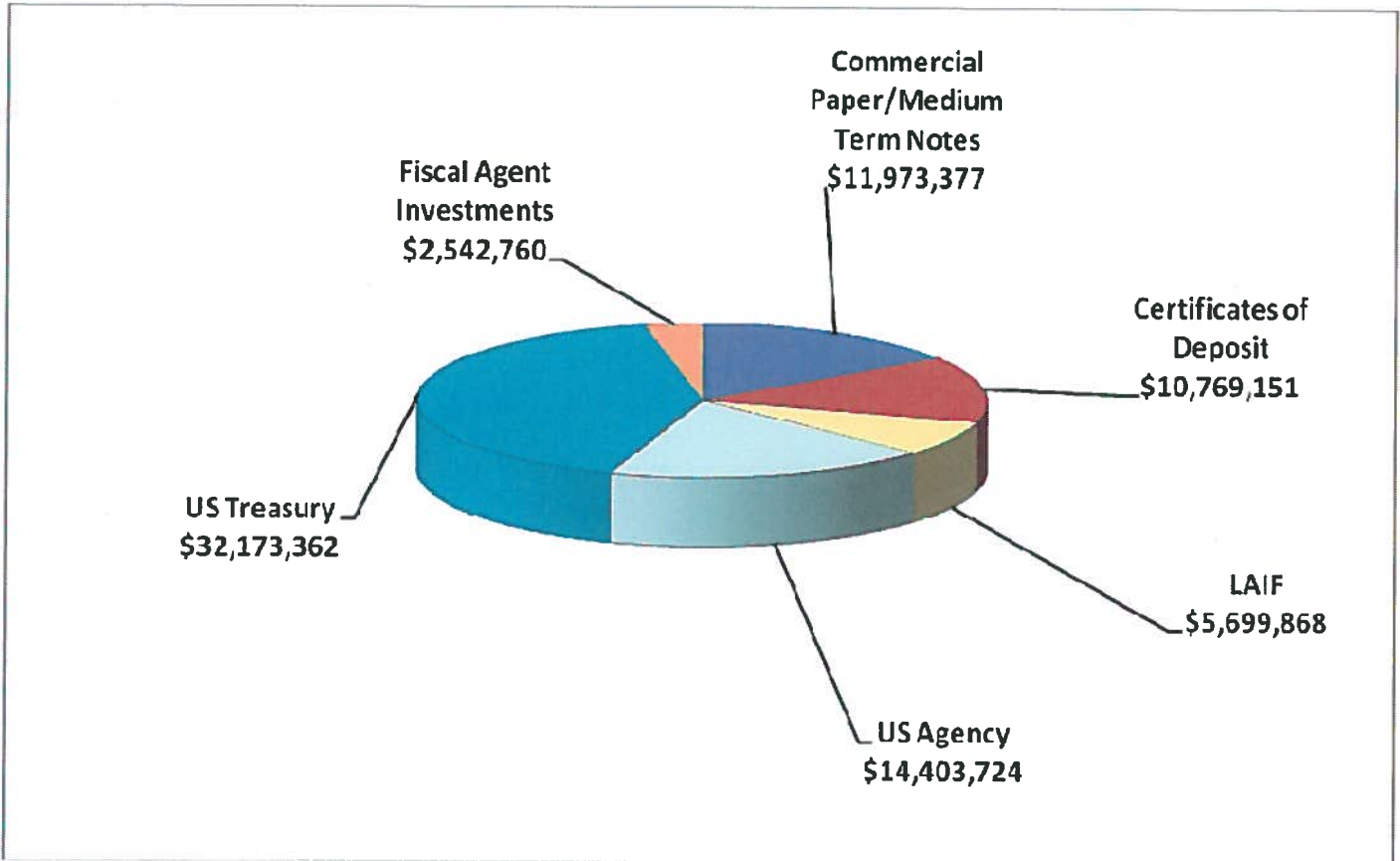
DATE January 13, 2015

SUBJECT: Treasurer's Report – NOVEMBER 2014

RECOMMENDATION: Review and file.

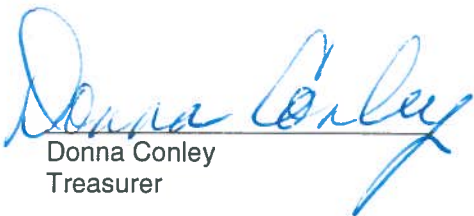
CITY OF ANTIOCH
SUMMARY REPORT ON THE CITY'S INVESTMENTS

NOVEMBER 30, 2014



Total of City and Fiscal Agent Investments = \$77,562,242

All City investments are shown above and conform to the City Investment Policy. All investment transactions during this period are included in this report. As Treasurer of the City of Antioch and Finance Director of the City of Antioch, we hereby certify that sufficient investment liquidity and anticipated revenue are available to meet the next six (6) months' estimated expenditures.


Donna Conley
Treasurer


Dawn Merchant
Finance Director

**Summary of Fiscal Agent Balances by
Debt Issue**

	<u>Amount</u>
Antioch Public Financing Authority 2002 Lease Revenue Bonds	285,585
Antioch Public Financing Authority 1998 Reassessment Revenue Bonds	1,678,513
Antioch Development Agency 2000 Tax Allocation Bonds	4
Antioch Development Agency 2009 Tax Allocation Bonds	146,066
ABAG Lease Revenue Bonds	<u>432,592</u>
	<u><u>\$2,542,760</u></u>



Managed Account Issuer Summary

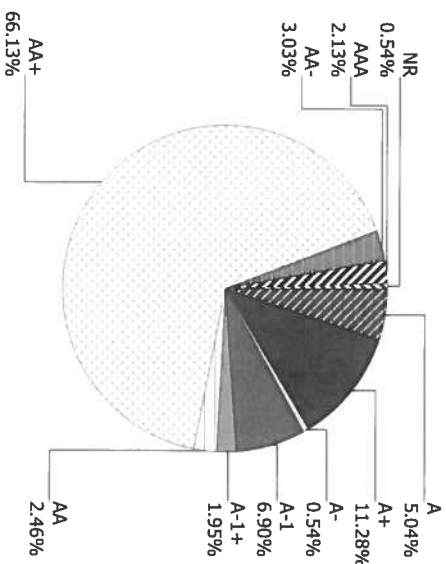
For the Month Ending November 30, 2014

CITY OF ANTIOCH, CA - 04380500

Issuer Summary

Issuer	Market Value of Holdings	Percent
AMERICAN EXPRESS CO	372,104.93	0.54
AMERICAN HONDA FINANCE	589,837.95	0.85
APPLE INC	2,087,968.12	3.01
BANK OF NEW YORK CO INC	1,067,970.29	1.54
BANK OF NOVA SCOTIA	1,348,312.50	1.95
BERKSHIRE HATHAWAY INC	936,080.34	1.35
CA EARTHQUAKE AUTH TXBL REV BOND	375,273.00	0.54
CA ST DEPT OF WATER REV BONDS	500,945.00	0.72
CATERPILLAR INC	770,972.51	1.11
CREDIT SUISSE GROUP	1,700,445.40	2.46
DEERE & COMPANY	1,066,921.26	1.54
FANNIE MAE	2,450,431.33	3.54
FEDERAL HOME LOAN BANKS	4,553,400.67	6.57
FORD CREDIT AUTO OWNER TRUST	750,058.50	1.08
FREDDIE MAC	4,468,629.76	6.45
GOLDMAN SACHS GROUP INC	1,374,848.75	1.99
HSBC HOLDINGS PLC	567,094.46	0.82
JP MORGAN CHASE & CO	1,655,243.20	2.39
MET WATER DISTRICT OF SOUTHERN CA	225,625.50	0.33
RABOBANK NEDERLAND	1,694,502.20	2.45
SKANDINAVISKA ENSKIDA BANKEN AB	1,701,286.90	2.46
STATE OF CALIFORNIA	1,510,957.00	2.18
TOYOTA MOTOR CORP	728,224.08	1.05
UNITED STATES TREASURY	32,240,802.12	46.56
UNIVERSITY OF CALIFORNIA	365,543.10	0.53
US BANCORP	1,366,824.25	1.97
WAL-MART STORES INC	400,766.80	0.58
WELLS FARGO & COMPANY	1,032,572.70	1.49
WESTPAC BANKING CORP NY	1,351,463.40	1.95
Total	\$69,255,106.02	100.00%

Credit Quality (S&P Ratings)



PFM Asset Management LLC



CITY OF ANTIOCH, CA - 04380500

Managed Account Detail of Securities Held

For the Month Ending November 30, 2014

Security Type/Description Dated Date/Coupon/Maturity U.S. Treasury Bond / Note	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
US TREASURY NOTES DTD 01/31/2014 0.375% 01/31/2016	912828B41	2,900,000.00	AA+	Aaa	02/04/14	02/07/14	2,903,738.28	0.31	3,634.85	2,902,202.96	2,906,116.10
US TREASURY NOTES DTD 05/02/2011 2.000% 04/30/2016	912828OFO	950,000.00	AA+	Aaa	03/27/13	03/28/13	997,277.34	0.38	1,627.07	971,700.09	973,601.80
US TREASURY NOTES DTD 06/02/2014 0.375% 05/31/2016	912828W8	2,800,000.00	AA+	Aaa	06/02/14	06/03/14	2,799,562.50	0.38	28.85	2,799,670.89	2,804,594.80
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZZ	2,090,000.00	AA+	Aaa	05/10/13	05/15/13	2,274,507.81	0.41	28,425.14	2,183,606.79	2,186,499.22
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZZ	2,950,000.00	AA+	Aaa	05/22/13	05/24/13	3,204,783.20	0.44	40,121.60	3,080,325.48	3,086,207.03
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZZ	3,300,000.00	AA+	Aaa	05/24/13	05/31/13	3,574,570.31	0.53	44,881.79	3,441,407.24	3,452,367.19
US TREASURY NOTES DTD 08/31/2011 1.000% 08/31/2016	912828RF9	2,265,000.00	AA+	Aaa	02/27/14	03/03/14	2,293,577.93	0.49	5,756.35	2,285,057.41	2,289,242.30
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	2,385,000.00	AA+	Aaa	10/31/13	11/01/13	2,403,446.48	0.62	57.33	2,397,006.23	2,403,631.62
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	3,110,000.00	AA+	Aaa	11/27/13	12/03/13	3,136,726.56	0.58	74.76	3,127,894.19	3,134,295.32
US TREASURY NOTES DTD 03/31/2012 1.000% 03/31/2017	912828SM3	1,350,000.00	AA+	Aaa	10/02/14	10/06/14	1,356,591.80	0.80	2,299.45	1,356,186.82	1,360,758.15
US TREASURY NOTES DTD 05/31/2012 0.625% 05/31/2017	912828SV7	1,975,000.00	AA+	Aaa	06/02/14	06/03/14	1,964,044.92	0.81	33.91	1,965,837.72	1,969,754.40
US TREASURY NOTES DTD 07/02/2012 0.750% 06/30/2017	912828TB6	3,850,000.00	AA+	Aaa	10/30/14	11/03/14	3,846,089.84	0.79	12,083.56	3,846,203.48	3,848,494.65
US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	285,000.00	AA+	Aaa	07/01/14	07/07/14	281,047.85	0.96	476.29	281,558.05	282,818.04
US TREASURY NOTES DTD 09/30/2010 1.875% 09/30/2017	912828PA2	1,500,000.00	AA+	Aaa	09/02/14	09/04/14	1,537,617.19	1.04	4,790.52	1,534,704.57	1,542,421.50



PFM Asset Management LLC



CITY OF ANTIOCH, CA - 04380500

Managed Account Detail of Securities Held

For the Month Ending November 30, 2014

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Municipal Bond / Note			31,710,000.00					32,573,582.01	0.57	144,291.47	32,173,361.92	32,240,802.12
UNIV OF CAL TXBL REV BONDS	DTD 10/02/2013 0.528% 05/15/2015	91412GSSW6	230,000.00	AA	Aa2	09/26/13	10/02/13	230,000.00	0.53	53.97	230,000.00	230,121.90
METRO WTR DIST AUTH, CA TXBL REV BONDS	DTD 06/28/2012 0.943% 07/01/2015	59266TH07	225,000.00	AAA	Aa1	06/21/12	06/28/12	225,000.00	0.94	884.06	225,000.00	225,625.50
CA ST DEPT OF WATER TXBL REV BONDS	DTD 09/27/2012 0.650% 12/01/2015	13066KX87	500,000.00	AAA	Aa1	09/19/12	09/27/12	500,000.00	0.65	1,625.00	500,000.00	500,945.00
CA ST TXBL GO BONDS	DTD 03/27/2013 1.050% 02/01/2016	13063BN73	550,000.00	A+	Aa3	03/13/13	03/27/13	551,859.00	0.93	1,925.00	550,767.66	553,195.50
UNIV OF CAL TXBL REV BONDS	DTD 10/02/2013 0.907% 05/15/2016	91412GSSX4	135,000.00	AA	Aa2	09/26/13	10/02/13	135,000.00	0.91	54.42	135,000.00	135,421.20
CA EARTHQUAKE AUTH TXBL REV BONDS	DTD 11/06/2014 1.194% 07/01/2016	13017HAC0	225,000.00	NR	A3	10/29/14	11/06/14	225,000.00	1.19	186.56	225,000.00	225,297.00
CA ST TAXABLE GO BONDS	DTD 11/05/2013 1.250% 11/01/2016	13063CFD7	950,000.00	A+	Aa3	10/22/13	11/05/13	954,455.50	1.09	989.58	952,873.28	957,761.50
CA EARTHQUAKE AUTH TXBL REV BONDS	DTD 11/06/2014 1.824% 07/01/2017	13017HAD8	150,000.00	NR	A3	10/29/14	11/06/14	150,000.00	1.82	190.00	150,000.00	149,976.00
Security Type Sub-Total								2,971,314.50	0.97	5,908.59	2,968,640.94	2,978,343.60
Federal Agency Bond / Note												
FHLB (EX-CALLABLE) GLOBAL NOTES	DTD 12/30/2013 0.375% 12/30/2015	3130A0GK0	1,375,000.00	AA+	Aaa	12/12/13	12/30/13	1,374,587.50	0.39	2,162.76	1,374,776.76	1,377,161.50
FANNIE MAE GLOBAL NOTES	DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	800,000.00	AA+	Aaa	02/14/13	02/15/13	799,088.00	0.54	677.78	799,609.65	802,439.20
FREDDIE MAC GLOBAL NOTES	DTD 03/07/2013 0.500% 05/13/2016	3137EAD09	240,000.00	AA+	Aaa	03/06/13	03/07/13	239,985.60	0.50	60.00	239,993.33	240,644.64
FINMA NOTES	DTD 08/19/2011 1.250% 09/28/2016	3135G0CM3	655,000.00	AA+	Aaa	10/01/13	10/03/13	664,674.35	0.75	1,432.81	660,937.68	664,267.60



PFM Asset Management LLC



CITY OF ANTIOCH, CA - 04380500

Managed Account Detail of Securities Held

For the Month Ending November 30, 2014

Security Type/Description Dated Date/Coupon/Maturity Federal Agency Bond / Note	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
FNMA NOTES DTD 08/19/2011 1.250% 09/28/2016	3135G0CM3	970,000.00	AA+	Aaa	10/01/13	10/03/13	984,555.92	0.74	2,121.88	978,933.37	983,724.53
FHLB NOTES DTD 08/07/2014 0.500% 09/28/2016	3130A2T97	1,860,000.00	AA+	Aaa	08/06/14	08/07/14	1,855,815.00	0.61	1,627.50	1,856,429.51	1,859,936.76
FEDERAL HOME LOAN BANKS (CALLABLE) DTD 03/27/2014 1.625% 03/27/2017	3130A1CR7	1,310,000.00	AA+	Aaa	04/02/14	04/04/14	1,324,396.90	1.25	3,784.44	1,314,736.83	1,316,302.41
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	1,610,000.00	AA+	Aaa	08/12/14	08/14/14	1,609,800.36	1.00	5,500.83	1,609,821.10	1,616,877.92
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	2,600,000.00	AA+	Aaa	08/12/14	08/14/14	2,599,825.80	1.00	8,883.33	2,599,844.55	2,611,107.20
Security Type Sub-Total							11,452,729.43	0.81	26,251.33	11,435,082.78	11,472,461.76

Corporate Note

JPMORGAN CHASE & CO GLOBAL NOTES DTD 10/18/2012 1.100% 10/15/2015	46623EER1	650,000.00	A	A3	10/15/12	10/18/12	649,733.50	1.11	913.61	649,921.36	652,592.20
BANK OF NEW YORK MELLON (CALLABLE) DTD 10/25/2012 0.700% 10/23/2015	06406HCD9	425,000.00	A+	A1	10/18/12	10/25/12	424,562.25	0.73	314.03	424,868.25	426,185.33
BANK OF NEW YORK MELLON (CALLABLE) DTD 10/25/2012 0.700% 10/23/2015	06406HCD9	640,000.00	A+	A1	12/17/12	12/20/12	638,067.20	0.81	472.89	639,387.25	641,784.96
WAL-MART STORES INC GLOBAL NOTES DTD 04/11/2013 0.600% 04/11/2016	931142DE0	400,000.00	AA	Aa2	04/04/13	04/11/13	399,716.00	0.62	333.33	399,870.50	400,766.80
APPLE INC GLOBAL NOTES DTD 05/03/2013 0.450% 05/03/2016	037833AH3	380,000.00	AA+	Aa1	04/30/13	05/03/13	379,312.20	0.51	133.00	379,672.64	380,037.62
TOYOTA MOTOR CREDIT CORP DTD 05/17/2013 0.800% 05/17/2016	89236TAL9	725,000.00	AA-	Aa3	05/14/13	05/17/13	724,702.75	0.81	225.56	724,854.33	728,224.08
WELLS FARGO & COMPANY DTD 07/29/2013 1.250% 07/20/2016	94974BFL9	1,025,000.00	A+	A2	07/22/13	07/29/13	1,024,016.00	1.28	4,662.33	1,024,453.79	1,032,572.70



PFM Asset Management LLC



CITY OF ANTIOCH, CA - 04380500

Managed Account Detail of Securities Held

For the Month Ending November 30, 2014

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note												
BEKSHIRE HATHAWAY FIN GLOBAL NOTES	08/15/2013 0.950% 08/15/2016	0846648X8	930,000.00	AA	Aa2	08/06/13	08/15/13	929,507.10	0.97	2,601.42	929,718.07	936,080.34
AMERICAN HONDA FINANCE GLOBAL NOTES	10/07/2016	02665WAB7	585,000.00	A+	A1	10/03/13	10/10/13	582,964.20	1.24	987.19	583,732.31	589,837.95
JPMORGAN CHASE & CO	02/15/2017	46623EY6	1,000,000.00	A	A3	02/12/14	02/18/14	999,500.00	1.37	3,975.00	999,629.21	1,002,651.00
APPLE INC CORP NOTE	05/05/2017	037833AM2	1,700,000.00	AA+	Aa1	04/29/14	05/06/14	1,699,099.00	1.07	1,239.58	1,699,268.05	1,707,930.50
JOHN DEERE CAPITAL CORP NOTES	06/12/2017	24422ESN0	1,065,000.00	A	A2	06/09/14	06/12/14	1,064,499.45	1.14	5,624.53	1,064,576.66	1,066,921.26
HSBC USA INC	06/23/2017	40434CAA3	565,000.00	A+	A2	06/16/14	06/23/14	564,141.20	1.35	3,223.64	564,264.73	567,094.46
CATERPILLAR FINANCIAL SE	08/18/2017	14912L6D8	770,000.00	A	A2	08/13/14	08/20/14	769,615.00	1.27	2,700.35	769,650.43	770,972.51
AMERICAN EXPRESS CREDIT CORP NOTES	09/22/2017	0258MDR7	370,000.00	A-	A2	09/18/14	09/23/14	369,504.20	1.60	1,083.28	369,534.81	372,104.93
Security Type Sub-Total			11,230,000.00					11,218,940.05	1.09	28,489.74	11,223,402.39	11,275,756.64
Certificate of Deposit												
CREDIT SUISSE NEW YORK CERT DEPOS (FLOAT)	01/15/2015	22549TDK1	1,700,000.00	A-1	P-1	07/11/13	07/15/13	1,700,000.00	0.68	1,399.58	1,700,000.00	1,700,445.40
SKANDINAVISKA ENSKILDA BY FLOAT CD	01/04/2016	83051HUD6	1,700,000.00	A-1	P-1	01/07/14	01/10/14	1,700,000.00	0.56	1,483.69	1,700,000.00	1,701,286.90
WESTPAC BANKING CORP NY LT FLOAT CD	04/15/2016	96121TWF1	1,350,000.00	A-1+	P-1	04/16/14	04/17/14	1,350,000.00	0.41	723.68	1,350,000.00	1,351,463.40
RABOBANK NEDERLAND NV NY CD	05/06/2016	21684BPV0	1,700,000.00	A+	Aa2	05/09/14	05/13/14	1,700,000.00	0.71	845.57	1,700,000.00	1,694,502.20



CITY OF ANTIOCH, CA - 04380500

Managed Account Detail of Securities Held

For the Month Ending November 30, 2014

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit												
BANK OF NOVA SCOTIA HOURS CD FLOAT	06/13/2014 0.414%	06417HMU7	1,350,000.00	A+	Aa2	06/11/14	06/13/14	1,349,184.60	0.28	1,271.82	1,349,376.12	1,348,312.50
DTD 06/13/2014 0.414% 06/10/2016												
GOLDMAN SACHS BANK USA CD	08/19/2014 0.900%	381472L5	1,375,000.00	A-1	P-1	08/14/14	08/19/14	1,375,000.00	0.90	3,526.03	1,375,000.00	1,374,848.75
DTD 08/19/2014 0.900% 08/12/2016												
US BANK NA CINCINNATI (CALLABLE) CD	09/11/2014 1.375%	90333VPF1	1,375,000.00	AA-	Aa3	09/09/14	09/11/14	1,372,786.25	1.41	4,201.39	1,372,949.86	1,366,824.25
DTD 09/11/2014 1.375% 09/11/2017												
Security Type Sub-Total								10,550,000.00	0.70	13,451.76	10,547,325.98	10,537,683.40
Asset-Backed Security / Collateralized Mortgage Obligation:												
FORD ABS 2014-C A2		34530PAC6	750,000.00	AAA	NR	11/18/14	11/25/14	749,974.80	0.61	76.25	749,974.88	750,058.50
DTD 11/25/2014 0.610% 08/15/2017												
Security Type Sub-Total								750,000.00	0.61	76.25	749,974.88	750,058.50
Managed Account Sub-Total								68,625,000.00	0.73	218,469.14	69,097,788.89	69,255,106.02
Securities Sub-Total								\$68,625,000.00	0.73%	\$218,469.14	\$69,097,788.89	\$69,255,106.02
Accrued Interest												\$218,469.14
Total Investments												\$69,473,575.16



PFM Asset Management LLC



CITY OF ANTIOCH, CA - 04380500

Managed Account Security Transactions & Interest

For the Month Ending November 30, 2014

Transaction Type	Trade Date	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
BUY	10/29/14	11/06/14	CA EARTHQUAKE AUTH TXBL REV BONDS	13017HAC0	225,000.00	(225,000.00)	0.00	(225,000.00)			
			DTD 11/06/2014 1.194% 07/01/2016								
	10/29/14	11/06/14	CA EARTHQUAKE AUTH TXBL REV BONDS	13017HAD8	150,000.00	(150,000.00)	0.00	(150,000.00)			
			DTD 11/06/2014 1.824% 07/01/2017								
	10/30/14	11/03/14	US TREASURY NOTES	912828TB6	3,850,000.00	(3,846,089.84)	(9,886.55)	(3,855,976.39)			
			DTD 07/02/2012 0.750% 06/30/2017								
	11/18/14	11/25/14	FORD ABS 2014-C A2	34530PAC6	750,000.00	(749,974.80)	0.00	(749,974.80)			
			DTD 11/25/2014 0.610% 08/15/2017								
Transaction Type Sub-Total					4,975,000.00	(4,971,064.64)	(9,886.55)	(4,980,951.19)			
INTEREST											
	11/01/14	11/01/14	CA ST TAXABLE GO BONDS	13063CFD7	950,000.00	0.00	5,937.50	5,937.50			
			DTD 11/05/2013 1.250% 11/01/2016								
	11/03/14	11/03/14	APPLE INC GLOBAL NOTES	037833AH3	380,000.00	0.00	855.00	855.00			
			DTD 05/03/2013 0.450% 05/03/2016								
	11/06/14	11/06/14	RABOBANK NEDERLAND NV NY CD	21684BPV0	1,700,000.00	0.00	5,851.36	5,851.36			
			DTD 05/13/2014 0.716% 05/06/2016								
	11/06/14	11/06/14	APPLE INC CORP NOTE	037833AM2	1,700,000.00	0.00	8,925.00	8,925.00			
			DTD 05/06/2014 1.050% 05/05/2017								
	11/13/14	11/13/14	FREDDIE MAC GLOBAL NOTES	3137EAD09	240,000.00	0.00	600.00	600.00			
			DTD 03/07/2013 0.500% 05/13/2016								
	11/15/14	11/15/14	UNIV OF CAL TXBL REV BONDS	91412GSW6	230,000.00	0.00	607.20	607.20			
			DTD 10/02/2013 0.528% 05/15/2015								
	11/15/14	11/15/14	UNIV OF CAL TXBL REV BONDS	91412GSX4	135,000.00	0.00	612.23	612.23			
			DTD 10/02/2013 0.907% 05/15/2016								
	11/17/14	11/17/14	TOYOTA MOTOR CREDIT CORP	89236TAL9	725,000.00	0.00	2,900.00	2,900.00			
			DTD 05/17/2013 0.800% 05/17/2016								
	11/30/14	11/30/14	US TREASURY NOTES	912828S57	1,975,000.00	0.00	6,171.88	6,171.88			
			DTD 05/31/2012 0.625% 05/31/2017								
	11/30/14	11/30/14	US TREASURY NOTES	912828RU6	2,385,000.00	0.00	10,434.38	10,434.38			
			DTD 11/30/2011 0.875% 11/30/2016								



PFM Asset Management LLC



Managed Account Security Transactions & Interest

For the Month Ending November 30, 2014

CITY OF ANTIPOCH, CA - 04380500

Transaction Type	Trade Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST	11/30/14	US TREASURY NOTES	912828WM8	2,800,000.00	0.00	5,250.00	5,250.00			
		DTD 06/02/2014 0.375% 05/31/2016								
	11/30/14	US TREASURY NOTES	912828RU6	3,110,000.00	0.00	13,606.25	13,606.25			
		DTD 11/30/2011 0.875% 11/30/2016								
Transaction Type Sub-Total					0.00	61,750.80	61,750.80			

SELL											
	10/28/14	11/06/14	US TREASURY NOTES	912828VG2	260,000.00	260,832.81	511.48	261,344.29	863.28	855.17	SPEC LOT
			DTD 06/17/2013 0.500% 06/15/2016								
	10/28/14	11/06/14	US TREASURY NOTES	912828KZ2	110,000.00	115,293.75	1,253.19	116,546.94	(4,417.19)	156.26	SPEC LOT
			DTD 06/30/2009 3.250% 06/30/2016								
	10/30/14	11/03/14	US TREASURY NOTES	912828PS3	920,000.00	940,448.44	4,750.00	945,198.44	(9,307.81)	1,071.18	SPEC LOT
			DTD 01/31/2011 2.000% 01/31/2016								
	10/30/14	11/03/14	US TREASURY NOTES	912828B41	1,000,000.00	1,002,109.38	968.07	1,003,077.45	820.32	1,300.26	SPEC LOT
			DTD 01/31/2014 0.375% 01/31/2016								
	10/30/14	11/03/14	US TREASURY NOTES	912828P13	1,900,000.00	1,924,640.63	11,135.25	1,935,775.88	(33,175.77)	3,783.04	SPEC LOT
			DTD 11/30/2010 1.375% 11/30/2015								
	11/19/14	11/25/14	US TREASURY NOTES	912828B41	750,000.00	751,376.95	894.19	752,271.14	410.15	799.27	SPEC LOT
			DTD 01/31/2014 0.375% 01/31/2016								
Transaction Type Sub-Total					4,994,701.96	19,512.18	5,014,214.14	(44,807.02)	7,965.18		

Managed Account Sub-Total 23,637.32 71,376.43 95,013.75 (44,807.02) 7,965.18

Total Security Transactions \$23,637.32 \$71,376.43 \$95,013.75 (\$44,807.02) \$7,965.18



PFM Asset Management LLC



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2015
TO: Honorable Mayor and Members of the City Council
SUBMITTED BY: Lynn Tracy Nerland, City Attorney *LTN*
SUBJECT: Massage Regulations

RECOMMENDED ACTION

It is recommended that the City Council adopt the Ordinance amending Sections 5-19.01, 5-19.04, 5-19.22 and 5-19.23 of the Antioch Municipal Code to address new State Laws regarding Massage Establishments and Massage Therapists.

STRATEGIC PURPOSE

This action addresses the following goals in the Citywide Strategic Plan:

Long Term Goal A: Crime Reduction - Reduce crime and improve public safety throughout the City.

Long Term Goal L: City Administration. Provide exemplary City administration.

Strategy M-1: Effectively and efficiently provide legal services in support of the City's policies, procedures and initiatives.

FISCAL IMPACT

Other than the costs to prepare the Ordinance, it is not expected that these amendments to the massage regulations will have a fiscal impact. If anything, staff resources to implement the massage regulations should decrease slightly.

DISCUSSION

No options are presented because the recommended action to adopt the Ordinance is consistent with the City Council's action on December 16, 2014 to introduce the Ordinance as presented in the staff report.

ATTACHMENTS

A. Proposed Ordinance

1.D
Agenda Item #

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ANTIOCH
AMENDING SECTIONS 5-19.01, 5-19.04, 5-19.22 AND 5-19.23 OF THE ANTIOCH
MUNICIPAL CODE REGARDING MASSAGE REGULATIONS**

WHEREAS, in light of the lack of statewide regulations, on January 23, 2007, pursuant to Ordinance No. 1085-C-S, the City Council adopted a Massage Regulations ordinance to regulate massage establishments by imposing reasonable standards for massage operators, massage therapists and facilities; and

WHEREAS, in 2008 the State Legislature adopted Senate Bill 731 to amend the Business and Professions Code to certify and regulate massage therapists and massage practitioners, which superseded local licensing and some local regulatory requirements for those who obtain state massage certification; and

WHEREAS, the City Council adopted Ordinance No. 2028-C-S to amend its massage regulations to conform to Senate Bill 731; and

WHEREAS, the State Legislature adopted Assembly Bill 1147, which was approved by the Governor on September 18, 2014, and further delineates the responsibility of the State to regulate the practice of massage and certify massage therapists through the California Massage Therapy Council and the responsibility of cities and counties to regulate the business of providing massage through land use and business license requirements

NOW, THEREFORE, the City Council of the City of Antioch does ordain as follows:

SECTION 1. Section 5-19.01, "Findings and Purpose," of Chapter 19 (Massage Regulations) of Title 5 of the Antioch Municipal Code is amended to read as follows:

"§ 5-19.01 FINDINGS AND PURPOSE.

The City Council finds and declares as follows:

(A) The City is authorized by virtue of the Constitution of the State of California, and § 51031 of the California Government Code to regulate massage establishments by imposing reasonable conditions on the operation of massage establishments.

(B) In adopting these regulations, the City Council acknowledges that massage therapy is a legitimate, viable professional field that provides valuable health benefits. The Council also finds that there are health, safety and welfare concerns including unsanitary massage establishments and improperly trained and/or uneducated massage therapists who do not have a State massage certification and this chapter provides reasonable safeguards against injury and economic costs. The City Council further finds that it is reasonable to conclude that the presence of inexperienced and unlicensed

trainees in massage establishments would encourage and foster prostitution and human trafficking. In addition, massage therapy services occurring at night and with the furnishing of alcoholic beverages are more likely to raise the possibility of criminal conduct when police staffing is at the lowest.

(C) This chapter takes into account the separate certification process of the California Massage Therapy Council under Business and Professions Code sections 4600-4620.

(D) The permit requirements and restrictions imposed by this chapter are reasonably necessary to protect the health, safety and welfare of the citizens of the city.”

SECTION 2. Section 5-19.04, “Permit Exceptions,” of Chapter 19 (Massage Regulations) of Title 5 of the Antioch Municipal Code is amended to read as follows:

“§ 5-19.04 PERMIT EXCEPTIONS.

The permit requirements of this chapter shall not apply to the following persons while engaged in the performance of their duties:

(A) Physicians, surgeons, chiropractors, osteopaths, nurses, physical therapists, or acupuncturists who are duly licensed to practice their respective professions in the state;

(B) Barbers, beauticians, cosmetologists, and estheticians who are duly licensed under the laws of the state while engaging in practices within the scope of their licenses;

(C) Hospitals, nursing homes, sanitariums, or any other health facility duly licensed by the state;

(D) Accredited high schools, junior colleges, colleges, or universities whose coaches and trainers are acting within the scope of their employment;

(E) Trainers of amateur, semi-professional or professional athletes or athletic teams while engaging in their training responsibilities for and with athletes; and trainers working in conjunction with a specific athletic event such as road races, track meets, triathlons, biathlons, or similar single occurrence athletic or recreational events; and

(F) A person who holds a current, valid state certificate from the California Massage Therapy Council as a massage practitioner or massage therapist, under Business and Professions Code sections 4600-4620. However, such a certificate holder shall be subject to the City’s laws including but not limited to business license tax, building and zoning regulations and health, safety and welfare requirements and be subject to having a business license revoked for material misrepresentation in the business license application.

SECTION 3. Section 5-19.22, “Facilities and Operating Requirements,” of Chapter 19 (Massage Regulations) of Title 5 of the Antioch Municipal Code is amended to read as follows:

“§5-19.22, FACILITIES AND OPERATING REQUIREMENTS.

(A) Every massage establishment and every massage therapy technician shall comply with standards established by the Contra Costa County Health Services for such businesses and practitioners and the following facilities and operations requirements:

(1) The massage establishment's premises and facilities shall meet and be maintained in a condition to comply with all applicable code requirements of the city, county, and state, including, but not limited to, those related to the safety of structures, adequacy of the plumbing, lighting, heating, ventilation, waterproofing of rooms in which showers, water or steam baths are used, and the health and cleanliness of the facility.

(2) Massage establishments and massage therapy technicians shall at all times have an adequate supply of clean sanitary towels, coverings, and linens. Towels, non-disposable coverings, and linens shall not be used on more than one client, unless they have first been laundered and disinfected. Disposable towels and disposable coverings shall not be used on more than one client. Soiled linens and paper towels shall be deposited in separate receptacles.

(3) In the massage establishment, wet and dry heat rooms, steam or vapor rooms or cabinets, toilet rooms, shower and bathrooms, tanning booths, whirlpool baths, and pools shall be thoroughly cleaned and disinfected as needed, and at least once each day when the premises are open, with a disinfectant. Bathtubs shall be thoroughly cleaned with a disinfectant after each use. All walls, ceilings, floors, and other physical facilities for the establishment shall be in good repair, and maintained in a clean and sanitary condition.

(4) All equipment used in the massage establishment and massage therapy operation shall be maintained in a clean and sanitary condition. Instruments utilized in performing massage therapy shall not be used on more than one client unless they have been sterilized, using standard sterilization methods.

(5) Clients of the massage establishment shall be furnished with a dressing room. Only clients of the same sex will use dressing rooms at the same time. Dressing rooms need not be separate from the room in which the massage therapy is being performed.

(6) Toilet facilities shall be provided in convenient locations within the massage establishment and shall consist of at least one unisex toilet with lavatories or wash basins provided with soap and both hot and cold running water either in the toilet room or vestibule.

(7) A minimum of one washbasin for massage technicians shall be provided at all times in a massage establishment. The basin shall be located within or as close as practicable to the area devoted to performing of massage therapy services. Soap and sanitary towels shall also be provided at each basin.

(B) Massage therapy shall be provided or given only between the hours of 6:00 a.m. and 10:00 p.m. No massage establishment shall be open and no client shall be in the establishment between 10:00 p.m. and 6:00 a.m.

(C) No alcoholic beverages shall be sold, served, furnished, kept, consumed, or possessed on the premises of any massage establishment.

(D) No owner, manager, operator, responsible managing employee, or massage therapy technician shall permit, offer or perform, any service other than those permitted under this Chapter.

(E) No one engaged in massage therapy or operating at a massage establishment shall engage in unprofessional conduct as defined in Section 4609 of the California Business and Professions Code. This prohibition includes no one at a massage establishment or no massage therapy technician exposing his or her genitalia, breasts or buttocks; engaging in sexual activity while providing massage services; or providing massage of genitals or anal region.

(F) No one engaged in massage therapy or operating at a massage establishment shall place, publish or distribute or cause to be placed, published or distributed any advertising matter that depicts any portion of the human body that would reasonably suggest to prospective customers that any service is available that is prohibited under this Chapter nor shall any massage establishment employ language in any advertising text or business name that would reasonably suggest to a prospective client that any service is available that is prohibited under this Chapter.

(G) The use or possession of adult-oriented merchandise in or on any part of a massage establishment is expressly prohibited.

(H) No electrical, mechanical or artificial device shall be used by the operator and/or manager, massage therapy technician or any one at a massage establishment for audio and/or video recording or for monitoring the performance of any massage therapy, or the conversation or other sounds in the massage rooms without the knowledge and written consent of the patron.

(I) Locks prohibited.

(1) No massage therapy shall be conducted within any cubicle, room, booth or treatment room on the premises of a massage therapy establishment that is fitted with a lock.

(2) All exterior doors on the premises of a massage therapy establishment shall remain unlocked from the interior side during business hours.

(3) The requirements of this subsection (I) do not apply to a massage establishment solely owned by a state certificate holder or to a massage establishment which employs only persons who hold a state certificate. (See Section 5-19.04(F))

(J) Clients shall be draped to cover genitalia and female breasts.”

SECTION 4. Section 5-19.23, “Responsibility of Employer/Establishment Permittee,” of Chapter 19 (Massage Regulations) of Title 5 of the Antioch Municipal Code is amended to read as follows:

“§5-19-23. RESPONSIBILITY OF EMPLOYER/ESTABLISHMENT PERMITEE.

It shall be the responsibility of the massage establishment permittee who has employed or subcontracted any person acting or purporting to act as a massage therapy technician or the employer or contractor of any person acting or purporting to act as a massage therapy technician or anyone operating a massage establishment to ensure that all massage therapy technicians comply with the requirements of this Chapter and all laws. The massage establishment permittee or operator of a massage establishment shall be held responsible for the conduct of all persons on the premises that engage in providing the service of massage therapy. Any act or omission of any person giving massage therapy, or any service of massage therapy shall be deemed the act or omission of the holder of the massage establishment permit or the operator of the massage establishment for the purposes of determining whether any license or permit may be revoked, suspended, or denied. Proof of knowledge of any violation of this section shall not be required for purposes of suspension, revocation, or denial of such a permit or license.”

SECTION 5. CEQA. This Ordinance is not a project subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378. In the event that this Ordinance is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guideline section 15061(b)(3) because it can be seen with certainty that there is no possibility that it may have a significant effect on the environment.

SECTION 6. Severability. Should any provision of this Ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

SECTION 7. Effective Date. This Ordinance shall take effect thirty (30) days after adoption as provided by Government Code Section 36937.

SECTION 5. Publication; Certification. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published according to law.

* * * * *

I HEREBY CERTIFY that the foregoing ordinance was introduced at an adjourned regular meeting of the City Council of the City of Antioch held on December 16, 2014 and passed and adopted at a regular meeting thereof, held on _____, by the following vote:

AYES:

NOES:

ABSENT:

Wade Harper, Mayor

Attest:

Arne Simonsen, City Clerk



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2015
TO: Honorable Mayor and Members of the City Council
SUBMITTED BY: Lynn Tracy Nerland, City Attorney *LTN*
SUBJECT: Standby City Council Members

RECOMMENDED ACTION

It is recommended that the City Council Motion appoint the following nominated Standby City Council Members:

Mayor Harper: 1) Vincent Manual; 2) Diane Gibson-Gray; 3) Robert Miller

Mayor Pro Tem Ogorchock: 1) Allen Payton; 2); William Chapman; 3) Manny Solis, Jr

Council Member Rocha: 1) Louie Rocha; 2) Jessica Fernandez; 3) Ken Gray

Council Member Tiscareno: 1) Diane Gibson-Gray; 2) Argentina Luevano; 3) Greg Feere

Council Member Wilson: 1) Don Freitas; 2) Lamar Thorpe; 3) Patrice Guillory

STRATEGIC PURPOSE

This action addresses the following goal in the Citywide Strategic Plan:

Long Term Goal L: City Administration. Provide exemplary City administration.

FISCAL IMPACT

No fiscal impact is anticipated as there is no compensation for Standby Council Members.

DISCUSSION

Pursuant to state law (Government Code sections 8636-8644), Article 6 of Title 2 of the Antioch Municipal Code provides for the appointment of Standby City Council Members "in the event of a declaration of emergency and a Council Member is unavailable due to being killed, missing or having an incapacitating injury." The provision for Standby Council Members allows for the continuity of government in the event of a catastrophic emergency. Standby Council Members are not activated in the event of a "regular" vacancy in a council seat.

ATTACHMENTS

None.



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2015

TO: Honorable Mayor and Members of the City Council

SUBMITTED BY: Dawn Merchant, Finance Director

SUBJECT: City of Antioch Comprehensive Annual Report for the Fiscal Year Ended June 30, 2014

RECOMMENDED ACTION

It is recommended that the City Council receive and file the attached City of Antioch Comprehensive Annual Report for the Fiscal Year Ended June 30, 2014.

STRATEGIC PURPOSE

This action meets Long Term Goal N, Financial Services; specifically addressing Strategy N-2 by ensuring financial reports are accurate and timely. The financial report was completed within six months of the fiscal year end and received an unqualified audit opinion.

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

As required by State law, the City must publish a complete set of financial statements at the close of each fiscal year audited by a firm of licensed certified public accountants. This year's comprehensive annual financial report (CAFR) was audited by Badawi & Associates, Certified Public Accountants.

This year's report includes financial information on Measure C, a half-cent sales tax which was passed by Antioch voters on November 5, 2013 and became effective April 1, 2014. Ordinance 2068-C-S requires that the funds be subject to independent annual financial audit and include the revenue raised and expended by no later than December 31st of each year. The CAFR was issued December 8, 2014 and information on Measure C can be found in Note 5 of the attached CAFR on page 50.

As stated in the Independent Auditor's Report, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Antioch, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, in conformity with generally accepted accounting principles.

ATTACHMENTS

- A. City of Antioch Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014.

City of Antioch, California

Comprehensive Annual Financial Report



**For the Fiscal Year Ended
June 30, 2014**

CITY OF ANTIOCH, CALIFORNIA

**Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2014**

**Prepared By
Department of Finance**

City of Antioch Comprehensive Annual Financial Report

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**City of Antioch
Comprehensive Annual Financial Report**

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City of Antioch Comprehensive Annual Financial Report

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**OFFICE OF
THE CITY MANAGER
LETTER OF TRANSMITTAL**

DATE: December 8, 2014

TO: Honorable Mayor, City Council, and Citizens of the City of Antioch:

FROM: Steve Duran, City Manager and Dawn Merchant, Finance Director

SUBJECT: 2014 Comprehensive Annual Financial Report (CAFR)

State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Badawi & Associates, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Antioch’s financial statements for the year ended June 30, 2014. The independent auditor’s report is presented as the first component of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Antioch, incorporated in 1872, is located in the western part of the state and is the second largest city in Contra Costa County by population. California State Highway 4, connecting San Francisco-Oakland with Stockton and Central Valley points, bisects the City. Connecting with this freeway east of Antioch is State Highway 160, which runs north to Sacramento across the Nejedly Bridge and offers access to Solano County and the Sacramento area. The City of Antioch currently occupies a land area of approximately 29 square miles and serves a population of about 106,455 residents. The City of Antioch receives property taxes levied on real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time-to-time.

The City of Antioch has operated under the Council-Manager form of government since 1872. Policy-making and legislative authority are vested in a City Council consisting of the Mayor and four other Council members. The four Council members are elected to four-year overlapping terms. The Mayor, who sits on the Council, is elected directly by the people and serves a term of four years. The City Clerk and City Treasurer are also elected for terms of four years. The City Council is responsible for, among other duties, passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. Antioch's City Manager is responsible for carrying out the policies and ordinances of the City Council and all management functions of the City, including the budget, delivery of services, hiring of all Department Directors and implementation of capital projects.

The City of Antioch provides a wide range of municipal services, including police protection; recreational activities; community and economic development; street improvements and maintenance services; parks maintenance; water; sewer; general administrative and support services. The City does not provide fire services.

The annual budget serves as the foundation for the City of Antioch's financial planning and control. All departments of the City of Antioch are required to submit requests for appropriations to the City Manager by February 1. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents the proposed budget to the City Council for review prior to June 30. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Antioch's fiscal year. At mid-period of the budget cycle, the City Council reviews the budget and makes adjustments as needed to the appropriations.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department managers may make transfers of appropriations within a department. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is established at the individual fund level. Expenditures above the appropriated amount require special approval of the City Council.

Local economy: Overall, the local economy is slowly recovering after significant retraction since 2008. However, significant vacancies in many of the neighborhood shopping centers and the City's downtown business core persist. Positive activities include new ownership at Somersville Towne Center and improved occupancy there, as well as new retailers and restaurants at Slatten Ranch, the expansion of Wal-Mart and a new Auto Zone approved for Lone Tree Way, and a couple new Downtown restaurants.

Continuing through 2015, more than \$1 billion from various sources will continue to be spent on the current Highway 4 widening while the approved eBART project at the Hillcrest Station area in Antioch is expected to be completed and operational in 2018. The Water Emergency Transportation Authority has committed funding to further study the feasibility of a Ferry Terminal station location in Downtown Antioch in a project envisioned to connect commuters to San Francisco, with a potential stop in Martinez and/or Hercules.

The Contra Costa County region, which includes the City of Antioch, has a civilian unemployment rate of 6 percent while the City's current unemployment rate is 6.9 percent. Antioch's population grew about 5.3 percent between 2004 and 2014 while the overall Contra Costa County growth rate during this corresponding time period was 9.5 percent.

Current period financial information: The City continues to be challenged by the economic uncertainties felt nationwide and throughout the world. As of June 2014 the City of Antioch had experienced multiple years of declines in property tax revenue, though a significant increase in property tax revenue, well above 2014 budget projections, has helped stabilize the City's finances. Nevertheless, the City continues to face the task of bringing significantly reduced revenues in line with General Fund Budget expenditures to address the budgetary difficulties brought on by the struggling economy. Some of the ways in which the City has addressed this issue include: utilization of one-time revenues; successful pursuit of grant monies; concessions from employee bargaining units; workforce reductions; furloughs; mandatory reductions in departmental supplies, services and training budgets; and use of reserve funds. The City's steadfast goal is to reduce expenditures and align those costs with the existing revenue stream, which will allow the City to provide a basic level of services and continue to maintain General Fund reserves that comply with City Council policy.

Collection of revenues from Measure C, the seven year ½ cent increase in sales tax for City use, began on April 1, 2014 and yielded \$949,591 in fiscal year 2014.

Long-term financial planning: Job development and expansion of the City's retail sales tax base are important factors for Antioch's economic health. With a relatively flat increase in property taxes and a modest increase in sales taxes projected for the upcoming fiscal year, the City has continued its efforts to attract companies with high-paying jobs. Employment within the City is estimated to consist of approximately 21,850 jobs.

The City Council recognizes the importance of maintaining a serviceable network of local and regional roads. Like most cities in the state, Antioch is dependent on a combination of local, state and federal revenue to support that work. An analysis of the current condition of all roads in Antioch, along with a recommendation regarding the level at which the roads can be maintained in the long term, is an annual undertaking that maintains our eligibility for continued federal road-repair funding; in addition to federal funding, other funding sources are continually being reviewed and pursued when appropriate.

In addition to the City's roads, water processing and distribution facilities, sidewalks, parks, medians, trails, open space, sanitary sewers, storm water sewers, street lights, traffic signals, fiber optic cabling, marina, the Prewett Water Park and other public buildings provide the framework and infrastructure that contribute to Antioch's quality of life. The better-maintained and adequately sized they are, the greater the opportunity for commerce, health, recreation and mobility within the community. Budgets include contributions toward the maintenance of these facilities and staff continues to look for new opportunities for funding of maintenance and replacement of infrastructure.

The most fundamental expectation of any community is public safety for its people and their property. An adequately-staffed, well-trained and -equipped police department is one of the keys to meeting that expectation. Historically, the Police Department has accounted for the most significant expenditure of General Fund revenues.

In addition to 2013's Measure C, the ½ cent sales tax increase for seven years, the voters of Antioch recently passed Measure O, an update of the Business License Tax . Measure C is projected to bring in about \$4.5 million a year for its seven year life and Measure O is projected to bring in about \$2.27 million a year to the General Fund. Other strategies for increasing revenues and reducing expenditures in the General Fund are under continuous development and review, including ways to increase the use of and income from Prewett Water Park and Lone Tree Golf Course. The City will aggressively focus on these strategies in the upcoming fiscal year as the state and nation continue to face turbulent financial times that ultimately trickles down to all local public agencies.


Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Antioch for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013; this was the twenty-fourth consecutive year that our government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department, particularly Dawn Merchant and Jo Castro. I would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the financial management of the City of Antioch.

Respectfully submitted,



Steve Duran
City Manager



Dawn Merchant
Finance Director

**CITY OF ANTIOCH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL**

JUNE 30, 2014

ELECTED OFFICIALS

**Wade Harper, Mayor
Mary Helen Rocha, Mayor Pro-Tem
Gary Agopian, Council Member
Monica E. Wilson, Council Member
Tony G. Tiscareno, Council Member
Donna Conley, City Treasurer
Arne Simonsen, City Clerk**

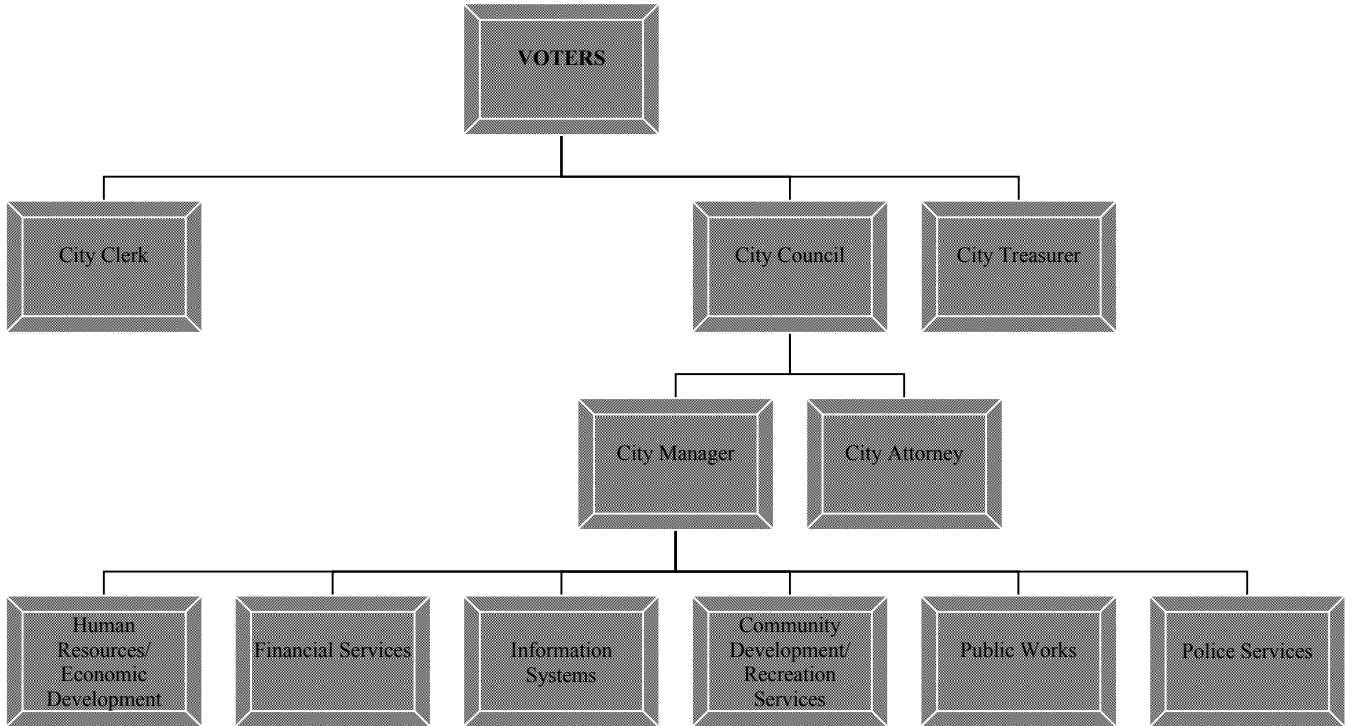
ADMINISTRATIVE PERSONNEL

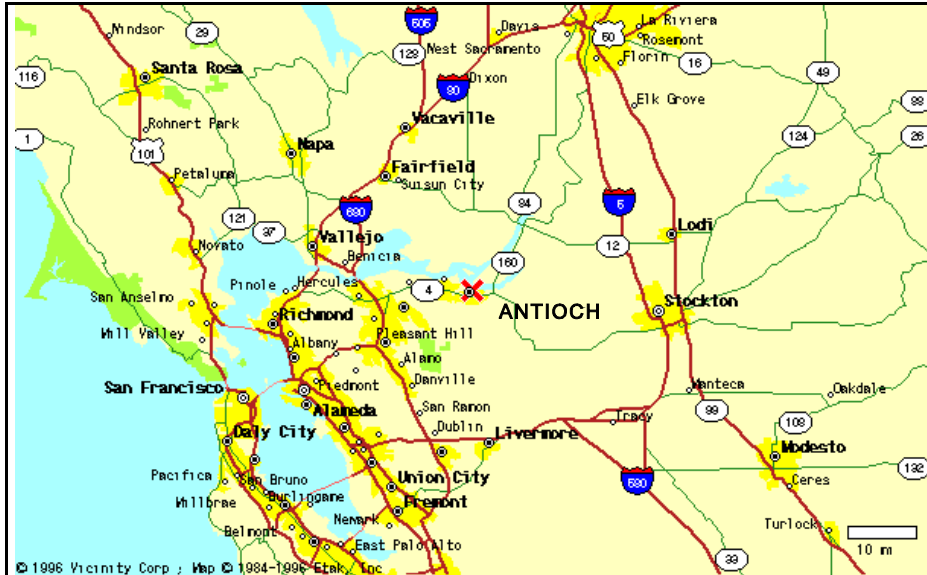
City Manager
City Attorney
Public Works Director
Chief of Police
Community Development Director
Finance Director
Administrative Services Director
Information Services Director

Steve Duran
Lynn Tracy Nerland
Ron Bernal
Allan Cantando
Tina Wehrmeister
Dawn Merchant
Michelle Fitzer
Alan Barton

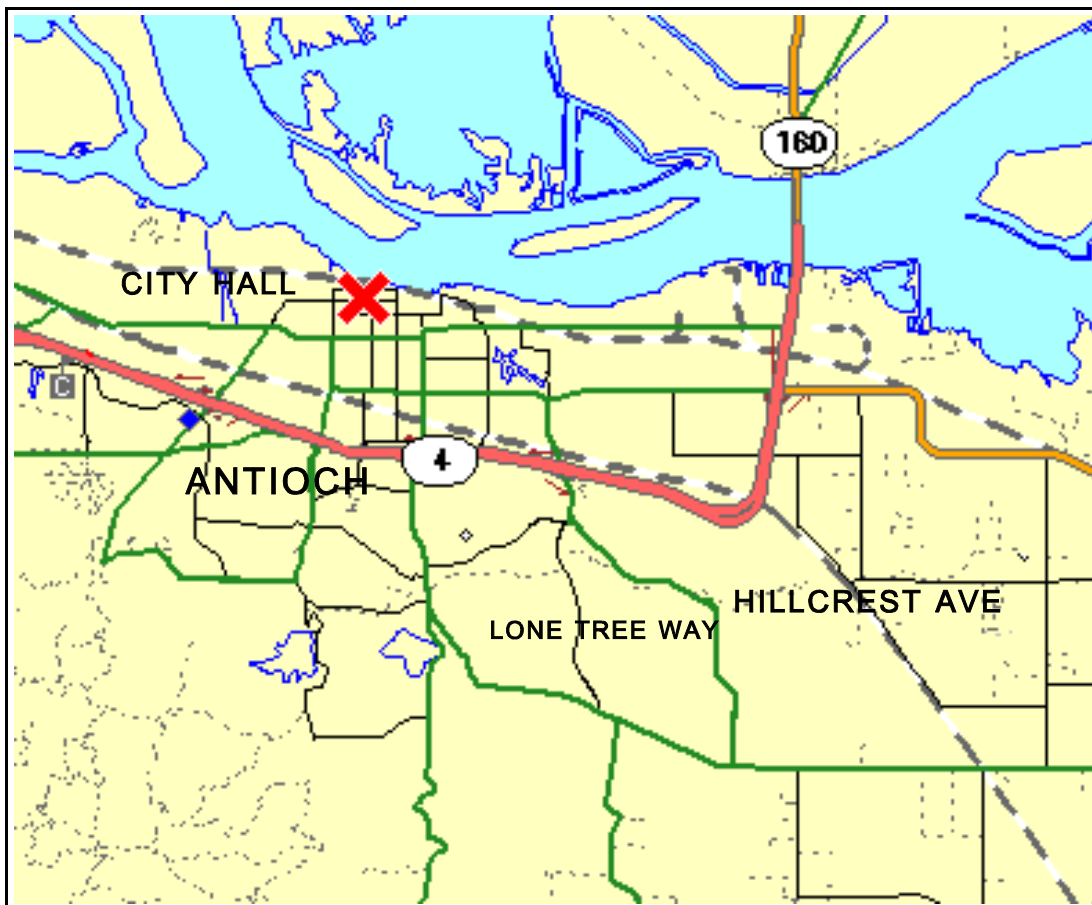
City of Antioch
Third & "H" Streets, P.O. Box 5007
Antioch, California 94531-5007
www.ci.antioch.ca.us

City of Antioch-Organization of City Government





Location Map



Area Map



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Antioch
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Antioch
Antioch, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Antioch, California (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for major governmental funds, and funded status of pension and other post-employment benefit plans on pages 5-13, pages 77-84 and 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budget comparison information for non-major governmental funds and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and Members of the City Council
of the City of Antioch

Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates
Certified Public Accountants
Oakland, California
December 8, 2014

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City of Antioch

Management's Discussion and Analysis

For the year ended June 30, 2014

As management of the City of Antioch, we offer readers of the City of Antioch's financial statements this narrative overview and analysis of the financial activities of the City of Antioch for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages **i-iv** of this report.

Financial Highlights

- The assets of the City of Antioch exceeded its liabilities at the close of the most recent fiscal year by \$576,011,823 (net position). Of this amount, \$56,698,016 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$3,643,689. This was due mainly to the increase in property and sales tax revenues and charges for services related to business-type activities.
- As of the close of the current fiscal year, the City of Antioch's governmental funds reported ending fund balances of \$36,945,449, a decrease of \$2,941,216 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,006,013, or 22.03% of total General Fund expenditures, and 22.68% of total General Fund revenues.
- The City of Antioch's total long-term obligations for governmental activities decreased by \$652,020 and total long-term obligations for business-type activities decreased by \$1,168,230.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Antioch's basic financial statements. The City of Antioch's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Antioch's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Antioch's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Antioch is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Antioch that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Antioch include general government, public works, public safety, parks and recreation and community development. The business-type activities of the City of Antioch include water and sewer utilities; a marina and a water park facility.

The government-wide financial statements include not only the City of Antioch itself (known as the primary government), but also a legally separate public financing authority. Financial information for these component units is blended with the financial information presented for the primary government itself. The government-wide financial statements can be found on pages **17-21** of this report.

City of Antioch

Management's Discussion and Analysis

For the year ended June 30, 2014

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Antioch, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Antioch can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Antioch maintains fifty-five individual funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, and three special revenue funds (Housing and Community Development, Gas Tax and Housing Successor Fund) all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental fund financial statements can be found on pages **25-32** of this report.

The City of Antioch adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided for the General Fund and major special revenue funds to demonstrate compliance with this budget.

Proprietary funds. The City of Antioch maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Antioch uses enterprise funds to account for its Water, Sewer, Marina and Prewett Water Park funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Antioch's various functions. The City of Antioch uses internal service funds to account for its vehicle repair and replacement, office equipment replacement, and loss control functions. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, Marina and Prewett Water Park funds. The Water, Sewer, Marina and Prewett Water Park funds are considered to be major funds of the City of Antioch. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages **33-36** of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Antioch's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages **37-39** of this report.

City of Antioch
Management's Discussion and Analysis
For the year ended June 30, 2014

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages **41-75** of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Antioch, assets exceeded liabilities by \$576,011,823 at the close of the most recent fiscal year.

By far the largest portion of the City of Antioch's net position (83%) reflects its investment in capital assets (e.g., infrastructure (including water and sewer pipes), land, structures and improvements and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Antioch uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Antioch's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		TOTAL	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 72,483,722	\$ 74,667,588	\$ 49,636,149	\$ 46,855,112	\$ 122,119,871	\$ 121,522,700
Capital assets	337,725,536	333,344,639	151,514,947	151,949,207	489,240,483	485,293,846
Total assets	410,209,258	408,012,227	201,151,096	198,804,319	611,360,354	606,816,546
Current and other liabilities	13,943,870	12,037,518	3,262,339	2,306,748	17,206,209	14,344,266
Long-term obligations	10,401,222	11,053,242	7,741,100	8,909,330	18,142,322	19,962,572
Total liabilities	24,345,092	23,090,760	11,003,439	11,216,078	35,348,531	34,306,838
Net position:						
Net investment in						
capital assets	329,691,944	325,150,806	148,513,765	148,026,819	478,205,709	473,177,625
Restricted	41,108,098	43,227,193	-	1,431,554	41,108,098	44,658,747
Unrestricted	15,064,124	16,543,468	41,633,892	38,129,868	56,698,016	54,673,336
Total net position	\$ 385,864,166	\$ 384,921,467	\$ 190,147,657	\$ 187,588,241	\$ 576,011,823	\$ 572,509,708

An additional portion of the City of Antioch's net position (7.14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$56,698,016) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position increased by \$3,643,689. Of this, \$1,084,273 represents an increase in governmental activities due mainly to increased property and sales taxes. A major factor to the increase of \$2,559,416 in net position of business type activities was due to an increase in water service charges. At the end of the current fiscal year, the City of Antioch is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its business-type activities.

Current and other assets increased by \$597,171 primarily due to increases in loans receivable balances.

Current and other liabilities increased by \$2,861,943 due mainly to an increase in the net OPEB obligation.

Long-term obligations decreased by \$1,820,250 due mainly to scheduled debt service payments.

Governmental and Business-Type Activities. Governmental activities increased the City of Antioch's net position by \$1,084,273. There was an increase of \$2,559,416 in net position reported in connection with the City of Antioch's business-type activities.

City of Antioch
Management's Discussion and Analysis
For the year ended June 30, 2014

CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		TOTAL	
	2014	2013	2014	2013	2014	2013
Revenue:						
Program revenues:						
Charges for services	\$ 8,645,262	\$ 8,564,855	\$ 32,077,895	\$ 31,151,718	\$ 40,723,157	\$ 39,716,573
Operating grants and contributions	5,878,635	8,741,647	-	-	5,878,635	8,741,647
Capital grants and contributions	8,117,985	2,307,744	2,505,171	1,745,028	10,623,156	4,052,772
General revenues:						
Property tax	7,340,475	6,751,834	-	-	7,340,475	6,751,834
Sales tax	12,531,806	11,074,164	-	-	12,531,806	11,074,164
Motor vehicle in lieu	5,329,524	4,976,783	-	-	5,329,524	4,976,783
Other	10,458,681	10,016,885	1,582,087	1,135,878	12,040,768	11,152,763
Total revenues	58,302,368	52,433,912	36,165,153	34,032,624	94,467,521	86,466,536
Expenses:						
General government	8,802,489	5,937,077	-	-	8,802,489	5,937,077
Public works	15,358,642	17,438,226	-	-	15,358,642	17,438,226
Public safety	26,452,688	27,302,666	-	-	26,452,688	27,302,666
Parks and recreation	3,827,204	3,964,152	-	-	3,827,204	3,964,152
Community development	2,571,153	2,121,493	-	-	2,571,153	2,121,493
Interest on long-term debt	396,909	421,562	-	-	396,909	421,562
Water	-	-	25,751,615	23,123,137	25,751,615	23,123,137
Sewer	-	-	4,667,905	4,007,260	4,667,905	4,007,260
Marina	-	-	1,075,323	1,129,213	1,075,323	1,129,213
Prewett Water Park	-	-	1,919,904	1,878,239	1,919,904	1,878,239
Total expenses	57,409,085	57,185,176	33,414,747	30,137,849	90,823,832	87,323,025
Increase in net position-before transfer	893,283	(4,751,264)	2,750,406	3,894,775	3,643,689	(856,489)
Transfers	190,990	182,811	(190,990)	(182,811)	-	-
Increase in net position	1,084,273	(4,568,453)	2,559,416	3,711,964	3,643,689	(856,489)
Net position - July 1, as restated	384,779,893	389,489,920	187,588,241	183,876,277	572,368,134	573,366,197
Net position - June 30	\$ 385,864,166	\$ 384,921,467	\$ 190,147,657	\$ 187,588,241	\$ 576,011,823	\$ 572,509,708

Governmental activities. General Fund property tax revenues increased due to a higher assessed valuation. Capital grants and contributions increased significantly due to increased federal funds received for the Wilbur Avenue Bridge project.

Beginning net position of governmental activities has been restated from \$384,921,467 to \$384,779,793 due to the implementation of GASB 65, *Items Previously Reported as Assets and Liabilities*. Net position was reduced by \$141,574 as a result of removing deferred charges for bond issuance costs.

Business-type activities. Business-type activities increased the City of Antioch's net position by \$2,559,416 accounting for growth in the government's net assets. The increase was mainly attributable to an increase in charges for services.

Financial Analysis of the Government's Funds

As noted earlier, the City of Antioch uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Antioch's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Antioch's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Antioch's governmental funds reported combined ending fund balances of \$36,945,449, a decrease of \$2,941,216 in comparison with the prior year. About 24.4% of this total

City of Antioch
Management's Discussion and Analysis
For the year ended June 30, 2014

amount, \$9,002,127, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is segregated into the following components: 1) *nonspendable* to indicate that it is not available for new spending because of its form (\$347,921) 2) *restricted* to indicate restrictions on use imposed by external parties, including enabling legislation (\$20,806,927) 3) *committed* to indicate restrictions on use as approved by the City Council (\$4,366,305), or 4) *assigned* for a variety of other purposes (\$2,422,169).

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

Revenues Classified by Source
Governmental Funds

Revenue by Source	FY 2013/2014		FY 2012/2013		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Taxes	\$ 34,300,414	54.9%	\$ 30,791,904	54.8%	\$ 3,508,510	11.4 %
Licenses and permits	1,302,768	2.1%	1,654,916	2.9%	(352,148)	(21.3)%
Fines and penalties	145,813	0.2%	142,322	0.3%	3,491	2.5 %
Investment income and rentals	1,520,452	2.4%	1,436,829	2.6%	83,623	5.8 %
Revenue from other agencies	10,243,517	16.4%	9,951,615	17.7%	291,902	2.9 %
Current service charges	10,335,491	16.5%	8,112,273	14.4%	2,223,218	27.4 %
Special assessment revenue	2,903,706	4.6%	2,850,356	5.1%	53,350	1.9 %
Other	1,753,769	2.8%	1,237,889	2.2%	515,880	41.7 %
Total	<u>\$ 62,505,930</u>	<u>100.0%</u>	<u>\$ 56,178,104</u>	<u>100.0%</u>	<u>\$ 6,327,826</u>	<u>11.3%</u>

The following provides an explanation of revenues by source that changed significantly over the prior year.

- Taxes increased due to a higher property assessed valuation as well as the additional sales tax due to the passage of Measure C, a one half-cent sales tax enacted for seven years.
- Licenses and permits decreased due to decreased building permit and street and curb permit revenue over prior year.
- Current service charges increased significantly mainly due to the reclassification of Post Retirement Medical funds from Internal Service funds to a Special Revenue fund.
- Other revenues increased due to an increase in loan payments received by the Housing and Community Development and Housing Successor funds over the prior year.

City of Antioch
Management's Discussion and Analysis
For the year ended June 30, 2014

The following table presents the amount of expenditures by function as well as increases or decreases from the prior year.

Expenditures by Function
Governmental Funds

Expenditures by Function	FY 2013/2014		FY 2012/2013		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Current						
General government	\$ 6,357,460	9.7%	\$ 5,331,459	9.2%	\$ 1,026,001	19.2%
Public works	8,449,925	12.9%	7,702,466	13.3%	747,459	9.7%
Public safety	28,786,010	44.0%	26,959,096	46.4%	1,826,914	6.8%
Parks and recreation	3,330,461	5.1%	3,209,206	5.5%	121,255	3.8%
Community development	3,004,952	4.6%	3,193,961	5.5%	(189,009)	(5.92%)
Capital outlay	14,561,631	22.3%	10,753,397	18.5%	3,808,234	35.4%
Debt service	932,604	1.4%	929,256	1.6%	3,348	0.4%
Total	\$ 65,423,043	100.0%	\$ 58,078,841	100.0%	\$ 7,344,202	12.6%

The following provides an explanation of the expenditures by function that changed significantly over the prior year.

- General government expenditures increased primarily due to the reclassification of Post Retirement Medical funds from Internal Service funds to a Special Revenue fund.
- Public works expenditures increased mainly due to an increase in contractual services for street maintenance.
- Community development expenditures decreased mainly due to decreased housing and community development projects.
- Capital outlay expenditures increased due to several large construction projects and/or reimbursements: developer reimbursement for the Nelson Ranch park project, Markley Creek Culvert Crossing project, Wilbur Avenue bridge project, and the Turf Fields project.

The General Fund is the chief operating fund of the City of Antioch. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,006,013, while total fund balance was \$10,834,595. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22% of total General Fund expenditures, while total fund balance represents 26.5%.

The fund balance of the City of Antioch's General Fund increased by \$724,711 during the current fiscal year due to higher taxes and charges for services than prior year in combination with salary and contractual savings.

The fund balance of the Housing and Community Development Fund decreased by \$28,511 in the current year due the net effect of receiving less CDBG reimbursements than prior year and reduced program expenditures over prior year.

The fund balance of the Housing Successor Fund increased by \$181,136 during the current fiscal year due to an increase in loan repayments over prior year.

The fund balance of the Gas Tax Fund decreased by \$1,131,881 during the current fiscal year. This decrease is primarily attributable to an increase in capital outlay expenditures.

City of Antioch

Management's Discussion and Analysis

For the year ended June 30, 2014

Proprietary funds. The City of Antioch's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund at the end of the year amounted to \$26,379,347 and those of the Sewer Fund amounted to \$16,288,534. Unrestricted net position of the Marina Fund at the end of the year amounted to \$1,172,853 and unrestricted net position of the Prewett Water Park Fund amounted to \$787.

- Water Fund total net position increased \$2,161,404 during the current fiscal year, which is mainly due to increased charges for services.
- Sewer Fund total net position increased \$925,140 during the current fiscal year, which is mainly due to increased capital contributions.
- Marina Fund total net position decreased \$141,742 during the current fiscal year, which is mainly due to decreased charges for services.

Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Antioch's business-type activities.

General Fund Budgetary Highlights

Differences between the final amended budget and the actual results resulted in \$555,080 higher revenues than projected and \$1,856,260 variance from appropriations and can be briefly summarized as follows:

- \$542,784 more in tax revenue than projected due mainly to higher than anticipated property tax, sales tax and sales tax – Measure C, cable franchise fees, and business license tax as well other property taxes.
- \$826,518 savings in Public Works expenditures mainly attributable to uncompleted parks, facilities and paving projects at year end.
- \$571,416 savings in Public Safety expenditures mainly attributable to salary savings in community policing and police communications.

Capital Asset and Debt Administration

Capital assets. The City of Antioch's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$489,240,483 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure (including water and sewer pipes), structures and improvements, and equipment. The total net increase in the City of Antioch's investment in capital assets for the current fiscal year was \$3,946,632.

Major capital asset events during the current fiscal year included the following:

- A variety of street and other construction projects such as the expansion of Wilbur Avenue Bridge; Lone Tree Way intersection improvements; Deer Valley Road and Hillcrest Avenue improvements; and West Antioch Creek project. These made construction in progress for governmental activities as of the end of the current fiscal year reach \$17,521,631.
- Various system additions and improvements were completed in the Water, Sewer, Marina and Prewett Water Park funds at a cost of \$1,872,842. Work continued on water and sewer system improvement projects causing construction in progress for business type activities to be \$2,637,109 as of the end of the current fiscal year.

City of Antioch
Management's Discussion and Analysis
For the year ended June 30, 2014

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year.

	Governmental Activities		Business-type Activities		Total		Increase/ Decrease
	2014	2013	2014	2013	2014	2013	
Land	\$ 11,269,647	\$ 11,269,647	\$ 3,558,467	\$ 3,558,467	\$ 14,828,114	\$ 14,828,114	\$ -
Construction in Progress	17,521,631	11,800,587	2,637,109	354,266	20,158,740	12,154,853	8,003,887
Infrastructure Structures and Improvements	250,511,237	250,207,406	98,229,192	98,537,512	348,740,429	348,744,918	(4,489)
Equipment	54,675,472	55,880,252	46,227,078	48,613,479	100,902,550	104,493,731	(3,591,181)
	3,747,549	4,186,749	863,100	885,486	4,610,649	5,072,235	(461,586)
Total	\$ 337,725,536	\$ 333,344,641	\$ 151,514,947	\$ 151,949,210	\$ 489,240,482	\$ 485,293,851	\$ 3,946,632

Construction Commitments. Among the significant construction commitments were \$656,101 towards Wilbur Avenue Bridge, \$137,209 towards the West Antioch Creek project, and approximately \$81,350 towards Lone Tree Way Intersection Improvements.

Additional information on the City of Antioch's capital assets can be found in **Note 8 on page 55**.

Long-term debt. At the end of the current fiscal year, the City of Antioch had total debt outstanding of \$10,736,771. Of this amount, \$4,915,000 represents bonds secured solely by specified revenue sources (i.e., revenue bonds), \$3,001,182 represents loans payable and \$2,820,589 represents leases payable.

The City of Antioch's total long-term obligations for governmental activities decreased by \$652,020 and total long-term obligations for business-type activities decreased by \$1,168,230 due to scheduled debt service payments during the current fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City of Antioch is \$1,170,912,502. The City of Antioch has no outstanding general obligation debt.

Additional information on the City of Antioch's long-term debt can be found in **Note 9 on pages 57-60** of this report.

Economic Factors and Next Year's Budget

- The unemployment rate for the City of Antioch is currently 6.9%. This is lower than the state's average unemployment rate of 7.4% and higher than the national average rate of 6.3%
- The City has been slow to recover from the recession. Although in the next year we are finally beginning to see significant growth in our property taxes and sales taxes have almost reached pre-recession levels, the City is still almost \$3.5M short of pre-recession revenue levels. We have implemented a number of cost saving measures since 2008 and continue to limit budget spending to provide the most needed services to the community while maintaining adequate reserves in the General Fund.
- Assessed values in the City have increased approximately 17.81% for the 2014-15 tax year.

City of Antioch
Management's Discussion and Analysis
For the year ended June 30, 2014

All of these factors were considered in preparing the City of Antioch's budget for the 2014-2015 fiscal year.

During the current fiscal year, General Fund fund balance increased by \$724,711. The City of Antioch has appropriated \$125,549 of General Fund assigned fund balance for spending in the 2014-2015 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Antioch's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, financial statements for the Antioch Public Financing Authority, or requests for additional financial information should be addressed to the Office of the Finance Director, City of Antioch, P. O. Box 5007, Antioch, CA 94531-5007.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Antioch
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 35,324,026	\$ 46,245,595	\$ 81,569,621
Receivables (net):			
Accounts	5,309,604	5,223,893	10,533,497
Taxes	3,405,908	-	3,405,908
Interest	138,139	-	138,139
Materials, parts and supplies	137,136	359,038	496,174
Internal balances	2,207,629	(2,207,629)	-
Prepaid items	349,274	15,252	364,526
Restricted cash and investments, held by fiscal agents	731,273	-	731,273
Loans receivable, net	20,233,736	-	20,233,736
Due from Successor Agency Trust	3,537,849	-	3,537,849
Net OPEB asset	1,109,148	-	1,109,148
Capital assets:			
Nondepreciable	28,791,278	6,195,576	34,986,854
Depreciable, net	308,934,258	145,319,371	454,253,629
Total assets	410,209,258	201,151,096	611,360,354
LIABILITIES			
Accounts payable	4,207,515	2,616,903	6,824,418
Accrued payroll	1,172,401	326,038	1,498,439
Interest payable	122,735	123,799	246,534
Deposits	3,297,213	153,974	3,451,187
Unearned revenue	77,988	41,625	119,613
Long-term obligations:			
Due within one year	1,311,313	455,592	1,766,905
Due beyond one year	9,089,909	7,285,508	16,375,417
Net pension obligation	535,461	-	535,461
Net OPEB obligation	4,530,557	-	4,530,557
Total liabilities	24,345,092	11,003,439	35,348,531
NET POSITION			
Net investment in capital assets	329,691,944	148,513,765	478,205,709
Restricted for:			
Debt service	731,420	-	731,420
Housing	25,007,511	-	25,007,511
Public safety	252,554	-	252,554
Roads	12,681,513	-	12,681,513
Landscape maintenance and tidelands protection	1,438,896	-	1,438,896
Community services	996,204	-	996,204
Total restricted	41,108,098	-	41,108,098
Unrestricted	15,064,124	41,633,892	56,698,016
Total net position	\$ 385,864,166	\$ 190,147,657	\$ 576,011,823

See accompanying notes to the basic financial statements.

City of Antioch
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Functions / Programs	Expenses	Indirect Costs	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:					
General government	\$ 8,802,489	\$ 687,095	\$ 1,136,634	\$ 89,061	\$ -
Public works	15,358,642	288,912	2,862,471	4,507,757	8,117,985
Public safety	26,452,688	10,257	1,391,191	629,156	-
Parks and recreation	3,827,204	-	789,320	45,020	-
Community development	2,571,153	-	1,479,382	607,641	-
Interest on long-term liabilities	396,909	-	-	-	-
Total governmental activities	\$ 57,409,085	\$ 986,264	\$ 7,658,998	\$ 5,878,635	\$ 8,117,985
Business-type activities:					
Water	24,963,184	(788,431)	25,907,364	-	1,008,057
Sewer	4,525,645	(142,260)	4,713,719	-	1,192,685
Marina	1,019,750	(55,573)	591,304	-	304,429
Prewett Water Park	1,919,904	-	865,508	-	-
Total business-type activities	32,428,483	(986,264)	32,077,895	-	2,505,171
Total primary government	\$ 89,837,568	\$ -	\$ 39,736,893	\$ 5,878,635	\$ 10,623,156

General Revenues:

- Taxes:
 - Property taxes
 - Transient lodging tax
 - Franchise
 - Business license taxes based on gross receipts
 - Property transfer taxes
 - Sales and use tax
 - Motor vehicle in lieu
 - Park in lieu
 - Investment income not restricted to specific programs
 - Other
- Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as restated

Net position - end of year

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (6,889,699)	\$ -	\$ (6,889,699)
418,483	-	418,483
(24,422,084)	-	(24,422,084)
(2,992,864)	-	(2,992,864)
(484,130)	-	(484,130)
(396,909)	-	(396,909)
<u>\$ (34,767,203)</u>	<u>\$ -</u>	<u>(34,767,203)</u>
-	1,163,806	1,163,806
-	1,238,499	1,238,499
-	(179,590)	(179,590)
-	(1,054,396)	(1,054,396)
-	1,168,319	1,168,319
<u>(34,767,203)</u>	<u>1,168,319</u>	<u>(33,598,884)</u>
7,340,475	-	7,340,475
135,982	-	135,982
4,188,436	-	4,188,436
1,171,532	-	1,171,532
363,051	-	363,051
12,531,806	-	12,531,806
5,329,524	-	5,329,524
337,685	-	337,685
305,066	391,985	697,051
3,956,929	1,190,102	5,147,031
190,990	(190,990)	-
<u>35,851,476</u>	<u>1,391,097</u>	<u>37,242,573</u>
1,084,273	2,559,416	3,643,689
<u>384,779,893</u>	<u>187,588,241</u>	<u>572,368,134</u>
<u>\$ 385,864,166</u>	<u>\$ 190,147,657</u>	<u>\$ 576,011,823</u>

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MAJOR GOVERNMENTAL FUNDS

General Fund - The General Fund is used to account for all of the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of the City which are not accounted for in another fund. For the City, the General Fund includes such activities as general government, public works, public safety, parks and recreation and community development.

Housing and Community Development Fund - This fund accounts for grant funds received from the Federal government for the purpose of developing viable urban communities.

Gas Tax Fund - This fund accounts for revenues and related expenditures received from the State under the Streets and Highway Code Sections 2105, 2106, 2107, and 2107.5. The allocations must be spent for street maintenance or construction and a limited amount for engineering.

Housing Successor Fund - This fund was established to account for the administration of housing assets transferred by the former Antioch Development Agency to the City as Housing Successor.

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Antioch
Balance Sheet
Governmental Funds
June 30, 2014

	Special Revenue Funds			
	General Fund	Housing and Community Development	Gas Tax	Housing Successor Fund
ASSETS				
Cash and investments	\$ 9,797,554	\$ 201,097	\$ 6,761,323	\$ 1,005,116
Receivables (net):				
Accounts	615,519	178,292	985,203	-
Taxes	2,727,781	-	313,690	-
Interest	138,137	-	-	-
Due from other funds	1,925,835	-	-	-
Prepaid items	204,058	-	-	47,348
Restricted cash and investments	-	-	-	-
Loans receivable	1,122,165	6,179,291	-	14,639,364
Due from Successor Agency Trust	-	-	-	3,537,849
Total assets	\$ 16,531,049	\$ 6,558,680	\$ 8,060,216	\$ 19,229,677
LIABILITIES				
Accounts payable	\$ 1,284,950	\$ 80,714	\$ 1,074,447	\$ 2,892
Accrued payroll	1,025,462	733	4,549	-
Deposits	2,217,622	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	4,528,034	81,447	1,078,996	2,892
DEFERRED INFLOWS OF RESOURCES				
Unavailable sales tax receipts	46,255	-	-	-
Unavailable loan receipts	1,122,165	6,179,291	-	14,639,364
Unavailable CDBG receipts	-	111,587	-	-
Total deferred inflows of resources	1,168,420	6,290,878	-	14,639,364
FUND BALANCES				
Nonspendable	205,758	-	-	47,348
Restricted	-	186,355	6,981,220	4,540,073
Committed	1,497,275	-	-	-
Assigned	125,549	-	-	-
Unassigned	9,006,013	-	-	-
Total fund balances	10,834,595	186,355	6,981,220	4,587,421
Total liabilities, deferred inflows of resources and fund balances	\$ 16,531,049	\$ 6,558,680	\$ 8,060,216	\$ 19,229,677

See accompanying notes to the basic financial statements.

City of Antioch
Balance Sheet
Governmental Funds
June 30, 2014

	Non-major Governmental Funds	Total
ASSETS		
Cash and investments	\$ 14,537,521	\$ 32,302,611
Receivables (net):		
Accounts	3,516,621	5,295,635
Taxes	364,437	3,405,908
Interest	2	138,139
Due from other funds	-	1,925,835
Prepaid items	94,375	345,781
Restricted cash and investments	731,273	731,273
Loans receivable	-	21,940,820
Due from Successor Agency Trust	-	3,537,849
Total assets	\$ 19,244,229	\$ 69,623,851
LIABILITIES		
Accounts payable	\$ 1,599,098	\$ 4,042,101
Accrued payroll	99,390	1,130,134
Deposits	1,079,591	3,297,213
Due to other funds	2,032,304	2,032,304
Unearned revenue	77,988	77,988
Total liabilities	4,888,371	10,579,740
DEFERRED INFLOWS OF RESOURCES		
Unavailable sales tax receipts	-	46,255
Unavailable loan receipts	-	21,940,820
Unavailable CDBG receipts	-	111,587
Total deferred inflows of resources	-	22,098,662
FUND BALANCES		
Nonspendable	94,815	347,921
Restricted	9,099,279	20,806,927
Committed	2,869,030	4,366,305
Assigned	2,296,620	2,422,169
Unassigned	(3,886)	9,002,127
Total fund balances	14,355,858	36,945,449
Total liabilities, deferred inflows of resources and fund balances	\$ 19,244,229	\$ 69,623,851

See accompanying notes to the basic financial statements.

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City of Antioch
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position - Governmental Activities
June 30, 2014

Fund Balances - Total Governmental Funds	\$ 36,945,449
<hr/>	
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities are not current financial resources. Therefore they were not reported in the Governmental Funds Balance Sheet. Capital assets, net of Internal Service Funds assets \$2,093,454.	335,632,082
	<hr/>
Loans receivables are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the fund financial statements, net of allowance.	20,233,736
	<hr/>
Revenues received that are measurable but unavailable are recorded as deferred inflows in the fund financial statements	157,842
	<hr/>
Net OPEB assets of governmental activities are not current financial resources. Therefore they are not reported in the Governmental Funds Balance Sheet.	1,109,148
	<hr/>
Internal service funds are used by management to charge the costs of vehicle repair and maintenance, stores, office equipment and replacement, and post employment medical benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	7,266,154
	<hr/>
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental fund financial statements:	
Long-term debt:	
Due in one year, net of internal service funds liability of \$10,973	(1,300,340)
Due in more than one year, net of internal service funds liability of \$98,757	(8,991,152)
Net OPEB obligation	(4,530,557)
Net pension obligation	(535,461)
Accrued interest payable	(122,735)
	<hr/>
Total long-term liabilities	(15,480,245)
	<hr/>
Net Position of Governmental Activities	\$ 385,864,166
	<hr/>

City of Antioch
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds				
	General Fund	Housing and Community Development	Gas Tax	Housing Successor Fund	Non-major Governmental Funds
REVENUES:					
Taxes	\$ 29,425,088	\$ -	\$ 3,285,859	\$ -	\$ 1,589,467
Licenses & permits	1,302,768	-	-	-	-
Fines and penalties	67,615	-	-	-	78,198
Investment income and rentals	536,639	1,502	50,248	7,806	924,257
Revenue from other agencies	393,402	159,989	6,996,702	-	2,693,424
Current service charges	7,232,934	95,923	-	-	3,006,634
Special assessment revenue	-	-	-	-	2,903,706
Other	724,731	228,023	78,944	278,367	443,704
Total revenues	39,683,177	485,437	10,411,753	286,173	11,639,390
EXPENDITURES:					
Current:					
General government	5,584,813	-	-	-	772,647
Public works	5,898,150	-	1,228,249	-	1,323,526
Public safety	27,359,962	-	-	-	1,426,048
Parks and recreation	-	-	-	-	3,330,461
Community development	2,021,135	513,948	-	105,037	364,832
Capital outlay	-	-	9,764,925	-	4,796,706
Debt service:					
Principal retirement	-	-	-	-	536,319
Interest and fiscal charges	-	-	-	-	396,285
Total expenditures	40,864,060	513,948	10,993,174	105,037	12,946,824
REVENUES OVER (UNDER) EXPENDITURES	(1,180,883)	(28,511)	(581,421)	181,136	(1,307,434)
OTHER FINANCING SOURCES (USES):					
Transfers in	3,770,395	-	1,000,000	-	2,638,057
Transfers (out)	(1,864,801)	-	(1,550,460)	-	(4,017,294)
Total other financing sources (uses)	1,905,594	-	(550,460)	-	(1,379,237)
Net change in fund balances	724,711	(28,511)	(1,131,881)	181,136	(2,686,671)
FUND BALANCES:					
Beginning of year	10,109,884	214,866	8,113,101	4,406,285	17,042,529
End of year	\$ 10,834,595	\$ 186,355	\$ 6,981,220	\$ 4,587,421	\$ 14,355,858

See accompanying notes to the basic financial statements.



Total



\$ 34,300,414
1,302,768
145,813
1,520,452
10,243,517
10,335,491
2,903,706
1,753,769
62,505,930

6,357,460
8,449,925
28,786,010
3,330,461
3,004,952
14,561,631

536,319
396,285



65,423,043



(2,917,113)

7,408,452
(7,432,555)

(24,103)

(2,941,216)

39,886,665



\$ 36,945,449

City of Antioch

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	(2,941,216)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report acquisition of capital assets as part of capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets were allocated over their estimated useful lives as depreciation expense.

Capital outlay		14,561,631
Depreciation, net of internal service funds depreciation of \$493,283		(9,818,919)

In the Statement of Activities, capital assets donated by the City are reported as capital outlay, whereas in the governmental funds, capital assets donated do not decrease financial resources. Thus, the change in net assets differs from the change in fund balances by the value of the asset donated.

(41,814)

Interest on deferred loans in the Statement of Activities do not provide current financial resources and are not reported as revenues in the funds.

372,116

Repayment of loans is reported as a revenue in governmental funds, and thus, has the effect of increasing fund balance because current financial resources have been received. For the City as a whole, however, the loan payments reduce the receivables in the Statement of Net Position and do not result as a revenue in the Statement of Activities. The City's loan receivable was reduced because loan payments were received.

(609,243)

Revenues received that are measurable but unavailable are recorded as deferred inflows in governmental funds. However, in the government-wide statement of activities, the revenues increase financial resources.

157,843

Governmental funds report expenditures pertaining to the establishment of certain deferred inflows related to long-term loans made. These deferred credits are not reported on the Statement of Net Position and, therefore, the corresponding expense is not reported on the Statement of Activities.

60,548

Reclassification of internal service fund liability for OPEB asset and obligation to governmental activities results in revenue and expense that that are reported on the Statement of Activities.

(1,275,842)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Lease revenue bonds		165,000
Capital lease obligations		371,319

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

Decrease in long-term claims liability		91,238
Decrease in long-term compensated absences		31,452
Amortization of debt discount		(4,337)
Decrease in net OPEB asset		(339,478)
Increase in net OPEB obligation		(1,806,089)
Increase in net pension obligation		(32,817)
Decrease in accrued interest payable		3,713

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.

2,139,168

Change in Net Position of Governmental Activities	\$	1,084,273
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PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund - This fund accounts for the operation of the City's water utility, a self-supporting activity which provides services on a user charge basis to residences and businesses.

Sewer Fund - This fund accounts for the maintenance of the City's sewer lines and related facilities. It is a self-supporting activity which provides services on a user charge basis to residences and businesses.

Marina Fund - This fund accounts for the operation of the City's Marina, which includes renting berths and fueling boats.

Prewett Water Park - This fund accounts for the operation of the Prewett Water Park, an aquatic recreational park.

Internal Service Funds - These funds account for the maintenance and replacement of vehicles and equipment; the operation, maintenance, and replacement of office equipment used by City departments; charges for workers' compensation expenses; charges for loss control, on a cost-reimbursement basis.

City of Antioch
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds					Governmental
	Water	Sewer	Marina	Non-major Prewett Water Park	Total	Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 28,845,725	\$ 15,895,052	\$ 1,311,733	\$ 193,085	\$ 46,245,595	\$ 3,021,415
Accounts receivables, net	4,492,616	609,753	43,976	77,548	5,223,893	13,969
Due from other funds	-	-	-	-	-	106,469
Materials, parts and supplies	355,868	-	3,170	-	359,038	137,136
Prepaid items	12,227	3,025	-	-	15,252	3,493
Total current assets	33,706,436	16,507,830	1,358,879	270,633	51,843,778	3,282,482
Noncurrent assets:						
Capital assets:						
Nondepreciable:						
Land	1,002,231	14,553	469,953	2,071,730	3,558,467	-
Construction in progress	2,428,297	36,543	172,269	-	2,637,109	-
Depreciable:						
Water and sewer pipes	62,928,630	62,694,923	-	-	125,623,553	-
Structures and improvements	53,965,585	10,461,821	14,182,671	15,267,789	93,877,866	-
Vehicles and equipment	3,604,256	255,543	137,082	400,139	4,397,020	11,087,031
Less accumulated depreciation	(44,020,117)	(16,750,745)	(7,488,607)	(10,319,599)	(78,579,068)	(8,993,577)
Total capital assets	79,908,882	56,712,638	7,473,368	7,420,059	151,514,947	2,093,454
Total assets	113,615,318	73,220,468	8,832,247	7,690,692	203,358,725	5,375,936
LIABILITIES						
Current liabilities:						
Accounts payable	2,399,530	87,409	17,511	112,453	2,616,903	165,414
Accrued payroll	179,719	62,774	7,488	76,057	326,038	42,267
Interest payable	-	-	123,799	-	123,799	-
Deposits	84,101	-	35,717	34,156	153,974	-
Unearned revenue	-	-	-	41,625	41,625	-
Compensated absences - due within one year	37,939	6,911	151	555	45,556	10,973
Long Term Payable-DDSD due within one year	252,026	-	-	-	252,026	-
Marina loans payable - due within one year	-	-	158,010	-	158,010	-
Total current liabilities	2,953,315	157,094	342,676	264,846	3,717,931	218,654
Noncurrent liabilities:						
Long Term Payable-DDSD	4,032,324	-	-	-	4,032,324	-
Compensated absences - due in more than one year	341,450	62,202	1,360	5,000	410,012	98,757
Marina loans - due in more than one year	-	-	2,843,172	-	2,843,172	-
Total noncurrent liabilities	4,373,774	62,202	2,844,532	5,000	7,285,508	98,757
Total liabilities	7,327,089	219,296	3,187,208	269,846	11,003,439	317,411
NET POSITION						
Net investment in capital assets	79,908,882	56,712,638	4,472,186	7,420,059	148,513,765	2,093,454
Unrestricted	26,379,347	16,288,534	1,172,853	787	43,841,521	2,965,071
Total net position	\$ 106,288,229	\$ 73,001,172	\$ 5,645,039	\$ 7,420,846	192,355,286	\$ 5,058,525

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.

(2,207,629)
Net position of business-type activities \$ 190,147,657

City of Antioch
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds					Governmental
	Water	Sewer	Marina	Non-major	Total	Internal
				Prewett Water Park		Service Funds
OPERATING REVENUES:						
Taxes - Measure C	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,902
Charges for services	25,907,364	4,713,719	591,304	865,508	32,077,895	4,692,760
Revenue from other agencies	-	-	304,429	-	304,429	-
Other revenue	1,138,333	37,357	10,333	4,079	1,190,102	2,769,950
Total operating revenues	27,045,697	4,751,076	906,066	869,587	33,572,426	7,513,612
OPERATING EXPENSES:						
Wages and benefits	4,468,103	1,727,821	156,269	725,361	7,077,554	2,662,504
Utilities	1,485,454	-	36,313	116,173	1,637,940	-
Contractual services	13,471,533	1,410,454	150,566	142,008	15,174,561	1,854,770
Tools and supplies	3,694,327	227,207	117,106	254,723	4,293,363	883,335
Depreciation	2,289,439	1,261,199	454,974	584,336	4,589,948	493,283
Repairs and maintenance	208,289	10,226	2,040	70,134	290,689	342,042
Total operating expenses	25,617,145	4,636,907	917,268	1,892,735	33,064,055	6,235,934
OPERATING INCOME (LOSS)	1,428,552	114,169	(11,202)	(1,023,148)	508,371	1,277,678
NONOPERATING REVENUES (EXPENSES):						
Gain (loss) from disposal of capital assets	-	-	-	-	-	(1,971)
Investment income	251,685	133,199	6,779	322	391,985	19,741
Investment (expense)	-	-	(135,620)	-	(135,620)	-
Total nonoperating revenues (expenses)	251,685	133,199	(128,841)	322	256,365	17,770
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,680,237	247,368	(140,043)	(1,022,826)	764,736	1,295,448
Capital contribution - developer	-	700,000	-	-	700,000	-
Capital contribution - connection fees	1,008,057	492,685	-	-	1,500,742	-
Capital contribution - City	-	-	-	413,555	413,555	-
Transfers in	-	-	-	448,500	448,500	633,613
Transfers (out)	(526,890)	(514,913)	(1,699)	(9,543)	(1,053,045)	(4,965)
CHANGE IN NET POSITION	2,161,404	925,140	(141,742)	(170,314)	2,774,488	1,924,096
NET POSITION:						
Beginning of year	104,126,825	72,076,032	5,786,781	7,591,160		3,134,429
End of year	<u>\$ 106,288,229</u>	<u>\$ 73,001,172</u>	<u>\$ 5,645,039</u>	<u>\$ 7,420,846</u>		<u>\$ 5,058,525</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

(215,072)
Change in net position of business-type activities \$ 2,559,416

See accompanying notes to the basic financial statements.

City of Antioch
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds					Governmental
	Water	Sewer	Marina	Non-major	Total	Activities
				Prewett Water Park		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash receipt from customers	\$ 26,129,540	\$ 4,743,194	\$ 1,509,426	\$ 864,748	\$ 33,246,908	\$ -
Cash receipt from other funds	-	-	-	-	-	6,237,154
Cash paid to suppliers for goods and services	(18,275,325)	(1,692,400)	(309,721)	(534,103)	(20,811,549)	(2,865,642)
Cash paid to employees for services	(4,422,571)	(1,718,138)	(153,278)	(723,660)	(7,017,647)	(2,671,417)
Net cash provided by (used in) operating activities	3,431,644	1,332,656	1,046,427	(393,015)	5,417,712	700,095
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Due to other funds	-	-	-	-	-	(74,804)
Due from other Funds	-	-	-	-	-	(31,665)
Transfers in	-	-	-	448,500	448,500	633,613
Transfers (out)	(526,890)	(514,913)	(1,699)	(9,543)	(1,053,045)	(4,965)
Net cash provided by (used in) noncapital financing activities	(526,890)	(514,913)	(1,699)	438,957	(604,545)	522,179
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital asset additions	(2,531,686)	(503,714)	(6,735)	2	(3,042,133)	(175,253)
Capital contributions	1,008,057	492,685	-	-	1,500,742	-
Principal paid on bonds	(770,000)	-	(151,206)	-	(921,206)	-
Interest paid on bonds	(13,956)	-	(141,857)	-	(155,813)	-
Net cash provided by (used in) capital and related financing activities	(2,307,585)	(11,029)	(299,798)	2	(2,618,410)	(175,253)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	251,691	133,199	6,779	322	391,991	19,741
Net cash provided by (used in) investing activities	251,691	133,199	6,779	322	391,991	19,741
Net change in cash and cash equivalents	848,860	939,913	751,709	46,266	2,586,748	1,066,762
CASH AND CASH EQUIVALENTS:						
Beginning of year	27,996,865	14,955,139	560,024	146,819	43,658,847	1,954,653
End of year	<u>\$ 28,845,725</u>	<u>\$ 15,895,052</u>	<u>\$ 1,311,733</u>	<u>\$ 193,085</u>	<u>\$ 46,245,595</u>	<u>\$ 3,021,415</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:						
Cash and investments	\$ 28,845,725	\$ 15,895,052	\$ 1,311,733	\$ 193,085	\$ 46,245,595	\$ 3,021,415
End of year	<u>\$ 28,845,725</u>	<u>\$ 15,895,052</u>	<u>\$ 1,311,733</u>	<u>\$ 193,085</u>	<u>\$ 46,245,595</u>	<u>\$ 3,021,415</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income (loss)	\$ 1,428,552	\$ 114,169	\$ (11,202)	\$ (1,023,148)	\$ 508,371	\$ 1,277,678
Adjustments to reconcile operating income (loss) to cash flows from operating activities:						
Depreciation	2,289,439	1,261,199	454,974	584,336	4,589,948	493,283
Decrease (increase) in:						
Accounts receivable	(930,209)	(7,882)	605,530	(21,262)	(353,823)	(616)
Materials, parts, and supplies	(60,932)	-	(611)	-	(61,543)	22,574
Other post employment benefit asset	-	-	-	-	-	1,448,626
Other post employment benefit obligation	-	-	-	-	-	(2,724,468)
Prepaid items	5,671	328	-	-	5,999	102,178
Increase (decrease) in:						
Accounts payable	639,539	(44,841)	(3,085)	48,935	640,548	89,753
Accrued payroll	29,830	12,040	2,253	10,782	54,905	(11,565)
Deposits	14,052	-	(2,170)	1,217	13,099	-
Deferred revenue	-	-	-	15,206	15,206	-
Accrued compensated absences	15,702	(2,357)	738	(9,081)	5,002	2,652
Net cash provided by (used in) operating activities	\$ 3,431,644	\$ 1,332,656	\$ 1,046,427	\$ (393,015)	\$ 5,417,712	\$ 700,095
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Contributions (donations) of capital assets to/from the general government	\$ -	\$ -	\$ -	\$ 413,555	\$ 413,555	\$ -
Gain on disposal of capital assets	-	-	-	-	-	20,123
Capital assets contributed by developers	-	700,000	-	-	700,000	-
Total noncash capital and related financing activities	\$ -	\$ 700,000	\$ -	\$ 413,555	\$ 1,113,555	\$ 20,123

See accompanying notes to the basic financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

City of Antioch
Statement of Fiduciary Fund Assets and Liabilities
Fiduciary Funds
June 30, 2014

ASSETS	Succesor Agency Private Purpose Trust Fund	Agency Funds
Cash and investments	\$ 3,118,426	\$ 2,341,007
Accounts receivable	-	37
Loans receivable	27,051	-
Assessment receivable	-	340,331
Interest receivable	7	18,061
Prepaid Items	5,379	1,190
Restricted cash and investments	1,042,789	3,774,530
Capital assets:		
Nondepreciable	2,372,607	-
Depreciable, net	209,121	-
Total assets	\$ 6,775,380	\$ 6,475,156
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	82,368	-
LIABILITIES		
Accounts payable	13,531	362,637
Accrued payroll	876	-
Interest payable	710,005	-
Due to City of Antioch	3,537,849	-
Due to others	-	6,112,519
Long-term obligations:		
Due within one year	1,761,919	-
Due beyond one year	27,178,582	-
Total liabilities	\$ 33,202,762	\$ 6,475,156
NET POSITION		
Held in trust for enforceable obligations of the former Antioch Development Agency	\$ (26,345,014)	

City of Antioch
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

	Successor Agency Private Purpose Trust Fund
ADDITIONS	
Contributions:	
Redevelopment Property Tax Trust Fund	\$ 3,561,561
Investment earnings:	
Investment income and rentals	14,473
Total additions	3,576,034
DEDUCTIONS	
Administrative expenses	67,656
Depreciation expense	18,568
Remittance to County	12,925
Enforceable obligations	1,619,102
Total deductions	1,718,251
Change in net position	1,857,783
NET POSITION:	
Beginning of year, as restated	(28,202,797)
End of year	\$ (26,345,014)

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City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



NOTE 1 - THE FINANCIAL REPORTING ENTITY

(a) Reporting Entity

The City of Antioch, California (the "City"), operates under the Council-Manager form of government and provides the following services: police, highways and streets, sanitation, health services, culture-recreation, public improvements, planning and zoning, general administration services, and water.

The governmental reporting entity consists of the City (Primary Government) and its component units. Component units are legally separate organizations for which the City is financially accountable or other organizations whose nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (1) either the City's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the City.

The basic financial statements include a blended component unit. The blended component unit, although a legally separate entity is, in substance, part of the City's operations and so data from this unit is combined with data of the primary government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City's Council. The financial statements of the individual component unit may be obtained by writing to the City of Antioch, Finance Department, P.O. Box 5007, Antioch, CA 94531-5007.

(b) Blended Component Unit

Antioch Public Financing Authority

The Antioch Public Financing Authority (APFA) was formed for the purpose of financing the Water Treatment Plant Expansion, the Police Facilities Projects and other infrastructure improvements. The APFA and the City have a financial and operational relationship, which requires that the APFA's financial statements be blended into the City's financial statements. The APFA's Board consists exclusively of all five members of the City Council.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues and other non exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function; and, therefore, are clearly identifiable to a particular function. Program revenues include 1) fees, fines and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as non major funds.

Proprietary funds distinguish operating revenues and expenses and non operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water and sewer charges, marina and water park fees, equipment maintenance and usage fees, and support charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

The City reports the following major governmental funds:

- The *General Fund* is used to account for all of the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of the City which are not accounted for in another fund. For the City, the General Fund includes such activities as general government, public works, public safety, parks and recreation and community development.
- The *Housing and Community Development Fund* accounts for grant funds received from the Federal government for the purpose of developing viable urban communities.
- The *Gas Tax Fund* accounts for funds received from the State under the State Street and Highways Code. Gas tax funds are limited to research, planning, construction, improvement, maintenance and operation of public streets and streetlights.
- The *Housing Successor Fund* was established by the City with when it elected to become the Housing Successor to the Antioch Development Agency with the abolishment of redevelopment under AB 1X 26. This fund accounts for the administration of housing activities of the former Low and Moderate Income Housing Fund of the redevelopment agency.

The City reports the following major enterprise funds:

- The *Water Fund* accounts for the operation of the City's water utility, a self-supporting activity, which provides services on a user charge basis to residences and businesses.
- The *Sewer Fund* accounts for the maintenance of the City's sewer lines and related facilities. It is a self-supporting activity, which provides services on a user charge basis to residences and businesses.
- The *Marina Fund* accounts for the operation of the City's Marina Complex, which includes renting berths and fueling boats to the public.

The City reports the following additional fund types:

- *Internal Service Funds* account for the maintenance and replacement of vehicles and equipment; the operation, maintenance, and replacement of office equipment used by City departments; charges for workers' compensation expenses; and charges for loss control, on a cost-reimbursement basis.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



- *Agency Funds* account for assets held by the City in the capacity of agent for individuals (refundable cash bonds and employee benefits), other governmental agencies (Fire Protection District and ECWMA) and special assessment debt without city commitment.
- *Private Purpose Trust Funds* account for the assets and liabilities held by the City as Successor Agency to the Antioch Development Agency.

(b) Measurement Focus, Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. Agency funds have no measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues. With respect to the gas tax fund, it is the City's policy to first apply revenues other than the gas tax itself to expenditures incurred within that program. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

(c) Internal Investment Pool

The City maintains an internal investment pool that is available for use by all funds. Investments in non-participating interest earning contracts (including guaranteed investment contracts) are reported at cost, and all other investments at fair value. Fair value is determined annually and is based on current market prices. The method of allocating interest earned on pooled deposits and investments among funds is based on average cash balances.

For purposes of the accompanying statement of cash flows for the enterprise and internal service funds, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

(d) Receivables

During the course of normal operations, the City carried various receivable balances for taxes, interest, services, loan, utilities and special assessments. Accounts receivables are shown net of an allowance for doubtful accounts of \$185,399 in the General Fund and \$259,626 in the Water Enterprise Fund.

(e) Materials, Parts and Supplies

Material, parts and supplies are valued at average cost. Material, parts and supplies recorded in the internal service funds consist of expendable supplies for consumption. The cost is recorded as an expense at the time individual inventory items are consumed. Material, parts and supplies recorded in the Marina Enterprise Fund consists primarily of merchandise held for resale to the public.

(f) Loans Receivable

For the purposes of the governmental funds financial statements, expenditures related to long-term loans arising from loan subsidy programs are charged to operations upon funding and the loans are recorded with an offset to a deferred revenue account. The balance of the long-term loans receivable includes loans that may be forgiven if certain terms and conditions of the loans are met. For purposes of the government-wide financial statements, long-term loans are not offset by deferred revenue accounts and are net of an allowance.

(g) Bond Issuance Costs, Original Issue Discounts and Premiums and Refunding of Debt

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

Gains or losses occurring from advance refundings, completed subsequent to June 30, 1993, are deferred and amortized into expense for both business-type activities and proprietary funds. For governmental activities, they are deferred and amortized into expense if they occurred subsequent to June 30, 2001.

(h) Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, water/sewer, lighting systems, drainage systems, and flood control. The City defines capital assets as assets with an estimated useful life in excess of one year and an initial, individual cost of \$5,000 or more. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



The estimated useful lives are as follows:

Infrastructure	20 to 50 years
Water and Sewer Pipes	75 years
Structures and Improvements	10-30 years
Equipment	5-20 years
Vehicles	5-15 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

(i) Property Taxes and Special Assessments Revenue

Revenue is recognized in the fiscal year for which the tax and assessment are levied. The County of Contra Costa levies, bills and collects property taxes and special assessments for the City; under the County's "Teeter Plan", the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Taxes are levied for each fiscal year on taxable real and personal property situated in the County. The levy is based on the assessed values as of the preceding January 1st, which is also the lien date. Property taxes on the secured roll are due in two installments: November 1st and February 1st and become delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales or construction completion and the preceding assessment date. The additional supplemental property taxes are prorated from the first day of the month following the date of such occurrence. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31st.

Special assessment districts are established in various parts of the City to provide improvements to properties located in those districts. Properties are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements.

(k) Accumulated Compensated Absences

The City accrues the cost for compensated absences (vacation, sick leave and comp time) when they are earned. City employees have a vested interest in accrued vacation time and all vacation hours will eventually either be used or paid by the City. Generally, employees earn and use their current vacation hours with a small portion being accrued or unused each year. As this occurs, the City incurs an obligation to pay for these unused hours. Sick leave benefits are only vested for employees with more than 10 years of service, up to a maximum of 40% of 800 hours.

(l) Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

City of Antioch
Notes to the Basic Financial Statements
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Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers within governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

(m) Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(n) New Pronouncements

In fiscal year 2014, the City adopted the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*– This statement establishes financial and reporting accounting standards that reclassify, as deferred of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City restated beginning net position as part of implementation of this standard.
- GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB no. 10 and No. 62* – This statement was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB Statement No. 54 and No. 62. There was no effect on net position as part of implementation of this standard.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – This statement establishes improved accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. There was no effect on net position as part of implementation of this standard.
- GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* – There was no effect on net position as part of implementation of this standard.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(a) Expenditures in Excess of Budget

Expenditures in the funds below exceeded appropriations by the amounts indicated, largely because budgets were not revised for higher than anticipated expenditures. Sufficient resources were available to finance these expenditures, primarily in the form of higher revenues and transfers than expected or from available fund balance.

	Appropriated Final Budget	Actual Expenditures	Excess
<i>Nonmajor Special Revenue Funds:</i>			
Animal Control	\$ 887,859	\$ 907,471	\$ (19,612)
Local Law Enforcement Byrne Grant	3,272	6,542	(3,270)
Street Impact	500	709	(209)
Supplemental Law Enforcement	5	8	(3)
<i>Nonmajor Capital Projects Funds:</i>			
Hillcrest District #26	691	1,483	(792)

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



NOTE 4 - CASH AND INVESTMENTS

(a) Cash and Investment Balances

The City has the following cash and investments at June 30, 2014:

Cash and investments:	
Petty cash	\$ 5,290
Deposits in banks	15,932,283
Certificate of Deposit	7,799,022
U.S. Government securities	36,833,082
U.S. Government agencies	10,402,306
Medium-term corporate notes	13,859,237
California Local Agency Investment Fund	2,197,834
Total cash and investments	<u>87,029,054</u>
Restricted cash and investments:	
California Asset Management Program	8,780
Guaranteed investment contracts	972,285
Money market	4,144,777
Repurchase agreements	422,750
Total restricted cash and investments	<u>5,548,592</u>
Total	<u>\$ 92,577,646</u>

Cash and investments are presented on the Statement of Net Position as follows at June 30, 2014:

	Government-Wide Statement of Net Position	Fiduciary Funds Statement of Assets and Liabilities	Total
Cash and investments	\$ 81,569,621	\$ 5,459,433	\$ 87,029,054
Restricted cash and investments	731,273	4,817,319	5,548,592
Total	<u>\$ 82,300,894</u>	<u>\$ 10,276,752</u>	<u>\$ 92,577,646</u>

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds, except amounts required to be held with fiscal agents, so that it can be safely invested at maximum yield and liquidity. Investment income is allocated among funds on the basis of average month-end cash balances.

Restricted cash and investments at June 30, 2014 was \$5,548,592, which was held by trustees or fiscal agents. These funds may only be used for specific capital outlay or for the payment of certain bonds or tax allocation bonds, and have been invested only as permitted by State statutes or applicable City ordinance, resolution or bond indentures.

(b) Cash Deposits

The carrying amount of the City's cash deposits was \$15,937,573 at June 30, 2014. The bank balance at June 30, 2014, was \$16,743,314, which was fully insured and/or was collateralized with securities held by the pledging financial institutions in the City's name as described in the following paragraph.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The fair value of pledged government securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation or Savings Association Insurance Fund.

(c) Investments

The City's investment policy, bond indentures, and Section 53601 of the California Government Code allow the City to invest in the following types of investments:

- Securities of the U.S. Government or its agencies
- Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Investment Grade Medium Term Corporate Notes
- Repurchase Agreements
- Local Agency Investment Fund Deposits
- Insured Savings Accounts or Money Market Accounts
- Guaranteed Investment Contracts
- Mutual funds as permitted by the Code

The City did not enter into reverse repurchase agreements during the year ended June 30, 2014.

At June 30, 2014, the City's investment position in the State of California Local Agency Investment Fund (LAIF) was \$2,197,834. This amount reflects the City's market value share in the pool. A factor of 100.0298750% was used to determine the market value. The total amount invested by all public agencies in LAIF at that day was \$64,846,169,129. Of that amount, 98.14% is invested in non derivative financial products and 1.86%, as compared to 1.96% in previous year, in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the City's position in the pool. Information is not available on whether the mutual funds in which the City has invested used, held or wrote derivative products during the fiscal year ended June 30, 2014.

As of June 30, 2014, the City's investment in the California Asset Management Program (CAMP) pool was \$8,780. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the City's position in the pool.

(d) Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from interest rates, the City's investment policy limits investments to a maximum maturity of five years.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



At June 30, 2014, the City had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 2	2 to 3
U.S. Government securities	\$ 36,833,082	\$ 22,826,965	\$ 14,006,117	\$ -
U.S. Government agencies	10,402,306	1,031,617	6,398,116	2,972,573
Medium-term corporate notes	13,859,237	873,520	12,985,717	-
Certificate of Deposit	7,799,022	7,799,022	-	-
Total	\$ 68,893,647	\$ 32,531,124	\$ 33,389,950	\$ 2,972,573

(e) Credit Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard & Poor's and Moody's Investor's Service. At June 30, 2014, the City's credit risks, expressed on a percentage basis, were as follows:

Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments

Investment Type	S&P's Credit Rating	% of Investments
U.S. Government securities	AA+	53.46%
U.S. Government agencies	AAA	1.89%
U.S. Government agencies	AA+	10.48%
U.S. Government agencies	AA	0.53%
U.S. Government agencies	AA-	0.80%
U.S. Government agencies	A	1.39%
Medium-term corporate notes	AA+	6.24%
Medium-term corporate notes	AA-	1.06%
Medium-term corporate notes	AA	1.94%
Medium-term corporate notes	A+	6.93%
Medium-term corporate notes	A	3.95%
Certificate of Deposit	A-+1	4.42%
Certificate of Deposit	A-1	4.94%
Certificate of Deposit	A+	1.96%
Total		100.00%

(f) Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

City of Antioch
Notes to the Basic Financial Statements
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NOTE 5 – MEASURE C SALES TAX

On June 11, 2013, the City Council approved Ordinance No. 2068-C-S providing for a half cent local transactions and use tax, which was approved by a majority of the electorate on November 5, 2013 and is referred to as Measure C, *Restoring Antioch Services Sales Tax*. The term of the tax is seven years from April 1, 2014 and requires the establishment of an oversight committee to review receipt and expenditure of funds. Although the tax was passed as a general measure, the City Council has committed use of the funds to enhance Police and Code Enforcement services.

In fiscal year 2014, \$949,591 was received. \$898,689 has been committed for Police Services in the General Fund fund balance to be spent in the next fiscal year and \$50,902 was placed in the Vehicle Repair & Replacement Internal Service Fund to purchase two police vehicles.

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

(a) Current Balances

Current balances are expected to be repaid in the normal course of business during the following fiscal year. The City's current balances represent loans to cover temporary shortages of cash in individual funds.

The composition of interfund balances as of June 30, 2014, is as follows:

Due to Other Funds	Due From Other Funds	
	General Fund	Internal Service Funds
Nonmajor Governmental Funds	\$1,925,835	\$106,469
	\$ 1,925,835	\$106,469

(b) Due from Successor Agency Trust Fund

At June 30, 2014, the Housing Fund has a receivable due from the Successor Agency Private Purpose Trust Fund in the amount of \$3,537,849. Prior to the dissolution of redevelopment, Health and Safety Code required Project Areas to annually set aside 20% of tax increment revenues for low and moderate income housing development. Project Area #1 was formed prior to the year this requirement was established and the Agency began repaying the unfunded set-aside in fiscal year 1997. With the dissolution of redevelopment pursuant to AB 1X 26 as amended by AB1484, this asset has been transferred to the Housing Successor Fund and related liability of the former Project Area #1 to the Successor Agency Trust. The liability is included on the Successor Agency's Enforceable Obligations Schedule and repayment will resume in the 2014-15 fiscal year as approved by the State of California Department of Finance.

(c) Transfers to/from Other Funds

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule summarizes transfers between funds. The most significant transfers which occurred were \$1,010,000 from the Gas Tax Special Revenue Fund and \$1,101,500 from the Street Impact Special Revenue Fund to the General Fund to pay for street maintenance.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



Transfers In						
Transfers Out	Major Fund		Major Fund			Total
	General Fund	Gas Tax	Nonmajor Governmental Funds	Prewett Water Park Enterprise	Internal Service	
	General Fund	\$ -	\$ -	\$ 1,151,301	\$ 413,500	
Gas Tax Fund	1,010,000		540,460	-	-	1,550,460
Nonmajor:						
Governmental	2,246,395	1,000,000	671,302	35,000	64,597	4,017,294
Water Enterprise	257,000	-	135,382	-	134,508	526,890
Sewer Enterprise	257,000	-	123,405	-	134,508	514,913
Marina Enterprise	-	-	1,699	-	-	1,699
Prewett Water Park	-	-	9,543	-	-	9,543
Internal Service	-	-	4,965	-	-	4,965
Total	\$ 3,770,395	\$ 1,000,000	\$ 2,638,057	\$ 448,500	\$ 633,613	\$ 8,490,565

NOTE 7 - LOANS RECEIVABLE

The composition of the City's governmental activities loans receivable including interest as of June 30, 2014, is as follows:

Rental and Housing Rehabilitation Loans	\$ 3,017,776
Multi-unit Rental Rehabilitation Loans:	
West Rivertown Apartments/Eden Housing Project	6,490,452
Terrace Glen Project	2,022,631
Pinecrest Apartment Project	1,218,298
Rivertown Senior Housing	242,750
Riverstone Apartment	2,373,744
Hillcrest Terrace Project	1,348,153
Tabora Gardens	2,491,736
NSP Loans	49,135
Lone Tree Golf Course	1,122,165
Other loans	1,563,980
Allowance	(1,707,084)
Total governmental activities (net)	<u>\$ 20,233,736</u>

(a) Rental and Housing Rehabilitation Loans

The City administers rental and home improvement revolving loan funds using federal Community Development Block Grant (CDBG) funds and prior to 2013, redevelopment funds. The program provides below market rate loans, secured by deeds of trust, to eligible participants for rental and housing rehabilitation. Although payments for most loans are amortized over an established payment schedule,

some loans allow for deferred payment of accrued interest and principal until the homeowner's property is sold or transferred, primarily for seniors and very low-income families. Repayments received from the outstanding loans are used to make additional rental and housing rehabilitation loans. Principal and interest outstanding balances at June 30, 2014, are \$3,017,776.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



(b) Multi-Unit Rental Rehabilitation Loans

The City administers the following multi-unit rental improvement revolving loan funds using federal CDBG funds and prior to 2012, Antioch Development Agency Housing Set Aside monies.

West Rivertown Apartments/Eden Housing Project

The City and Agency have entered into three loan agreements with Eden Housing for the development of the West Rivertown Apartments. The agreements are as follows:

This project is the construction of a 57-unit, affordable housing townhouse development in the City's downtown with financing assistance from the Agency and several other agencies. In May 2000, the Agency entered into a disposition, development and loan agreement with Eden Rivertown Limited Partnership (the Developer). Under the terms of the loan agreement, the Developer must repay up to \$3,601,686 (maximum loan amount) to the Agency, which includes the purchase of the land from the Agency. The loan bears an interest rate of 3% per annum. The Developer is required to make annual payments of principal and interest to the Agency in the amount of 100% of residual receipts, less the portion of the residual receipts that is owed to Contra Costa County. Payments are to begin the July 1st after project completion and will end on the 55th anniversary date of the Agency promissory note dated February 11, 2002. Principal and interest outstanding at June 30, 2014 is \$4,791,064.

In 1994, the City loaned Community Housing Opportunities (CHOC) \$203,755 for the acquisition of property. CHOC determined that their planned development of this property was no longer feasible, and in November 2005, the City, the Agency, and CHOC agreed to the transfer of ownership of the property and loan to Eden Housing for the development of 40 units of affordable housing to expand the West Rivertown Project in the City's downtown. In order to complete the project, the Agency agreed to loan Eden Housing an additional \$1,458,400. The loan for \$203,755 is non-interest bearing and all principal and interest payments are deferred and will be forgiven at the expiration of the term. The loan for \$1,458,400 bears an interest rate of 3% per annum and will end on the 55th anniversary date of the issuance of certificates of occupancy by the City. Principal and interest outstanding on this loan at June 30, 2014 is \$1,495,633.

Terrace Glen Project

This project consists of a 32-unit, multifamily rental housing development. In August 1998, the City and former redevelopment agency made a commitment for \$850,000 in Community Development Block Grant (CDBG) funds, and \$547,625 in housing set-aside funds, respectively, towards this project. Commencing November 6, 1996, the loan accrues simple interest at 3% per annum. The 55-year term loan is secured by a deed of trust. Commencing on October 1, 1999, and on October 1 of each year thereafter, the developer will pay the City's/Agency's pro-rata percentage of the lender's share of residual receipts to the extent there are residual receipts. Payments will be first credited against accrued interest and then against principal. Any outstanding principal and interest is due and payable in full in March 2054. Principal and interest outstanding at June 30, 2014 is \$2,022,631.

Pinecrest Apartment Project

This project consists of a 24-residential unit development. In September 2000, the City and the former redevelopment agency made a commitment for \$570,000 in CDBG funds and \$300,000 in housing set-aside funds, respectively, towards this project. Commencing on the first date of disbursement, the loan accrues simple interest at 3% per annum. The 55-year term loan is secured by a deed of trust.

Commencing on May 1, 2002, and on May 1 of each year thereafter, the developer will pay the City a pro-rate percentage of the lender's share of residual receipts to the extent there are residual receipts.

City of Antioch
Notes to the Basic Financial Statements
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Payments will be first credited against accrued interest and then against principal. Any outstanding principal and interest is due and payable in full in May 2055. Principal and interest outstanding at June 30, 2014 is \$1,218,298.

Rivertown Senior Housing

This project consists of a fifty-unit, affordable senior housing project. In September 1992, the former redevelopment agency made a commitment for \$442,750 in housing set-aside funds toward this project. In September 2001, the loan was amended to reduce the principal amount by \$200,000 to reflect funds not borrowed for the project. The loan is noninterest bearing and secured by a deed of trust with affordable housing requirements for 40 years. The balance of the loan is due and payable on October 1, 2033. Principal outstanding at June 30, 2014 is \$242,750.

Riverstone Apartments

This project consists of acquisition and rehabilitation of 136 apartment rental units for low and very low income households. On July 1, 2007, the former redevelopment agency made a commitment for \$2,025,000 in housing set-aside funds toward this project. Commencing on the first date of disbursement, the loan accrues simple interest at 3% per annum. The 55-year loan term is secured by a deed of trust. Commencing on May 1st following the fifteenth anniversary of the first disbursement of the loan, and on May 1st of each year thereafter for the term of the loan, the developer will make repayments equal to the lesser of (i) the amount necessary to fully amortize the repayment of principal and interest on the loan for the remaining term or (ii) residual receipts. Payments will be first credited against accrued interest and then principal. Principal and interest outstanding at June 30, 2014 is \$2,373,744.

Hillcrest Terrace Project

This project consists of a 65-unit affordable senior housing project. In October 1998, the former redevelopment agency made a commitment for \$731,175 in housing set-aside funds towards this project. Commencing on the first date of disbursement, the loan accrues simple interest at 3% per annum. The 55-year term loan is secured by a deed of trust. Commencing on the June 1 after project completion, and on June 1 of each year thereafter, the developer will pay the Agency one-half of the residual receipts to the extent there is residual receipts. Payments will be first credited against accrued interest and then against principal. Any outstanding principal and interest is due and payable in full in June 2055. In September 2001, the Agency made a commitment of an additional \$200,000 due and payable October 1, 2038. Principal and interest outstanding for these loans at June 30, 2014 is \$1,348,153.

Tabora Gardens

This project consists of acquisition and development of 85 units of senior, multifamily housing affordable to low income households. On June 6, 2011, the former redevelopment agency made a commitment for \$300,000 in housing set-aside funds toward this project. Commencing on the first date of disbursement, the loan accrues simple interest at 3% per annum. The 58-year loan term is secured by a deed of trust. The loan is fully deferred and payment in full, including interest, is due upon expiration of the term. Principal and interest outstanding at June 30, 2014 is \$2,491,736.

NSP Loans

The City provides loans of CDBG Neighborhood Stabilization Program funds to low and moderate income eligible persons that purchase homes through the NSP program implemented by Heart and Hands of Compassion. The loans are to assist in the purchase of the properties. The loans expire 30 years from the date of the notes, and payments of principal and interest are deferred until the end of the term. The unpaid principal balance, plus any shared appreciation, is due and payable upon expiration of the term, transfer of the property, or default. As of June 30, 2014, there are four loans outstanding totaling \$49,135.

City of Antioch
Notes to the Basic Financial Statements
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(c) Lone Tree Golf Course

During fiscal year 2004-05, the City loaned the Lone Tree Golf Course monies to complete various improvements at the golf course. Annual interest only repayments began August 23, 2005. The loan agreement was amended in December 2007. The new term is for a term of 25 years from December 11, 2007 with interest being calculated based on the City's earnings on idle funds. The City has agreed to defer payment of the loan until the finances of the Golf Course stabilize. Principal outstanding at June 30, 2014, is \$900,000. During fiscal year 2005-06, the City loaned an additional \$296,220 to the Golf Course for parking lot improvements. The loan is non-interest bearing and deferred under the same terms of the previous loan. Principal outstanding on this loan is \$222,165 at June 30, 2014.

(d) Other Loans

The Agency administers a first time homebuyer loan program for qualified applicants. Principal is due at the end of 30 years or upon default, refinancing, sale or transfer of the property. The Agency is also entitled to a pro-rata share of appreciation on the property when the principal is paid. As of June 30, 2014 there is \$1,563,980 of loans outstanding.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Governmental activities				
<i>Capital assets, not being depreciated</i>				
Land	\$ 11,269,647	\$ -	\$ -	\$ 11,269,647
Construction in progress	11,800,587	10,061,706	4,340,662	17,521,631
Total capital assets, not being depreciated	<u>23,070,234</u>	<u>10,061,706</u>	<u>4,340,662</u>	<u>28,791,278</u>
<i>Capital assets, being depreciated</i>				
Infrastructure	392,305,380	8,575,190	-	400,880,570
Structures and improvements	76,888,334	223,584	-	77,111,918
Equipment	14,695,588	193,516	374,729	14,514,375
Total capital assets, being depreciated	<u>483,889,302</u>	<u>8,992,290</u>	<u>374,729</u>	<u>492,506,863</u>
<i>Less accumulated depreciation for:</i>				
Infrastructure	(142,097,974)	(8,271,359)	-	(150,369,333)
Structures and improvements	(21,008,082)	(1,428,364)	-	(22,436,446)
Equipment	(10,508,839)	(612,479)	354,492	(10,766,826)
Total accumulated depreciation	<u>(173,614,895)</u>	<u>(10,312,202)</u>	<u>354,492</u>	<u>(183,572,605)</u>
Total capital assets, being depreciated, net	<u>310,274,407</u>	<u>(1,319,912)</u>	<u>20,237</u>	<u>308,934,258</u>
Governmental activities capital assets, net	<u>\$ 333,344,641</u>	<u>\$ 8,741,794</u>	<u>\$ 4,360,899</u>	<u>\$ 337,725,536</u>
Business-type activities				
<i>Capital assets, not being depreciated</i>				
Land	\$ 3,558,467	\$ -	\$ -	\$ 3,558,467
Construction in progress	354,266	2,413,687	130,844	2,637,109
Total capital assets, not being depreciated	<u>3,912,733</u>	<u>2,413,687</u>	<u>130,844</u>	<u>6,195,576</u>
<i>Capital assets, being depreciated</i>				
Water and sewer pipes	124,256,894	1,366,659	-	125,623,553
Structures and improvements	93,464,312	413,554	-	93,877,866
Equipment	4,304,391	92,629	-	4,397,020
Total capital assets, being depreciated	<u>222,025,597</u>	<u>1,872,842</u>	<u>-</u>	<u>223,898,439</u>
<i>Less accumulated depreciation for:</i>				
Water and sewer pipes	(25,719,382)	(1,674,980)	-	(27,394,362)
Structures and improvements	(44,850,833)	(2,799,953)	-	(47,650,786)
Equipment	(3,418,905)	(115,015)	-	(3,533,920)
Total accumulated depreciation	<u>(73,989,120)</u>	<u>(4,589,948)</u>	<u>-</u>	<u>(78,579,068)</u>
Total capital assets, being depreciated, net	<u>148,036,477</u>	<u>(2,717,106)</u>	<u>-</u>	<u>145,319,371</u>
Business-type activities capital assets, net	<u>\$ 151,949,210</u>	<u>\$ (303,419)</u>	<u>\$ 130,844</u>	<u>\$ 151,514,947</u>

City of Antioch
Notes to the Basic Financial Statements
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Construction in Progress

Construction in progress for governmental activities primarily represents work being performed on Wilbur Avenue Bridge, Lone Tree Way intersection improvements, Deer Valley Road and Hillcrest Avenue improvements, and West Antioch Creek project.

Construction in progress for business type activities primarily represents work performed on water main replacement, water treatment plant improvements, sewer main replacement and the marina launch ramp project.

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 682,797
Public works	7,982,855
Public safety	350,523
Parks and recreation	801,744
Community development	1,000
Depreciation of capital assets held by the City's Internal Service Fund is charged to the various functions based on their usage of the assets	493,283
Total depreciation expense - governmental functions	<u><u>\$ 10,312,202</u></u>

Depreciation expense was charged to governmental functions as follows:

Water	\$ 2,289,439
Sewer	1,261,199
Marina	454,974
Prewett Water Park	584,336
Total depreciation expense - business-type functions	<u><u>\$ 4,589,948</u></u>

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



NOTE 9 - LONG-TERM OBLIGATIONS

(a) Long-Term Debt Composition

Long-term debt at June 30, 2014, consisted of the following:

Type of Indebtedness (Purpose)	Final Maturity	Annual Principal Installment	Interest Rates	Original Issue Amount	Outstanding at June 30, 2014
Governmental Activities:					
Lease Revenue Bonds:					
2001 Issue - ABAG Golf Course	7/1/31	\$85,000-400,000	3.00-5.25%	\$ 6,300,000	\$ 4,915,000
Total lease revenue bonds				6,300,000	4,915,000
Capital Lease:					
Honeywell Energy Retrofit	7/21/20	\$25,091-45,735	4.79%	4,050,000	2,820,589
Total governmental activities				10,350,000	7,735,589
Business-type Activities:					
Loans Payable:					
State of California Antioch Marina Loan	8/1/43	\$7,655-122,321	4.7-7.9%	6,500,000	3,001,182
Long Term Payable:					
Delta Diablo Sanitation District	12/31/30	\$248,176-251,638	0.077%	5,040,423	4,284,350
Total business-type activities				11,540,423	7,285,532
Total primary government				\$ 21,890,423	\$ 15,021,121

(b) Long-Term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2014 are as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Amount Due Within One Year
Governmental Activities					
Lease Revenue Bonds	\$ 5,080,000	\$ -	\$ (165,000)	\$ 4,915,000	\$ 175,000
Unamortized Discount	(78,075)	-	4,337	(73,738)	-
Capital Lease Payable	3,191,908	-	(371,319)	2,820,589	395,214
Claims Liability (Note 14)	610,307	795,117	(886,355)	519,069	519,069
Compensated Absences	2,249,102	238,696	(267,496)	2,220,302	222,030
Total Governmental Activities	\$ 11,053,242	\$ 1,033,813	\$ (1,685,833)	\$ 10,401,222	\$ 1,311,313
Business-type Activities					
Water bonds	\$ 770,000	\$ -	\$ (770,000)	\$ -	\$ -
Loans Payable	3,152,388	-	(151,206)	3,001,182	158,010
Long Term Payable	4,536,376	-	(252,026)	4,284,350	252,026
Compensated Absences	450,566	32,995	(27,993)	455,568	45,556
Total Business-type Activities	\$ 8,909,330	\$ 32,995	\$ (1,201,225)	\$ 7,741,100	\$ 455,592

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For the governmental activities, claims and judgments are generally liquidated by the General Fund, and a majority of compensated absences are generally liquidated by the General Fund.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



(c) Debt Service Requirements

As of June 30, 2014, annual debt service requirements of governmental activities to maturity are as follows:

<u>Year ending June 30:</u>	<u>Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 175,000	\$ 241,445
2016	185,000	126,233
2017	190,000	223,738
2018	200,000	213,500
2019	210,000	203,000
2020-2024	1,235,000	840,125
2025-2029	1,575,000	490,625
2030-2032	1,145,000	87,625
Total	<u>\$ 4,915,000</u>	<u>\$ 2,426,292</u>

Principal and interest payments on the lease revenue bonds are payable from any revenue lawfully available to the City for the purpose of payment of Base Rental Payments. The City has a service concession arrangement with Antioch Public Golf Course, Inc. (Corporation) and as part of that arrangement the Corporation reimburses the City for the annual debt service as the bonds were issued to finance improvements at the golf course. The total principal and interest remaining to be paid on the bonds is \$7,341,292. For the current year, principal and interest paid were \$521,022.

As of June 30, 2014 annual debt service requirements of business-type activities to maturity are as follows:

<u>Year ending June 30:</u>	<u>Marina Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 158,010	\$ 135,053
2016	165,108	127,943
2017	141,340	120,513
2018	147,694	114,153
2019	98,528	107,506
2020-2024	457,792	473,761
2025-2029	541,147	365,798
2030-2034	674,367	232,578
2035-2039	580,910	74,007
2040	36,286	656
Total	<u>\$ 3,001,182</u>	<u>\$ 1,751,968</u>

(d) Capital Lease

In October 2009, the City entered into a lease-purchase agreement in the amount of \$4,050,000 with Bank of America to finance the acquisition and retrofitting of interior building lighting in City facilities, street lights and park and site lighting fixtures throughout the City. The lease has an imputed interest rate of 4.79% and requires monthly payments beginning in August 2010 until July 2020, when the lease will terminate and the City will obtain title to the property. The project was completed in December 2010. As of June 30, 2014, the net book value of the assets completed has been recorded as Improvements other than Buildings in the amount of \$4,053,145.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

Year Ending June 30:	Governmental Activities
2015	\$ 521,729
2016	527,374
2017	533,076
2018	538,834
2019	544,651
2020-2021	596,442
Total minimum lease payments	3,262,106
Less: amount representing interest	(441,517)
Present value of minimum lease payments	<u>\$ 2,820,589</u>

(e) Long Term Payable

The City entered into a Joint Powers Agreement with Delta Diablo Sanitation District (DDSD) in November 2003 for DDSD to develop a recycled water program within City limits. As part of this agreement, DDSD would design, construct, own, operate and regulate all recycled water facilities to provide recycled water within the City of Antioch. The City would be responsible for 50% of the project cost, up to \$5,000,000 in principal with associated interest, of a loan DDSD obtained from the State Water Resources Control Board to complete the project. The project was completed in July 2011 and the City began paying a proportionate share of the project costs in December 2011. The total due at June 30, 2014 is \$4,284,350 representing the total share of principal and interest outstanding on the loan DDSD obtained. Repayment requirements are as follows:

Year ending June 30:	Long Term Payable	
	Principal	Interest
2015	\$ 248,750	\$ 3,276
2016	248,941	3,085
2017	249,133	2,893
2018	249,325	2,701
2019	249,517	2,509
2020-2024	1,250,470	9,661
2025-2029	1,255,291	4,840
2030-2031	503,376	582
Total	<u>\$ 4,254,803</u>	<u>\$ 29,547</u>

(f) Special Assessment Debt without City Commitment

The City is the collecting and paying agent for other special assessment debt, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in the City's financial statements. Cash held by the City on behalf of this district is recorded in the Agency Funds of the City. This district's outstanding debt balance at June 30, 2014 is as follows:

Lone Diamond Reassessment Revenue Bonds	<u>\$2,405,000</u>
Total	<u>\$2,405,000</u>

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



(g) Legal Debt Limit

As of June 30, 2014, the City's debt limit and legal debt margin (15% of valuation subject to taxation) was \$1,170,912,502.

NOTE 10 - NET POSITION/FUND BALANCES

(a) Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The following amounts of net position are restricted by enabling legislation: \$116,257 pursuant to State Assembly Bill 1900 which restricts the use of funds for protection of tidelands areas; \$719,050 pursuant to the DIVCA Act of 2006 which restricts the use for Public, Educational and Governmental Programming (PEG).

Unrestricted - This category represents the portion of net position of the City, not restricted for any project or other purpose.

(b) Fund Balances

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. In fiscal year 2011, the City implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. Fund balances are classified into categories based upon the type of restrictions imposed on the use of funds.

As of June 30, 2014 components of fund balance are described below:

- *Nonspendable* – portion of net resources that cannot be spent because of its form (i.e., long term loans, prepaids).
- *Restricted* – portion of net resources that are limited in use by grantors, laws or enabling legislation.
- *Committed* – portion of net resources that are limited to the use as established by formal action of the City Council. Committed fund balance can only be modified or rescinded by formal action of the City Council through resolution.
- *Assigned* – portion of net resources held for the use as established by the City Manager or his designee. The City Council has granted this authority to the City Manager through resolution.
- *Unassigned* – portion of net resources that represents amounts in excess of the other fund balance components. Only the General Fund can have a positive unassigned fund balance.

City of Antioch
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The City spends restricted fund balances first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Committed and assigned fund balances are considered to have been spent first before unassigned fund balances have been spent when expenditures are incurred for the purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following represents the components of fund balance for governmental funds:

	Major Funds				Non-major Governmental Funds	Total
	General Fund	Housing and Community Development	Gas Tax	Housing Successor Fund		
Nonspendable:						
Petty cash and prepaids	\$ 205,758	\$ -	\$ -	\$ 47,348	\$ 94,815	\$ 347,921
Total nonspendable	205,758	-	-	47,348	94,815	347,921
Restricted for:						
Housing & Development	-	186,355	-	4,540,073	-	4,726,428
Debt service	-	-	-	-	731,420	731,420
Streets	-	-	6,981,220	-	3,029,739	10,010,959
Parks	-	-	-	-	37,334	37,334
PEG Programming	-	-	-	-	719,050	719,050
Storm Channels	-	-	-	-	2,669,211	2,669,211
Landscape Maintenance	-	-	-	-	1,322,639	1,322,639
Tidelands Areas	-	-	-	-	116,257	116,257
Law Enforcement	-	-	-	-	78,614	78,614
Traffic Safety	-	-	-	-	18,995	18,995
Parks & Recreation	-	-	-	-	180,256	180,256
Animal Shelter	-	-	-	-	27,844	27,844
Abandoned Vehicle	-	-	-	-	167,920	167,920
Total restricted	-	186,355	6,981,220	4,540,073	9,099,279	20,806,927
Committed to:						
Compensated absences	98,586	-	-	-	-	98,586
Litigation/Insurance	500,000	-	-	-	-	500,000
Police Services - Measure C	898,689	-	-	-	-	898,689
Parks	-	-	-	-	1,278,692	1,278,692
Landscape Maintenance	-	-	-	-	23,705	23,705
Arts & Cultural Activities	-	-	-	-	23,020	23,020
Recreation Programs	-	-	-	-	1,130	1,130
Field Maintenance	-	-	-	-	94,566	94,566
Memorial Field Maintenance	-	-	-	-	21,050	21,050
Road Repair	-	-	-	-	35,688	35,688
Waste Reduction	-	-	-	-	388,417	388,417
Youth Activities	-	-	-	-	99,338	99,338
Traffic Signals	-	-	-	-	803,257	803,257
Post Retirement Medical	-	-	-	-	100,167	100,167
Total committed	1,497,275	-	-	-	2,869,030	4,366,305
Assigned to:						
Contractual Services	125,549	-	-	-	-	125,549
Parks & Recreation	-	-	-	-	31,720	31,720
Capital Projects	-	-	-	-	357,996	357,996
AD 26	-	-	-	-	378,921	378,921
AD 27	-	-	-	-	1,527,983	1,527,983
Total assigned	125,549	-	-	-	2,296,620	2,422,169
Unassigned	9,006,013	-	-	-	(3,886)	9,002,127
Total fund balances	\$ 10,834,595	\$ 186,355	\$ 6,981,220	\$ 4,587,421	\$ 14,355,858	\$ 36,945,449

The City has established a fund balance policy for the General Fund requiring that the minimum unassigned fund balance be at least 10% of General Fund operating revenues, with a goal of reaching a minimum of 15% of operating revenues (including transfers). As of June 30, 2014, unassigned fund balance was 20.72% of total operating revenues.

City of Antioch
Notes to the Basic Financial Statements
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NOTE 11 - PENSION PLAN

(a) Plan Description

All permanent employees are eligible to participate in the Public Employees' Retirement Fund (the Fund) of California Public Employees' Retirement System (CALPERS). The Fund is an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The fund provides retirement, disability, and death benefits based on the employees' years of service, age and final compensation. Employees vest after five years of service and may receive retirement benefits at the age of 50 for public safety personnel or age 55 for miscellaneous employees. These benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the Fund's annual financial report may be obtained from CALPERS' executive office: 400 P Street, Sacramento, CA 95814. A separate report for the City's plan within the Fund is not available.

(b) Funding Policy

Public safety employees and all other employees have an obligation to contribute 9% and 8%, respectively, of their salary to the Fund. The City contributes the entire 9% for sworn police safety employees, the entire 8% for non-sworn police safety employees, and 7% to 8% of all other employees on their behalf and for their account depending on their bargaining unit. Beginning in fiscal year 2011, members of some bargaining groups began contributing a portion of the employer contributions. The City is required to contribute at an actuarially determined rate. The required employer contribution rates for fiscal year 2013/14 were 23.489% for miscellaneous employees and 31.680% for safety employees of annual covered payroll. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CALPERS.

(c) Annual Pension Cost

For fiscal year 2013/14, the City's annual pension cost of \$5,994,791 was equal to the required contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.30% to 14.20% depending on age, service, and type of employment; (c) inflation of 2.75%; (d) payroll growth of 3.00%; and (e) individual salary growth based on a merit scale varying by duration of employment coupled with an assumed annual inflation component of 2.75% and an annual production growth of 0.25%. The actuarial value of the Fund's assets was determined using a technique that smoothes the effect of short-term volatility of the market value of investments over a three-year period. Unfunded actuarial accrued liability (UAAL) (or excess assets) is being amortized as a level percentage of projected payroll costs on a closed basis. The remaining amortization period as of June 30, 2011, was 28 years and 21 years for the miscellaneous and safety, respectively.

City of Antioch
Notes to the Basic Financial Statements
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(d) Three-Year Trend Information

The following table shows the City's required contributions and the percentage contributed, for the current year and each of the preceding two years.

Miscellaneous Plan				Safety Plan			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 2,039,099	100.0%	-	6/30/2012	\$ 3,171,925	100.0%	-
6/30/2013	2,352,076	100.0%	-	6/30/2013	3,341,083	100.0%	-
6/30/2014	2,642,613	100.0%	-	6/30/2014	3,352,178	100.0%	-

(e) Status and Funding Progress

Miscellaneous Employees: As of June 30, 2013, the most recent actuarial valuation date, the plan was 69.4% funded. The actuarial accrued liability for benefits was \$139,659,447, and the actuarial value of assets was \$96,941,333, resulting in an unfunded accrued liability of \$42,718,114.

**Miscellaneous Employees Retirement System
Funded Status of Plan**

Valuation Date*	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status		Annual Covered Payroll	Unfunded Liability As A % of Payroll
				AVA	MVA		
6/30/2013	\$ 139,659,447	\$ 96,941,333	\$ 42,718,114	69.4%	69.4%	\$ 11,703,846	365.0%

Public Safety Employees: As of June 30, 2013, the most recent actuarial valuation date, the plan was 72.5% funded. The actuarial accrued liability for benefits was \$128,001,706, and the market value of assets was \$92,776,441, resulting in an unfunded accrued liability of \$35,225,265.

**Public Safety Employees Retirement System
Funded Status of Plan**

Valuation Date*	Entry Age Normal Accrued Liability	Share of Pools Market Value of Assets	Unfunded Liability	Funded Status		Annual Covered Payroll	Unfunded Liability As A % of Payroll
				AVA	MVA		
6/30/2013	\$ 128,001,706	\$ 92,776,441	\$ 35,225,265	72.5%	72.5%	\$ 10,339,017	340.7%

*most current information

The required schedule of funding progress immediately following the notes to the financial statements presents additional, multi-year, trend information about whether the actuarial or market value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of Antioch
Notes to the Basic Financial Statements
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NOTE 12 – SUPPLEMENTARY RETIREMENT PLAN

(a) Plan Description

Employees are eligible to receive benefits under this plan if he or she meets the requirements under one of the three tiers of the plan. The fund is an agent multiple-employer defined benefit plan established under Section 401 (a) and tax-exempt under Section 501 (a) of the Internal Revenue Code of 1986 and meets the requirements of a pension trust under California Government Code Sections 53215-53224. The trust is maintained by Public Agency Retirement Services (PARS) and provides for retirement, survivor continuance, pre-retirement disability and pre-retirement death benefits based upon the tier the member qualifies within. Employee vesting is determined within each tier:

- Tier I – Designated eligible employee by Plan Administrator that has terminated from employment and applied for benefits under plan vest immediately.
- Tier II – Vest after five years of employment.
- Tier III – Employee vested if a full time Sworn Police Officer on or after September 1, 2007 and has terminated employment and concurrently retires under a disability or industrial disability retirement under CALPERS.

These benefit provisions and all other requirements are established by State Statute and City ordinance. Copies of the Fund's annual financial report may be obtained from PARS office: P.O. Box 12919, Newport Beach, CA 92658-2919. A separate report for the City's plan within the fund is not available.

(a) Funding Policy

There is no requirement imposed by PARS to contribute any amount beyond the pay as you go contributions. For the fiscal year 2014, the City made a total of \$129,559 in pay as you go contributions.

(b) Annual Pension Cost

The amount necessary to fund future benefits is based on projections from the June 30, 2013 Actuarial Study completed by Bartel and Associates, LLC using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions include (a) 4.0% investment rate of return; (b) projected salary increases at 3.25% in the aggregate; (c) inflation of 3.0% and (d) individual salary growth based on merit increases per the CalPERS 1997-2011 Experience Study. The remaining amortization period as of June 30, 2013 was sixteen years for the plan.

City of Antioch
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The following table shows the components of the City's annual pension cost for the year, the amount actually contributed to the plan, and changes in the City's net pension obligation to the Supplementary Retirement Plan:

Annual Required Contributions	\$ 186,000
Interest on net pension obligation	20,106
Adjustment to annual required contributions	<u>(43,730)</u>
Annual Pension Cost	162,376
Contributions Made	<u>(129,559)</u>
Increase in net pension obligation	32,817
Net pension obligation - beginning of year	<u>502,644</u>
Net pension obligation - end of year	<u><u>\$ 535,461</u></u>

The net position obligation is liquidated by the General Fund.

(c) Trend Information

The following information shows the City's required contributions and the percentage contributed for the current year and prior two fiscal years.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 224,696	33.8%	\$ 354,764
6/30/2013	228,843	35.4%	502,644
6/30/2014	162,376	79.8%	535,461

(d) Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 2.4% funded. The actuarial accrued liability for benefits was \$2,008,000, and the actuarial value of assets, which is the same as the market value, was \$49,000, resulting in an unfunded accrued liability of \$1,959,000.

Valuation Date*	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	Unfunded Liability As A % of Payroll
6/30/2013	\$ 2,008,000	\$ 49,000	\$ 1,959,000	AVA 2.4%	\$ 6,549,000	MVA 2.4% 29.9%

*most current information

The required schedule of funding progress immediately following the notes to the financial statements presents additional, multi-year, trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.



NOTE 13 - POST EMPLOYMENT MEDICAL BENEFITS

(a) Medical After Retirement Plan Trust

Plan Description. City of Antioch provides postretirement medical benefits to all eligible employees and their surviving spouses under the provisions of three formal City-sponsored plans (Miscellaneous Group, Management Group and Police Group). The effective date varies based upon the employee's classification and related memorandum of understanding (MOU). For all employees who retire from service (either regular retirement or disability retirement), the City shall pay a portion of their medical premiums based on their respective MOU currently in effect. The City's contributions are advanced-funded on an actuarially determined basis and recorded in the CalPERS Trust (CERBT). The Fund is a Section 115 Trust set up for the purpose of receiving employer contributions that will prefund health and other post employment benefit costs for retirees and their beneficiaries. As of June 30, 2014, there were 192 active participants and there were 174 retired participants eligible to receive post employment health care benefits. While the City currently maintains three Special Revenue Funds to account for the payment of retiree medical benefits and reimbursements for these costs from the trust for each plan group (combined for financial reporting purposes), the CERBT accounts for the separate plans in one trust account. The City makes contributions to the CERBT based on a percentage of active employee payroll.

Funding Policy. There is no requirement imposed by CalPERS, to contribute any amount beyond the pay-as-you-go contributions. The cost of monthly insurance premiums may be shared between the retiree and the City. The cost sharing varies depending on: date of hire; the dependent status; and plan selected. A minimum employer monthly contribution requirement is established and may be amended by the CalPERS Board of Administration and applicable laws. Within the parameters of the law, individual contracting agencies, such as the City, are allowed to establish and amend the level of contributions made by the employer towards the monthly cost of the plans. Changes to the employer contribution amount towards retiree benefits are recorded in a resolution adopted by the City Council. The City has elected a five year amortization period for the Other Post Employment Benefits ("OPEB") plan assets deposited into the CERBT, permitted under GASB Statement 45 paragraph 13F, amortization periods allow for a maximum of 30 years with no minimum years.

The City has established a policy to make contributions, for the purpose of funding its calculated obligations over a period of time, enough to pay current benefits due, with the intent to make the full ARC contributions (16.5% of payroll for fiscal year 2014) as fiscal conditions improve, to the CERBT each year. The amount necessary to fund future benefits is based on projections from the January 1, 2011 Actuarial Study completed by Bickmore Risk Services in accordance with GASB Statement 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

For fiscal year 2014, the City made a total of \$1,165,474 in contributions.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City of Antioch annual OPEB costs for the year segregated to show amounts by each City sponsored plan(although combined in the trust), the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the City Retiree Health Plan (in thousands):

City of Antioch
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	Miscellaneous	Management	Police	Total
Annual Required Contributions	\$ 721	\$ 426	\$ 2,167	\$ 3,314
Interest on net OPEB obligation	(25)	(45)	131	61
Adjustment to annual required contributions	28	47	(139)	(64)
Annual OPEB Cost	724	428	2,159	3,311
Contributions Made	285	528	352	1,165
Increase in net OPEB obligation	(439)	100	(1,807)	(2,146)
Net OPEB Obligation - beginning of year	519	930	(2,724)	(1,275)
Net OPEB Obligation - end of year	\$ 80	\$ 1,030	\$ (4,531)	\$ (3,421)

The following shows the calculation of the Annual Required Contributions for FY 2014 (in thousands):

	Miscellaneous	Management	Police	Total
Normal Cost at Year End	\$ 347	\$ 98	\$ 1,033	\$ 1,478
Amortization of UAAL	341	308	1,035	1,684
Interest	33	20	99	152
Annual Required Contribution (ARC)	\$ 721	\$ 426	\$ 2,167	\$ 3,314

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan (shown by City sponsored plan), and the net OPEB asset (obligation) for FY2014 and the two previous years were as follows (in thousands):

Miscellaneous			
Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Contributed	OPEB Asset
6/30/2012	\$ 381	73%	\$ 903
6/30/2013	687	44%	519
6/30/2014	724	39%	80

Management			
Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Contributed	OPEB Asset
6/30/2012	\$ 359	151%	\$ 806
6/30/2013	422	129%	930
6/30/2014	429	123%	1,030

Police			
Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Contributed	OPEB Asset (Obligation)
6/30/2012	\$ 1,211	25%	\$ (1,054)
6/30/2013	2,017	17%	(2,724)
6/30/2014	2,158	16%	(4,531)

OPEB Internal Service Funds typically have been used in prior years to liquidate the net OPEB obligation, however during the fiscal year, the City started using a Special Revenue Fund instead of the Internal Service Funds to liquidate the liability.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



Funded Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date, the plan was 18.1% funded. The actuarial accrued liability for benefits was \$45,977 (in thousands), and the actuarial value of assets was \$8,328 (in thousands), resulting in an unfunded accrued liability of \$37,669 (in thousands).

California Employers' Retiree Benefit Trust*
Funded Status of Plan

Valuation Date:	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Status		Annual Covered Payroll	Unfunded Liability As A % of Payroll
				AVA	MVA		
7/1/13	\$45,997*	\$8,328*	\$37,669*	18.1%	18.1%	\$19,548*	192.7%

*The three City sponsored plans are maintained in one CERBT account; amounts in 000's

The required schedule of funding progress immediately following the notes to the financial statements presents additional, multi-year, trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions used include (a) a 4.79% investment rate of return; (b) projected salary increases at 3.25% per year; (c) inflation of 3.00% and (d) healthcare cost trend rates ranging between 4.50% and 8.5% between 2015 and 2024, with annual increases of 4.64% from 2025 and thereafter for City contributions linked to a specific medical plan and annual increases of 4.50% from 2015 and thereafter for City contributions that are capped. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level percentage of projected payroll over 30 years on a closed basis. The remaining amortization period as of June 30, 2014 was 24 years for the plan.

(b) Medical After Retirement Plan Account

Employees hired after September 1, 2007 are not eligible for post employment medical benefits as defined in the previous plan. The City has created a medical after retirement program in which the City will contribute 1.5% of the employee's base monthly salary into an account established for the employee to be used for future medical benefits. This plan is being administered by Operating Engineers Local 3. The City will match an additional amount of up to 1.0% of the employee contribution, for a total City contribution not to exceed 2.5%. Employees have the right to their individual plan upon separation of employment. As of June 30, 2014, there were 49 participants in the plan. During the year, the City contributed \$55,474 towards employee accounts.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The City currently reports its risk management activities in its General Fund and Loss Control Internal Service Fund.

The City participates in the Municipal Pooling Authority (MPA), a joint powers agency (risk-sharing pool) established to provide an independently managed self-insurance program for members. The purpose of MPA is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense.

The City's deductibles and maximum coverage follow:

Coverage	Deductible	MPA	Excess Liability
General liability	\$50,000	\$50,001-\$1,000,000	\$1,000,001-\$29,000,000
Workers compensation	\$0	\$0-\$500,000	\$500,001-\$50,000,000
Property damage	\$25,000 all risk; \$100,000 flood	\$0	\$1 billion all risk; \$25,000,000 flood

The City contributes its pro rata share of anticipated losses to a pool administered by MPA. Should actual losses among participants be greater than the anticipated losses, the City will be assessed retrospectively its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro rata share of the excess. The City paid premiums of \$2,154,188 during the year ended June 30, 2014. MPA has obtained excess general liability coverage in the amount of \$28,000,000 for total coverage of \$29,000,000 through participation in the California Joint Powers Risk Management Association. MPA has also purchased excess property damage coverage through various commercial carriers. Settled claims have not exceeded this excess liability coverage in any of the past three fiscal years.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and includes incremental claim expenses. Allocated and unallocated claims adjustment expenditures are included in the liability balance. These losses include an estimate of claims that have been incurred but not reported. The claim liability balances at June 30, 2014 are discounted at 2.5%. This liability is the City's best estimate based on available information. Changes in the reported liability resulted from the following:

	Beginning of Fiscal Year Liability	Deductibles and Charges in Estimates	Payments	End of Fiscal Year Liability
2011-2012	\$ 409,278	\$ 847,254	\$ 592,447	\$ 664,085
2012-2013	664,085	481,110	534,888	610,307
2013-2014	610,307	795,117	886,355	519,069

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



NOTE 15 – SERVICE CONCESSION ARRANGEMENT FOR GOLF COURSE

In 1982, the City entered into an agreement with Antioch Public Golf Course, Inc., (Corporation) under which the Corporation will operate, manage and collect user fees from the Lone Tree Golf Course through 2017. The Corporation's sole purpose is to efficiently operate the golf course so that excess revenues may be returned to the course for improvements to the course and its related facilities and encourage the public to play golf in the City. The Corporation is not required to share any percentage of its revenues with the City. Since the inception of the agreement, the City has financed improvements to the existing facility with the issuance of ABAG Lease Revenue Bonds. The Corporation reimburses the City for the cost of annual debt service on the bonds and a corresponding revenue amount is recognized for these repayments. The City reports the golf course and improvements as capital assets with a carrying value of \$8,524,362. As the assets are required to be returned to the City at the end of the agreement in their original condition, the assets are not being depreciated.

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

(a) Antioch Area Public Facilities Financing Agency

The City and Antioch Unified School District (School District) are members of the Antioch Area Public Facilities Financing Agency (AAPFFA), a community facilities district comprising part of the City and the School District. The AAPFFA was formed to finance construction and acquisition of school facilities for the School District and public facilities for the City. The AAPFFA is controlled by a governing board consisting of seven members: two members of the City Council, two members of the District Board and three members from the general public. The board controls the operation and finances of the AAPFFA independent of influence by the City, and the AAPFFA is therefore excluded from the City's reporting entity.

The AAPFFA has issued Special Tax Bonds to finance various school district and City projects. These bonds are to be repaid out of a special tax levied on property owners of the community facilities district comprising the AAPFFA. During the fiscal year ended June 30, 2014 the AAPFFA contributed \$5,139 of bond proceeds to the City to finance construction of the City's Prewett Community Center. This contribution has been recorded as revenue from other agencies in the City's Capital Projects Funds. The City acts as fiscal agent for the AAPFFA. The City's Finance Department maintains accounting records and processes receipts and disbursements. The AAPFFA's financial statements are available by contacting the City of Antioch, Finance Department, P.O. Box 5007, Antioch, CA 94531-5007, 925-779-7055.

(b) Contra Costa County Home Mortgage Finance Authority

The City and Contra Costa County are members of the Contra Costa Home Mortgage Financing Authority (Home Mortgage). The Home Mortgage issued 1984 Home Mortgage Revenue Bonds for the purpose of facilitating the financing of low-income home mortgages in the City and County. The City made no contributions to the Home Mortgage during the fiscal year ended June 30, 2014. The Home Mortgage is governed by a board consisting of representatives of the County and City. The board controls the operations and finances of the Authority, independent of influence by the City. Therefore, the Home Mortgage is excluded from the City's reporting entity. The Home Mortgage's financial statements are available by contacting the Contra Costa County Community Development Department, 651 Pine Street, Martinez, CA 94553-1229, 925-646-4208.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



NOTE 17 - COMMITMENTS AND CONTINGENCIES

(a) Grants

The City participates in Federal and State grant programs. These programs have been audited by the City's independent auditors in accordance with the provisions of the Federal Single Audit Act Amendments of 1996, and applicable Federal and State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

(b) Pending Litigation

The City is a defendant in a number of lawsuits, which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have a material adverse effect on the financial position of the City.

(c) Slatten Ranch

Slatten Ranch Regional Retail Shopping Center Agreements - When the Slatten Ranch regional retail shopping center was contemplated, the City and developers recognized the significant street and traffic improvements would be necessary to make the project possible. Slatten Ranch developers and retailers were encouraged to locate in Antioch due to the City's announced intention to participate in the infrastructure costs. The City agreed to pay the shopping center developers \$2,000,000 in ten annual installment payments of \$200,000 each (no interest). The first payment was made on June 18, 2005, and the final payment was made on June 18, 2014. The second reimbursement agreement required the City to pay Slatten Ranch Regional Retail Shopping Center a cash \$500,000 down payment toward the cost of the shopping center developers' extension of Lone Tree Way (\$741,964) upon the Target Store opening for business (October 6, 2003), followed by two annual payments thereafter of the remaining construction cost, plus 8% interest.

(d) Construction Commitments

Among the significant construction commitments were \$656,101 towards Wilbur Avenue Bridge, \$137,209 towards the West Antioch Creek project, and \$81,000 towards Lone Tree Way Intersection Improvements.

(e) Redevelopment Dissolution

The State of California Department of Finance completed its review of the Due Diligence Review of Other Funds and Accounts of the former Antioch Development Agency required under the Dissolution Act. In May 2013, the City was ordered to return \$803,883 in funds to the Successor Agency for disallowed transfers from the former Antioch Development Agency to the City which occurred after January 1, 2011, but prior to the redevelopment dissolution date of February 1, 2012. The City and Successor Agency are continuing to challenge the determination made, and as such, the City has only returned \$34,925 of the funds to the Successor Agency as of June 30, 2014, with \$768,958 remaining under dispute.

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY

- (a)** On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 24, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012/07.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between the redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill. The State Controller conducted the review of the former Antioch Development Agency in late August 2013.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

The assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City as the activities are under control of an Oversight Board which is comprised of seven members, five of which represent taxing entities, one member is a former redevelopment agency employee and one member is appointed by the Mayor. The State of California Department of Finance has final approval of all actions of the Successor Agency. The City provides administrative services to the Successor Agency to wind down the affairs of the former Antioch Development Agency.

(b) Loans Receivable

The composition of the Successor Agency’s loans receivable as of June 30, 2014 is as follows:

Vineyard Business Park	<u>\$27,051</u>
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City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



(1) Vineyard Business Park

In November 2000, the former Antioch Development Agency entered into an 18-month lease agreement for the Vineyard Business Park. The Agency was obligated to lease 33,000 square feet of space until new tenants were assigned, or the end of the agreement, whichever occurred first. The lessor was then obligated to repay rents collected from the Agency at 10% per year for 10 years following the end of the agreement. Repayment of the \$99,753 obligation began in March 2004. The balance outstanding at June 30, 2014 is \$27,051.

(c) Capital Assets

In March 2011, the former Antioch Development Agency entered into a property conveyance agreement with the City for 25 parcels. In the prior fiscal year, the State of California Department of Finance ordered the return of 21 of the parcels, deeming them not to be for governmental purpose, thus disallowing the transfer of the assets. The parcels have been transferred back from the City and are now being held by the Successor Agency until ultimate disposition is determined and approved by the Department of Finance through a long range property management plan as required under the Dissolution Act.

Capital asset activity for the year ended June 30, 2014 was as follows:

	July 1, 2013	Additions	June 30, 2014
<i>Nondepreciable</i>			
Land	\$ 2,372,607	\$ -	\$ 2,372,607
<i>Depreciable</i>			
Buildings	542,609	-	542,609
Improvements other than buildings	14,431	-	14,431
Total depreciable assets, gross	<u>557,040</u>	<u>-</u>	<u>557,040</u>
<i>Less accumulated depreciation for:</i>			
Buildings	319,971	18,087	338,058
Improvements other than buildings	9,380	481	9,861
Total accumulated depreciation	<u>329,351</u>	<u>18,568</u>	<u>347,919</u>
Total depreciable assets, net	<u>227,689</u>	<u>(18,568)</u>	<u>209,121</u>
Capital assets, net	<u>\$ 2,600,296</u>	<u>\$ (18,568)</u>	<u>\$ 2,581,728</u>

(d) Long-Term Obligations

The Successor Agency is responsible for three outstanding bonds of the former redevelopment agency and one bond of the Antioch Public Financing Authority. Although issued by the Antioch Public Finance Authority, repayment for the 2002 Lease Revenue Bonds is pledged for repayment by the former Antioch Development Agency therefore the associated liability has been transferred to the Successor Agency Trust. A description of the bonds, including a schedule of changes in long term obligations and debt service requirements to maturity follows.

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



(1) Long-Term Debt Composition

Type of Indebtedness (Purpose)	Final Maturity	Annual Principal Installment	Interest Rates	Original Issue Amount	Outstanding at June 30, 2014
Tax Allocation Bonds:					
2000 - ADA Project 1 Refunding	9/1/17	\$200,000-1,380,000	4.2-5.0%	\$ 14,450,000	\$ 5,110,000
2009 - ADA Project 1	9/1/27	\$95,343-142,289	2.60%	2,080,841	1,694,977
Total tax allocation bonds				<u>16,530,841</u>	<u>6,804,977</u>
Lease Revenue Bonds:					
2002 Issue - APFA Municipal Facilities, Series A&B	1/1/32	\$495,000-9,740,000	4.375-5.63%	24,610,000	21,980,000
Total lease revenue bonds				<u>24,610,000</u>	<u>21,980,000</u>
Total long-term obligations				<u>\$ 41,140,841</u>	<u>\$ 28,784,977</u>

(2) Long-Term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2014 are as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Amount Due Within One Year
1994 Tax Allocation Bonds	\$ 240,000	\$ -	\$ (240,000)	\$ -	\$ -
2000 Tax Allocation Bonds	6,240,000	-	(1,130,000)	5,110,000	1,185,000
2009 Tax Allocation Bonds	1,794,313	-	(99,336)	1,694,977	101,919
2002 Lease Revenue Bonds	22,400,000	-	(420,000)	21,980,000	475,000
Unamortized Premiums	165,899	-	(10,375)	155,524	-
Total obligations held by the Successor Agency Trust	<u>\$ 30,840,212</u>	<u>\$ -</u>	<u>\$ (1,899,711)</u>	<u>\$ 28,940,501</u>	<u>\$ 1,761,919</u>

(3) Debt Service Requirements

As of June 30, 2014, annual debt service requirements of governmental activities to maturity are as follows:

Year ending June 30:	Tax Allocation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 1,286,919	\$ 266,329	\$ 475,000	\$ 1,222,319
2016	1,344,569	204,536	535,000	1,196,194
2017	1,412,288	138,931	600,000	1,166,769
2018	1,490,077	68,980	670,000	1,133,019
2019	112,939	31,581	740,000	1,095,331
2020-2024	610,300	111,709	5,000,000	4,758,063
2025-2029	547,885	28,947	3,725,000	3,218,219
2030-2034	-	-	10,235,000	1,688,775
Total	<u>\$ 6,804,977</u>	<u>\$ 851,013</u>	<u>\$ 21,980,000</u>	<u>\$ 15,478,688</u>

City of Antioch
Notes to the Basic Financial Statements
For the year ended June 30, 2014



Interest payments and bond retirements are serviced by revenues generated by the tax increment from the former redevelopment agency. Contra Costa County remits funds from the Redevelopment Property Tax Retirement Trust Fund to the Successor Agency to pay enforceable obligations of the former agency every six months.

(e) Restatement of Beginning Net Position

The Successor Agency restated beginning net position due to the implementation of GASB 65, *Items Previously Reported as Assets and Liabilities*. Net position was reduced by \$488,026 as a result of removing deferred charges for bond issuance costs.

	Original	Deferred Bond Charges	Restated
Net Position	(\$27,417,771)	(\$488,026)	(\$28,202,797)

NOTE 19 – SUBSEQUENT EVENT

Management has evaluated subsequent events through December 8, 2014, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

NOTE 20 – RESTATEMENT OF BEGINNING NET POSITION

The City restated beginning net position for governmental activities due to the following:

- Implementation of GASB 65, *Items Previously Reported as Assets and Liabilities*. Net position was reduced by \$141,574 as a result of removing deferred charges for bond issuance costs.

	Original	Deferred Bond Issuance Costs	Restated
Net Position (Governmental Activities)	\$384,921,467	(\$141,574)	\$384,779,893

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REQUIRED SUPPLEMENTARY INFORMATION

City of Antioch
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

Schedule of Revenues and Transfers In - General Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
FUNCTION/ACTIVITY:				
TAXES				
Property secured	\$ 6,188,450	\$ 6,447,278	\$ 6,652,867	\$ 205,589
Property in lieu of VLF	5,071,265	5,284,929	5,284,929	-
Property unsecured	281,085	281,085	291,504	10,419
Property other	365,400	365,400	372,103	6,703
Sales and use tax	11,609,194	11,773,097	11,586,861	(186,236)
Sales and use tax - Measure C	-	500,000	898,689	398,689
Motor vehicle in-lieu	-	44,596	44,596	-
Transient lodging tax	75,000	75,000	95,187	20,187
Franchises - other	7,650	7,780	7,700	(80)
Franchises - gas	156,020	165,190	165,190	-
Franchises - electric	365,585	376,641	376,641	-
Franchises - cable tv	1,143,370	1,176,673	1,196,292	19,619
Franchises - garbage	914,635	914,635	917,943	3,308
Business license tax (Gross Receipts)	1,139,000	1,140,000	1,171,535	31,535
Property transfer tax	330,000	330,000	363,051	33,051
Total taxes	27,646,654	28,882,304	29,425,088	542,784
LICENSES AND PERMITS				
Bicycle licenses	40	6	6	-
Building permits	1,000,000	1,000,000	1,026,273	26,273
Street & curb permits	150,000	150,000	136,984	(13,016)
Wide vehicle/overload	2,000	11,000	8,544	(2,456)
Technology fee	22,500	22,500	21,131	(1,369)
Energy Inspection Fee	22,500	22,500	21,058	(1,442)
Pool Safety Fee	300	468	588	120
Accessibility Fee (Non-Resident)	2,000	2,000	1,516	(484)
Green Bldg Verification & Compliance	80,000	85,000	86,668	1,668
Total licenses and permits	1,279,340	1,293,474	1,302,768	9,294
FINES AND PENALTIES				
Vehicle code fines	25,000	45,300	67,424	22,124
Non-traffic fines	25,000	119	191	72
Total fines and penalties	50,000	45,419	67,615	22,196
INVESTMENT INCOME AND RENTALS				
Investment income	50,000	40,000	72,415	32,415
Rent and concessions	420,690	455,415	464,224	8,809
Total investment income and rentals	470,690	495,415	536,639	41,224
REVENUE FROM OTHER AGENCIES				
Homeowners property tax relief	70,000	70,000	74,287	4,287
P.O.S.T. reimbursements	12,000	12,000	18,901	6,901
Grant reimbursements	470,761	267,218	300,214	32,996
EBART contributions/reimbursement	135,000	-	-	-
Total revenue from other agencies	687,761	349,218	393,402	44,184

(Continued)

City of Antioch
Required Supplementary Information, Continued
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

Schedule of Revenues and Transfers In - General Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
FUNCTION/ACTIVITY, Continued:				
CURRENT SERVICE CHARGES				
Administrative services	89,300	89,300	91,691	2,391
Special police services	769,180	802,016	803,908	1,892
False alarm fees	49,000	61,878	70,962	9,084
Plan checking fees	410,000	363,220	422,408	59,188
Planning fees	44,000	54,177	52,112	(2,065)
Inspection fees	50,000	80,000	148,206	68,206
Special public works services	24,400	22,540	20,540	(2,000)
Other service charges	16,000	22,594	25,256	2,662
Assessment fees	62,500	114,669	208,933	94,264
Charges for services	5,386,408	5,389,917	5,169,706	(220,211)
Billings to Department	262,123	226,566	219,212	(7,354)
Total current service charges	7,162,911	7,226,877	7,232,934	6,057
OTHER REVENUES				
Miscellaneous revenue	530,600	871,312	724,731	(146,581)
OTHER FINANCING SOURCES				
Transfers in:				
Gas Tax Fund	1,010,000	1,010,000	1,010,000	-
Pollution Elimination	265,781	266,958	259,400	(7,558)
Street Impact	1,101,500	1,101,500	1,101,500	-
Street Light and Landscape Maintenance Districts	522,011	522,294	520,480	(1,814)
Supplementary Law Enforcement Grant	160,658	160,658	180,485	19,827
Local Law Enforcement Block Grant	64,028	79,063.00	106,280	27,217
Traffic Safety	80,000	80,000	78,250	(1,750)
Water Fund	265,000	257,000	257,000	-
Sewer Fund	265,000	257,000	257,000	-
Total transfers in	3,733,978	3,734,473	3,770,395	35,922
Total other financing sources	3,733,978	3,734,473	3,770,395	35,922
Total general fund revenues and other financing sources	\$ 41,561,934	\$ 42,898,492	\$ 43,453,572	\$ 555,080

(Concluded)

City of Antioch
Required Supplementary Information, Continued
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

Schedule of Expenditures and Transfers Out - General Fund

FUNCTION/ACTIVITY:	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
City Council	\$ 162,387	\$ 166,055	\$ 153,541	\$ 12,514
City Attorney	498,947	478,615	429,471	49,144
City Manager	503,422	555,176	548,669	6,507
City Clerk	350,967	319,598	314,127	5,471
City Treasurer	220,623	193,556	187,883	5,673
Personnel Services	661,435	662,879	605,730	57,149
Economic Development	606,359	632,678	535,000	97,678
Finance/Purchasing	1,341,919	1,314,565	1,284,000	30,565
Warehouse & Central Stores	13,416	13,420	12,915	505
Emergency Services	10,777	16,337	13,733	2,604
Non-Departmental	1,600,492	1,577,538	1,499,744	77,794
Total general government	5,970,744	5,930,417	5,584,813	345,604
PUBLIC WORKS				
Maintenance Administration	349,644	335,680	329,632	6,048
General Maintenance Services	55,377	51,891	50,971	920
Street Maintenance	1,784,440	1,540,914	1,337,754	203,160
Engineering and Land Development	977,076	988,955	920,651	68,304
Signal & Street Lighting	839,763	858,387	702,595	155,792
Striping & Signing	679,552	708,536	649,424	59,112
Facilities Maintenance	534,411	596,192	483,026	113,166
Park Maintenance	785,687	888,251	792,236	96,015
Median and General Landscape	396,188	394,610	354,909	39,701
Capital Improv/Engineering Administration	173,360	68,450	41,256	27,194
Engineering Services	167,539	158,686	116,895	41,791
Work Alternative	131,562	134,116	118,801	15,315
Total public works	6,874,599	6,724,668	5,898,150	826,518
PUBLIC SAFETY				
Administration	3,627,331	3,732,636	3,696,769	35,867
Police Reserve	7,675	7,541	6,578	963
Prisoner Custody	605,874	424,621	407,986	16,635
Community Policing Division	16,366,048	16,341,868	15,953,798	388,070
Traffic Division	867,153	572,851	571,507	1,344
Investigation	2,718,621	2,696,491	2,751,658	(55,167)
Special Operations Unit	1,193,144	1,008,993	1,013,457	(4,464)
Communications	2,554,645	2,518,973	2,388,056	130,917
Community Volunteer	85,287	81,450	76,126	5,324
Facility Maintenance	540,898	545,954	494,027	51,927
Total public safety	28,566,676	27,931,378	27,359,962	571,416

(Continued)

City of Antioch
Required Supplementary Information, Continued
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

Schedule of Expenditures and Transfers Out - General Fund

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
COMMUNITY DEVELOPMENT				
Office of the Director	638,865	631,545	617,921	13,624
Land Planning Services	524,086	644,850	534,652	110,198
Neighborhood Improvement	303,001	278,769	238,984	39,785
Building Inspections	769,992	646,344	629,578	16,766
Total community development	2,235,944	2,201,508	2,021,135	180,373
Total current expenditures	43,647,963	42,787,971	40,864,060	1,923,911
OTHER FINANCING USES:				
Transfers out:				
Animal Control	569,673	490,900	475,708	15,192
Antioch WaterPark	299,000	304,740	413,500	(108,760)
Equipment Maintenance	-	100,000	100,000	-
Vehicle Replacement	-	200,000	200,000	-
Recreation	441,224	494,650	505,734	(11,084)
Downtown Street Light & Landscape District	165,000	165,000	128,000	37,000
Honeywell Capital Lease	41,860	41,860	41,859	1
Total transfers out	1,516,757	1,797,150	1,864,801	(67,651)
Total general fund expenditures and other financing uses	\$ 45,164,720	\$ 44,585,121	\$ 42,728,861	\$ 1,856,260

(Concluded)

City of Antioch
Required Supplementary Information, Continued
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

Special Revenue Fund - Housing and Community Development

	Budget		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 350	\$ 1,000	\$ 1,502	\$ 502
Revenue from other agencies	1,005,590	822,418	159,989	(662,429)
Current service charges	-	-	95,923	95,923
Other	104,250	227,443	228,023	580
Total revenues	1,110,190	1,050,861	485,437	(565,424)
EXPENDITURES:				
Current:				
Community development	1,137,110	1,050,886	513,948	536,938
Total expenditures	1,137,110	1,050,886	513,948	536,938
REVENUES OVER (UNDER) EXPENDITURES	(26,920)	(25)	(28,511)	(28,486)
Net change in fund balances	\$ (26,920)	\$ (25)	(28,511)	\$ (28,486)
FUND BALANCES:				
Beginning of year			214,866	
End of year			\$ 186,355	

City of Antioch
Required Supplementary Information, Continued
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

Special Revenue Fund - Gas Tax

	Budget		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 2,450,304	\$ 3,052,070	\$ 3,285,859	\$ 233,789
Investment income and rentals	15,000	30,000	50,248	20,248
Revenues from other agencies	5,503,000	8,725,285	6,996,702	(1,728,583)
Other	-	78,944	78,944	-
Total revenues	7,968,304	11,886,299	10,411,753	(1,474,546)
EXPENDITURES:				
Current:				
Public works	347,135	1,228,249	1,228,249	-
Capital outlay	9,583,000	10,771,906	9,764,925	1,006,981
Total expenditures	9,930,135	12,000,155	10,993,174	1,006,981
REVENUES OVER (UNDER) EXPENDITURES	(1,961,831)	(113,856)	(581,421)	(467,565)
OTHER FINANCING (USES):				
Transfers in	-	1,000,000	1,000,000	-
Transfers (out)	(1,550,461)	(1,550,461)	(1,550,460)	1
Total other financing (uses)	(1,550,461)	(550,461)	(550,460)	1
Net change in fund balances	\$ (3,512,292)	\$ (664,317)	(1,131,881)	\$ (467,564)
FUND BALANCES:				
Beginning of year			8,113,101	
End of year			\$ 6,981,220	

City of Antioch
Required Supplementary Information, Continued
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

Special Revenue Fund - Housing Successor

	Budget		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 5,000	\$ 5,000	\$ 7,806	\$ 2,806
Other	5,000	230,841	278,367	47,526
Total revenues	10,000	235,841	286,173	50,332
EXPENDITURES:				
Current:				
Community development	174,617	134,236	105,037	29,199
Total expenditures	174,617	134,236	105,037	29,199
REVENUES OVER (UNDER) EXPENDITURES	(164,617)	101,605	181,136	79,531
Net change in fund balances	\$ (164,617)	\$ 101,605	181,136	\$ 79,531
FUND BALANCES:				
Beginning of year			4,406,285	
End of year			\$ 4,587,421	

City of Antioch
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2014

REQUIRED SUPPLEMENTARY INFORMATION UNFUNDED LIABILITY

Miscellaneous Employees Retirement System
Funded Status of Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status*		Annual Covered Payroll	Unfunded Liability as a % of Payroll
				AVA	MVA		
6/30/2011	\$ 129,429,446	\$ 105,248,476	\$ 24,180,970	81.3%	72.0%	\$ 11,380,100	212.5%
6/30/2012	134,895,892	107,226,991	27,668,901	79.5%	66.3%	10,741,015	257.6%
6/30/2013	139,659,447	96,941,333	42,718,114	69.4%	69.4%	11,703,846	365.0%

*Beginning with the 6/30/13 valuation, Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy

Public Safety Employees Retirement System
Funded Status of Plan

Valuation Date	Entry Age Normal Accrued Liability	Share of Pool's Market Value of Assets	Unfunded Liability	Funded Status		Annual Covered Payroll	Unfunded Liability as a % of Payroll
				AVA	MVA		
6/30/2011	\$ 108,171,871	\$ 77,808,741	\$ 30,363,130	71.9%	71.9%	\$ 10,548,579	287.8%
6/30/2012	115,040,150	78,131,476	36,908,674	67.9%	67.9%	9,936,555	371.4%
6/30/2013	128,001,706	92,776,441	35,225,265	72.5%	72.5%	10,339,017	340.7%

Supplementary Retirement Plan
Funded Status of Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status		Annual Covered Payroll	Unfunded Liability as a % of Payroll
				AVA	MVA		
6/30/2009	\$ 1,026,000	\$ -	\$ 1,026,000	0.0%	0.0%	\$ 9,915,000	10.3%
6/30/2011	1,731,000	38,000	1,693,000	2.2%	0.0%	7,897,000	21.4%
6/30/2013	2,008,000	49,000	1,959,000	2.4%	2.4%	6,549,000	29.9%

California Employers' Retiree Benefit Trust
Funded Status of Plan

Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Status		Annual Covered Payroll	Unfunded Liability as a % of Payroll
				AVA	MVA		
1/1/2011	\$ 25,338,471	\$ 7,375,365	\$ 17,963,106	29.1%	29.1%	\$ 18,786,946	95.6%
7/1/2011	38,433,174	7,454,949	30,978,225	19.4%	19.4%	18,786,946	164.9%
7/1/2013	45,996,778	8,328,210	37,668,568	18.1%	18.1%	19,548,456	192.7%

City of Antioch
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2014

BUDGETARY BASIS OF ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the required supplementary information:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a minute order.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that increase the total expenditures of any fund must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level without City Council approval.
5. The City adopts a one year budget for its General Fund, Special Revenue Funds and Capital Projects Funds. Debt Service Funds budgetary control is achieved through bond indenture provisions.
6. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Amounts presented include amendments approved by the City Council.
7. Encumbrance accounting is employed as an extension of formal budgetary integration in the City's governmental funds. Encumbrances outstanding at year end are reported as assignments of fund balances, since they do not yet constitute expenditures or liabilities. Encumbrances are reappropriated in the following year. Unexpended appropriations lapse at year end.

SUPPLEMENTAL INFORMATION

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City of Antioch
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
ASSETS				
Cash and investments	\$ 12,097,681	\$ -	\$ 2,439,840	\$ 14,537,521
Accounts, net	1,435,841	918,758	1,162,022	3,516,621
Tax	364,437	-	-	364,437
Interest	-	2	-	2
Prepaid items	94,221	-	154	94,375
Restricted cash and investments	-	731,273	-	731,273
Total assets	\$ 13,992,180	\$ 1,650,033	\$ 3,602,016	\$ 19,244,229
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,286,251	\$ -	\$ 312,847	\$ 1,599,098
Accrued payroll	97,022	-	2,368	99,390
Deposits	664,108	-	415,483	1,079,591
Due to other funds	503,541	918,613	610,150	2,032,304
Unearned revenue	77,988	-	-	77,988
Total liabilities	2,628,910	918,613	1,340,848	4,888,371
Fund Balances:				
Nonspendable:				
Petty cash and prepaid items	94,661	-	154	94,815
Restricted for:				
Debt service	-	731,420	-	731,420
Streets	3,029,739	-	-	3,029,739
Parks	37,334	-	-	37,334
PEG Programming	719,050	-	-	719,050
Storm Channels	2,669,211	-	-	2,669,211
Landscape Maintenance	1,322,639	-	-	1,322,639
Tidelands Areas Protection	116,257	-	-	116,257
Law Enforcement	78,614	-	-	78,614
Traffic Safety	18,995	-	-	18,995
Parks & Recreation	180,256	-	-	180,256
Animal Shelter Maintenance /Operation	27,844	-	-	27,844
Abandoned Vehicle	167,920	-	-	167,920
Committed to:				
Parks	1,278,692	-	-	1,278,692
Landscape Maintenance	23,705	-	-	23,705
Arts & Cultural Activities	23,020	-	-	23,020
Recreation Programs	1,130	-	-	1,130
Field Maintenance	94,566	-	-	94,566
Memorial Field Maintenance	21,050	-	-	21,050
Road Repair	35,688	-	-	35,688
Waste Reduction	388,417	-	-	388,417
Youth Activities/Building Maintenance	99,338	-	-	99,338
Traffic Signals	803,257	-	-	803,257
Post Retirement Medical	100,167	-	-	100,167
Assigned to:				
Parks & Recreation	31,720	-	-	31,720
Capital Projects	-	-	357,996	357,996
AD 26	-	-	378,921	378,921
AD 27	-	-	1,527,983	1,527,983
Unassigned	-	-	(3,886)	(3,886)
Total fund balances	11,363,270	731,420	2,261,168	14,355,858
Total liabilities and fund balances	\$ 13,992,180	\$ 1,650,033	\$ 3,602,016	\$ 19,244,229

City of Antioch

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
REVENUES:				
Taxes	\$ 1,589,467	\$ -	\$ -	\$ 1,589,467
Fines and penalties	78,198	-	-	78,198
Investment income and rentals	473,537	426,534	24,186	924,257
Revenue from other agencies	1,572,141	-	1,121,283	2,693,424
Current service charges	2,896,889	-	109,745	3,006,634
Special assessment revenue	2,903,706	-	-	2,903,706
Other	407,726	-	35,978	443,704
Total revenues	9,921,664	426,534	1,291,192	11,639,390
EXPENDITURES:				
Current:				
General government	768,831	3,816	-	772,647
Public works	802,277	-	521,249	1,323,526
Public safety	1,426,048	-	-	1,426,048
Parks and recreation	3,330,461	-	-	3,330,461
Community development	306,141	-	58,691	364,832
Capital outlay	1,930,576	-	2,866,130	4,796,706
Debt service:				
Principal retirement	-	536,319	-	536,319
Interest and fiscal charges	-	396,285	-	396,285
Total expenditures	8,564,334	936,420	3,446,070	12,946,824
REVENUES OVER (UNDER) EXPENDITURES	1,357,330	(509,886)	(2,154,878)	(1,307,434)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,200,108	516,139	921,810	2,638,057
Transfers (out)	(4,017,294)	-	-	(4,017,294)
Total other financing sources (uses)	(2,817,186)	516,139	921,810	(1,379,237)
Net change in fund balances	(1,459,856)	6,253	(1,233,068)	(2,686,671)
FUND BALANCES:				
Beginning of year	12,823,126	725,167	3,494,236	17,042,529
End of year	<u>\$ 11,363,270</u>	<u>\$ 731,420</u>	<u>\$ 2,261,168</u>	<u>\$ 14,355,858</u>

NON-MAJOR SPECIAL REVENUE FUNDS

These funds account for the proceeds derived from special revenue sources, which are legally restricted to expenditures for specified purposes.

Delta Fair Property Fund

This fund accounts for revenues resulting from the sale or lease of surplus right-of-way property acquired from the State. In accordance with agreements with the State, expenditures must be for park and recreational facilities.

Recreation Programs

This fund accounts for revenue received to cover the costs of recreation programs provided by the City's Leisure Services Divisions.

Animal Control Fund

This fund accounts for revenues and expenditures of the City's animal services program. A portion of the revenues required to operate this function comes from animal licenses and shelter, adoption, handling, and impound fees. The remainder comes from a subsidy transfer from the General Fund.

Civic Arts Fund

This fund accounts for money specifically set aside for art programs and projects. Revenues come from a percentage of the City's Transient Occupancy Tax. Expenditures are for a variety of programs in the fund and performing arts, as well as projects such as Art in Public Places.

Park in Lieu Fund

This fund accounts for revenues from park dedication fees required of all new construction. Monies are accumulated in accounts allocated to certain parks on the basis of the area in which the construction is taking place. These funds are then appropriated and spent for park development.

Senior Bus Fund

This fund accounts for the City's Senior Bus Program, which provides door-to-door transportation to frail, elderly, and disabled individuals. Revenue sources are grant funds through the Metropolitan Transportation Commission and fees paid by riders and the Antioch Committee on Aging.

Abandoned Vehicles Fund

This fund accounts for revenue from AB 4114, which charges a \$1.00 fee on the registration of all vehicles located in the City. The funds are received from the County and are used to remove abandoned vehicles from City streets.

Traffic Signal Fee Fund

This fund accounts for fees from developers for all new traffic signal construction.

Asset Forfeitures Fund

This fund was established to account for the proceeds from sales of assets seized in connection with drug enforcement. These proceeds are to be used for law enforcement purposes.

Measure J Growth Management Program Fund

This fund accounts for Measure J Funds, which are used to construct roads.

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Child Care Fund

This fund accounts for lease revenue received and City expenditures relating to the child care center leased from the City by the YWCA.

Tidelands Assembly Bill 1900

In 1990, the California State Legislature passed legislation that created tidelands entitlement areas. Funds are generated by payments from the lessees of the City's tidelands areas. This revenue is limited to improving accessibility and/or protection of the City's waterfront areas.

Maintenance Districts

Established to account for revenue and related expenditures of lighting and landscape activities.

Solid Waste Reduction AB 939

Under AB 939, a special fee is levied by the State against each ton of solid waste, which is disposed at landfill sites. A portion of this fee goes back to the cities on a quarterly basis for use in achieving AB 939 goals.

Pollution Elimination

This fund was established to account for activities related to the National Pollution Discharge Elimination Program. The purpose of this program is to monitor and reduce storm water pollution.

Supplemental Law Enforcement

This fund accounts for supplemental public safety funding allocated in AB 3229. Funds must be used for front-line police services and must supplement and not supplant existing funding for law enforcement services.

Street Impact Fund

This fund accounts for franchise taxes received.

Traffic Safety Fund

This fund accounts for fines and forfeitures received under Section 1463 of the Penal Code. Funds shall be used exclusively for official traffic control devices, the maintenance thereof, equipment and supplies for traffic law enforcement and traffic accident prevention.

PEG Franchise Fee Fund

This fund accounts for a 1% fee collected from video franchises to support local Public, Educational and Governmental Programming (PEG).

Post Retirement Medical

This fund is used to pay post retirement medical benefits for retirees under the following categories: Miscellaneous, Police, and Management employees.

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City of Antioch
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014

	Delta Fair Property	Recreation Programs	Animal Control	Civic Arts	Park in Lieu	Senior Bus	Abandoned Vehicles
ASSETS							
Cash and investments	\$ 37,334	\$ 602,334	\$ 91,542	\$ 13,486	\$ 2,143,741	\$ 211,976	\$ 162,247
Receivables:							
Accounts, net	-	25,187	12,413	-	20,628	-	11,185
Taxes	-	-	-	9,534	-	-	-
Prepaid items	-	747	-	-	-	-	-
Total assets	\$ 37,334	\$ 628,268	\$ 103,955	\$ 23,020	\$ 2,164,369	\$ 211,976	\$ 173,432
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 98,782	\$ 43,860	\$ -	\$ 885,013	\$ -	\$ 5,510
Accrued payroll	-	40,036	21,966	-	664	-	2
Deposits	-	293,529	10,285	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unavailable revenue	-	77,988	-	-	-	-	-
Total liabilities	-	510,335	76,111	-	885,677	-	5,512
Fund balances:							
Nonspendable:							
Petty cash and prepaid items	-	1,187	-	-	-	-	-
Restricted for:							
Streets	-	-	-	-	-	-	-
Parks	37,334	-	-	-	-	-	-
PEG Programming	-	-	-	-	-	-	-
Storm Channels	-	-	-	-	-	-	-
Landscape Maintenance	-	-	-	-	-	-	-
Tidelands Areas Protection	-	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	-	-
Traffic Safety	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	180,256	-
Animal Shelter Maintenance /Operation	-	-	27,844	-	-	-	-
Abandoned Vehicle	-	-	-	-	-	-	167,920
Committed to:							
Parks	-	-	-	-	1,278,692	-	-
Landscape Maintenance	-	-	-	-	-	-	-
Arts & Cultural Activities	-	-	-	23,020	-	-	-
Recreation Programs	-	1,130	-	-	-	-	-
Field Maintenance	-	94,566	-	-	-	-	-
Memorial Field Maintenance	-	21,050	-	-	-	-	-
Road Repair	-	-	-	-	-	-	-
Waste Reduction	-	-	-	-	-	-	-
Youth Activities/Building Maintenance	-	-	-	-	-	-	-
Traffic Signals	-	-	-	-	-	-	-
Post Retirement Medical	-	-	-	-	-	-	-
Assigned to:							
Parks & Recreation	-	-	-	-	-	31,720	-
Total fund balances	37,334	117,933	27,844	23,020	1,278,692	211,976	167,920
Total liabilities and fund balances	\$ 37,334	\$ 628,268	\$ 103,955	\$ 23,020	\$ 2,164,369	\$ 211,976	\$ 173,432

Measure J								
Traffic Signal Fee	Asset Forfeitures	Growth Management Program	Child Care	Tidelands Assembly Bill - 1900	Lighting & Landscape District	Park 1A Maintenance District	Solid Waste Reduction AB 939	Pollution Elimination
\$ 803,257	\$ 418,178	\$ 1,977,477	\$ 105,338	\$ 116,257	\$ 1,497,628	\$ 24,987	\$ 431,220	\$ 2,727,478
-	-	1,071,465	-	-	4,674	940	-	-
-	-	-	-	-	-	-	-	-
-	6,020	-	-	-	-	160	-	1,343
\$ 803,257	\$ 424,198	\$ 3,048,942	\$ 105,338	\$ 116,257	\$ 1,502,302	\$ 26,087	\$ 431,220	\$ 2,728,821

\$ -	\$ 2,200	\$ 12,654	\$ -	\$ -	\$ 158,708	\$ 1,918	\$ 26,787	\$ 50,819
-	-	3,029	-	-	20,955	304	2,618	7,448
-	337,376	3,520	6,000	-	-	-	13,398	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	339,576	19,203	6,000	-	179,663	2,222	42,803	58,267

-	6,020	-	-	-	-	160	-	1,343
-	-	3,029,739	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,669,211
-	-	-	-	-	1,322,639	-	-	-
-	-	-	-	116,257	-	-	-	-
-	78,602	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	23,705	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	388,417	-
-	-	-	99,338	-	-	-	-	-
803,257	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
803,257	84,622	3,029,739	99,338	116,257	1,322,639	23,865	388,417	2,670,554
\$ 803,257	\$ 424,198	\$ 3,048,942	\$ 105,338	\$ 116,257	\$ 1,502,302	\$ 26,087	\$ 431,220	\$ 2,728,821

City of Antioch
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014

	Supplemental					Post		
	Law	LLEBG	Street	Traffic	PEG Fanchise	Retirement		
	Enforcement	Byrne Grant	Impact	Safety	Fee	Medical		Total
ASSETS								
Cash and investments	\$ -	\$ -	\$ -	\$ 4,645	\$ 655,876	\$ 72,680		\$ 12,097,681
Receivables:								
Accounts, net	74,923	66,120	-	14,350	-	133,956		1,435,841
Taxes	-	-	291,729	-	63,174	-		364,437
Prepaid items	-	-	-	-	-	85,951		94,221
Total assets	\$ 74,923	\$ 66,120	\$ 291,729	\$ 18,995	\$ 719,050	\$ 292,587		\$ 13,992,180
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,286,251
Accrued payroll	-	-	-	-	-	-	-	97,022
Deposits	-	-	-	-	-	-	-	664,108
Due to other funds	74,911	66,120	256,041	-	-	106,469		503,541
Unavailable revenue	-	-	-	-	-	-	-	77,988
Total liabilities	74,911	66,120	256,041	-	-	106,469		2,628,910
Fund balances:								
Nonspendable:								
Petty cash and prepaid items	-	-	-	-	-	85,951		94,661
Restricted for:								
Streets	-	-	-	-	-	-	-	3,029,739
Parks	-	-	-	-	-	-	-	37,334
PEG Programming	-	-	-	-	719,050	-	-	719,050
Storm Channels	-	-	-	-	-	-	-	2,669,211
Landscape Maintenance	-	-	-	-	-	-	-	1,322,639
Tidelands Areas Protection	-	-	-	-	-	-	-	116,257
Law Enforcement	12	-	-	-	-	-	-	78,614
Traffic Safety	-	-	-	18,995	-	-	-	18,995
Parks & Recreation	-	-	-	-	-	-	-	180,256
Animal Shelter Maintenance /Operation	-	-	-	-	-	-	-	27,844
Abandoned Vehicle	-	-	-	-	-	-	-	167,920
Committed to:								
Parks	-	-	-	-	-	-	-	1,278,692
Landscape Maintenance	-	-	-	-	-	-	-	23,705
Arts & Cultural Activities	-	-	-	-	-	-	-	23,020
Recreation Programs	-	-	-	-	-	-	-	1,130
Field Maintenance	-	-	-	-	-	-	-	94,566
Memorial Field Maintenance	-	-	-	-	-	-	-	21,050
Road Repair	-	-	35,688	-	-	-	-	35,688
Waste Reduction	-	-	-	-	-	-	-	388,417
Youth Activities/Building Maintenance	-	-	-	-	-	-	-	99,338
Traffic Signals	-	-	-	-	-	-	-	803,257
Post Retirement Medical	-	-	-	-	-	100,167		100,167
Assigned to:								
Parks & Recreation	-	-	-	-	-	-	-	31,720
Total fund balances	12	-	35,688	18,995	719,050	186,118		11,363,270
Total liabilities and fund balances	\$ 74,923	\$ 66,120	\$ 291,729	\$ 18,995	\$ 719,050	\$ 292,587		\$ 13,992,180

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City of Antioch
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	Delta Fair Property	Recreation Programs	Animal Control	Civic Arts	Park in Lieu
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ 40,795	\$ -
Fines and penalties	-	-	-	-	-
Investment income and rentals	19,890	234,463	80	93	18,834
Revenue from other agencies	-	-	74,000	-	20,628
Current service charges	-	785,804	355,598	-	337,685
Special assessment revenue	-	-	-	-	-
Other	-	51,455	18,899	5,725	160,150
Total revenues	19,890	1,071,722	448,577	46,613	537,297
EXPENDITURES:					
Current:					
General Government	-	-	-	-	-
Public works	346	-	-	-	172,104
Public safety	-	-	907,471	-	-
Parks and recreation	-	1,562,503	-	45,896	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	1,168,212
Total expenditures	346	1,562,503	907,471	45,896	1,340,316
REVENUES OVER (UNDER) EXPENDITURES	19,544	(490,781)	(458,894)	717	(803,019)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	548,434	475,708	-	-
Transfers (out)	-	(10,040)	(561)	-	(85,000)
Total other financing sources (uses)	-	538,394	475,147	-	(85,000)
Net change in fund balances	19,544	47,613	16,253	717	(888,019)
FUND BALANCES:					
Beginning of year	17,790	70,320	11,591	22,303	2,166,711
End of year	\$ 37,334	\$ 117,933	\$ 27,844	\$ 23,020	\$ 1,278,692

Senior Bus	Abandoned Vehicles	Traffic Signal Fee	Asset Forfeitures	Measure J Growth Management Program	Child Care	Tidelands Assembly Bill - 1900
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,800	1,339	6,550	3,038	23,619	73,989	5,671
-	54,924	-	-	1,071,465	-	-
3,515	-	90,605	-	-	-	-
-	-	-	-	-	-	-
-	-	-	13,143	-	-	-
5,315	56,263	97,155	16,181	1,095,084	73,989	5,671
-	-	-	-	-	-	-
-	-	1,794	-	221,188	-	484
-	28,342	-	32,314	-	-	-
492	-	-	-	-	5,815	-
-	-	-	-	-	-	-
-	-	-	-	349,168	-	-
492	28,342	1,794	32,314	570,356	5,815	484
4,823	27,921	95,361	(16,133)	524,728	68,174	5,187
-	-	-	-	-	-	-
(7,700)	-	-	-	(1,490,000)	(70,000)	-
(7,700)	-	-	-	(1,490,000)	(70,000)	-
(2,877)	27,921	95,361	(16,133)	(965,272)	(1,826)	5,187
214,853	139,999	707,896	100,755	3,995,011	101,164	111,070
\$ 211,976	\$ 167,920	\$ 803,257	\$ 84,622	\$ 3,029,739	\$ 99,338	\$ 116,257

City of Antioch
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	Lighting & Landscape District	Park 1A Maintenance District	Solid Waste Reduction AB 939	Pollution Elimination	Supplemental Law Enforcement
REVENUES:					
Taxes	\$ -	\$ 24,002	\$ 160,000	\$ -	\$ -
Fines and penalties	-	-	-	-	-
Investment income and rentals	15,400	34,309	3,852	23,152	-
Revenue from other agencies	-	113	57,699	-	180,492
Current service charges	-	-	-	-	-
Special assessment revenue	2,050,810	-	-	852,896	-
Other	11,921	-	11,679	775	-
Total revenues	2,078,131	58,424	233,230	876,823	180,492
EXPENDITURES:					
Current:					
General Government	-	-	-	-	-
Public works	-	-	-	405,652	-
Public safety	-	-	-	-	8
Parks and recreation	1,683,462	32,293	-	-	-
Community development	-	-	212,452	93,689	-
Capital outlay	-	-	-	289,599	-
Total expenditures	1,683,462	32,293	212,452	788,940	8
REVENUES OVER (UNDER) EXPENDITURES	394,669	26,131	20,778	87,883	180,484
OTHER FINANCING SOURCES (USES):					
Transfers in	136,001	-	-	35,000	-
Transfers (out)	(555,480)	(8,001)	-	(259,400)	(180,485)
Total other financing sources (uses)	(419,479)	(8,001)	-	(224,400)	(180,485)
Net change in fund balances	(24,810)	18,130	20,778	(136,517)	(1)
FUND BALANCES:					
Beginning of year	1,347,449	5,735	367,639	2,807,071	13
End of year	\$ 1,322,639	\$ 23,865	\$ 388,417	\$ 2,670,554	\$ 12

LLEBG Byrne Grant	Street Impact	Traffic Safety	PEG Fanchise Fee	Post Retirement Medical	Total
\$ -	\$ 1,125,121	\$ -	\$ 239,549	\$ -	\$ 1,589,467
-	-	78,198	-	-	78,198
2	2,125	88	5,013	230	473,537
112,820	-	-	-	-	1,572,141
-	-	-	-	1,323,682	2,896,889
-	-	-	-	-	2,903,706
-	-	-	-	133,979	407,726
112,822	1,127,246	78,286	244,562	1,457,891	9,921,664
-	-	-	8,038	760,793	768,831
-	709	-	-	-	802,277
6,542	-	23	-	451,348	1,426,048
-	-	-	-	-	3,330,461
-	-	-	-	-	306,141
-	-	-	123,597	-	1,930,576
6,542	709	23	131,635	1,212,141	8,564,334
106,280	1,126,537	78,263	112,927	245,750	1,357,330
-	-	-	-	4,965	1,200,108
(106,280)	(1,101,500)	(78,250)	-	(64,597)	(4,017,294)
(106,280)	(1,101,500)	(78,250)	-	(59,632)	(2,817,186)
-	25,037	13	112,927	186,118	(1,459,856)
-	10,651	18,982	606,123	-	12,823,126
\$ -	\$ 35,688	\$ 18,995	\$ 719,050	\$ 186,118	\$ 11,363,270

City of Antioch
Budgetary Comparison Schedule
Delta Fair Property Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 10,100	\$ 19,750	\$ 19,890	\$ 140
Total revenues	10,100	19,750	19,890	140
EXPENDITURES:				
Current:				
Public works	10,421	10,419	346	10,073
Total expenditures	10,421	10,419	346	10,073
REVENUES OVER (UNDER) EXPENDITURES	(321)	9,331	19,544	10,213
FUND BALANCES:				
Beginning of year			17,790	
End of year			\$ 37,334	

City of Antioch
Budgetary Comparison Schedule
Recreation Programs Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 290,100	\$ 291,000	\$ 234,463	\$ (56,537)
Current service charges	761,450	801,450	785,804	(15,646)
Other	35,000	35,474	51,455	15,981
Total revenues	<u>1,086,550</u>	<u>1,127,924</u>	<u>1,071,722</u>	<u>(56,202)</u>
EXPENDITURES:				
Current:				
Parks and recreation	1,540,444	1,621,569	1,562,503	59,066
Capital outlay	10,000	135	-	135
Total expenditures	<u>1,550,444</u>	<u>1,621,704</u>	<u>1,562,503</u>	<u>59,201</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(463,894)</u>	<u>(493,780)</u>	<u>(490,781)</u>	<u>2,999</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	483,924	537,350	548,434	11,084
Transfers (out)	(10,041)	(10,041)	(10,040)	(1)
Total other financing sources (uses)	<u>473,883</u>	<u>527,309</u>	<u>538,394</u>	<u>11,083</u>
Net change in fund balances	<u>\$ 9,989</u>	<u>\$ 33,529</u>	47,613	<u>\$ 14,082</u>
FUND BALANCES:				
Beginning of year			<u>70,320</u>	
End of year			<u>\$ 117,933</u>	

City of Antioch
Budgetary Comparison Schedule
Animal Control Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ -	\$ -	\$ 80	\$ 80
Revenue from other agencies	40,000	74,000	74,000	-
Current service charges	233,100	300,000	355,598	55,598
Other	11,000	11,914	18,899	6,985
Total revenues	284,100	385,914	448,577	62,663
EXPENDITURES:				
Current:				
Public safety	853,212	887,859	907,471	(19,612)
Total expenditures	853,212	887,859	907,471	(19,612)
REVENUES OVER (UNDER) EXPENDITURES	(569,112)	(501,945)	(458,894)	43,051
OTHER FINANCING SOURCES (USES):				
Transfers in	569,676	490,900	475,708	(15,192)
Transfers (out)	(561)	(561)	(561)	-
Total other financing sources (uses)	569,115	490,339	475,147	(15,192)
Net change in fund balances	\$ 3	\$ (11,606)	16,253	\$ 27,859
FUND BALANCES:				
Beginning of year			11,591	
End of year			\$ 27,844	

City of Antioch
Budgetary Comparison Schedule
Civic Arts Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 32,143	\$ 32,143	\$ 40,795	\$ 8,652
Investment income and rentals	25	25	93	68
Other	-	5,657	5,725	68
Total revenues	<u>32,168</u>	<u>37,825</u>	<u>46,613</u>	<u>8,788</u>
EXPENDITURES:				
Current:				
Parks and recreation	<u>31,398</u>	<u>48,360</u>	<u>45,896</u>	<u>2,464</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>770</u>	<u>(10,535)</u>	<u>717</u>	<u>11,252</u>
Net change in fund balances	<u><u>\$ 770</u></u>	<u><u>\$ (10,535)</u></u>	<u>717</u>	<u><u>\$ 11,252</u></u>
FUND BALANCES:				
Beginning of year			<u>22,303</u>	
End of year			<u><u>\$ 23,020</u></u>	

City of Antioch
Budgetary Comparison Schedule
Park in Lieu Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 18,000	\$ 18,000	\$ 18,834	\$ 834
Revenue from other agencies	-	20,628	20,628	-
Current service charges	45,000	359,510	337,685	(21,825)
Other	-	160,150	160,150	-
Total revenues	63,000	558,288	537,297	(20,991)
EXPENDITURES:				
Current:				
Public works	10,835	191,561	172,104	19,457
Capital outlay	-	1,193,749	1,168,212	25,537
Total expenditures	10,835	1,385,310	1,340,316	44,994
REVENUES OVER (UNDER) EXPENDITURES	52,165	(827,022)	(803,019)	24,003
OTHER FINANCING (USES):				
Transfers (out)	-	(85,000)	(85,000)	-
Total other financing (uses)	-	(85,000)	(85,000)	-
Net change in fund balances	\$ 52,165	\$ (912,022)	(888,019)	\$ 24,003
FUND BALANCES:				
Beginning of year			2,166,711	
End of year			\$ 1,278,692	

City of Antioch
Budgetary Comparison Schedule
Senior Bus Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 850	\$ 1,500	\$ 1,800	\$ 300
Current service charges	4,000	4,000	3,515	(485)
Total revenues	4,850	5,500	5,315	(185)
EXPENDITURES:				
Current:				
Parks and recreation	400	600	492	108
Total expenditures	400	600	492	108
REVENUES OVER (UNDER) EXPENDITURES	4,450	4,900	4,823	(77)
OTHER FINANCING (USES):				
Transfers (out)	(7,700)	(7,700)	(7,700)	-
Total other financing (uses)	(7,700)	(7,700)	(7,700)	-
Net change in fund balances	\$ (3,250)	\$ (2,800)	(2,877)	\$ (77)
FUND BALANCES:				
Beginning of year			214,853	
End of year			\$ 211,976	

City of Antioch
Budgetary Comparison Schedule
Abandoned Vehicle Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 500	\$ 1,000	\$ 1,339	\$ 339
Revenue from other agencies	47,000	47,000	54,924	7,924
Total revenues	<u>47,500</u>	<u>48,000</u>	<u>56,263</u>	<u>8,263</u>
EXPENDITURES:				
Current:				
Public safety	47,486	48,068	28,342	19,726
REVENUES OVER (UNDER) EXPENDITURES	<u>14</u>	<u>(68)</u>	<u>27,921</u>	<u>27,989</u>
Net change in fund balances	<u>\$ 14</u>	<u>\$ (68)</u>	<u>27,921</u>	<u>\$ 27,989</u>
FUND BALANCES:				
Beginning of year			139,999	
End of year			<u>\$ 167,920</u>	

City of Antioch
Budgetary Comparison Schedule
Traffic Signal Fee Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 8,000	\$ 8,000	\$ 6,550	\$ (1,450)
Current service charges	75,000	75,000	90,605	15,605
Total revenues	83,000	83,000	97,155	14,155
EXPENDITURES:				
Current:				
Public works	2,916	2,513	1,794	719
Capital outlay	50,000	101,395	-	101,395
Total expenditures	52,916	103,908	1,794	102,114
REVENUES OVER (UNDER) EXPENDITURES	30,084	(20,908)	95,361	116,269
Net change in fund balances	\$ 30,084	\$ (20,908)	95,361	\$ 116,269
FUND BALANCES:				
Beginning of year			707,896	
End of year			\$ 803,257	

City of Antioch
Budgetary Comparison Schedule
Asset Forfeitures Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 1,900	\$ 2,100	\$ 3,038	\$ 938
Other	40,000	40,000	13,143	(26,857)
Total revenues	41,900	42,100	16,181	(25,919)
EXPENDITURES:				
Current:				
Public safety	39,991	39,995	32,314	7,681
Capital outlay	10,000	10,000	-	10,000
Total expenditures	49,991	49,995	32,314	17,681
REVENUES OVER (UNDER) EXPENDITURES	(8,091)	(7,895)	(16,133)	(8,238)
Net change in fund balances	\$ (8,091)	\$ (7,895)	(16,133)	\$ (8,238)
FUND BALANCES:				
Beginning of year			100,755	
End of year			\$ 84,622	

City of Antioch
Budgetary Comparison Schedule
Measure J Growth Management Program Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 12,000	\$ 15,000	\$ 23,619	\$ 8,619
Revenue from other agencies	1,029,165	1,029,165	1,071,465	42,300
Total revenues	1,041,165	1,044,165	1,095,084	50,919
EXPENDITURES:				
Current:				
Public works	245,027	221,188	221,188	-
Capital outlay	720,000	422,158	349,168	72,990
Total expenditures	965,027	643,346	570,356	72,990
REVENUES OVER (UNDER) EXPENDITURES	76,138	400,819	524,728	123,909
OTHER FINANCING (USES):				
Transfers (out)	-	(1,490,000)	(1,490,000)	-
Total other financing (uses)	-	(1,490,000)	(1,490,000)	-
Net change in fund balances	\$ 76,138	\$ (1,089,181)	\$ (965,272)	\$ 123,909
FUND BALANCES:				
Beginning of year			3,995,011	
End of year			\$ 3,029,739	

City of Antioch
Budgetary Comparison Schedule
Child Care Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 73,435	\$ 73,860	\$ 73,989	\$ 129
Total revenues	<u>73,435</u>	<u>73,860</u>	<u>73,989</u>	<u>129</u>
EXPENDITURES:				
Current:				
Parks and recreation	2,342	26,541	5,815	20,726
REVENUES OVER (UNDER) EXPENDITURES	<u>71,093</u>	<u>47,319</u>	<u>68,174</u>	<u>20,855</u>
OTHER FINANCING (USES):				
Transfers (out)	(70,000)	(70,000)	(70,000)	-
Total other financing (uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,093</u>	<u>\$ (22,681)</u>	<u>(1,826)</u>	<u>\$ 20,855</u>
FUND BALANCES:				
Beginning of year			<u>101,164</u>	
End of year			<u>\$ 99,338</u>	

City of Antioch
Budgetary Comparison Schedule
Tidelands Assembly Bill-1900 Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 7,585	\$ 7,885	\$ 5,671	\$ (2,214)
Total revenues	<u>7,585</u>	<u>7,885</u>	<u>5,671</u>	<u>(2,214)</u>
EXPENDITURES:				
Current:				
Public works	20,609	606	484	122
REVENUES OVER (UNDER) EXPENDITURES	<u>(13,024)</u>	<u>7,279</u>	<u>5,187</u>	<u>(2,092)</u>
Net change in fund balances	<u><u>\$ (13,024)</u></u>	<u><u>\$ 7,279</u></u>	<u>5,187</u>	<u><u>\$ (2,092)</u></u>
FUND BALANCES:				
Beginning of year			<u>111,070</u>	
End of year			<u><u>\$ 116,257</u></u>	

City of Antioch
Budgetary Comparison Schedule
Lighting & Landscape District Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 2,750	\$ 9,720	\$ 15,400	\$ 5,680
Special assessment revenue	1,947,064	1,947,061	2,050,810	103,749
Other	-	-	11,921	11,921
Total revenues	<u>1,949,814</u>	<u>1,956,781</u>	<u>2,078,131</u>	<u>121,350</u>
EXPENDITURES:				
Current:				
Parks and recreation	1,994,271	1,977,896	1,683,462	294,434
REVENUES OVER (UNDER) EXPENDITURES	<u>(44,457)</u>	<u>(21,115)</u>	<u>394,669</u>	<u>415,784</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	10,000	88,000	136,001	48,001
Transfers (out)	(560,011)	(560,294)	(555,480)	4,814
Total other financing sources (uses)	<u>(550,011)</u>	<u>(472,294)</u>	<u>(419,479)</u>	<u>52,815</u>
Net change in fund balances	<u>\$ (594,468)</u>	<u>\$ (493,409)</u>	<u>(24,810)</u>	<u>\$ 468,599</u>
FUND BALANCES:				
Beginning of year			<u>1,347,449</u>	
End of year			<u>\$ 1,322,639</u>	

City of Antioch
Budgetary Comparison Schedule
Park 1A Maintenance District Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 21,750	\$ 23,361	\$ 24,002	\$ 641
Investment income and rentals	35,100	39,100	34,309	(4,791)
Revenue from other agencies	115	115	113	(2)
Total revenues	<u>56,965</u>	<u>62,576</u>	<u>58,424</u>	<u>(4,152)</u>
EXPENDITURES:				
Current:				
Parks and recreation	47,291	46,296	32,293	14,003
REVENUES OVER (UNDER) EXPENDITURES	<u>9,674</u>	<u>16,280</u>	<u>26,131</u>	<u>9,851</u>
OTHER FINANCING (USES):				
Transfers (out)	(8,581)	(8,581)	(8,001)	(580)
Total other financing (uses)	<u>(8,581)</u>	<u>(8,581)</u>	<u>(8,001)</u>	<u>(580)</u>
Net change in fund balances	<u>\$ 1,093</u>	<u>\$ 7,699</u>	18,130	<u>\$ 9,271</u>
FUND BALANCES:				
Beginning of year			5,735	
End of year			<u>\$ 23,865</u>	

City of Antioch
Budgetary Comparison Schedule
Solid Waste Reduction AB 939 Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 160,000	\$ 160,000	\$ 160,000	\$ -
Investment income and rentals	1,500	2,000	3,852	1,852
Revenue from other agencies	56,500	58,502	57,699	(803)
Other	5,000	5,625	11,679	6,054
Total revenues	<u>223,000</u>	<u>226,127</u>	<u>233,230</u>	<u>7,103</u>
EXPENDITURES:				
Current:				
Community development	236,512	238,070	212,452	25,618
Total expenditures	<u>236,512</u>	<u>238,070</u>	<u>212,452</u>	<u>25,618</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(13,512)</u>	<u>(11,943)</u>	<u>20,778</u>	<u>32,721</u>
Net change in fund balances	<u>\$ (13,512)</u>	<u>\$ (11,943)</u>	<u>20,778</u>	<u>\$ 32,721</u>
FUND BALANCES:				
Beginning of year			<u>367,639</u>	
End of year			<u>\$ 388,417</u>	

City of Antioch
Budgetary Comparison Schedule
Pollution Elimination Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 10,000	\$ 13,000	\$ 23,152	\$ 10,152
Special assessment revenue	835,000	835,000	852,896	17,896
Other	-	5	775	770
Total revenues	<u>845,000</u>	<u>848,005</u>	<u>876,823</u>	<u>28,818</u>
EXPENDITURES:				
Current:				
Public works	499,687	430,303	405,652	24,651
Community development	161,567	164,133	93,689	70,444
Capital outlay	100,000	393,462	289,599	103,863
Total expenditures	<u>761,254</u>	<u>987,898</u>	<u>788,940</u>	<u>198,958</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>83,746</u>	<u>(139,893)</u>	<u>87,883</u>	<u>227,776</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	35,000	35,000	35,000	-
Transfers (out)	(265,781)	(266,958)	(259,400)	7,558
Total other financing sources (uses)	<u>(230,781)</u>	<u>(231,958)</u>	<u>(224,400)</u>	<u>7,558</u>
Net change in fund balances	<u>\$ (147,035)</u>	<u>\$ (371,851)</u>	(136,517)	<u>\$ 235,334</u>
FUND BALANCES:				
Beginning of year			<u>2,807,071</u>	
End of year			<u>\$ 2,670,554</u>	

City of Antioch
Budgetary Comparison Schedule
Supplemental Law Enforcement Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ -	\$ (7)	\$ -	\$ 7
Revenue from other agencies	160,658	160,658	180,492	19,834
Total revenues	<u>160,658</u>	<u>160,651</u>	<u>180,492</u>	<u>19,841</u>
EXPENDITURES:				
Current:				
Public Safety	-	5	8	(3)
REVENUES OVER (UNDER) EXPENDITURES	<u>160,658</u>	<u>160,646</u>	<u>180,484</u>	<u>19,838</u>
OTHER FINANCING (USES):				
Transfers (out)	(160,658)	(160,687)	(180,485)	(19,798)
Total other financing (uses)	<u>(160,658)</u>	<u>(160,687)</u>	<u>(180,485)</u>	<u>(19,798)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (36)</u>	(1)	<u>\$ 43</u>
FUND BALANCES:				
Beginning of year			13	
End of year			<u>\$ 12</u>	

City of Antioch
Budgetary Comparison Schedule
Local Law Enforcement Byrne Grant fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ -	\$ -	\$ 2	\$ 2
Revenue from other agencies	67,398	82,335	112,820	30,485
Total revenues	<u>67,398</u>	<u>82,335</u>	<u>112,822</u>	<u>30,487</u>
EXPENDITURES:				
Current:				
Public Safety	3,370	3,272	6,542	(3,270)
REVENUES OVER (UNDER) EXPENDITURES	<u>64,028</u>	<u>79,063</u>	<u>106,280</u>	<u>27,217</u>
OTHER FINANCING (USES):				
Transfers (out)	(64,028)	(79,063)	(106,280)	(27,217)
Total other financing (uses)	<u>(64,028)</u>	<u>(79,063)</u>	<u>(106,280)</u>	<u>(27,217)</u>
Net change in fund balances	<u>\$ 3,370</u>	<u>\$ 3,272</u>	<u>-</u>	<u>\$ 3,270</u>
FUND BALANCES:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Antioch
Budgetary Comparison Schedule
Street Impact Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,125,121	\$ 25,121
Investment income and rentals	2,000	2,000	2,125	125
Total revenues	1,102,000	1,102,000	1,127,246	25,246
EXPENDITURES:				
Current:				
Public works	500	500	709	(209)
REVENUES OVER (UNDER) EXPENDITURES	1,101,500	1,101,500	1,126,537	25,037
OTHER FINANCING (USES):				
Transfers (out)	(1,101,500)	(1,101,500)	(1,101,500)	-
Total other financing (uses)	(1,101,500)	(1,101,500)	(1,101,500)	-
Net change in fund balances	\$ -	\$ -	25,037	\$ 25,037
FUND BALANCES:				
Beginning of year			10,651	
End of year			\$ 35,688	

City of Antioch
Budgetary Comparison Schedule
Traffic Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Fines and penalties	\$ 80,000	\$ 80,000	\$ 78,198	\$ (1,802)
Investment income and rentals	125	100	88	(12)
Total revenues	<u>80,125</u>	<u>80,100</u>	<u>78,286</u>	<u>(1,814)</u>
EXPENDITURES:				
Current:				
Public Safety	<u>125</u>	<u>90</u>	<u>23</u>	<u>67</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>80,000</u>	<u>80,010</u>	<u>78,263</u>	<u>(1,747)</u>
OTHER FINANCING (USES):				
Transfers (out)	<u>(80,000)</u>	<u>(80,000)</u>	<u>(78,250)</u>	<u>1,750</u>
Total other financing (uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>(78,250)</u>	<u>1,750</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 10</u>	<u>13</u>	<u>\$ 3</u>
FUND BALANCES:				
Beginning of year			<u>18,982</u>	
End of year			<u>\$ 18,995</u>	

City of Antioch
Budgetary Comparison Schedule
PEG Franchise Fee Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 229	\$ 231	\$ 239,549	\$ 239,318
Investment income and rentals	4,500	4,500	5,013	513
Total revenues	<u>4,729</u>	<u>4,731</u>	<u>244,562</u>	<u>239,831</u>
EXPENDITURES:				
Current:				
General Government	81,867	82,935	8,038	74,897
Capital outlay	335,000	335,000	123,597	211,403
Total expenditures	<u>416,867</u>	<u>417,935</u>	<u>131,635</u>	<u>286,300</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(412,138)</u>	<u>(413,204)</u>	<u>112,927</u>	<u>526,131</u>
Net change in fund balances	<u>\$ (412,138)</u>	<u>\$ (413,204)</u>	<u>112,927</u>	<u>\$ 526,131</u>
FUND BALANCES:				
Beginning of year			<u>606,123</u>	
End of year			<u>\$ 719,050</u>	

City of Antioch
Budgetary Comparison Schedule
Post Retirement Medical Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ -	\$ 28	\$ 230	\$ (202)
Charges for services	1,306,465	1,323,337	1,323,682	2,647,019
Other revenue	122,872	133,979	133,979	267,958
Total revenues	<u>1,429,337</u>	<u>1,457,344</u>	<u>1,457,891</u>	<u>2,914,775</u>
EXPENDITURES:				
General Government	895,607	751,192	760,793	(9,601)
Public safety	384,219	468,528	451,348	17,180
Total expenditures	<u>1,279,826</u>	<u>1,219,720</u>	<u>1,212,141</u>	<u>7,579</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>149,511</u>	<u>237,624</u>	<u>245,750</u>	<u>2,907,196</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,965	(4,965)
Transfers (out)	-	-	(64,597)	64,597
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(59,632)</u>	<u>59,632</u>
 Net change in fund balances	 <u><u>\$ 149,511</u></u>	 <u><u>\$ 237,624</u></u>	 186,118	 <u><u>\$ 2,907,196</u></u>
FUND BALANCES:				
Beginning of year			<u>-</u>	
End of year			<u><u>\$ 186,118</u></u>	

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NON-MAJOR DEBT SERVICE FUNDS

Debt Service Funds are used to account for the payment of principal and interest on the general debt service of the City and related entities.

Golf Course Clubhouse/Irrigation

In 1985 and 1994, the City of Antioch participated in the Association of Bay Area Governments' pooled Certificates of Participation to fund improvements to the clubhouse at the City's golf course and irrigation system, respectively. The fund accumulates monies for the payment of principal and interest from a portion of the fees collected and transmitted by the Antioch Public Golf Corporation.

Honeywell Capital Lease

In 2009, the City entered into a lease agreement with Bank of America for funding of interior building lighting retrofit, and street and park lighting retrofit. Energy savings as a result of the project are used to pay debt service.

City of Antioch
Combining Balance Sheet
Non-Major Debt Service Funds
June 30, 2014

	Golf Course Clubhouse/ Irrigation	Honeywell Capital Lease	Total
ASSETS			
Accounts receivable, net	\$ 918,758	\$ -	\$ 918,758
Interest	2	-	2
Restricted cash and investments	731,273	-	731,273
Total assets	<u>\$ 1,650,033</u>	<u>\$ -</u>	<u>\$ 1,650,033</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 918,613	\$ -	\$ 918,613
Total liabilities	<u>918,613</u>	<u>-</u>	<u>918,613</u>
Fund balances:			
Restricted for:			
Debt service	731,420	-	731,420
Total fund balances	<u>731,420</u>	<u>-</u>	<u>731,420</u>
Total liabilities and fund balances	<u>\$ 1,650,033</u>	<u>\$ -</u>	<u>\$ 1,650,033</u>

City of Antioch

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Debt Service Funds

For the Fiscal Year Ended June 30, 2014

	Glof Course Clubhouse/ Irrigation	Honeywell Capital Lease	Total
REVENUES:			
Investment income and rentals	\$ 426,534	\$ -	\$ 426,534
Total revenues	426,534	-	426,534
EXPENDITURES:			
Current:			
General government	3,816	-	3,816
Debt service:			
Principal retirements	165,000	371,319	536,319
Interest and fiscal charges	251,465	144,820	396,285
Total expenditures	420,281	516,139	936,420
REVENUES OVER (UNDER) EXPENDITURES	6,253	(516,139)	(509,886)
OTHER FINANCING SOURCES:			
Transfer in	-	516,139	516,139
Total other financing sources	-	516,139	516,139
Net change in fund balances	6,253	-	6,253
FUND BALANCES:			
Beginning of year	725,167	-	725,167
End of year	\$ 731,420	\$ -	\$ 731,420

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NON-MAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are utilized to account for resources used for the acquisition and construction of capital facilities by the City, with the exception of those assets financed by proprietary funds.

Capital Improvement Fund

This fund records all revenues, expenditures, assets and liabilities associated with City capital projects. It accounts for resources used to construct or acquire capital assets and make capital improvements.

Prewett Community Park

This fund accounts for the construction of the Prewett Community Center. The City is reimbursed for expenses by the Antioch Area Public Facilities Financing Agency through mello roos bond proceeds.

Special Assessment Districts

These funds were established to account for construction and acquisition of land and public improvements in various assessment districts. Financing is provided by assessment bond proceeds.

Hillcrest Bridge District

This fund accounts for developer fees collected to fund bridge construction in the Hillcrest Area.

Residential Development Allocation

This fund accounts for contributions by developers for various projects as determined by the City Council.

City of Antioch
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2014

	Capital Improvement	Prewett Community Park	Special Assessment Districts		Hillcrest Bridge District
			Hillcrest District #26	Lone Diamond	
ASSETS					
Cash and investments	\$ -	\$ 133,460	\$ 378,921	\$ 1,812,567	\$ 114,645
Accounts receivable, net	1,161,864	158	-	-	-
Prepaid items	-	-	-	154	-
Total assets	\$ 1,161,864	\$ 133,618	\$ 378,921	\$ 1,812,721	\$ 114,645
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 25,693	\$ -	\$ -	\$ 283,021	\$ -
Accrued payroll	805	-	-	1,563	-
Deposits	300,200	115,283	-	-	-
Due to other funds	610,150	-	-	-	-
Total liabilities	936,848	115,283	-	284,584	-
Fund Balances:					
Nonspendable	-	-	-	154	-
Assigned for:					
Capital Projects	225,016	18,335	-	-	114,645
AD 26	-	-	378,921	-	-
AD 27	-	-	-	1,527,983	-
Unassigned	-	-	-	-	-
Total fund balances	225,016	18,335	378,921	1,528,137	114,645
Total liabilities and fund balances	\$ 1,161,864	\$ 133,618	\$ 378,921	\$ 1,812,721	\$ 114,645

Residential Development	
Allocation	Total
\$ 247	\$ 2,439,840
-	1,162,022
-	154
<u>\$ 247</u>	<u>\$ 3,602,016</u>

\$ 4,133	\$ 312,847
-	2,368
-	415,483
-	610,150
<u>4,133</u>	<u>1,340,848</u>
-	154
-	357,996
-	378,921
-	1,527,983
<u>(3,886)</u>	<u>(3,886)</u>
<u>(3,886)</u>	<u>2,261,168</u>
<u>\$ 247</u>	<u>\$ 3,602,016</u>

City of Antioch
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
For the Fiscal Year Ended June 30, 2014

	Special Assessment Districts			
	Capital Improvement	Prewett Community Park	Hillcrest District #26	Lone Diamond
REVENUES:				
Investment income and rentals	\$ -	\$ 1,529	\$ 3,218	\$ 18,421
Revenue from other agencies	1,116,144	5,139	-	-
Current service charges	27,275	-	-	45,640
Other	13,978	-	-	1,000
Total revenues	1,157,397	6,668	3,218	65,061
EXPENDITURES:				
Current:				
Public works	442,501	5,441	1,483	71,563
Community development	-	-	-	-
Capital outlay	1,216,580	-	-	1,649,550
Total expenditures	1,659,081	5,441	1,483	1,721,113
REVENUES OVER (UNDER) EXPENDITURES	(501,684)	1,227	1,735	(1,656,052)
OTHER FINANCING SOURCES:				
Transfers in	431,810	-	-	490,000
Total other financing sources	431,810	-	-	490,000
Net change in fund balances	(69,874)	1,227	1,735	(1,166,052)
FUND BALANCES:				
Beginning of year	294,890	17,108	377,186	2,694,189
End of year	<u>\$ 225,016</u>	<u>\$ 18,335</u>	<u>\$ 378,921</u>	<u>\$ 1,528,137</u>



Hillcrest Bridge District	Residential Development Allocation	Total
\$ 868	\$ 150	\$ 24,186
-	-	1,121,283
36,830	-	109,745
-	21,000	35,978
<u>37,698</u>	<u>21,150</u>	<u>1,291,192</u>
261	-	521,249
-	58,691	58,691
-		2,866,130
<u>261</u>	<u>58,691</u>	<u>3,446,070</u>
<u>37,437</u>	<u>(37,541)</u>	<u>(2,154,878)</u>
-	-	921,810
-	-	921,810
37,437	(37,541)	(1,233,068)
<u>77,208</u>	<u>33,655</u>	<u>3,494,236</u>
<u>\$ 114,645</u>	<u>\$ (3,886)</u>	<u>\$ 2,261,168</u>

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City of Antioch
Budgetary Comparison Schedule
Capital Improvement Capital Projects Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 800	\$ 800	\$ -	\$ (800)
Revenue from other agencies	804,894	1,116,144	1,116,144	-
Current service charges	5,000	19,566	27,275	7,709
Other	10,000	15,978	13,978	(2,000)
Total revenues	<u>820,694</u>	<u>1,152,488</u>	<u>1,157,397</u>	<u>4,909</u>
EXPENDITURES:				
Current:				
Public works	28,824	442,501	442,501	-
Capital outlay	1,104,894	1,219,573	1,216,580	2,993
Total expenditures	<u>1,133,718</u>	<u>1,662,074</u>	<u>1,659,081</u>	<u>2,993</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(313,024)</u>	<u>(509,586)</u>	<u>(501,684)</u>	<u>7,902</u>
OTHER FINANCING SOURCES:				
Transfers in	300,000	431,810	431,810	-
Total other financing sources	<u>300,000</u>	<u>431,810</u>	<u>431,810</u>	<u>-</u>
Net change in fund balances	<u>\$ (13,024)</u>	<u>\$ (77,776)</u>	<u>(69,874)</u>	<u>\$ 7,902</u>
FUND BALANCES:				
Beginning of year			<u>294,890</u>	
End of year			<u>\$ 225,016</u>	

City of Antioch
Budgetary Comparison Schedule
Prewett Community Park Capital Projects Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ -	\$ 1,300	\$ 1,529	\$ 229
Revenue from other agencies	-	102,634	5,139	(97,495)
Total revenues	-	103,934	6,668	(97,266)
EXPENDITURES:				
Public works	-	5,441	5,441	-
Capital outlay	-	102,634	-	102,634
Total expenditures	-	108,075	5,441	102,634
REVENUES OVER (UNDER) EXPENDITURES	-	(4,141)	1,227	5,368
Net change in fund balances	\$ -	\$ (4,141)	1,227	\$ 5,368
FUND BALANCES:				
Beginning of year			17,108	
End of year			\$ 18,335	

City of Antioch
Budgetary Comparison Schedule
Hillcrest District #26 Capital Projects Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 800	\$ 2,100	\$ 3,218	\$ 1,118
Total revenues	800	2,100	3,218	1,118
EXPENDITURES:				
Public works	1,119	691	1,483	(792)
Capital outlay	200,000	-	-	-
Total expenditures	201,119	691	1,483	(792)
REVENUES OVER (UNDER) EXPENDITURES	(200,319)	1,409	1,735	326
Net change in fund balances	\$ (200,319)	\$ 1,409	1,735	\$ 326
FUND BALANCES:				
Beginning of year			377,186	
End of year			\$ 378,921	

City of Antioch
Budgetary Comparison Schedule
Lone Diamond Capital Projects Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 1,000	\$ 15,000	\$ 18,421	\$ 3,421
Revenue from other agencies	2,400,000	-	-	-
Current service charges	20,000	46,292	45,640	(652)
Others	-	1,000	1,000	-
Total revenues	<u>2,421,000</u>	<u>62,292</u>	<u>65,061</u>	<u>2,769</u>
EXPENDITURES:				
Public works	106,961	89,317	71,563	17,754
Capital outlay	3,000,000	1,853,718	1,649,550	204,168
Total expenditures	<u>3,106,961</u>	<u>1,943,035</u>	<u>1,721,113</u>	<u>221,922</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(685,961)</u>	<u>(1,880,743)</u>	<u>(1,656,052)</u>	<u>224,691</u>
OTHER FINANCING SOURCES:				
Transfers in	-	490,000	490,000	-
Total other financing sources	<u>-</u>	<u>490,000</u>	<u>490,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (685,961)</u>	<u>\$ (1,390,743)</u>	<u>\$ (1,166,052)</u>	<u>\$ 224,691</u>
FUND BALANCES:				
Beginning of year			<u>2,694,189</u>	
End of year			<u>\$ 1,528,137</u>	

City of Antioch
Budgetary Comparison Schedule
Hillcrest Bridge District Capital Projects Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ 250	\$ 600	\$ 868	\$ 268
Current service charges	-	32,771	36,830	4,059
Total revenues	<u>250</u>	<u>33,371</u>	<u>37,698</u>	<u>4,327</u>
EXPENDITURES:				
Public works	<u>275</u>	<u>275</u>	<u>261</u>	<u>14</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(25)</u>	<u>33,096</u>	<u>37,437</u>	<u>4,341</u>
Net change in fund balances	<u>\$ (25)</u>	<u>\$ 33,096</u>	<u>37,437</u>	<u>\$ 4,341</u>
FUND BALANCES:				
Beginning of year			<u>77,208</u>	
End of year			<u>\$ 114,645</u>	

City of Antioch
Budgetary Comparison Schedule
Residential Development Allocation Capital Projects Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income and rentals	\$ -	\$ 145	\$ 150	\$ 5
Others	-	28,000	21,000	(7,000)
Total revenues	<u>-</u>	<u>28,145</u>	<u>21,150</u>	<u>(6,995)</u>
EXPENDITURES:				
Community development	14,970	61,800	58,691	3,109
Total expenditures	<u>14,970</u>	<u>61,800</u>	<u>58,691</u>	<u>3,109</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(14,970)</u>	<u>(33,655)</u>	<u>(37,541)</u>	<u>(3,886)</u>
Net change in fund balances	<u>\$ (14,970)</u>	<u>\$ (33,655)</u>	<u>(37,541)</u>	<u>\$ (3,886)</u>
FUND BALANCES:				
Beginning of year			<u>33,655</u>	
End of year			<u>\$ (3,886)</u>	

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

Vehicle Repair and Replacement

This fund accounts for the maintenance and replacement of vehicles and equipment used by all City departments. The source of revenue for this fund is rental fees charged to the various departments.

Office Equipment Replacement

This fund accounts for the costs incurred for the operation, maintenance, and replacement of office equipment used by City departments. The source of revenue for this fund is rental fees charged to the various user departments.

Loss Control Fund

These funds are used to pay workers' compensation insurance premiums and the salary of the administrative analyst.

Post Retirement Medical

This fund was used to pay post retirement medical benefits for retirees under the following categories: Miscellaneous, Police, and Management employees. The funds were reclassified to Special Revenue Funds in fiscal year 2014.

City of Antioch
Combining Statement of Net Position
Internal Services Funds
June 30, 2014

	Vehicle Repair & Replacement	Office Equipment Replacement	Post Retirement Medical		
			Miscellaneous	Police	Management
ASSETS					
Current assets:					
Cash and investments	\$ 1,532,137	\$ 1,441,367	\$ -	\$ -	\$ -
Accounts receivable, net	7,884	5,085	-	-	-
Due from other funds	-	106,469	-	-	-
Materials, parts and supplies	137,136	-	-	-	-
Prepaid items	-	3,493	-	-	-
Total current assets	<u>1,677,157</u>	<u>1,556,414</u>	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent assets:					
Capital assets:					
Vehicles and equipment	8,334,249	2,752,782	-	-	-
Less accumulated depreciation	<u>(6,704,836)</u>	<u>(2,288,741)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net capital assets	<u>1,629,413</u>	<u>464,041</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>3,306,570</u>	<u>2,020,455</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	139,938	25,476	-	-	-
Accrued payroll	12,362	29,905	-	-	-
Current portion of compensated absences	<u>3,235</u>	<u>7,738</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>155,535</u>	<u>63,119</u>	<u>-</u>	<u>-</u>	<u>-</u>
Long-term liabilities:					
Compensated absences	<u>29,117</u>	<u>69,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>29,117</u>	<u>69,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>184,652</u>	<u>132,759</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	1,629,413	464,041	-	-	-
Unrestricted	<u>1,492,505</u>	<u>1,423,655</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 3,121,918</u>	<u>\$ 1,887,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Loss	
Control	Total
\$ 47,911	\$ 3,021,415
1,000	13,969
-	106,469
-	137,136
-	3,493
<u>48,911</u>	<u>3,282,482</u>
-	11,087,031
-	<u>(8,993,577)</u>
-	2,093,454
<u>48,911</u>	<u>5,375,936</u>
-	165,414
-	42,267
-	<u>10,973</u>
-	<u>218,654</u>
-	98,757
-	<u>98,757</u>
-	<u>317,411</u>
-	2,093,454
<u>48,911</u>	<u>2,965,071</u>
<u>\$ 48,911</u>	<u>\$ 5,058,525</u>

City of Antioch
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Services Funds
For the Fiscal Year Ended June 30, 2014

	Vehicle Repair & Replacement	Office Equipment Replacement	Post Retirement Medical		
			Miscellaneous	Police	Management
OPERATING REVENUES:					
Taxes - Measure C	\$ 50,902	\$ -	\$ -	\$ -	\$ -
Charges for services	1,973,623	1,349,009	-	-	-
Other revenue	45,482	-	-	2,724,468	-
Total operating revenues	2,070,007	1,349,009	-	2,724,468	-
OPERATING EXPENSES:					
Wages and benefits	342,300	792,876	536,948	26,221	964,159
Contractual services	148,138	401,258	-	-	-
Tools and supplies	551,138	331,061	-	-	-
Depreciation	439,538	53,745	-	-	-
Repairs and maintenance	302,882	39,160	-	-	-
Total operating expenses	1,783,996	1,618,100	536,948	26,221	964,159
OPERATING INCOME (LOSS)	286,011	(269,091)	(536,948)	2,698,247	(964,159)
NONOPERATING REVENUES (EXPENSES):					
Gain (loss) on sale of property	(1,971)	-	-	-	-
Investment income	9,134	10,292	-	-	-
Total nonoperating revenues	7,163	10,292	-	-	-
INCOME (LOSS) BEFORE CAPITAL					
CONTRIBUTIONS AND TRANSFERS	293,174	(258,799)	(536,948)	2,698,247	(964,159)
Transfers in	200,000	369,016	41,108	-	23,489
Transfers (out)	-	-	-	(4,965)	-
Net income (loss)	493,174	110,217	(495,840)	2,693,282	(940,670)
NET POSITION:					
Beginning of year	2,628,744	1,777,479	495,840	(2,693,282)	940,670
End of year	\$ 3,121,918	\$ 1,887,696	\$ -	\$ -	\$ -

Loss	
Control	Total
\$ -	\$ 50,902
1,370,128	4,692,760
-	2,769,950
<u>1,370,128</u>	<u>7,513,612</u>
-	2,662,504
1,305,374	1,854,770
1,136	883,335
-	493,283
-	342,042
<u>1,306,510</u>	<u>6,235,934</u>
<u>63,618</u>	<u>1,277,678</u>
-	(1,971)
<u>315</u>	<u>19,741</u>
<u>315</u>	<u>17,770</u>
63,933	1,295,448
-	633,613
-	(4,965)
63,933	1,924,096
<u>(15,022)</u>	<u>3,134,429</u>
<u>\$ 48,911</u>	<u>\$ 5,058,525</u>

City of Antioch
Combining Statement of Cash Flows
Internal Services Funds
For the Fiscal Year Ended June 30, 2014

	Vehicle Repair & Replacement	Office Equipment Replacement	Post Retirement Medical		
			Miscellaneous	Police	Management
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipt from other funds	\$ 2,062,123	\$ 1,357,277	\$ 519,505	\$ -	\$ 929,121
Cash payment to suppliers for goods and services	(890,693)	(742,326)	17,443	26,221	35,038
Cash payment to employees for services	(364,384)	(779,705)	(536,948)	(26,221)	(964,159)
Net cash provided by (used in) operating activities	807,046	(164,754)	-	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Due to other funds	-	-	(41,108)	-	(23,489)
Due from other funds	-	(31,665)	-	-	-
Transfers in	200,000	369,016	41,108	-	23,489
Transfers (out)	-	-	-	(4,965)	-
Net cash provided by (used in) noncapital financing activities	200,000	337,351	-	(4,965)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital asset additions	(175,253)	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(175,253)	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received (paid)	9,134	10,292	-	-	-
Net cash provided by (used in) investing activities	9,134	10,292	-	-	-
Net change in cash and cash equivalents	840,927	182,889	-	(4,965)	-
Cash and cash equivalents, beginning of year	691,210	1,258,478	-	4,965	-
Cash and cash equivalents, end of year	<u>\$ 1,532,137</u>	<u>\$ 1,441,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 286,011	\$ (269,091)	\$ (536,948)	\$ 2,698,247	\$ (964,159)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	439,538	53,745	-	-	-
Decrease (increase) in:					
Accounts receivable	(7,884)	8,268	-	-	-
Materials, parts, and supplies	22,574	-	-	-	-
OPEB asset	-	-	519,505	-	929,121
OPEB obligation	-	-	-	(2,724,468)	-
Prepaid items	-	23,476	17,443	26,221	35,038
Increase (decrease) in:					
Accounts payable	88,891	5,677	-	-	-
Accrued payroll	(17,499)	5,934	-	-	-
Accrued compensated absences	(4,585)	7,237	-	-	-
Net cash provided by (used in) operating activities	\$ 807,046	\$ (164,754)	\$ -	\$ -	\$ -

Loss Control	Total
\$ 1,369,128	\$ 6,237,154
(1,311,325)	(2,865,642)
-	(2,671,417)
57,803	700,095

(10,207)	(74,804)
-	(31,665)
-	633,613
-	(4,965)
(10,207)	522,179

-	(175,253)
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-	(175,253)
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315	19,741
315	19,741

47,911	1,066,762
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-	1,954,653
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\$ 47,911	\$ 3,021,415
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\$ 63,618	\$ 1,277,678
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-	493,283
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(1,000)	(616)
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-	22,574
---	--------

-	1,448,626
---	-----------

-	(2,724,468)
---	-------------

-	102,178
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(4,815)	89,753
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-	(11,565)
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-	2,652
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\$ 57,803	\$ 700,095
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AGENCY FUNDS

Agency Funds account for assets held by a governmental unit in the capacity of agent for individuals, governmental entities, and nonpublic organizations.

Employee Benefits

This fund serves as a clearing account for certain employee benefits. Funds come from payroll expenditures and are disbursed to the different employee benefit providers.

Storm Drain Districts D55 and D56

The City collects storm drain fees from developers and builders. This fund accounts for all the fees collected and sent to the County on quarterly basis. The City receives an administrative fee equal to 0.5% of the total fees collected.

Refundable Cash Bond

The Engineering Department requires developers to post a bond for certain projects. This fund serves as a holding account for the bonds issued and deposited in a noninterest bearing checking account.

Assessment District Without City Commitment

These funds account for all money collected to pay for debt service of the various assessment districts for which the City acts as paying agent but has no legal commitment or obligation.

Fire Protection

The City has entered into an agreement with the Contra Costa Consolidated Fire District whereby the City collects fire protection facility fees from developers based on the number of units built. Fees are to provide fire protection facilities only.

East County Water Management Association

The Governing Board of the East County Water Management Association has authorized the City to account for the financial operations of the association. The City's Finance Director uses this fund to record collections and disbursements of funds as authorized by the Association.

City of Antioch
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Employee Benefits				
Assets:				
Cash and investments	\$ 476,479	\$ 364,154	\$ (420,564)	\$ 420,069
Accounts receivable	-	37	-	37
Total assets	\$ 476,479	\$ 364,191	\$ (420,564)	\$ 420,106
Liabilities:				
Accounts payable	\$ 420,564	\$ 362,069	\$ (420,564)	\$ 362,069
Due to others	55,915	2,122	-	58,037
Total Liabilities	\$ 476,479	\$ 364,191	\$ (420,564)	\$ 420,106
Storm Drain Districts D55 & D56				
Assets:				
Cash and investments	\$ 2,242	\$ 568	\$ (2,242)	\$ 568
Liabilities:				
Accounts payable	\$ 2,242	\$ 568	\$ (2,242)	\$ 568
Refundable Cash Bond				
Assets:				
Cash and investments	\$ 666,495	\$ 738,615	\$ (702,555)	\$ 702,555
Liabilities:				
Due to others	\$ 666,495	\$ 738,615	\$ (702,555)	\$ 702,555
Assessment Districts Without City Commitment				
Assets:				
Cash and investments	\$ 698,279	\$ 675,704	\$ (286,593)	\$ 1,087,390
Assessment receivable	337,492	340,331	(337,492)	340,331
Interest receivable	58,563	18,061	(58,563)	18,061
Prepaid items	2,159	1,190	(2,159)	1,190
Restricted cash and investments	8,642,624	15,615,973	(20,484,067)	3,774,530
Total assets	\$ 9,739,117	\$ 16,651,259	\$ (21,168,874)	\$ 5,221,502
Liabilities:				
Due to others	\$ 9,739,117	\$ 16,651,259	\$ (21,168,874)	\$ 5,221,502

City of Antioch
Combining Statement of Changes in Assets and Liabilities
Agency Funds, Continued
For the Fiscal Year ended June 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Fire Protection				
Assets:				
Cash and investments	\$ 141,119	\$ 218,553	\$ (234,516)	\$ 125,156
	<u>\$ 141,119</u>	<u>\$ 218,553</u>	<u>\$ (234,516)</u>	<u>\$ 125,156</u>
Liabilities:				
Due to others	\$ 141,119	\$ 218,553	\$ (234,516)	\$ 125,156
Total liabilities	<u>\$ 141,119</u>	<u>\$ 218,553</u>	<u>\$ (234,516)</u>	<u>\$ 125,156</u>
ECWMA				
Assets:				
Cash and investments	\$ 2,252	\$ 4,161	\$ (1,144)	\$ 5,269
Liabilities:				
Due to others	\$ 2,252	\$ 4,161	\$ (1,144)	\$ 5,269
Total - All Agency Funds				
Assets:				
Cash and investments	\$ 1,986,866	\$ 2,001,755	\$ (1,647,614)	\$ 2,341,007
Accounts receivable	-	37	-	37
Assessment receivable	337,492	340,331	(337,492)	340,331
Interest receivable	58,563	18,061	(58,563)	18,061
Prepaid items	2,159	1,190	(2,159)	1,190
Restricted cash and investments	8,642,624	15,615,973	(20,484,067)	3,774,530
Total assets	<u>\$ 11,027,704</u>	<u>\$ 17,977,347</u>	<u>\$ (22,529,895)</u>	<u>\$ 6,475,156</u>
Liabilities:				
Accounts payable	\$ 422,806	\$ 362,637	\$ (422,806)	\$ 362,637
Due to others	10,604,898	17,614,710	(22,107,089)	6,112,519
Total liabilities	<u>\$ 11,027,704</u>	<u>\$ 17,977,347</u>	<u>\$ (22,529,895)</u>	<u>\$ 6,475,156</u>

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STATISTICAL SECTION

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF ANTIOCH
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$257,475	\$257,715	\$266,225	\$280,385	\$279,610	\$292,426	\$295,764	\$302,099	\$325,151	\$329,692
Restricted	34,636	37,170	39,373	44,710	46,710	44,812	48,611	43,431	43,227	41,108
Unrestricted	38,648	43,967	40,466	27,922	22,500	19,453	14,010	21,104	16,543	15,064
Total governmental activities net position	\$330,759	\$338,852	\$346,064	\$353,017	\$348,820	\$356,691	\$358,385	\$366,634	\$384,921	\$385,864
Business-type activities										
Net investment in capital assets	\$119,887	\$125,699	\$144,521	\$149,526	\$150,985	\$149,207	\$150,008	\$149,127	\$148,026	\$148,514
Restricted	3,629	3,644	2,414	2,655	2,456	1,673	1,476	1,554	1,432	0
Unrestricted	32,526	32,791	22,087	21,210	21,979	25,411	31,856	33,195	38,130	41,634
Total business-type activities net position	\$156,042	\$162,134	\$169,022	\$173,391	\$175,420	\$176,291	\$183,340	\$183,876	\$187,588	\$190,148
Primary government										
Net investment in capital assets	\$377,362	\$383,414	\$410,746	\$429,911	\$430,595	\$441,633	\$445,772	\$451,226	\$473,177	\$478,206
Restricted	38,265	40,814	41,788	47,365	49,166	46,485	50,087	44,985	44,659	41,108
Unrestricted	71,174	76,758	62,553	49,132	44,479	44,864	45,866	54,299	54,673	56,698
Total primary government net position	\$486,801	\$500,986	\$515,087	\$526,408	\$524,240	\$532,982	\$541,725	\$550,510	\$572,509	\$576,012

Source: City of Antioch Annual Financial Report

CITY OF ANTIOCH
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$7,510	\$6,560	\$9,038	\$8,926	\$9,338	\$7,379	\$6,640	\$6,736	\$5,937	\$8,802
Public works	15,349	14,254	15,109	15,764	19,452	13,305	16,147	13,671	17,438	15,359
Public safety	20,941	22,721	24,716	28,875	30,296	28,228	26,376	25,637	27,303	26,453
Parks and recreation	3,629	3,942	4,489	4,401	4,497	4,397	4,203	4,134	3,964	3,827
Community development	7,969	6,846	8,323	8,905	8,683	8,052	7,013	3,204	2,121	2,571
Interest on long-term liabilities	2,438	2,381	2,298	2,251	2,195	2,206	2,316	1,865	422	397
Total governmental activities	<u>57,836</u>	<u>56,704</u>	<u>63,973</u>	<u>69,122</u>	<u>74,461</u>	<u>63,567</u>	<u>62,695</u>	<u>55,247</u>	<u>57,185</u>	<u>57,409</u>
Business-type activities										
Water	18,043	17,827	20,415	23,087	22,900	20,371	18,948	25,244	23,123	25,751
Sewer	3,331	2,900	2,509	2,820	2,973	3,464	3,118	3,112	4,007	4,668
Marina	1,092	1,133	1,180	1,208	1,175	1,012	1,005	1,050	1,129	1,076
Prewett Water Park	1,708	1,845	1,922	2,089	2,299	2,084	1,740	1,762	1,878	1,920
Total business-type activities	<u>24,174</u>	<u>23,705</u>	<u>26,026</u>	<u>29,204</u>	<u>29,347</u>	<u>26,931</u>	<u>24,811</u>	<u>31,168</u>	<u>30,137</u>	<u>33,415</u>
Total primary government expenses	<u>82,010</u>	<u>80,409</u>	<u>89,999</u>	<u>98,326</u>	<u>103,808</u>	<u>90,498</u>	<u>87,506</u>	<u>86,415</u>	<u>87,322</u>	<u>90,824</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	55	50	2,548	1,645	2,850	2,536	1,360	1,474	1,642	1,824
Public works	1,559	1,180	993	3,012	1,572	2,895	3,369	2,429	1,745	3,152
Public safety	1,126	1,336	1,408	1,346	1,621	1,678	1,270	1,254	1,303	1,401
Community development	4,099	3,625	3,814	4,208	2,755	1,262	1,147	2,018	3,174	1,479
Other activities	2,269	2,541	2,779	687	637	646	560	701	700	789
Operating grants and contributions	5,706	5,609	7,303	7,772	6,136	5,971	9,846	9,802	8,742	5,879
Capital grants and contributions	19,409	4,088	2,974	7,856	8,789	17,425	8,568	1,896	2,308	8,118
Total governmental activities program revenues	<u>34,223</u>	<u>18,429</u>	<u>21,819</u>	<u>26,526</u>	<u>24,360</u>	<u>32,413</u>	<u>26,120</u>	<u>19,574</u>	<u>19,614</u>	<u>22,642</u>
Business-type activities:										
Fines, forfeitures and charges for services										
Water	19,018	19,364	20,906	20,842	20,180	19,293	21,687	23,395	25,129	25,907
Sewer	3,646	3,902	3,744	3,738	3,816	4,050	4,320	4,453	4,523	4,714
Marina	163	763	749	807	811	711	658	681	645	591
Prewett Water Park	703	825	812	835	955	927	1,040	910	854	866
Capital grants and contributions:										
Water	4,443	2,535	1,532	2,449	1,214	918	1,159	939	1,328	1,008
Sewer	6,105	2,394	2,276	2,714	1,397	714	1,004	393	524	1,193
Marina	0	0	0	0	0	0	0	0	747	304
Total business-type activities program revenues	<u>34,078</u>	<u>29,783</u>	<u>30,019</u>	<u>31,385</u>	<u>28,373</u>	<u>26,613</u>	<u>29,868</u>	<u>30,771</u>	<u>33,750</u>	<u>34,583</u>
Total primary government program revenues	<u>68,301</u>	<u>48,212</u>	<u>51,838</u>	<u>57,911</u>	<u>52,733</u>	<u>59,026</u>	<u>55,988</u>	<u>50,345</u>	<u>53,364</u>	<u>57,225</u>
Net (expense)/revenue										
Governmental activities	-23,613	-38,275	-42,154	-42,596	-50,101	-31,154	-36,575	-35,673	-37,571	-34,767
Business-type activities	9,904	6,078	3,993	2,181	-974	-318	5,057	-397	3,613	1,168
Total primary government net expense	<u>-13,709</u>	<u>-32,197</u>	<u>-38,161</u>	<u>-40,415</u>	<u>-51,075</u>	<u>-31,472</u>	<u>-31,518</u>	<u>-36,070</u>	<u>-33,958</u>	<u>-33,599</u>

CITY OF ANTIOCH
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands) - Continued

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes										
In Net Position										
Governmental activities:										
Taxes:										
Property taxes	14,074	15,912	18,284	18,576	17,927	15,381	14,425	10,638	6,752	7,340
Transient lodging tax	308	327	372	360	242	113	80	120	116	136
Franchise	2,055	2,410	2,889	3,595	3,466	4,172	3,901	4,166	4,042	4,188
Business license fees based on gross receipts	1,075	1,194	1,150	1,243	1,024	1,084	1,010	1,048	1,165	1,172
Property transfer taxes	989	875	508	333	432	344	255	283	313	363
Sales and use tax	10,945	11,071	11,843	11,725	9,909	9,476	9,340	10,476	11,074	12,532
Motor vehicle in lieu	5,969	9,039	8,031	8,356	7,538	5,928	5,823	5,025	4,977	5,330
Park in lieu	682	586	283	148	388	49	45	215	443	338
Investment income not restricted	1,802	1,522	3,237	3,508	2,042	595	454	355	177	305
Other	1,224	3,187	2,344	2,391	3,900	1,881	2,867	2,765	3,761	3,956
Contribution from Successor Agency Trust	0	0	0	0	0	0	0	638	0	0
Extraordinary items - Redevelopment Dissolution	0	0	0	0	0	0	0	7,719	0	0
Transfers	1,208	1,089	426	-687	-965	3	69	473	183	191
Total government activities	40,331	47,212	49,367	49,548	45,903	39,026	38,269	43,921	33,003	35,851
Business-type activities:										
Investment income not restricted	1,404	815	1,590	1,305	825	360	349	315	204	392
Other	59	288	305	193	1,214	831	1711	1091	78	1,190
Transfers	-1,208	-1,089	-426	687	965	-3	-69	-473	-183	-191
Total business type activities	255	14	1,469	2,185	3,004	1,188	1,991	933	99	1,391
Total primary government	40,586	47,226	50,836	51,733	48,907	40,214	40,260	44,854	33,102	37,242
Change in Net Position										
Governmental activities	16,718	8,937	7,213	6,952	-4,198	7,872	1,694	8,248	-4,568	1,084
Business-type activities	10,159	6,092	5,462	4,366	2,030	870	7,048	536	3,712	2,559
Total primary government	\$26,877	\$15,029	\$12,675	\$11,318	-\$2,168	\$8,742	\$8,742	\$8,784	-\$856	\$3,643

Source: City of Antioch Financial Report

CITY OF ANTIOCH
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$167	\$48	\$239	\$872	\$894	\$259	\$ -	\$ -	\$ -	\$ -
Unreserved	6,074	8,686	11,694	8,534	4,392	5,488	-	-	-	-
Nonspendable	-	-	-	-	-	-	34	60	91	206
Committed	-	-	-	-	-	-	102	94	602	1,497
Assigned	-	-	-	-	-	-	92	298	277	126
Unassigned	-	-	-	-	-	-	6,557	8,037	9,140	9,006
Total general fund	\$6,241	\$8,734	\$11,933	\$9,406	\$5,286	\$5,747	\$6,785	\$8,489	\$10,110	\$10,835
All other governmental funds										
Reserved	\$18,597	\$20,473	\$23,095	\$22,507	\$15,430	\$13,428	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	17,049	16,206	13,409	14,912	18,253	20,496	-	-	-	-
Capital projects funds	11,351	12,175	6,611	2,912	3,767	2,034	-	-	-	-
Nonspendable	-	-	-	-	-	-	3,562	35	363	142
Restricted	-	-	-	-	-	-	21,494	23,294	22,447	20,807
Committed	-	-	-	-	-	-	5,566	6,017	3,446	2,869
Assigned	-	-	-	-	-	-	4,675	4,636	3,521	2,296
Unassigned	-	-	-	-	-	-	(2,412)	-	-	(4)
Total all other governmental funds	\$46,997	\$48,854	\$43,115	\$40,331	\$37,450	\$35,958	\$32,885	\$33,982	\$29,777	\$26,110

Note: Fiscal years 2002 through 2010 are pre-implementation of GASB 54. Fiscal year 2011 represents new fund balance classifications post implementation of GASB 54.

Source: City of Antioch Annual Financial Report

CITY OF ANTIOCH
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$37,293	\$42,675	\$44,917	\$45,979	\$42,165	\$37,744	\$37,384	\$34,424	\$30,792	\$34,300
Licenses and permits	1,763	1,684	1,463	1,400	735	857	798	1,096	1,655	1,303
Fines and penalties	392	376	301	214	362	306	189	154	142	146
Investment income and rentals	1,547	1,991	3,480	3,794	2,491	1,380	1,064	1,065	1,437	1,520
Revenue from other agencies	4,063	4,457	5,722	7,756	10,667	20,602	14,699	8,470	9,952	10,244
Current service charges	5,737	5,361	13,229	11,614	11,106	9,418	8,391	8,323	8,112	10,335
Special assessment revenue	2,379	2,699	2,845	2,802	2,731	2,793	2,775	2,879	2,850	2,904
Contribution from Successor Agency Trust	0	0	0	0	0	0	0	638	0	0
Other	13,076	3,768	1,634	1,575	3,852	1,161	2,253	2,315	1,238	1,754
Total Revenues	66,250	63,011	73,591	75,134	74,109	74,261	67,553	59,364	56,178	62,506
Expenditures										
Current:										
General government	5,993	7,434	8,738	8,331	8,976	6,971	6,073	5,702	5,331	6,357
Public works	8,748	7,586	9,233	9,269	12,888	7,159	8,587	6,652	7,803	8,450
Public safety	20,209	22,413	26,159	29,629	31,202	29,340	26,928	26,065	26,959	28,786
Parks and recreation	3,251	3,560	4,365	4,076	4,023	3,776	3,594	3,641	3,209	3,331
Community development	8,939	8,902	10,557	11,390	11,308	9,685	8,856	3,968	3,094	3,005
Capital outlay	6,853	6,140	13,739	13,840	8,176	20,331	13,183	4,614	10,753	14,562
Debt service:										
Principal retirement	957	1,377	1,249	1,170	1,255	1,345	1,764	2,115	509	536
Interest	2,391	2,337	2,271	2,219	2,167	2,133	2,290	1,999	412	390
Fiscal charges	15	15	15	16	14	14	19	18	9	6
Bond issuance costs	0	0	0	0	0	29	0	0	0	0
Total Expenditures	57,356	59,764	76,326	79,940	80,009	80,783	71,294	54,774	58,079	65,423
Excess (deficiency) of revenues over (under) expenditures	8,894	3,247	-2,735	-4,806	-5,900	-6,522	-3,741	4,590	-1,901	-2,917
Other financing sources (uses)										
Transfers in	10,653	10,573	12,208	13,212	13,130	12,380	11,264	9,438	6,355	7,408
Transfer out	(9,483)	(9,471)	(12,011)	(13,717)	(14,231)	(11,147)	(11,430)	(9,285)	(6,397)	(7,433)
Capital lease	0	0	0	0	0	2,177	1,873	0	0	0
Proceeds of bonds	0	0	0	0	0	2,081	0	0	0	0
Extraordinary item	0	0	0	0	0	0	0	(1,942)	0	0
Total other financing sources (uses)	<u>1,170</u>	<u>1,102</u>	<u>197</u>	<u>(505)</u>	<u>(1,101)</u>	<u>5,491</u>	<u>1,707</u>	<u>(1,789)</u>	<u>(42)</u>	<u>(25)</u>
Net change in fund balances	\$10,064	\$4,349	-\$2,538	-\$5,311	-\$7,001	-\$1,031	-\$2,034	\$2,801	-\$1,943	-\$2,942
Debt service as a percentage of non-capital expenditures	6.63%	6.93%	5.62%	5.13%	4.76%	5.75%	6.98%	8.20%	1.95%	1.82%

Source: City of Antioch Annual Financial Report

CITY OF ANTIOCH
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years - General Fund
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Sales Tax Measure C (1)	Motor Vehicle In Lieu Tax (VLF)	Gax Tax	Transient Lodging Tax	Franchise Taxes	Business License Tax	Property Transfer Tax	Total
2005	14,074	10,945	0	5,969	1,878	308	2,055	1,075	989	37,293
2006	15,912	11,071	0	9,039	1,848	327	2,410	1,194	875	42,676
2007	18,284	11,843	0	8,031	1,840	372	2,888	1,151	508	44,917
2008	18,577	11,725	0	8,355	1,790	170	3,596	1,243	333	45,789
2009	17,927	9,909	0	7,537	1,627	242	3,466	1,024	432	42,164
2010	15,381	9,476	0	5,928	1,660	113	3,757	1,084	344	37,743
2011	14,425	9,340	0	5,823	2,550	80	3,900	1,010	255	37,383
2012	10,638	10,476	0	5,025	2,876	120	3,958	1,048	283	34,424
2013	6,752	11,074	0	4,977	2,353	116	4,042	1,165	313	30,792
2014	7,340	11,587	899	5,330	3,286	136	4,188	1,171	363	34,300

(1) Measure C became effective April 1, 2014

Source: City of Antioch Annual Financial Report

CITY OF ANTIOCH
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Total Secured Tax Roll	Unsecured Tax Roll	Less Homeowners' Exemptions	Less Other Tax Exempt Property	Total Taxable Assessed Value	Less Redevelopment Assessed Valuation	Value of Taxable Property
2005	7,650,995	169,357	-140,839	-187,641	7,491,872	-537,174	6,954,698
2006	8,609,319	179,497	-137,104	-191,490	8,460,222	-601,289	7,858,933
2007	9,883,012	183,270	-131,886	-197,614	9,736,782	-654,506	9,082,276
2008	10,949,191	178,902	-128,392	-533,214	10,466,487	-704,753	9,761,734
2009	10,108,077	224,814	-126,214	-674,711	9,531,966	-754,155	8,777,811
2010	8,011,789	235,898	-123,979	-687,894	7,435,814	-765,856	6,669,958
2011	7,662,034	220,183	-121,652	-691,413	7,069,152	-724,248	6,344,904
2012	7,155,541	205,339	-116,601	-683,407	6,560,872	-723,955	5,836,917
2013	7,109,642	196,571	-111,761	-696,290	6,498,162	-641,397	5,856,765
2014	7,616,910	189,173	-106,871	-711,013	6,988,199	-613,598	6,374,601

NOTE: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold.

California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount, by annual calculation, to all the taxing entities within a tax rate area. The City of Antioch includes 39 tax rate areas.

Source: Contra Costa County Certificate of Assessed Valuations

City of Antioch
Principal Property Taxpayers
FY 2013-14 Compared To FY 2004-05
(amounts expressed in thousands, except for Rank and Percentages)

2013-2014 Local Secured Assessed Valuation - \$7,616,909,819

Taxpayer	2014			2005		
	Total Secured Assessed Value (A)	Rank	Percentage of Total Secured Assessed Value	Total Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Kaiser Foundation Hospitals/Health Plan	414,663	1	5.444%	24,778	8	0.340%
Sutter East Bay Hospital	119,335	2	1.567%	22,767	9	0.310%
Sequoia Equities - Cross Pointe	33,356	3	0.438%			
Runaway Bay LLC	27,700	4	0.364%			
Camden Village LLC	20,467	5	0.269%	36,500	2	0.500%
Georgia-Pacific Gypsum LLC	19,880	6	0.261%			
Costco Wholesale Corporation	19,174	7	0.252%			
Lakeshore Antioch	18,668	8	0.245%			
Deer Creek Partnership	17,501	9	0.230%			
Lowe's HIW Inc	16,592	10	0.218%			
GWF Power Systems Limited Partnership	0.00		0.000%	54,169	1	0.730%
Shea Homes Limited Partnership	0.00		0.000%	29,796	5	0.410%
Fairfield Antioch LLC	0.00		0.000%	34,638	3	0.470%
Slatten Ranch LP	0.00		0.000%	21,368	10	0.290%
LB/L Duc III Antioch 330	0.00		0.000%	25,297	7	0.340%
Delta Square-Oxford LTD	0.00		0.000%	26,235	6	0.360%
Macerich Partnership	0.00		0.000%	33,047	4	0.450%
	<u>\$707,336</u>		<u>9.286%</u>	<u>\$308,595</u>		<u>4.200%</u>

The amounts shown above include assessed value data for both the City and the Antioch Development Agency

(A) Amounts listed for top ten taxpayers only.

Source: County Assessor's Office via ParcelQuest

**CITY OF ANTIOCH
PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Basic County Wide Levy	BART	East Bay Regional Park	Community College 2002 Bonds	Community College 2006 Bonds	Total
2005	1.0000	-	0.0057	0.0042	-	1.0099
2006	1.0000	0.0048	0.0057	0.0047	-	1.0152
2007	1.0000	0.0076	0.0080	0.0038	0.0070	1.0264
2008	1.0000	0.0076	0.0080	0.0038	0.0070	1.0264
2009	1.0000	0.0090	0.01	0.0040	0.0026	1.0256
2010	1.0000	0.0057	0.0108	0.0046	0.0080	1.0219
2011	1.0000	0.0031	0.0084	0.0049	0.0084	1.0248
2012	1.0000	0.0041	0.0071	0.0049	0.0095	1.0256
2013	1.0000	0.0043	0.0051	0.0047	0.0040	1.0181
2014	1.0000	0.0075	0.0078	0.0043	0.0090	1.0286

Source: Contra Cost County Assessors Office

City of Antioch
Property Tax Levies and Collections (1)
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	City Property Tax Levied and Collected	Development Agency Property Tax Levied and Collected	Total Tax Levied and Collected	Percentage of Levy Collected (3)	Value of City Property Subject To Local Tax Rate	Value of Development Agency Property Subject to Local Tax Rate	Total Value of Property Subject To Local Tax Rate
2005	19,088	5,750	24,838	100%	6,954,698	537,174	7,491,872
2006	18,435	6,583	25,018	100%	7,556,091	601,280	8,157,371
2007	21,028	7,015	28,043	100%	9,082,277	654,506	9,736,783
2008	20,865	7,375	28,240	100%	9,761,734	704,753	10,466,487
2009	19,704	7,952	27,656	100%	8,777,811	754,155	9,531,966
2010	16,940	7,759	24,699	100%	6,669,959	765,856	7,435,815
2011	16,574	7,348	23,922	100%	6,344,904	724,248	7,069,152
2012	14,187	3,877 (2)	18,064	100%	5,836,917	723,955	6,560,872
2013	15,919	0 (2)	15,919	100%	5,856,765	641,397	6,498,162
2014	16,765	0 (2)	16,765	100%	6,374,601	613,598	6,988,199

(1) Figures include data for property within the city, redevelopment project areas and for assessments.

(2) Figure represent taxes levied and collected for development agency through January 31, 2012 prior to dissolution of redevelopment with the passage of Abx 1 26, therefore no redevelopment levies after dissolution are provided to the City.

(3) Taxes collected are the same as the amounts levied because Contra Costa County follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to the County and other taxing agencies regardless of whether they are collected in the current year or not.

Source: Contra Costa County Assessed Valuation Report and Tax Reconciliation Sheet

City of Antioch
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
	Lease Revenue Bonds	Tax Allocation Bonds (3)	Capital Leases	Water Bonds	Marina Loans			
2005	29,826	14,690	524	8,374	4,150	57,564	0.83%	570
2006	29,696	13,840	117	6,609	4,044	54,306	0.69%	538
2007	29,523	12,955	-	4,780	3,932	51,190	0.56%	507
2008	29,309	12,035	-	4,160	3,816	49,320	0.51%	493
2009	29,054	11,070		3,525	3,695	47,344	0.54%	473
2010	28,754	12,141	2,177	2,869	3,568	49,509	0.74%	485
2011	28,369	10,981	3,867	2,195	3,436	48,848	0.77%	479
2012	27,934	-	3,541	1,511	3,297	36,283	0.62%	356
2013	5,002	-	3,192	770	3,152	12,116	0.21%	119
2014	4,841	-	2,821	0	3,001	10,663	0.17%	105

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Antioch Financial Report

- (1) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property.
- (2) Population data can be found in the Demographic and Economic Statistics schedule
- (3) Tax Allocation Bonds have become an obligation of the Successor Agency to the Antioch Development Agency and no longer on City books.

**City of Antioch
Ratios of General Bonded Debt Outstanding**

The City of Antioch has not had any outstanding general obligation bond debt since 2001-02.

CITY OF ANTIOCH
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$1,173,053	\$1,318,322	\$1,509,942	\$1,669,214	\$1,549,934	\$1,237,153	\$1,182,333	\$1,104,132	\$1,095,932	\$1,170,913
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	\$1,173,053	\$1,318,322	\$1,509,942	\$1,318,322	\$1,549,934	\$1,237,153	\$1,182,333	\$1,104,132	\$1,095,932	\$1,170,913
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2014

The following numbers are not expressed in thousands:
Assessed value \$6,988,198,559
Add back: exempt real property 817,884,789
Total assessed value 7,806,083,348

Debt limit (15% of total assessed value) 1,170,912,502
Debt applicable to limit:
General obligation bonds 0
Less: Amount set aside for repayment
of general obligation debt 0
Total net debt applicable to limit 0
Legal debt margin \$1,170,912,502

Source: City of Antioch Finance Department and Contra Costa County Certificate of Assessed Valuations for fiscal year 2012-13

Note: Beginning in Fiscal Year 2000-01, the City of Antioch did not have any general obligation debt. However, under State finance law, the City of Antioch's outstanding general obligation debt should not exceed 15% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**City of Antioch
Pledged Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	Water Revenue Bonds (1) (in thousands)						Special Assessment Bonds		
	Gross Water Charges And Other	Less: Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Debt Service Coverage	Special Assessment Collections (2)	Outstanding (in thousands)	
				Principal	Interest			Hillcrest	Lone Diamond
2005	19,665	15,814	3,851	1,700	320	1.91%	11,860,106	5,030	64,115
2006	20,279	15,705	4,574	1,785	250	2.25%	8,015,198	3,410	59,935
2007	22,264	18,297	3,967	1,850	181	1.95%	7,546,480	1,708	51,020
2008	21,796	20,174	1,622	640	142	2.07%	7,550,756	-	46,795
2009	21,585	19,804	1,781	655	126	2.28%	7,464,602	-	41,170
2010	20,226	17,390	2,836	675	108	3.62%	7,401,685	-	35,045
2011	22,103	16,609	5,494	695	88	7.02%	7,476,123	-	26,905
2012	23,652	22,924	728	720	66	0.93%	7,425,102	-	20,905
2013	25,369	20,628	4,741	745	41	6.03%	7,436,553	-	13,915
2014	27,297	23,328	3,969	770	14	5.06%	7,472,192	-	2,405

(1) Details regarding the City of Antioch's outstanding debt can be found in the notes to the financial statements. Water Charges and Other includes investment earnings but not tap fees. Operating expenses do not include interest or depreciation.

(2) Special Assessment Debt without City Commitment: The City is the collecting and paying agent for other special assessment debt, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in the City's financial statements. Cash held by the City on behalf of these districts is recorded in the Agency Funds of the City.

Source: City of Antioch Financial Statements

CITY OF ANTIOCH
Direct and Overlapping Debt
June 30, 2014

2013-14 Assessed Valuation	\$6,988,198,559
Antioch Development Agency Incremental Valuation:	613,597,974
Adjusted Assessed Valuation:	<u>\$6,374,600,585</u>

JURISDICTION	Total Debt 6/30/2014	Percent Applicable (1)	City's Share of Debt 6/30/2014
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Bay Area Rapid Transit District	\$648,275,000	1.350%	\$8,751,713
Contra Costa Community College District	343,945,000	4.843%	16,657,256
Antioch Unified School District Schools Facilities Improvement District No. 1	64,662,391	76.711%	49,603,167
Liberty Union High School District	51,005,000	2.384%	1,215,959
Brentwood Union School District	46,599,704	4.401%	2,050,853
City of Antioch 1915 Act Bonds	2,405,000	100.000%	2,405,000
East Bay Regional Park District	202,210,000	2.084%	4,214,056
Antioch Area Community Facilities District No. 1989-1	37,905,000	100.000%	37,905,000 (3)
Total Overlapping Tax and Assessment Debt			<u>\$122,803,004</u>
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$28,784,977	100.000%	\$28,784,977
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Direct Debt:			
City of Antioch Capital Lease	\$2,820,589	100.000%	\$2,820,589
City of Antioch Lease Revenue Bonds	4,841,262	100.000%	4,841,262
Subtotal Direct General Fund Debt			<u>\$7,661,851</u>
Overlapping Debt:			
Contra Costa County General Fund Obligations	\$274,600,304	4.824%	\$13,246,719
Contra Costa County Pension Obligation Bonds	258,500,000	4.824%	12,470,040
Contra Costa Community College District Certificates of Participation	700,000	4.843%	33,901
Antioch Unified School District Certificates of Participation	18,265,000	83.486%	15,248,718
Brentwood Union School District Certificates of Participation	2,003,079	4.401%	88,156
Contra Costa Fire Protection District Pension Obligation Bonds	99,945,000	10.454%	10,448,250
Subtotal gross overlapping General Fund Debt			<u>\$51,535,783</u>
Less: Contra Costa County Obligations supported from revenue funds			5,245,426
Subtotal net overlapping General Fund Debt			<u>\$46,290,357</u>
COMBINED TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$53,952,208 (2)</u>
COMBINED TOTAL NET DEBT			<u><u>\$205,540,190 (2)</u></u>

NOTES:

- (1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's taxable assessed value. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease and pension obligations
- (3) Includes \$12,490,000 to be called in 8/14.

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt: 1.76%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$7,661,851): 0.12%

Gross Combined Total Debt: 3.3%

Net Combined Total Debt: 3.22%

Ratios to Redevelopment Successor Agency Incremental Valuation:

Total Overlapping Tax Increment Debt: 4.69%

Source: California Municipal Statistics, Inc.

**City of Antioch
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>City of Antioch Population(1)</u>	<u>Contra Costa County Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2005	100,913	999,013	51,534,263	51,585	5.3%
2006	100,163	1,000,834	55,318,933	55,237	5.3%
2007	100,150	1,009,152	58,043,926	57,518	5.3%
2008	100,361	1,023,344	59,914,142	58,547	7.6%
2009	100,957	1,037,890	55,781,843	53,745	12.20%
2010	102,330	1,052,605	57,700,398	54,817	12.80%
2011	103,054	1,066,096	60,778,675	57,011	12.50%
2012	103,833	1,065,117	66,544,007	61,638	10.20%
2013	105,117	1,074,702	*	*	8.70%
2014	106,455	1,087,008	*	*	6.90%

*No Data Available

Data Sources:

(1) State Department of Finance

(2) U.S. Department of Commerce, Bureau of Economic Analysis (data shown is for Contra Costa County)

- Last updated: 11/26/12 - new estimates for 2011; revised estimates for 2009-2010.

(3) State of California Employee Development Dept., Labor Market Info, Data Library

**City of Antioch
Principal Employers
Current Year and Nine Years Ago**

Employer	2014		2005	
	Approx. Number of Employees¹	Percentage Of Total City Employment	Number of Employees	Percentage Of Total City Employment
Kaiser Permanente	2,169	4.31%	663	1.38%
Antioch Unified School District	1,699	3.38%	1,882	3.92%
Sutter Delta Medical Center ²	1,200	2.39%	804	1.68%
Contra Costa County Social Services	525	1.04%	500	1.04%
Wal-Mart	277	0.55%	408	0.85%
Target	325	0.65%	-	0.00%
Costco	270	0.54%	190	0.40%
City of Antioch	243	0.48%	362	0.75%
Antioch Auto Center	240	0.48%	-	0.00%
Safeway	143	0.28%	200	0.42%
Long's Drugs (corporate office)	-	0.00%	255	0.53%
Mervyn's	-	0.00%	210	0.44%

¹ As of 9/17/14 Source: City of Antioch Economic Development Department

² Includes contract employees

**City of Antioch
Operating Indicators by Function
Last Ten Fiscal Years**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	4,872	4,983	6,471 (1)	6,734	7,288	5,990	4,830	4,296	4,047	4,018
Parking violations*	1,985	3,334	2,256 (1)	1,188	1,391	1,241	963	1,310	1,319	2,318
Traffic violations*	7,440	8,749	4,703 (1)	7,049	12,664	5,905	3,320	2,123	1,396	1,479
Sworn Officers	114	118	125	126	126	126	126	126	126	87 (3)
Reserve Personnel	11	5	4	4	4	4	4	4	3	3
Support Personnel	47	55	58	59	59	59	59	59	59	26 (3)
Highways and streets										
Street resurfacing, sq ft	207,800	137,100	209,269	128,685	387,760	164,929	879,575	711,900	105,820	1,408,525
Potholes repaired	3,574	3,702	2,022	3,076	170	n/a	(2)	(2)	(2)	(2)
Culture and recreation										
Athletic sports complex admissions	27,775	29,831	32,693	31,429	33,650	33,640	40,000	41,500	42,000	60,000
Community center admissions										
Nick Rodriguez Community Center	960,717	946,667	819,324	558,624	173	314,731	127,545	46,233	10,500	12,800
Antioch Community Center	NA	NA	NA	NA	NA	NA	150,937	234,102	384,602	213,000
Prewett Community Center	133,234	161,572	133,138	129,250	120,121	80,591	80,041	83,556	68,766	92,000
Water										
New connections	392	351	209	236	170	207	139	169	289	206
Water main breaks	2	13	25	18	18	28	17	39	36	22
Average daily consumption (thousands of gallons)	18,591	17,703***	18,473	19,519	17,195	15,190	15,539	16,043	16,478	16,221
Sewer**										
New connections	176	310	166	184	140	181	106	144	259	180

(1) Of the City's 5 Traffic Unit Officers, one Traffic Unit Officer was transferred to patrol in July 2006 and four were transferred to patrol in October 2006. Therefore, there was an increase in physical arrests and decreases in traffic and parking violations.

(2) The City no longer tracks this data.

(3) 2014 represents total funded positions only. 2013 and prior years data includes frozen positions.

*Parking and Traffic violations were combined until 2004/05

**The City does not process daily sewage - it maintains the sewer line that connects to the main sewer. Delta Diablo Sanitation District is responsible for sewage treatment.

***Fiscal Year 2005/06 was a very wet year for the City of Antioch; therefore, less water was consumed.

Source: Various City Departments

CITY OF ANTIOCH
FULL TIME CITY EMPLOYEES
BY FUNCTION

Last Ten Fiscal Years

FUNCTION	2005	2006	2007	2008⁴	2009⁴	2010⁴	2011⁴	2012⁴	2013⁴	2014³
General government	55	45	51	50	52	52	52	52	46	25
Public safety ¹										
Sworn Police Officers	114	118	126	126	126	126	126	126	126	87
Community Service Officers	18	17	19	20	20	20	20	20	20	4
Administrative Staff	36	36	39	39	39	39	39	39	39	30
Public works	34	41	41	42	42	54	55	60	63	39
Community Development	38	40	47	43	42	30	30	30	28	10
Capital Improvement ²	-	-	-	5	5	5	5	-	-	-
Recreation	18	18	18	18	18	18	18	18	16	8
Water	39	38	38	41	41	41	41	41	47	47
Wastewater	7	12	12	15	15	15	15	15	21	21
Total employees	359	365	391	399	400	400	401	401	406	271

¹ Fire services are provided by Contra Costa Fire Protection District

² Capital Improvement was part of Community Development prior to 2008, and became part of Public Works in 2012

³ Data is only funded positions for fiscal year

⁴ Includes frozen positions

Source: City of Antioch budgets

**City of Antioch
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	NA	41	41	43	43	43	42	39	39	40
Fire Stations*	4	4	4	4	4	4	4	4	4	4
Highways and streets										
Streets (miles)	307.91	315.61	339.16	352.62	360.02	482.62	566.31	566.31	595.16	724.55
Streetlights	6,258	6,346	6,501	6,486	8,600	8,649	8,697	8,714	8,731	8,738
Traffic Signals, City Owned	41	42	42	99	100	101	101	101	102	102
Culture and recreation										
Parks acreage	306	306	308	308	308	308	308	308	328	237
Parks	31	31	32	33	33	33	33	33	33	33
Swimming pools	7	7	7	7	7	7	7	7	7	7
Community centers	3	3	3	3	3	3	4	4	4	4
Water										
Water lines (miles)	272.24	278.80	285.35	278.80	340.00	341.68	341.68	341.68	341.68	343.45
Number of water meters	30,474	30,825	30,683	31,061	31,231	30,931	31,468	31,254	31,583	31,803
Maximum daily treatment capacity (millions of gallons)	30.73	31.55	31.55	30.02	27.01	26.49	29.00	26.13	27.01	36.00
Fire hydrants	3,231	3,401	3,443	3,443	3,443	3,443	3,522	3,537	3,537	3,589
Sewer**										
Sanitary sewer lines (miles)	238.77	248.82	250.87	255.70	300.00	300.68	300.68	300.68	300.68	300.68
Number of sewer connections	29,004	29,314	29,480	29,664	29,804	29,535	29,657	29,818	30,171	30,377
Storm drains (miles)	144.36	150.75	157.14	161.42	220.00	221.01	221.01	221.01	221.01	221.46

*The City of Antioch's fire protection is provided by the Contra Costa Fire Protection District

**The City does not process daily sewage - it maintains the sewer line that connects to the main sewer. Delta Diablo Sanitation District is responsible for sewage treatment.

Sources: Various City departments.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council
of the City of Antioch
Antioch, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Antioch, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 8, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and Members of the City Council
of the City of Antioch
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi and Associates
Certified Public Accountants
Oakland, California
December 8, 2014



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2015

TO: Honorable Mayor and Members of the City Council

SUBMITTED BY: Dawn Merchant, Finance Director

SUBJECT: Single Audit Reports for the Fiscal Year Ended June 30, 2014

RECOMMENDED ACTION

It is recommended that the City Council receive and file the attached City of Antioch Single Audit Reports for the Fiscal Year Ended June 30, 2014.

STRATEGIC PURPOSE

This action meets Long Term Goal N, Financial Services; specifically addressing Strategy N-2 by ensuring financial reports are accurate and timely. The financial report was completed within six months of the fiscal year end.

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

As required by the Single Audit Act, governments that expend \$500,000 or more on federal awards must be audited to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the award. This year's audit report was completed by Badawi & Associates, Certified Public Accountants.

As stated in the report, no deficiencies in internal control over financial reporting considered to be material weaknesses were identified. One deficiency in internal control over compliance was identified as outlined on page 10 of the attached report in relation to allowable cost compliance for the Edward Byrne Justice Assistance Grant. Once made aware of the deficiency, the City immediately implemented corrective measures. Refer to page 10 of the report for the City's complete response to the finding.

ATTACHMENTS

A. City of Antioch Single Audit Reports for the Fiscal Year Ended June 30, 2014.

City of Antioch

Antioch, California

Single Audit Reports

For the year ended June 30, 2014

City of Antioch
Single Audit Reports
For the year ended June 30, 2014
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of City Council
of the City of Antioch
Antioch, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Antioch, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 8, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and Members of City Council
of the City of Antioch
Antioch, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates
Certified Public Accountants
Oakland, California
December 8, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and Members of City Council
of the City of Antioch
Antioch, California

Report on Compliance for Each Major Federal Program

We have audited the City of Antioch, California's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001, that we consider to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

To the Honorable Mayor and Members of City Council
of the City of Antioch
Antioch, California
Page 3

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Antioch, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 8, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Badawi and Associates
Certified Public Accountants
Oakland, California
December 8, 2014

City of Antioch
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2014

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
<i>Direct Program:</i>			
Community Development Block Grants Entitlement Cluster			
- Community Development Block Grant	14.218	B-12-MC06-0045	\$ 408,746
- Community Development Block Grant	14.218	B-13-MC06-0045	87,449
- ARRA- Community Development Block Grant- NSP	14.218	B-08-MN-06-0001	12,895
Total Community Development Block Grants Entitlement Cluster			509,090
Total U.S. Department of Housing & Urban Development			509,090
U.S. Department of Justice:			
<i>Direct Program:</i>			
- Bulletproof Vest Partnership Program	16.607		10,950
- COPS Hiring Recovery Grant	16.710	2012UMWX0018	143,990
<i>Passed through the Contra Costa County, Office of Sheriff</i>			
- Edward Byrne Justice Assistance Grant Program	16.738	2011	56,366
- Edward Byrne Justice Assistance Grant Program	16.738	2012	16,892
- Edward Byrne Justice Assistance Grant Program	16.738	2013	39,562
Total Edward Byrne Justice Assistance Grant Cluster			112,820
Total U.S Department of Justice			267,760
U.S. Department of Transportation			
<i>Passed through the California Department of Transportation</i>			
Highway Planning and Construction Cluster			
- Highway Planning and Construction	20.205	BHLS-5038(006)	6,910,714
Total Highway Planning and Construction Cluster			6,910,714
Total U.S. Department of Transportation			6,910,714
Total Expenditures of Federal Awards			\$ 7,687,564

City of Antioch
Single Audit Reports
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2014

1. REPORTING ENTITY

The City of Antioch (City) was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City uses the City Council/Manager form of government. The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following component units are included in the basic financial statements of the City.

- Public Financing Authority

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Funds received under the various grant programs have been recorded within general, special revenue, and capital projects funds of the City. The City utilizes the accrual basis of accounting for these funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the City's basic financial statements.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California and other local agencies. The Schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

City of Antioch
Single Audit Reports
Notes to the Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2014

3. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

Program Title	CFDA #	Subrecipients	Amount Paid
Community Development Block Grant	14.218	Senior Outreach Services (Meals on Wheels)	\$ 5,000
	14.218	Community Violence Solutions	5,000
	14.218	Contra Costa Senior Legal Services	5,000
	14.218	Senior Outreach Services - Care Mgr	5,000
	14.218	Ombudsman Svcs of Contra Costa (Complaint Resolution)	5,000
	14.218	CC Health Svcs Homelss Shelter	5,000
	14.218	Shelter Inc	10,000
	14.218	Bay Area Legal- Tenant/Landlord Counseling	10,000
	14.218	City of Antioch (Youth Recreation Programs)	14,489
	14.218	Antioch Chamber Community Foundation	14,324
	14.218	Antioch Senior Center	35,000
	14.218	OPTIC	50,000
	14.218	Code Enforcement	173,116
			Total

City of Antioch
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2014

A. Summary of Auditors' Results

Financial Statements

Types of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Any noncompliance material to the financial statements? None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in Accordance with section 510(a) of OMB Circular A-133 Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster	Expenditures
16.738	Edward Byrne Justice Assistance Program	\$ 112,820
20.205	Highway Planning and Construction	6,910,714
Total Expenditures of All Major Federal Programs		7,023,534

Dollar threshold used to distinguish between type A and type B program \$300,000

Auditee qualified as low-risk auditee under section 530 of OMB Circular A-133? Yes

City of Antioch
Single Audit Reports
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2014

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings were noted.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

2014-001 Allowable Costs/Cost Principles, Control Activities (Significant Deficiency) and Compliance

Program:

Edward Byrne Justice Assistance Grant: (CFDA Number 16.738, U.S. Department of Justice, Passed Through Contra Costa County – Office of the Sheriff)

Criteria:

According to the Office of Management and Budget Circular A-87, personnel costs should be supported by time studies or personnel activities reports/functional time cards.

Condition:

Auditors tested personnel costs billed to the grants and noted that the City did not use functional time cards or time studies to support hours billed to the grants.

Cause:

The City does not have effective controls in place to ensure all personnel costs are supported by time studies/time cards.

Effect:

Because of this deficiency, the City is not in full compliance with the Allowable Costs/Cost Principles compliance requirement.

Questioned Costs:

Auditors estimated total questioned costs to be \$56,278 for the fiscal year ended June 30, 2014.

Recommendation:

We recommend the City implement effective controls to ensure all personnel costs billed to the federal grants are supported by time studies/time cards.

View of Responsible Officials and Planned Corrective Action:

The City does in fact have controls in place to ensure personnel costs are supported by time cards, however, an automatic allocation of time to the grant was made based upon personnel estimates of time and the fact that Contra Costa County (the pass thru agency) did not require this. The City immediately stopped this practice upon notification of the finding and now requires actual hours worked on eligible grant expenditures to be marked on the timesheet submitted.

D. Prior Year Findings and Questioned Costs - Major Federal Award Program Audit

No findings were noted.



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2015

TO: Honorable Mayor and Members of the City Council

SUBMITTED BY: Scott Buenting, Associate Engineer, Capital Improvements Division *SB*

APPROVED BY: Ron Bernal, Public Works Director/City Engineer *REB*

SUBJECT: Maintenance Service Center Fueling System Improvements
(P.W. 143-Q)

RECOMMENDED ACTION

It is recommended that the City Council authorize the Director of Finance to increase Water Enterprise funding by \$4,263 and Sewer Enterprise funding by \$4,263 for this project and increase the existing contract with GEMS Environmental Management Services, Inc. by \$8,526 for a total contract amount of \$145,231.

It is recommended that the City Council adopt the attached resolution accepting work, authorizing the Public Works Director/City Engineer to File a Notice of Completion and authorizing the Director of Finance to make a final payment of \$8,099.15 plus retention of \$7,261.53 to be paid 35 days after recordation of the Notice of Completion.

STRATEGIC PURPOSE

This item supports Strategy K-1 in the Strategic Plan by ensuring well maintained public facilities and continuing to comply with regulatory requirements of state and federal agencies.

FISCAL IMPACT

The final construction contract price for this project is \$145,231 with funding divided evenly between the Water and Sewer Enterprise Funds.

DISCUSSION

On July 22, 2014, the City Council awarded a contract to GEMS Environmental Management Services, Inc. in the amount of \$136,705 for the replacement of the existing gas and diesel dispensers, fuel pump and piping and fuel monitoring system at the City's Maintenance Service Center. Additional work performed by the contractor included expanded concrete removal and the installation of additional electrical and communication facilities.

ATTACHMENTS

- A: Resolution Accepting Work
- B: Notice of Completion

ATTACHMENT "A"

RESOLUTION NO. 2015/
RESOLUTION ACCEPTING WORK AND DIRECTING
THE PUBLIC WORKS DIRECTOR/CITY ENGINEER
TO FILE A NOTICE OF COMPLETION AND AUTHORIZING FINAL
PAYMENT TO GEMS ENVIRONMENTAL MANAGEMENT SERVICES, INC. FOR THE
MAINTENANCE SERVICE CENTER FUELING SYSTEM IMPROVEMENTS
(P.W. 143-Q)**

WHEREAS, the Public Works Director/City Engineer, has certified the completion of all work provided to be done under and pursuant to the contract between the City of Antioch and GEMS Environmental Management Services, Inc. and;

WHEREAS, it appears to the satisfaction of this City Council that said work under said contract has been fully completed and done as provided in said contract and the plans and specifications therein referred to;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Antioch, that:

1. The above-described work is hereby accepted.
2. The Public Works Director/City Engineer is directed to execute and file for record with the County Recorder, County of Contra Costa, a Notice of Completion thereof.
3. The Director of Finance is hereby directed to pay the Contractor a final payment in the amount of \$8,099.15 plus retention of \$7,261.53 to be paid 35 days after recordation of the Notice of Completion.

* * * * *

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Antioch at a regular meeting thereof held on the 13th day of January, 2015 by the following vote:

AYES:

NOES:

ABSENT:

**ARNE SIMONSEN
CITY CLERK OF THE CITY OF ANTIOCH**

ATTACHMENT "B"

Recorded at the request
of and for the benefit
of the City of Antioch

When recorded, return
to City of Antioch
Capital Improvements Department
P.O. Box 5007
Antioch, CA 94531-5007

NOTICE OF COMPLETION

FOR

**MAINTENANCE SERVICE CENTER FUELING SYSTEM IMPROVEMENTS
IN THE CITY OF ANTIOCH
(P.W. 143-Q)**

NOTICE IS HEREBY GIVEN that the work and improvements hereinafter described, the contract for which was entered into by and between the City of Antioch and GEMS Environmental Management Services, Inc. was completed on November 25, 2014.

The surety for said project was Merchants Bonding Company (Mutual).

The subject project consisted of replacement of the existing gas and diesel dispensers, fuel pump and piping and fuel monitoring system at the City's Maintenance Service Center located at 1201 West Fourth Street in Antioch, California.

**THE UNDERSIGNED STATES UNDER PENALTY OF
PERJURY THAT THE ABOVE IS TRUE AND CORRECT**

Date

RON BERNAL, P.E.
Public Works Director/City Engineer



STAFF REPORT TO THE ANTIOCH PUBLIC FINANCING AUTHORITY

DATE: Regular Meeting of January 13, 2015

TO: Honorable Members of the Antioch Public Finance Authority

SUBMITTED BY: Dawn Merchant, Finance Director

SUBJECT: Antioch Public Financing Authority – Basic Financial Statements and Independent Auditors’ Report for the Year Ended June 30, 2014

RECOMMENDED ACTION

It is recommended that the Board of the Antioch Public Financing Authority receive and file the attached Antioch Public Financing Authority – Basic Financial Statements and Independent Auditors’ Report for the Year Ended June 30, 2014.

STRATEGIC PURPOSE

This action meets Long Term Goal N, Financial Services; specifically addressing Strategy N-2 by ensuring financial reports are accurate and timely. The financial report was completed within six months of the fiscal year end and received an unqualified audit opinion.

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

The Antioch Public Financing Authority (APFA) is a joint exercise of powers entity organized by the City of Antioch (City) and the former Antioch Development Agency (Agency) under the laws of the State of California. The Authority was organized to provide financial assistance to the City and the Agency by financing real and personal property and improvements for the benefit of the residents of the City and surrounding areas.

As required by State law, the Antioch Public Financing Authority must publish a complete set of financial statements at the close of each fiscal year audited by a firm of licensed certified public accountants. This year's annual financial report was audited by Badawi & Associates, Certified Public Accountants.

As stated in the Independent Auditor's Report, the basic financial statements present fairly, in all material respects, the financial position of the Authority, as of June 30, 2014,

and the changes in its financial position and its cash flows in conformity with generally accepted accounting principles.

ATTACHMENTS

- A. City of Antioch Public Financing Authority – Basic Financial Statements and Independent Auditor’s Report for the Fiscal Year Ended June 30, 2014

City of Antioch Public Financing Authority

(A Component Unit of the City of
Antioch, California)

*Basic Financial Statements
and Independent Auditor's Report*

For the year ended June 30, 2014

City of Antioch Public Financing Authority
Basic Financial Statements
For the year ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the City of Antioch Public Financing Authority
Antioch, California

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Antioch Public Financing Authority (Authority), a component unit of the City of Antioch, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining and individual fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Directors
of the City of Antioch Public Financing Authority
Antioch, California
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates
Certified Public Accountants
Oakland, California
December 8, 2014

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ANTIOCH PUBLIC FINANCING AUTHORITY
Management's Discussion and Analysis

This section of the Antioch Public Financing Authority's (the Authority) financial statements presents a narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2014. Please read it in conjunction with the Authority's basic financial statements.

Financial Highlights

- Cash receipts from leases during the year totaled \$1,661,298. All of these receipts were used to pay debt service requirements for fiscal year 2013/14.

Financial Statements

The Authority's financial statements are those of a special-purpose government engaged only in providing debt financing for capital improvements benefiting the City of Antioch (the City) and the former Antioch Development Agency (the Agency). Under Governmental Accounting Standards Board (GASB) Statement No. 34, governments like the Authority that have only business-type activities may present only enterprise fund financial statements as follows: (1) statement of net position; (2) statement of revenues, expenses and changes in net position; and (3) statement of cash flows.

The Authority's basic financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The following table indicates the net position as of June 30, 2014 and June 30, 2013:

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets	\$ 1,986,712	\$ 4,169,410
Noncurrent assets	21,505,000	22,468,026
Total assets	<u>23,491,712</u>	<u>26,637,436</u>
 Deferred Outflows of Resources:		
Deferred loss on refunding	<u>82,368</u>	<u>123,547</u>
Total deferred outflows of resources	<u>82,368</u>	<u>123,547</u>
 Liabilities:		
Current liabilities	1,086,159	1,826,665
Noncurrent liabilities	21,660,524	22,633,922
Total liabilities	<u>22,746,683</u>	<u>24,460,587</u>
 Total net position	<u>\$ 827,397</u>	<u>\$ 2,300,396</u>

Use of the Authority's net position is restricted. At June 30, 2014, the Authority's total net position was restricted for debt service.

ANTIOCH PUBLIC FINANCING AUTHORITY
Management's Discussion and Analysis

The following table indicates the changes in net position for the fiscal year ended June 30, 2014 and June 30, 2013:

	2014	2013
Revenues:		
Lease interest revenue from Antioch RDA Successor Agency	\$ 1,229,748	\$ 1,531,674
Investment income	1,859	22
Total revenues	1,231,607	1,531,696
Expenses:		
General and administrative	2,254	137,720
Fiscal charges	5,673	11,552
Interest expense	1,264,678	1,335,651
Leases Receivable Write-off	783,955	-
Total expenses	2,056,560	1,484,923
Other financing sources (uses):		
Transfers to other City funds	(648,046)	-
Total other financing sources (uses)	(648,046)	-
Change in net position	(1,472,999)	46,773
Net position, beginning of year as restated	2,300,396	2,253,623
Net position, end of year	\$ 827,397	\$ 2,300,396

The Authority's total revenues decreased by \$300,089 to \$1,231,607 in the fiscal year ended June 30, 2014. The decrease in revenue was due to decreased lease interest revenue from the City of Antioch.

Debt Administration

The long-term debt of the Authority at June 30, 2014 included \$21,980,000 of outstanding lease revenue bonds. The lease revenue bonds will be repaid through lease agreements with the City and Antioch RDA Successor Agency that are structured to meet principal and interest requirements when due.

During fiscal year 2014, the Authority's total debt decreased by \$1,190,000.

Request for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department of the City of Antioch, P.O. Box 5007, Antioch, California 94531-5007.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Antioch Public Financing Authority
Statement of Net Position
June 30, 2014

ASSETS	
Current assets:	
Restricted cash and investments	\$ 896,727
Interest receivables	6
Prepaid items	3,820
Lease interest receivable due from Antioch RDA Successor Agency	611,159
Net investment in leases from RDA Successor Agency - current portion	475,000
Total current assets	<u>1,986,712</u>
Noncurrent assets:	
Net investment in leases from Antioch RDA Successor Agency	21,505,000
Total noncurrent assets	<u>21,505,000</u>
Total assets	<u><u>23,491,712</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	82,368
Total deferred outflows of resources	<u>82,368</u>
LIABILITIES	
Current liabilities:	
Interest payable	611,159
Bond payable - due within one year	475,000
Total current liabilities	<u>1,086,159</u>
Noncurrent liabilities:	
Bond payable - due in more than one year	21,660,524
Total noncurrent liabilities	<u>21,660,524</u>
Total liabilities	<u>22,746,683</u>
NET POSITION	
Restricted for debt service	827,397
Total net position	<u><u>\$ 827,397</u></u>

See accompanying Notes to Basic Financial Statements.

Antioch Public Financing Authority
Statement of Activities
For the Fiscal Year Ended June 30, 2014

OPERATING REVENUES:

Lease interest revenue from Antioch RDA Successor Agency	\$ 1,229,748
--	--------------

OPERATING EXPENSES:

General and administrative	2,254
Fiscal charges	5,673
Leases Receivable Write-Off	783,955
Total operating expenses	791,882

OPERATING INCOME	437,866
-------------------------	----------------

NONOPERATING REVENUES:

Interest expense	(1,264,678)
Investment income	1,859
Total nonoperating revenues	(1,262,819)

OTHER FINANCING (USES):

Transfers to other City funds	(648,046)
Total other financing (uses)	(648,046)

Change in net position	(1,472,999)
-------------------------------	--------------------

NET POSITION:

Beginning of year, as restated	2,300,396
End of year	<u>\$ 827,397</u>

See accompanying Notes to Basic Financial Statements.

Antioch Public Financing Authority
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash receipts from lessee - principal	\$ 420,000
Cash receipts from lessee - interest	1,241,298
Cash payments for administrative and fiscal charges	<u>(8,797)</u>
Net cash provided by operating activities	<u>1,652,501</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES:**

Payments of bond principal	(1,190,000)
Interest paid on bonds	(1,259,377)
Transfers to other City funds	<u>(648,046)</u>
Net cash used in noncapital financing activities	<u>(3,097,423)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>1,863</u>
Net cash provided by investing activities	<u>1,863</u>
Net change in cash and cash equivalents	<u>(1,443,059)</u>

CASH AND CASH EQUIVALENTS:

Beginning of year	<u>2,339,786</u>
End of year	<u>\$ 896,727</u>

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating income	\$ 437,866
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Investment in leases	1,190,000
Lease interest receivable	25,506
Prepaid items	<u>(871)</u>
Total adjustments	<u>1,214,635</u>
Net cash provided by operating activities	<u>\$ 1,652,501</u>

See accompanying Notes to Basic Financial Statements.

Antioch Public Financing Authority
Statement of Fiduciary Fund Assets and Liabilities
Agency Funds
June 30, 2014

ASSETS

Cash and investments	\$	1,087,390
Assessment receivable		340,331
Prepays		1,190
Interest receivable		18,061
Restricted cash and investments		3,774,530
Total assets	\$	5,221,502

LIABILITIES

Accounts Payable	\$	277
Due to others		5,221,225
Total liabilities	\$	5,221,502

City of Antioch Public Financing Authority
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Antioch Public Financing Authority (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

A. *Financial Reporting Entity*

The Antioch Public Financing Authority (Authority) is a nonprofit corporation organized by the City of Antioch (City) and the Antioch Development Agency (Agency) under the laws of the State of California. The Authority was organized to provide financial assistance to the City and the Agency by financing real and personal property and improvements for the benefit of the residents of the City and surrounding areas.

B. *Basis of Accounting and Measurement Focus*

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Authority's government-wide financial statements include a Statement of Net Position, a Statement of Activities and Changes in Net Position and a Statement of Cash Flows. These statements present summaries of business type activities for the Authority.

These statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. The Statement of Activities and Changes in Net Position presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The type of transactions reported as program revenues for the Authority are reported in charges for services.

The Authority applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure.

City of Antioch Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Assets and Liabilities. The Authority's Fiduciary Funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for using the accrual basis of accounting.

C. Cash and Cash Equivalent

The Authority pools its cash and investments with the City's cash & investments. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

City of Antioch Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash and Cash Equivalent, Continued

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The Authority considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The Authority also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

D. Long-Term Obligations

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities in the business type activities. Bond premiums and discounts and issuance costs, if material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

E. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority only has one item that qualifies for reporting in this category. It is the deferred charge on refunding debt reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

F. Net Position

In the basic financial statements, Net Position is classified in the following category:

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

G. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted Net Position is available, the Authority's policy is to apply restricted Net Position first.

City of Antioch Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires Authority management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. New Pronouncements

In fiscal year 2014, the Authority adopted the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*– This statement establishes financial and reporting accounting standards that reclassify, as deferred of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Authority restated beginning net position as part of implementation of this standard.
- GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB no. 10 and No. 62* – This statement was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB Statement No. 54 and No. 62. There was no effect on net position as part of implementation of this standard.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – This statement establishes improved accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. There was no effect on net position as part of implementation of this standard.
- GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB statement No. 25* – There was no effect on net position as part of implementation of this standard.

2. CASH AND INVESTMENTS

The Authority’s cash and investments consist of cash and investments held by fiscal agents and cash and investments pooled with the City’s cash and investments. At June 30, 2014, the Authority had the following cash and investment balances:

	Business-Type Activities	Agency Funds	Total
Restricted cash and investments	\$ 896,727	\$ 3,774,530	\$ 4,671,257
Cash and investment pooled with the City	-	1,087,390	1,087,390
Total cash and investments	<u>\$ 896,727</u>	<u>\$ 4,861,920</u>	<u>\$ 5,758,647</u>

City of Antioch Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The market value of pledged government securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation or Savings Association Insurance Fund.

(A) Investments

The City's investment policy, bond indentures and Section 53601 of the California Government Code allow the City to invest in the following types of investments:

- Securities of the U.S. Government or its agencies
- Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Investment Grade Medium Term Corporate Notes
- Repurchase Agreements
- Local Agency Investment Fund Deposits
- Insured Savings Accounts or Money Market Accounts
- Guaranteed Investment Contracts
- Mutual funds as permitted by the Code

The City did not enter into reverse repurchase agreements during the year ended June 30, 2014.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand.

The City's investments with LAIF at June 30, 2014, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30 2014, the City invested in LAIF, which had invested 1.86% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City reports its investment in LAIF at the fair value

City of Antioch Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor of 1.00029875 to total investments held by LAIF.

The City invests in the California Asset Management Program (CAMP) pool. A board of five trustees who are officials or employees of public agencies have oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the City's position in the pool.

(B) Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from interest rate, the City's investment policy limits investments to a maximum maturity of five years. At June 30, 2014, the City had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 2	2 to 3
U.S. Government securities	\$ 36,833,082	\$ 22,826,965	\$ 14,006,117	\$ -
U.S. Government agencies	10,402,306	1,031,617	6,398,116	2,972,573
Medium-term corporate notes	13,859,237	873,520	12,985,717	-
Certificate of Deposit	7,799,022	7,799,022	-	-
Total	\$ 68,893,647	\$ 32,531,124	\$ 33,389,950	\$ 2,972,573

(C) Credit Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard & Poor's and Moody's Investor's Service. At June 30, 2014, the City's credit risks, expressed on a percentage basis, were as follows:

City of Antioch Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments

Investment Type	S&P's Credit Rating	% of Investments
U.S. Government securities	AA+	53.46%
U.S. Government agencies	AAA	1.89%
U.S. Government agencies	AA+	10.48%
U.S. Government agencies	AA	0.53%
U.S. Government agencies	AA-	0.80%
U.S. Government agencies	A	1.39%
Medium-term corporate notes	AA+	6.24%
Medium-term corporate notes	AA-	1.06%
Medium-term corporate notes	AA	1.94%
Medium-term corporate notes	A+	6.93%
Medium-term corporate notes	A	3.95%
Certificate of Deposit	A+1	4.42%
Certificate of Deposit	A-1	4.94%
Certificate of Deposit	A+	1.96%
Total		100.00%

(D) Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City or the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

3. NET INVESTMENT IN LEASES

Debt service on the outstanding lease revenue bonds are funded with lease payments made by the City and City former RDA Successor Agency to the Authority for the use of buildings and leasehold improvements acquired or constructed with bond proceeds issued by the Authority. In the lease agreements relating to the bonds, the City and City former RDA has covenanted to make rental payments in amounts corresponding to the Authority's debt service requirements and related costs. Net investment in leases reflects the present value of remaining future lease payments due from the City former RDA. As of June 30, 2014, the Authority's net investment in leases was \$21,980,000.

City of Antioch Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

4. LONG-TERM OBLIGATIONS

A summary of the Authority's long-term debt transactions for the year ended June 30, 2014, is presented below.

Description	Balance July 1, 2013	Retirements	Balance June 30, 2014	Classification	
				Amounts Due Within One Year	Amounts Due in More than One Year
2002 APFA Series A & B	\$ 22,400,000	\$ (420,000)	\$ 21,980,000	\$ 475,000	\$ 21,505,000
Unamortized premiums	165,899	(10,375)	155,524	-	155,524
2003 Water Refunding Bonds	770,000	(770,000)	-	-	-
Total	\$ 23,335,899	\$ (1,200,375)	\$ 22,135,524	\$ 475,000	\$ 21,660,524

A. 2002 APFA Series A & B

The annual debt service requirements for the 2002 Lease Revenue Bonds outstanding at June 30, 2014 were as follows:

2002 Series A				2002 Series B			
Year Ending June 30,	Principal	Interest	Total	Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 562,925	\$ 562,925	2015	\$ 475,000	\$ 659,394	\$ 1,134,394
2016	-	562,925	562,925	2016	535,000	633,269	1,168,269
2017	-	562,925	562,925	2017	600,000	603,844	1,203,844
2018	-	562,925	562,925	2018	670,000	570,094	1,240,094
2019	-	562,925	562,925	2019	740,000	532,406	1,272,406
2020-2024	-	2,814,625	2,814,625	2020-2024	5,000,000	1,943,438	6,943,438
2025-2029	-	2,814,625	2,814,625	2025-2027	3,725,000	403,594	4,128,594
2030-2032	10,235,000	1,688,775	11,923,775				
Total	\$ 10,235,000	\$ 10,132,650	\$ 20,367,650	Total	\$ 11,745,000	\$ 5,346,039	\$ 17,091,038

Interest payments and lease revenue bond retirements are serviced by revenues generated by the tax increment from the City former RDA Successor Agency for Base Rental Payments pursuant to a reimbursement agreement. The total principal and interest remaining to be paid on the bonds is \$37,458,688. For the current year, principal and interest paid were \$1,665,418.

City of Antioch Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

4. LONG-TERM OBLIGATIONS, Continued

B. 2003 Water Revenue Refunding Bonds

Pursuant to the agreement, the annual principal and interest payments on the water bonds are funded solely from the net water revenues billed and received. The water bonds required 26% of net revenues. During the year, the bond fully matured. For the current year, principal and interest paid were \$783,956 and water net revenues were \$3,045,254.

5. REASSESSMENT REVENUE BONDS

The 1998 Reassessment District 27/31R Series A and Subordinate Series B Reassessment Revenue Bonds (the Reassessment Bonds) were issued pursuant to a refunding plan of several outstanding special assessment bonds and the Marks-Roos Local Bond Pooling Act of 1985 and are not reflected in the Authority's basic financial statements because they are special obligations payable solely from and secured by specific revenue sources described in the bond resolutions and official statements. Neither the faith nor credit, the taxing power of the Authority, the City, State of California or any political subdivision thereof, is pledged for payment of the Bonds. The Authority acts solely as a debt service fiduciary agent for the assessed property owners and the bondholders and accounts for these fiduciary responsibilities in agency funds.

Interest on the Reassessment Bonds is payable semi-annually on March 2 and September 2.

	'98 Reassessment District 27/31R <hr/> Series A
Dates of remaining maturity	September 2, 2006 - 2014
Face amount of issue	\$ 48,320,000
Interest rates	3.85% - 4.3%
Bonds outstanding	\$ 2,405,000

6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority participates in the Municipal Pooling Authority (MPA) through its relationship with the City. The purpose of the MPA is to spread the adverse effects of losses among the member agencies and to purchase excess insurance as a group, thereby reducing expenses. The City's deductibles and maximum coverage for general liability are as follows:

<hr/> Deductible	<hr/> MPA	<hr/> Excess Liability
\$50,000	\$50,001-\$1,000,000	\$1,000,001-\$29,000,000

City of Antioch Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. RISK MANAGEMENT, Continued

There have been no claims in the past three fiscal years which exceeded the Authority's excess coverage. The Authority had no claims outstanding at June 30, 2014.

7. RESTATEMENT OF NET POSITION

The Authority restated beginning net position due to the implementation of GASB 65, *Items Previously Reported as Assets and Liabilities*. Net position was reduced by \$488,026 as a result of removing deferred charges for bond issuance costs.

	Original	Deferred Bond Charges	Restated
Net Position	\$2,788,422	(\$488,026)	\$2,300,396
	\$2,788,422	(\$488,026)	\$2,300,396

SUPPLEMENTAL INFORMATION

Antioch Public Financing Authority
Combining Statement of Net Position
Proprietary Funds
June 30, 2014

	2002 Lease Revenue Refunding Bonds	2003 Water Revenue Refunding Bonds	Total
ASSETS			
Current assets:			
Restricted cash and investments	\$ 896,727	\$ -	\$ 896,727
Interest receivables	6	-	6
Prepaid items	3,820	-	3,820
Lease interest receivable due from Antioch RDA Successor Agency	611,159	-	611,159
Net investment in leases from Antioch RDA Successor Agency - current portion	475,000	-	475,000
Total current assets	1,986,712	-	1,986,712
Noncurrent assets:			
Net investment in leases from Antioch RDA Successor Agency	21,505,000	-	21,505,000
Total noncurrent assets	21,505,000	-	21,505,000
Total assets	23,491,712	-	23,491,712
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	82,368	-	82,368
Total deferred outflows of resources	82,368	-	82,368
LIABILITIES			
Current liabilities:			
Interest payable	611,159	-	611,159
Bond payable - due within one year	475,000	-	475,000
Total current liabilities	1,086,159	-	1,086,159
Noncurrent liabilities:			
Bond payable - due in more than one year	21,660,524	-	21,660,524
Total noncurrent liabilities	21,660,524	-	21,660,524
Total liabilities	22,746,683	-	22,746,683
NET POSITION			
Restricted for debt service	827,397	-	827,397
Total net position	\$ 827,397	\$ -	\$ 827,397

Antioch Public Financing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	2002 Lease Revenue Refunding Bonds	2003 Water Revenue Refunding Bonds	Total
OPERATING REVENUES:			
Lease interest revenue from Antioch RDA Successor Agency	\$ 1,229,748	\$ -	\$ 1,229,748
OPERATING EXPENSES:			
General and administrative	885	1,369	2,254
Fiscal charges	5,673	-	5,673
Leases Receivable Write-off	-	783,955	783,955
Total operating expenses	6,558	785,324	791,882
OPERATING INCOME	1,223,190	(785,324)	437,866
NONOPERATING REVENUES (EXPENSES):			
Interest expense	(1,264,678)	-	(1,264,678)
Investment income	48	1,811	1,859
Total nonoperating revenues (expenses)	(1,264,630)	1,811	(1,262,819)
OTHER FINANCING SOURCES (USES):			
Transfers to other City funds	-	(648,046)	(648,046)
Total other financing sources (uses)	-	(648,046)	(648,046)
Change in net position	(41,440)	(1,431,559)	(1,472,999)
NET POSITION:			
Beginning of year, as restated	868,837	1,431,559	2,300,396
End of year	\$ 827,397	\$ -	\$ 827,397

Antioch Public Financing Authority
Combining Schedule of Cash Flows by Bond Program
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	2002 Lease Revenue Refunding Bonds	2003 Water Revenue Refunding Bonds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from lessee - principal	\$ 420,000	\$ -	\$ 420,000
Cash receipts from lessee - interest	1,241,298	-	1,241,298
Cash payments for administrative and fiscal charges	(7,429)	(1,368)	(8,797)
Net cash provided by operating activities	1,653,869	(1,368)	1,652,501
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Payments of bond principal	(420,000)	(770,000)	(1,190,000)
Interest paid on bonds	(1,245,421)	(13,956)	(1,259,377)
Transfers to other city funds	-	(648,046)	(648,046)
Net cash used in noncapital financing activities	(1,665,421)	(1,432,002)	(3,097,423)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received/(paid)	46	1,817	1,863
Net cash provided by investing activities	46	1,817	1,863
Net change in cash and cash equivalents	(11,506)	(1,431,553)	(1,443,059)
CASH AND CASH EQUIVALENTS:			
Beginning of year	908,233	1,431,553	2,339,786
End of year	<u>\$ 896,727</u>	<u>\$ -</u>	<u>\$ 896,727</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 1,223,190	\$ (785,324)	\$ 437,866
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Investment in Leases	420,000	770,000	1,190,000
Lease interest receivable	11,550	13,956	25,506
Prepaid items	(871)	-	(871)
Total adjustments	<u>430,679</u>	<u>783,956</u>	<u>1,214,635</u>
Net cash provided by operating activities	\$ 1,653,869	\$ (1,368)	\$ 1,652,501
Non cash items:			
Amortization of premium and deferred loss on refunding of debt	\$ 30,808	\$ -	\$ 30,808

Antioch Public Financing Authority
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2014

Reassessment District 27/31R 1998 Reassessment Revenue Bonds	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets:				
Cash and investments	\$ 698,279	\$ 675,704	\$ (286,593)	\$ 1,087,390
Assessment receivable	337,492	340,331	(337,492)	340,331
Interest receivable	58,563	18,061	(58,563)	18,061
Prepays	2,159	1,190	(2,159)	1,190
Restricted cash and investments	8,642,624	15,615,973	(20,484,067)	3,774,530
Total assets	\$ 9,739,117	\$ 16,651,259	\$ (21,168,874)	\$ 5,221,502
Liabilities:				
Accounts Payable	\$ -	\$ 277	\$ -	\$ 277
Due to bondholders	9,739,117	16,650,982	(21,168,874)	5,221,225
Total liabilities	\$ 9,739,117	\$ 16,651,259	\$ (21,168,874)	\$ 5,221,502

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
of the City of Antioch Public Financing Authority
Antioch, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the City of Antioch Public Financing Authority (Authority), a component unit of the City of Antioch, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 8, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
of the City of Antioch Public Financing Authority
Antioch, California
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.


Badawi & Associates
Certified Public Accountants
Oakland, California
December 8, 2014




STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2015

TO: Honorable Mayor and Members of the City Council

SUBMITTED BY: Alexis Morris, Associate Planner 

APPROVED BY: Tina Wehrmeister, Community Development Director 

SUBJECT: PDP-14-07 – LAUREL RANCH PRELIMINARY DEVELOPMENT PLAN – Strack Farms LLC requests review of a preliminary development plan, which is not an entitlement, for the development of approximately 186 single family homes on approximately 54 acres. The project site is located to the east of the current terminus of Laurel Road and to the west of the Highway 4 Bypass (APN 053-060-031).

RECOMMENDED ACTION

It is recommended that the City Council provide feedback to the applicant and staff regarding the Strack Farms LLC preliminary development plan, which is not an entitlement, for the development of approximately 186 single family homes on approximately 54 acres located to the east of the current terminus of Laurel Road and to the west of the Highway 4 Bypass, and provide direction to the applicant for the Final Development Plan submittal.

STRATEGIC PURPOSE

Consideration of this item is consistent with Strategic Plan Long Term Goal G, which is to provide consistent and efficient entitlement, permitting, and development services to the public. Although a Preliminary Plan is not an entitlement, it is a part of the process for residential projects and provides a mechanism for a developer to solicit input on a proposed project before finalizing plans.

FISCAL IMPACT

This action has no direct financial impacts. This action provides the Council with an opportunity to provide preliminary feedback to the applicant.

DISCUSSION

- **Request**

The applicant, Strack Farms LLC (Richland), is requesting preliminary plan review of a proposal to develop 186 single family homes on a portion of an approximately 54 acre site. The west side of the project site features a conventional, single family subdivision with 4,000 sf lots. The east side of the project site features a medium density subdivision with unconventional lotting consisting of smaller, 2,500 sf lots

with 4-6 homes clustered around a shared driveway. The project site is located to the east of the current terminus of Laurel Road and to the west of the Highway 4 Bypass (APN 053-060-031). (Attachment "A").

The purpose of a preliminary plan is to gather feedback from the staff, Planning Commission, and City Council in order for the applicant to become aware of concerns and/or issues prior to final development plan and tentative map submittal. As standard practice, preliminary plans are not conditioned; rather a list of needed items, information, and issues to be addressed is compiled for the applicant to address prior to a final development plan hearing.

- **CEQA**

Preliminary plan review is a non-entitlement action and does not require environmental review. The final development plan application would require compliance with the California Environmental Quality Act (CEQA).

- **Background**

The subject property was previously entitled by the Bixby Company (Bixby) for a project also named Laurel Ranch. On May 10, 2005, the City Council approved Bixby's request for a planned development rezone and a tentative map that would create a 209 unit medium density single family subdivision and an approximately 11.3 acre commercial development. The Planning Commission approved a use permit for the project on August 15, 2007. The final map was never recorded, thus the original tentative map and use permit have expired.

The project is located directly to the north of the Park Ridge subdivision, which was approved for approximately 525 single family homes by the City Council in 2010. Park Ridge is currently processing a final map for the first phase of the project, which consists of 123 units on the southern portion of the project site, adjacent to the current terminus of Vista Grande Drive.

The Planning Commission reviewed the Laurel Ranch preliminary development plan on November 5, 2014 and provided the applicant with feedback and recommendations on a number of issues. The applicant subsequently modified their plan to address some of Planning Commission and staff's recommendations. The Planning Commission's recommendations and the applicant's responses are discussed in more detail below. The staff report and minutes from the Planning Commission meeting are provided as Attachment "B".

- **Project Overview**

The proposed project would consist of 186 single family homes, a neighborhood park, a trail, and two stormwater basins. The residential development will include two product types in two "neighborhoods": the west side of the project site project features a conventional, single family subdivision with 4,000 sf lots in what is called the "Conventional Neighborhood"; the east side of the project site features a medium density subdivision with unconventional lotting consisting of smaller, 2,500 sf lots with 4-6 detached homes arranged around a shared driveway in what is called the

“Private Lane Neighborhood”. A summary of the proposed product types is provided below:

PLAN	# of UNITS	MIN. LOT SIZE	APPROX. DENSITY	MIN. FRONT SETBACK	MIN. REAR SETBACK	MIN. SIDE YARD SETBACK
Conventional Neighborhood	88	4,000 sf	5.8 du/acre	20'	15'	5'
Private Lane Neighborhood	98	2,500 sf	10.1 du/acre	8'	5' to 11'	4' (10' adjacent to Bypass)

The applicant is not a home builder; therefore no conceptual architectural or landscape plans were submitted with this application. It is anticipated that the entitled project will be sold to a different company that will build the project. This future home builder will be required to obtain approval of a use permit and design review application prior to construction of any phase of the project.

The applicant’s project description is included as Attachment “C”.

• Planning Commission/Staff Recommendations and Applicant’s Response

The attached Planning Commission staff report contains a detailed discussion of the project’s components and staff’s comments and recommendations. At the November 5th meeting, the Planning Commission provided additional recommendations to the applicant, including: adding a park to the project; increasing side and rear yard setbacks in certain areas; and providing lots wide enough for a single-story home plan.

The applicant revised their land plan to address a number of staff’s and Planning Commissioners’ concerns. The revised plan has been provided to the Council with the staff report. The changes include: reducing the number of units from 191 to 186 in order to provide larger setbacks along Laurel Road; adding a neighborhood park; increasing setbacks adjacent to the Highway 4 Bypass; and, revising the lot layout to allow for single story home plans. A detailed discussion of the applicant’s changes to the land plan in response to Planning Commission and staff recommendations is provided below:

Laurel Road Setbacks

Planning Commission and staff recommended that the landscape setback along Laurel Road to the east of “A Street” be increased to at least 20 feet and that the side yard setback for the homes in this area be increased.

Applicant’s Response: The applicant increased the landscape setback measured from back of sidewalk to the sound wall from 12 feet to 20 feet. Additionally, the applicant revised the plan to include Conventional Neighborhood lots with a 15 foot rear setback in this area instead of the Private Lane units with narrower side yards.

Neighborhood Park

Planning Commission and staff recommended that a neighborhood park be included in the project.

Applicant's Response: The land plan has been revised to incorporate one 11,450 sf park adjacent to "A Street", and a second 5,430 sf "pocket park" in the northwest corner of the site. The larger park could consist of a play structure or tot lot, park furniture and a lawn; while the pocket park could consist of park furniture, landscaping, and a gated trail connection. Both parks will be maintained by the future HOA (Homeowners' Association).

Trail Connection

The Laurel Ranch project will be required to construct a trail along its western property boundary that will eventually connect to the Delta De Anza trail to the north. The Planning Commission requested that the project also provide a connection to the trail from inside the development.

Applicant's Response: The revised land plan includes a small pocket park in the northwest section of the project leading to a paved connection with the trail to the west.

Sound Wall Setbacks along the Hwy 4 Bypass

Planning Commission and staff were concerned with the proposed 4-foot side yard setbacks for the lots that will be adjacent to the future sound wall along the Hwy 4 Bypass on the eastern side of the project site. This sound wall could be 8-10 feet high depending on the results of the future environmental analysis. Planning Commission and staff recommended that these side yard setbacks be increased to provide more functional, useable outdoor living space.

Applicant's Response: The updated land plan incorporates a minimum 10-foot side yard setback for all the lots that are adjacent to the future sound wall.

Police Department Concerns

The Police Department had several concerns about the proposed project, including the fact that the private lane design tends to attract crime in other parts of the City and can be difficult to police.

Applicant's Response: The applicant has not redesigned the project to address the Police Department's concerns, but has identified new conceptual floor plans for the Private Lane homes that can include living areas in the front of the home for four out of the six homes. More living space in the front of the homes could increase the amount of surveillance of the private lanes, which the applicant proposes could decrease the potential for crime in these areas. It is important to note that the applicant is not a home builder; therefore another applicant will ultimately be submitting house plans for approval.

The applicant has indicated that they will prepare a lighting study in order to determine if there is a way to provide increased visibility of the private lanes for the

Police Department without causing a nuisance to the occupants. The applicant is also in the process of scheduling a meeting with the Police Department to determine if there are other design elements the project can incorporate to address the Department's concerns and preferred CPTED (Crime Prevention Through Environmental Design) design features.

Single Story Plan

The Planning Commission recommended that a single-story option be incorporated into the Conventional Neighborhood, which consists primarily of 4,000 sf lots.

Applicant's Response: The applicant revised the Conventional Neighborhood lot layout to incorporate some wider lots, starting at 55 feet, in order to accommodate a single story home plan.

Private Lane Design

Staff recommended that additional pavement be added at the end of the private lanes to provide more room for cars to back out of the driveways at the end of the lanes.

Applicant's Response: The revised land plan incorporates an additional three feet of pavement at the end of the lanes, which should allow cars to back out without entering the yards of the homes.

Owner Occupied vs. Renter Occupied

Planning Commission voiced concerns that the project could attract investors that will rent the homes, potentially creating maintenance problems or blight stemming from absentee ownership.

Applicant's Response: The applicant has indicated that they will research whether there are legal ways of incorporating language into the project's CC&R's that encourage owner occupied units and discourage rentals.

The applicant also indicated that they will create an HOA that will be managed by a professional third party property management company that will be responsible for enforcing the CC&R's, monitoring parking and trash pickup, regulating architectural guidelines, and managing maintenance for all common areas.

• **Summary of Recommendations**

As discussed above, the purpose of a preliminary plan is to gather feedback from the Planning Commission, City Council, and others in order for the applicant to become aware of concerns and/or issues prior to final development plan submittal. As standard practice, preliminary plans are not conditioned; rather a list of needed items, information, and issues to be addressed is compiled for the applicant to address prior to a final plan hearing. Staff suggests the following items, along with any issues brought up by the City Council, be addressed in the final development plan submittal:

1. An HOA managed by a professional third party shall be established for the project and the HOA should, at a minimum, be responsible for maintaining all internal open space, parks and recreational facilities, internal streets, street lighting, perimeter landscaping, and water quality basins.
2. The final development plan shall include a parking plan that also identifies garbage can locations for trash collection day on residential streets.
3. The final development plan shall include storm drain facilities that adequately collect and convey storm water entering or originating within the development to the nearest adequate man-made drainage facility or natural watercourse, without diversion of the watershed, per Title 9 of the County Ordinance Code.
4. The final development plan shall include project entry features and landscaping to set the overall character of the development. The Design Guidelines suggest incorporation of some of the following: lighting, public art, large specimen trees, stone wall features, or architectural monumentation.
5. The detention basins visible to the public shall be screened with landscaping or other enhancements. The final development plan shall provide additional detail regarding landscaping and fencing of the detention basin areas.
6. The applicant shall submit a utility plan showing the location of water meter boxes, backflows, for fire sprinklers, sewer cleanouts, cable, phone and power boxes as it relates to the frontage of the houses.
7. Reduce the height of retaining walls to the maximum extent practicable and provide a plan showing the location and heights of all retaining walls.
8. All retaining walls shall be of decorative masonry construction.
9. The applicant shall consult with the City Engineer to determine the design of Laurel Road and Country Hills Drive, including the eastern and western intersections with the Park Ridge project, prior to submitting the final development plan.
10. All parcels shall provide satisfactory access to the driveways and garages using standard automobile turning templates.
11. The applicant shall consult with the Police and Fire Departments regarding acceptable ways of limiting pedestrian access to the open space areas of the project to the trail only.
12. The project shall establish, if necessary, and participate in a community facilities district pertaining to police services, or other mechanism deemed acceptable by the City.
13. The final development plan shall include a minimum 20 foot landscaped setback from Laurel Road to the project's sound wall.

14. The final development plan shall include a minimum 10 foot side yard setback or a minimum 15 foot rear yard setback adjacent to the soundwall along the Highway 4 Bypass.

15. At least half of the Private Lane homes shall include first floor living areas in the front of the homes.

ATTACHMENTS

- A. Aerial Photograph
- B. November 5, 2014 Planning Commission Staff Report and Minutes
- C. Applicant's Project Description



ATTACHMENT "A"

AERIAL PHOTO



ATTACHMENT "B"

STAFF REPORT TO THE CITY OF ANTIOCH PLANNING COMMISSION FOR CONSIDERATION AT THE MEETING OF NOVEMBER 5, 2014

Prepared by: Alexis Morris, Associate Planner 
Approved by: Mindy Gentry, Senior Planner 
Date: October 30, 2014
Subject: Laurel Ranch Preliminary Development Plan – PDP-14-07

RECOMMENDATION

It is recommended that the Planning Commission provide feedback to the applicant and staff regarding the proposal and to provide direction to the applicant for the final development plan submittal.

REQUEST

The applicant, Strack Farms LLC (Richland), is requesting preliminary plan review of a proposal to develop 191 single family homes on a portion of an approximately 54 acre site. The project site is located to the east of the current terminus of Laurel Road and to the west of the Highway 4 Bypass. The site is identified by the following Contra Costa County Assessor's Parcel Number (APN 053-060-031) (Attachment "A").

The purpose of a preliminary plan is to gather feedback from the Planning Commission and others in order for the applicant to become aware of concerns and/or issues prior to final development plan and tentative map submittal. As standard practice, preliminary plans are not conditioned; rather a list of needed items, information, and issues to be addressed is compiled for the applicant to address prior to a final development plan hearing.

ENVIRONMENTAL

Preliminary plan review is a non-entitlement action and does not require environmental review. The final development plan would require compliance with the California Environmental Quality Act (CEQA).

BACKGROUND

The subject property was previously entitled by the Bixby Company (Bixby) for a project also named Laurel Ranch. On May 10, 2005, the City Council approved Bixby's request for a planned development rezone and a tentative map that would create a 209 unit medium density single family subdivision and an approximately 11.3 acre commercial development. The Planning Commission approved a use permit for the project on

August 15, 2007. The final map was never recorded, thus the original tentative map and use permit have expired.

The project is located directly to the north of the Park Ridge subdivision (Davidon), which was approved for approximately 525 single family homes by the City Council in 2010. Park Ridge is currently processing a final map for the first phase of the project, which consists of 123 units on the southern portion of the project site, adjacent to the current terminus of Vista Grande Drive.

ANALYSIS

Issue #1: Project Overview

The proposed project would consist of 191 single family homes, a trail, and two stormwater basins. The residential development will include two product types in two "neighborhoods" – single family homes on smaller lots (Conventional Neighborhood), and single family homes arranged around a common driveway (Private Lane Neighborhood). All homes will be two-story. A summary of the proposed product types is provided below:

PLAN	NUMBER OF UNITS	MINIMUM LOT SIZE (S.F.)	SQUARE FOOTAGE (S.F.)	APPROX. DENSITY
Conventional Neighborhood	82	4,000	2,300-2,900	5.8 du/acre
Private Lane Neighborhood	109	2,500	1,800-2,100	10.1 du/acre

The applicant's project description is attached (Attachment "B").

Issue #2: Consistency with the General Plan, Specific Plan and Zoning

The General Plan designation for the project site is Residential/Open Space and Office/Retail. The zoning designation is Planned Development (PD). The proposed project is located within the East Lone Tree Specific Plan area (ELTSP), which was adopted in 1996. The City Council amended the ELTSP in 2005 to bring it into conformance with the 2003 General Plan and the Bixby and Park Ridge development plans.

The residential density and lot sizes proposed for this project are similar to the previously approved Bixby project. However, a rezone to Planned Development (PD) is required for this project because the site plan and development standards, such as building setbacks, are not consistent with the PD zone established for the Bixby project. A comparison of the Bixby and Richland projects by neighborhood type and location on the project site is provided below:

	West Side		East Side	
	Bixby Courtyard	Richland Conventional Neighborhood	Bixby Townlot	Richland Private Lane
Number of units	123	82	82	109
Approx. lot sizes (s.f.)	2,300 - 3,100	4,000	3,200	2,500
Home sizes (s.f.)	1,500 - 2,003	2,300-2,900	1,975 - 2,428	1,800-2,100
Approx. density (du/ac)	8.8	5.8	7.7	10.1

According to the General Plan, achievement of maximum densities are not guaranteed nor implied. The final density is determined by development design, any onsite constraints such as physical or environmental, available infrastructure, and other factors. Lastly, the development standards in the ELTSP and the zoning code could also influence the number of lots thereby limiting the maximum allowable densities.

General Plan Performance Standards

Due to the City budgetary issues and the lack of police staffing to meet General Plan standards, residential projects have been conditioned to participate in a community facilities district or other funding mechanism deemed acceptable by the City pertaining to police services. The project will be required to mitigate its impact on police services due to the increase in demand, which is based on the number of individuals that are expected to reside in the new project. The General Plan identifies a performance ratio of 1.2 to 1.5 police officers per 1,000 individuals. Currently, the district or other funding mechanism has not been formed and the residential development that will be the first to move forward will be required to establish the district or other mechanism. Staff is also recommending that the Laurel Ranch project be conditioned to establish, if necessary, and participate in the CFD or other funding mechanism.

Issue #3: Site Plan

The applicant is proposing to develop an approximately 24.7 acre portion of the 54 acre site located north of the future extension of Laurel Road. The southern portion of the project site will consist of a stormwater basin serving the residential project and a 10 acre future commercial site to be developed by others.

Staff recommends that a homeowner’s association (HOA) be formed for the project, which would be responsible for maintaining at a minimum, all open space, internal streets, street lighting, perimeter landscaping, and water quality basins. The HOA would also be responsible for enforcing parking restrictions.

Parking and Circulation

The site plan shows one main entrance and exit to the residential development via Laurel Road. There is a second exit-only access onto Laurel Road on the eastern edge of the project site. The Conventional Neighborhood includes standard streets with parking and sidewalks on both sides. The Private Lane Neighborhood includes narrower streets with parking either on both sides or on one side of the street depending on the location. This neighborhood also includes eight off-street parking areas adjacent to the residential lots. Because of the off-street parking areas and the narrower streets, staff recommends that all streets within the project be private streets maintained by the HOA, including enforcing parking restrictions. The HOA may also have to restrict on-street parking on garbage pickup days in the Private Lane Neighborhood due to the lack of space for both cars and garbage cans.

The City's zoning ordinance requires two covered parking spaces plus one on-street guest parking space per unit in close proximity to the unit. The City's zoning ordinance doesn't specify the placement of the spaces, but subdivisions are typically conditioned to provide an on-street guest parking space within 200 feet of the unit it is serving. The preliminary plan identifies the location of each on-street parking space. However, the 200 feet requirement may be difficult to meet in the Private Lane neighborhood, particularly along "F" Street, due to the large number of units that are limited to parking on only one side of the street. Staff requests that the Planning Commission provide direction to the applicant regarding whether they will require the project to meet the 200 feet requirement for parking.

The project's shared driveways are 20 feet wide and have four to eight houses fronting onto them. As the driveways are currently designed, there does not appear to be enough space to back out of the driveways and garages of the end units without driving into the front yards of these units. Staff recommends that the applicant provide additional pavement at the end of these driveways and submit an exhibit demonstrating that cars can access the driveways and garages using standard automobile turning templates. Furthermore, the shared driveways are too narrow to safely accommodate guest parking; therefore, parking in these areas should be prohibited in the HOA Covenants, Codes and Restrictions (CC&Rs).

The zoning ordinance requires unrestricted access to the rear yard for recreational vehicles (RV) for 25 percent of single-family lots. The proposed preliminary site plan makes it difficult to provide the required number of RV parking spaces. Requiring RV parking may not be practical for this type of development and could be appropriately excluded by prohibiting RV parking in the development's CC&Rs. Prohibiting RV parking is consistent with other approved subdivisions with similar constraints. The ultimate PD zoning would include any variation from these development standards; therefore, the Commission would have the ability to allow flexibility with RV parking for this project. Staff requests that the Planning Commission provide feedback on RV parking.

Laurel Road Setback

The western side of the proposed project includes a 20 foot setback from Laurel Road and homes in this area have a rear yard setback of 15 feet from the sound wall. The eastern side of the project includes a 15 foot setback from Laurel Road. The six homes in this area have four foot wide side yards adjacent to the Laurel Road sound wall. The City Council required the Bixby project to provide a minimum 20 foot rear yard setback for lots adjacent to Laurel Road, which is consistent with the standards in the ELTSP. The Council also required that the landscaped setback from Laurel Road be a minimum of 20 feet from the right of way line, which is five feet wider than the ELTSP standard. Staff requests that the Planning Commission provide feedback on the proposed Laurel Road setbacks to the applicant for inclusion in their Final Development Plan submittal.

Issue #4: Infrastructure and Off-Site Improvements

The developer will be required to provide all infrastructure necessary to serve the site. This includes over-sizing facilities to accommodate future development to the south. All infrastructure necessary for access to the site (sewer, water, storm and surface improvements) will be required to be completed before building permits are issued.

Laurel Road and Country Hills Drive

All of Laurel Road will be located on the project site along with the intersection of Country Hills Drive and Laurel Road. The Park Ridge subdivision located immediately to the south of the project site was conditioned to design and construct both Laurel Road and Country Hills Drive, subject to partial reimbursement by the Laurel Ranch project. If the construction of Laurel Ranch takes place before Park Ridge, the project would be required to build Laurel Road and a portion of Country Hills Drive subject to partial reimbursement by the Park Ridge project.

The applicant's preliminary plan is showing a different design for Laurel Road and Country Hills Drive than the Park Ridge tentative map. Therefore, staff recommends that the applicant meet with the City Engineer regarding the ultimate design of Laurel Road and Country Hills Drive prior to submitting the project's tentative map.

Stormwater Basins

The preliminary plan shows two stormwater basins to serve the residential development. The smaller basin is located in the residential development and the second, larger basin is located on the southwest side of the Laurel Road/Country Hills Drive intersection. The basins will be required to be maintained by the HOA. The project will be required to screen the detention basins visible to the public with landscaping or other enhancements.

Utility Boxes

Due to the project's smaller lot sizes, staff has concerns about the placement of the required utility boxes. In some small lot developments, the utility boxes can be placed in a manner that dramatically reduces front yard landscaping. Therefore, staff is recommending that the utility boxes be placed in a manner that does not significantly

reduce front yard landscaping. Staff also recommends that the applicant submit a utility plan as part of the final development plan submittal identifying the location of all utility boxes.

Financing

The East Lone Tree Specific Plan Financial Plan requires residential developers within the Specific Plan area to establish a land-based financing mechanism to construct employment infrastructure east of the Highway 4 Bypass, including participating in the construction of Slatten Ranch Road and all required infrastructure. The financing mechanism has not been established to date.

Issue #5: Open Space and Park

The project does not include any common open space or landscaped areas. The nearest planned park facility is in the Park Ridge project to the south. Staff recommends that the project provide a small, neighborhood park or recreation facility to be maintained by the HOA. This is consistent with the recommendations that have been placed on smaller residential projects that did not include any recreation facilities.

The ELTSP requires a pedestrian trail to be incorporated into the plan. The trail is intended to connect the neighborhood park on Wildhorse Road with a future trail running along the east side of the Diablo Water District tank site. To be consistent with the 2005 amendments to the ELTSP and the approved Park Ridge development plan, staff recommends that the alignment for the trail be from Laurel Road through the open space along the west side of the development. In addition, this trail should connect with the Delta De Anza trail to the north.

Issue #6: Architecture, Landscaping and Walls

The applicant has not submitted conceptual architecture or landscape plans; therefore, a discussion of these items is absent from this report. The applicant has told staff that they will not be the home builders; therefore, the future home builder will be required to obtain approval of a use permit and design review application prior to construction of any phase of the project.

Due to the site's topography, a number of retaining walls will be required in side and rear yards. Staff recommends that the applicant's grading plan make every effort to minimize the height of the retaining walls. All retaining walls will be required to be a decorative masonry.

The City's Design Guidelines discuss including entries that incorporate special paving, architectural elements, and landscaping to set the overall tone for the community's character. Staff recommends adding a project entry feature to set the overall character of the project.

Sound Walls

The Addendum to the East Lone Tree Specific Plan EIR prepared for the Bixby project required 8-10 foot masonry sound walls on the eastern side of the project adjacent to the Highway 4 Bypass. The environmental analysis for this project has not been conducted, but staff assumes the sound wall height requirements will be similar to the Bixby project due to the two project's similar densities and site plans. The proposed side yard setback for homes in this portion of the project site is four feet. Due to the small size of the yards on these units, staff is concerned that a four foot wide side yard adjacent to an 8-10 foot high sound wall will severely limit the amount of functional, useable outdoor space for the homeowners. Staff requests that the Planning Commission provide feedback on the proposed setbacks to the applicant for inclusion in their Final Development Plan submittal.

Issue # 7: Other Issues

Police Department Comments

The Antioch Police Department provided verbal comments regarding the project to staff. The Police Department has several concerns about the project's density, narrower than normal streets, and common driveways. These concerns include:

- Private streets can lead to difficulties enforcing the City's vehicle code and traffic regulations. The Police Department is not necessarily allowed to tow cars, conduct traffic stops, do radar enforcement, etc. on private streets.
- The City's existing developments with shared driveways, such as multi-family projects off of Sycamore Drive and Davison Drive, tend to attract crime and are difficult to police. People often park illegally in these driveways which means officers cannot drive into them or turn around when they need to. The longer driveways can also be too dark to see into from the street.
- The Police Department has significant issues with trespassers surrounding the development. There is already a fence around the Diablo Water District property; therefore, staff is recommending that the applicant meet with the Police Department and Fire Department to discuss ways to limit access to the open space areas on the site to just the trail.

Because the City is seeing increasing interest in developing higher density, smaller lot residential projects, City staff is currently developing design standards that will address potential safety and security concerns for shared driveway and alley-loaded types of products. Staff recommends that the applicant participate in the development of these standards to provide their perspective and experience with these types of products in other communities.

CONCLUSION

The purpose of a preliminary plan is to gather feedback from the Planning Commission and others in order for the applicant to become aware of concerns and/or issues prior to final development plan submittal. As standard practice, preliminary plans are not

conditioned; rather a list of needed items, information, and issues to be addressed is compiled for the applicant to address prior to a final plan hearing. Staff suggests the following, along with any issues brought up by the Planning Commission, be addressed in the final development plan submittal:

1. An HOA shall be established for the project and the HOA should, at a minimum, be responsible for maintaining all internal open space, parks and recreational facilities, internal streets, street lighting, perimeter landscaping, and water quality basins.
2. The final development plan shall include a parking plan that additionally identifies garbage can locations for trash collection day on residential streets.
3. The final development plan shall include storm drain facilities that adequately collect and convey storm water entering or originating within the development to the nearest adequate man-made drainage facility or natural watercourse, without diversion of the watershed, per Title 9 of the County Ordinance Code.
4. The final development plan shall include project entry features and landscaping to set the overall character of the development. The Design Guidelines suggest incorporation of some of the following: lighting, public art, large specimen trees, stone wall features, or architectural monumentation.
5. The detention basins visible to the public shall be screened with landscaping or other enhancements. The final development plan shall provide additional detail regarding landscaping and fencing of the detention basin areas.
6. The applicant shall submit a utility plan showing the location of water meter boxes, backflows, for fire sprinklers, sewer cleanouts, cable, phone and power boxes as it relates to the frontage of the houses.
7. Reduce the height of retaining walls to the maximum extent practicable and provide a plan showing the location and heights of all retaining walls.
8. All retaining walls shall be of decorative masonry construction.
9. Consult with the City Engineer regarding the design of Laurel Road and Country Hills Drive, including the easternmost intersection with the Park Ridge project prior to submitting the final development plan.
10. All parcels shall provide satisfactory access to the driveways and garages using standard automobile turning templates.
11. Consult with the Police and Fire Departments regarding limiting pedestrian access to the open space areas of the project to the trail only.

12. The project shall establish, if necessary, and participate in a community facilities district pertaining to police services, or other mechanism deemed acceptable by the City.

ATTACHMENTS

- A. Aerial Photo
- B. Project Description and Site Photos

ATTACHMENT "A"

AERIAL PHOTO



A1 B10

ATTACHMENT "B"

LAUREL RANCH

Project Description

Introduction:

Strack Farms LLC (Richland) is proposing to develop a 54-acre single-family residential community consisting of 191 dwelling units in the City of Antioch, known as *Laurel Ranch*.

Property Description:

Laurel Ranch is currently a vacant 54 acre parcel located at the northwest corner of Highway 4 Bypass and Laurel Road interchange. The property's rolling terrain is bisected by a man-made non-jurisdictional drainage ditch that flows from west to east. The ditch currently conveys storm water and nuisance runoff from the adjacent residential community to the west.

Existing surrounding land uses are:

- North – Vacant and Public /Quasi-Public
- East – Highway 4 Bypass
- South – Vacant
- West – Residential

Future surrounding land uses are:

- North – Public/Quasi-Public
- East – Highway 4 Bypass
- South – Residential
- West – Residential

Previous Entitlement:

The property was previously entitled by the Bixby Company in 2005 for 209 dwelling units. The 2005 approvals included two single-family detached residential product types, including both Motor Court and Z-Lot products. A Final Map was never recorded and the original Tentative Tract Map has since expired.

Project Description:

Land use For Laurel Ranch is guided by the East Lone Tree Specific Plan (ELTA) which was adopted in May 1996. The project site's land use designation in the ELTA is a combination of Residential High, Residential Low, and Open Space.

Richland is proposing 191 dwelling units within two distinct single-family detached residential neighborhoods, *Conventional* and *Private Lane*.

B-111

Conventional Neighborhood

This neighborhood has 82 homes and proposed to have a minimum lot size of 4,000 sq. ft, with minimum dimensions of 50' (width) and 80' (depth). The two-story homes are expected to range from approximately 2,300 to 2,900 sq. ft. Density for this neighborhood is approximately 5.8 DU/Acre.

Private Lane Neighborhood

This neighborhood has 109 homes, which are typically arranged in six-unit groupings. A short private lane provides access to the lots off of the public streets that will take access off of a short private lane. A minimum lot size of 2,580 sq. ft. is proposed. The two-story homes are expected to range in size from 1,800 to 2,100 sq. ft. Density for this neighborhood is approximately 10.1 DU/Acre.

The two neighborhood/product types chosen for the project allow for a diverse and community, which will appeal to several types of household types and incomes. The wide range of home square footages and lot sizes/configurations seek to meet the demand for housing in the Antioch area (ie: First Time homebuyers, Young Couples, growing families and Move-down empty-nesters).

It is important to point out the project is not only consistent with the City's parking ordinance, but it exceeds it by 28 guest parking spaces and provides 219 off-street spaces.

The proposed project will have a Homeowners Association (HOA) for maintenance of common areas and stormwater (C3) facilities. The HOA is proposed to be exclusive to Laurel Ranch and will be funded by Laurel Ranch residents only.

Infrastructure:

Laurel Ranch will be responsible for completing the design and construction of Laurel Road, extending the street eastward to Highway 4. The project could potentially contribute approximately \$2.8M towards the completion of Slatten Ranch Road. The total Slatten Ranch Road contribution, the method of payment, and timing are subject to future discussions with the City. The project will also pay into the City's Development Impact Fee (DIF) program. Of these obligations, the completion of Laurel Ranch is paramount, seeing that it will provide the necessary linkage to Highway 4 Bypass from existing residential areas west of the project site.

Entitlements & Permits:

The proposed entitlements being sought for Laurel Ranch include approval of the following:

1. Planned Development
2. Tentative Tract Map
3. Use Permit
4. Design Guidelines

B-2 B12

An initial study will be required to determine the scope of the environmental analysis under CEQA. However, it is likely the project will require an Addendum to the originally certified ELTA Environmental Impact Report (EIR). The proposed land plan contemplates two Lot Line Adjustments (LLA's) between Richland and Contra Costa Water District, and another LLA with Diablo Water District.

Conclusion:

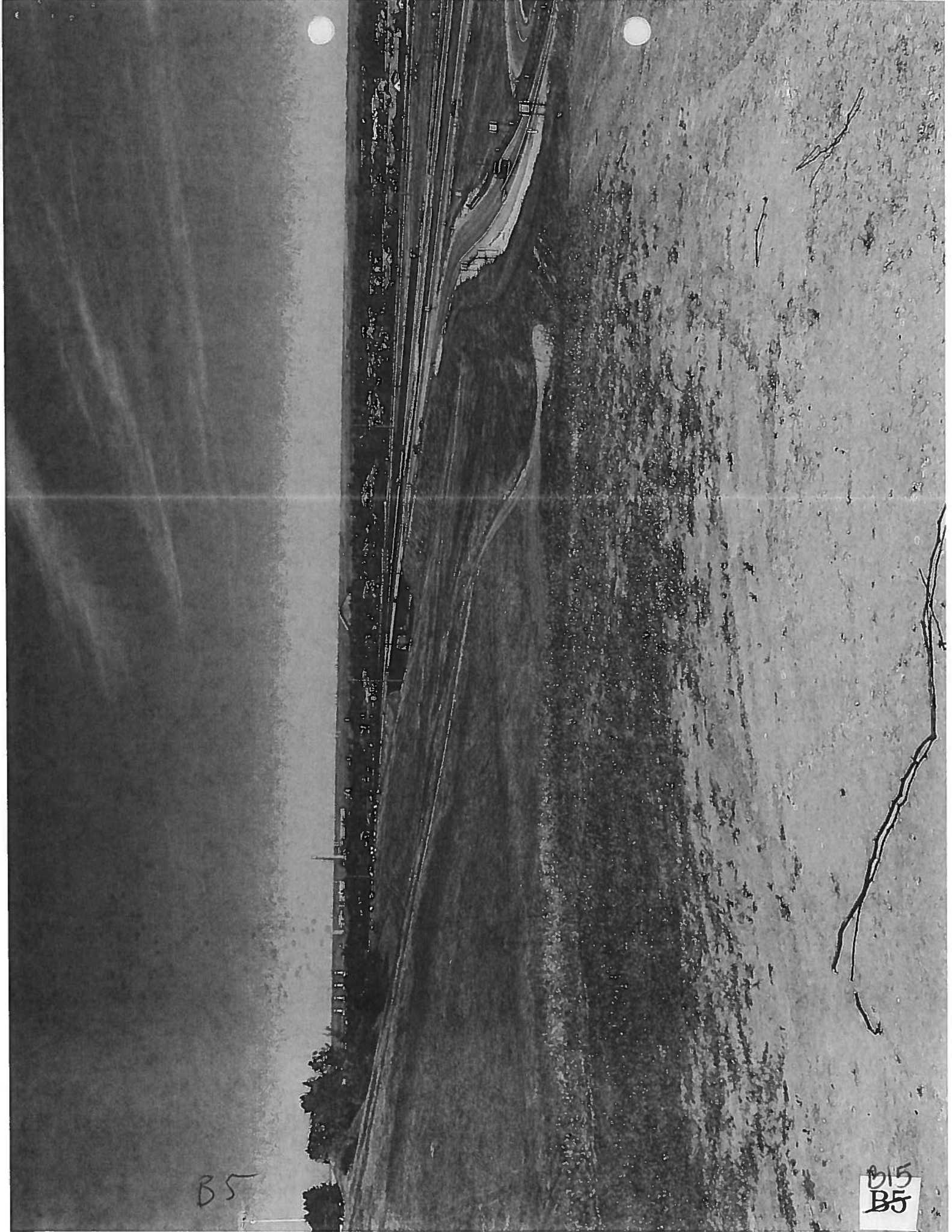
Laurel Ranch is proposed to be a high-quality community and will provide opportunity for 191 new homes in the City of Antioch. The project will provide the much-needed construction of the missing segment of Laurel Road easterly to Highway 4 and take the implementation of the East Lone Tree Specific Plan one significant step further. While the project follows the original intent of the Specific Plan, it makes improvements in product type and lowers overall density. Richland is confident in the merits of the proposed project and is excited to be developing in the City of Antioch.

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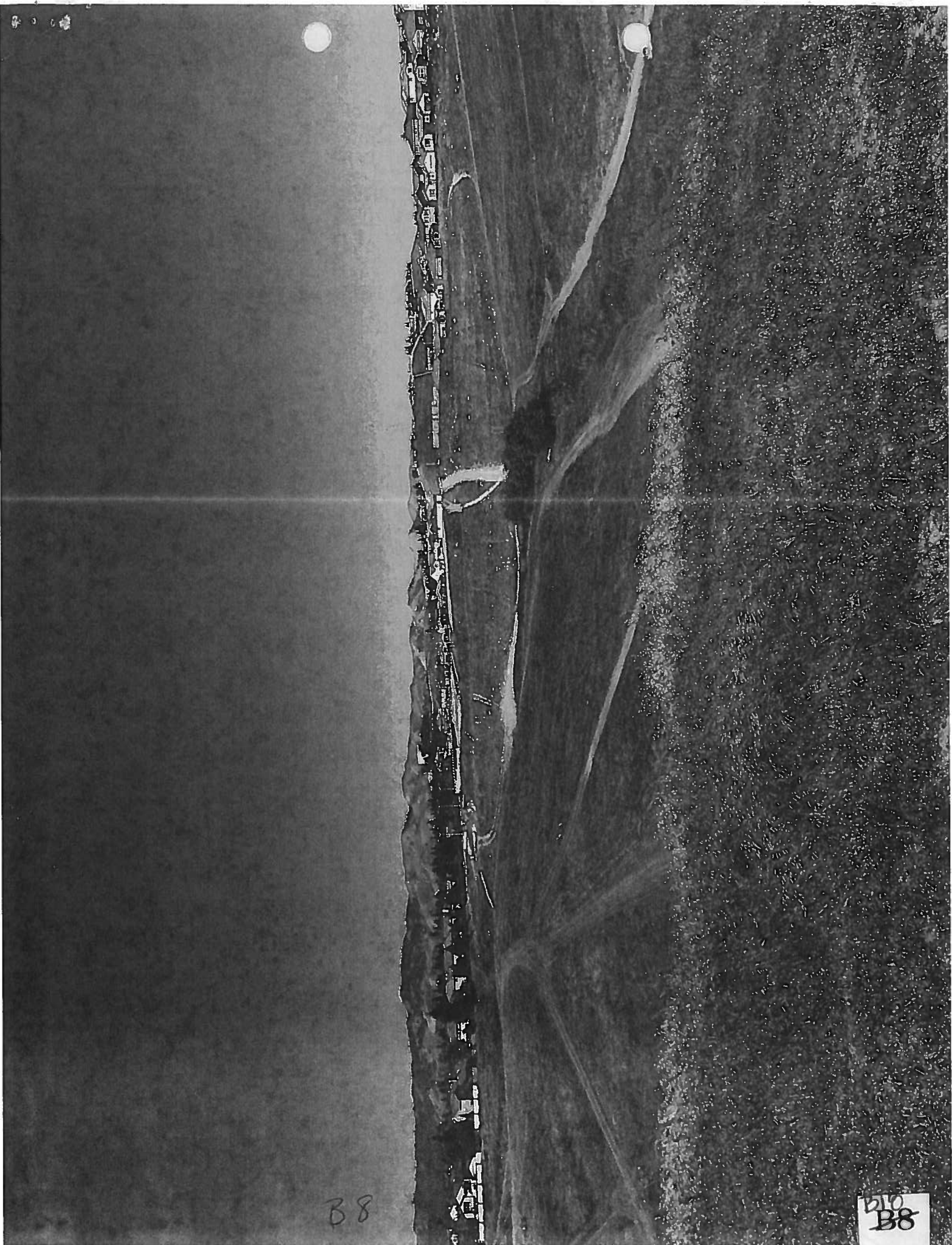
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**CITY OF ANTIOCH
PLANNING COMMISSION MINUTES**

**Regular Meeting
6:30 p.m.**

**November 5, 2014
City Council Chambers**

CALL TO ORDER

Chair Hinojosa called the meeting to order at 6:30 p.m. on Wednesday, November 5, 2014, in the City Council Chambers. She stated that all items that can be appealed under 9-5.2509 of the Antioch Municipal Code must be appealed within five (5) working days of the decision. The final appeal date of decisions made at this meeting is 5:00 p.m. on Monday, November 17, 2014.

ROLL CALL

Present: Commissioners Pinto and Baatrup
Chair Hinojosa and Vice Chair Motts
Absent: Commissioners Miller and Westerman
Staff: Senior Planner, Mindy Gentry
Associate Planner, Alexis Morris
City Attorney, Lynn Tracy Nerland
Minutes Clerk, Cheryl Hammers

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

None.

CONSENT CALENDAR

1. Approval of Minutes: September 17, 2014

On motion by Vice Chair Motts, and seconded by Commissioner Baatrup, the Planning Commission approved the Minutes of September 17, 2014.

AYES: Hinojosa, Motts, Pinto, and Baatrup
NOES: None
ABSTAIN: None
ABSENT: Miller and Westerman

END OF CONSENT CALENDAR

NEW PUBLIC HEARING

- PDP-14-07 - Laurel Ranch Preliminary Development Plan** – Strack Farms LLC requests review of a preliminary development plan, which is not an entitlement, for the development of approximately 191 single family homes on approximately 54 acres. The project site is located to the east of the current terminus of Laurel Road and to the west of the Highway 4 Bypass (APN 053-060-031).

Associate Planner Morris provided a summary of the staff report dated October 30, 2014 recommending the Planning Commission provide feedback to the applicant and staff regarding the proposal and to provide direction to the applicant for the Final Development Plan submittal.

OPENED PUBLIC HEARING

Applicant, Aaron Ross Swain of Richland Communities, thanked staff. He gave a presentation to get feedback which included a property description, governing land uses, project description and project approvals.

Architect Jill Williams gave a presentation on neighborhood/architecture on private lane homes and conventional homes.

Applicant, Aaron Ross Swain, continued his presentation on the project highlights.

In response to Vice Chair Motts, applicant said that the four foot side yard along the sound wall is something they would have to research, if they had to adjust it they would have to go back and rework their plan as there is not a lot of room to increase the setbacks; that this is very difficult to address without a complete rework of the product. He said that the CC&Rs will preclude parking in the alleys, that there will be striping on the curbs, that the HOA will be responsible for enforcement of the no parking in the alleys, and that effective lighting at night will help with police concerns. Applicant said that the park was omitted because Parkridge to the south was going to have a large park and there was no need to incorporate a small park in their project but that they will address that. He said that there are two detention basins for storm water.

In response to Chair Hinojosa, applicant said that the setbacks for the private lane project are a minimum four feet on each side, five feet in the rear and ten feet in the front. Because the setbacks of the proposed project does not match the previously approved product, the project would require a rezone. He said that it is very challenging to grade the space around the water district property to incorporate a park and if they are going to incorporate a park, they would have to look at the current development and find a spot. Applicant said that "private" means that elements of the project will be the responsibility of the HOA to maintain, not the City. The applicant had considered a gate but the elements that would be required such as vehicle stacking and the location of the project wouldn't be fitting for a gate. He said that homeowners will have two spaces to park in their garage and can also park on their driveway; however there may be some

parking issues if guests come on garbage day but that there is still a good amount of guest parking even on garbage day.

In response to Commissioner Pinto, the applicant said that the main entrance street width would be thirty-six feet curb to curb and that there is a secondary exit along the west side of the property and said they will take a look at the second exit to see if it can be an entrance as well as an exit. He said that there is an EVA incorporated into the proposal in the event of emergency and emergency responders will also be able to utilize the trail. The timing of the trail is unknown and up for discussion with staff. Commissioner Pinto recommended that the trail be part of the initial phase rather than later on. The applicant said that they are not able to maintain the City's current standards for setbacks and that they would have to rethink setbacks especially with the private lane product. He said that is why they are pursuing a PD as the City doesn't have standards for this small product. The applicant indicated they would have to go back and incorporate a different product if they were to increase setbacks. He said that there are no single story units proposed for this project.

Commissioner Pinto noted that empty nesters are usually older and typically look for single level homes.

CLOSED PUBLIC HEARING

Chair Hinojosa asked staff's opinion on the setback and density issue to which SP Gentry said that the Commission and staff hasn't seen a six pack product type in recent history and the City does not currently have standards for this product type. The Bluerock project is the most recently constructed project with a four pack product. She said that hopefully standards will be developed but as part of the peer review process, the peer reviewer will be taking standard industry practices into account.

Chair Hinojosa asked staff if they had thoughts about parking and garbage day to which SP Gentry said that staff does have concerns but that staff is looking to the Planning Commission for feedback and noted that high density communities do find a way to make it work.

Commissioner Pinto asked staff if they can require this project to have solar panels or be prewired for solar to which SP Gentry said they haven't been required in the past and that there isn't anything currently in the City's municipal code requiring it. She said that it may be in the purview of the City Council to adopt an ordinance or the Planning Commission can recommend that to the City Council as a condition of approval.

Vice Chair Motts asked staff about the RV parking and the lack of extra parking within 200 feet to which SP Gentry said that there have been other developments that do not have RV storage due to lot size with Bluerock being the best example. She said that she doesn't recall if they had the 200 foot requirement.

Chair Hinojosa asked about Lot 18 on the site plan and how that was accessible to which AP Morris said the tentative map will have to have an easement, they will create a flag lot, or they will have to eliminate that lot.

Chair Hinojosa asked staff about the access to the trail only on the east side to which AP Morris said that this is preliminary, that they don't have the exact trail, that the trail would be accessed by Laurel Road and not internally, and that they don't have final plans which will include engineering and grading.

Commissioner Pinto asked staff to elaborate on the financing paragraph on page 6 of the staff report to which AP Morris said that the Parkridge project and this project are required to establish and participate in a financing district. SP Gentry said that when the East Lone Tree Specific Plan was adopted, Slatten Ranch Road is one of those items included in that mechanism to divvy up the cost amongst the property owners. She said that this mechanism hasn't been established yet and that it is up to the developers.

Commissioner Pinto stated his preference that the City not get into a Mello Roos situation and asked that they make sure we get away from those situations. SP Gentry said that since it hasn't been established, she not sure how that is going to occur. The costs could be upfront and then built into the cost of the house or maybe a tax on the property. Staff will be able to provide a better answer when applicant comes back for entitlement review.

Commissioner Baatrup asked staff about the entitlements for developing on this property and the number of units based on the General Plan and the Specific Plan to which SP Morris said that Bixby was allowed a maximum of 209 units and that the Specific Plan was amended to say it should conform to the Bixby project.

Commissioner Baatrup asked staff how do we keep these smaller six pack projects from turning into projects that become crime impacted areas. SP Gentry said that the Sycamore area does have challenges with design, lots of alley ways, a lot of those properties are four plexes with four different owners, and that sometimes you have investors and probably no HOA. She said that the Police Department can add components to incorporate into CC&Rs to address safety concerns.

CA Nerland interjected that enforcement of the HOA is crucial and that it is more than just having the documents. The HOA may be funded to include a professional management and the HOA can be setup in such a way that they have enough funding to implement professional management.

Commissioner Baatrup stated that he strongly encourages solid CC&Rs for a quality HOA to enforce. He said that he is bothered by the fact that there is no landscaping or open space to break up a very dense project, and that he would like to see more of that incorporated into this project.

Vice Chair Motts agreed with Commissioner Baatrup's concerns on safety issues and wondered if working with the applicant to address design standards and safety standards would work well to which SP Gentry said that it is their hope that through the development standards with feedback from police on crime, there would be no problems down the road.

Vice Chair Motts said that he is very happy to see a trail connection and he thinks it is important to work a park into the project especially with the trail only accessible from one side of the development, and asked if we can utilize funds from the funding mechanisms to help augment other projects in the City. SP Gentry said that there is a Developer Impact Fee, along with the establishment of the CFD, which would be implemented to mitigate their impacts and to address city standards.

Chair Hinojosa said that she has generally been open minded to this higher density project but that she has to say that with regard to this project, she is extremely concerned with the density, that she does not like the proposed setbacks for the private lane properties, that she doesn't like the overall development that does not provide single story homes, and that she would like more consideration to the overall density of the project. She said that she is very familiar with Bluerock, but that she has concerns with garbage and parking but would be willing to flex on the parking within 200 feet. She agreed with staff about the access in and out of the driveways being comfortable to all residents and that with less density could provide RV parking. She said that she isn't on board with the Laurel Road setbacks and that they need to go to fifteen to twenty feet. She doesn't like the fact that houses abut such a major thoroughfare and that she 100% thinks there should be a park and supports that on a revised plan. She said the pedestrian trail is an awesome detail but that additional access should be considered. She agreed with the lack of landscaping and would like to see more to break up the façade and the density. She had concerns regarding the sound walls and the four foot side yard adjacent to it. She was also concerned with the restraints of lot coverage and residents not being able to put up ancillary structures. She said she is tired of projects coming to the Commission and the Commission is asked to flex to that project to make it work and she would like to see guidelines for consistency.

Commissioner Baatrup said that he doesn't see anything in the project that stands out as high quality and having super dense six packs on small properties, he is afraid to see something turn for the worse in this community. He said that we need good quality documents in the CC&Rs to make sure this doesn't turn into one of those embarrassments for the City of Antioch. This project has to stand out and not be a problematic eye sore for the City and that he is not excited about it today. He said it is time to get serious about this and we need to change what we are doing to get change in the City.

ORAL COMMUNICATIONS

Commissioner Baatrup said that he is moving out of the City of Antioch and therefore stepping down from the Commission. That he really appreciates being on the Planning Commission and appreciates the time of his fellow Commissioners.

Vice Chair Motts thanked Greg on his efforts and wise comments and said that he will be sorely missed.

Commissioner Pinto wished Greg the best and said that his contributions have been significant.

Chair Hinojosa said that she is sad to hear Greg is leaving, that she appreciates serving with him with his foresight, comments and feedback, that he has been a valuable addition to the team, and will be a big loss for the City.

SP Gentry thanked Greg for his feedback and service to the City and said that she is working on his sign and will invite him back when she has it.

SP Gentry said that with the holidays, she asked that the Commissioners to let staff know if they are not able to make any upcoming meetings. She said that staff has scheduled a community meeting on the downtown plan Specific Plan, General Plan and Zoning update on November 12th and on November 19th there will be a joint meeting with EDC for feedback. She said staff is scheduled to have a Planning Commission meeting on December 3 for a study session on the Housing Element. Also, the City is getting ready to begin interviews for the vacancy having received four applications and that hopefully they will be able to seat someone by December 3rd.

Vice Chair Motts confirmed with staff that November 19th would be for public input.

Chair Hinojosa said that she will be unavailable until Thanksgiving but will be available for the December 3rd meeting.

Commissioner Pinto said that he will be unavailable Nov. 23 through December 22 but that he will be at the November 19th meeting.

WRITTEN COMMUNICATIONS

None.

COMMITTEE REPORTS

Vice Chair Motts said that there was a Transplan meeting but just for procedural stuff.

ADJOURNMENT

Chair Hinojosa adjourned the Planning Commission at 8:10 p.m.

Respectfully Submitted,
Cheryl Hammers

B24

ATTACHMENT "C"

LAUREL RANCH

Project Description (Updated)

RECEIVED

DEC 16 2014

CITY OF ANTIOCH
COMMUNITY DEVELOPMENT

Introduction:

Strack Farms LLC(Richland) is proposing to develop a 54-acre single-family residential community consisting of 186 dwelling units in the City of Antioch, known as *Laurel Ranch*.

Property Description:

Laurel Ranch is currently avacant 54 acre parcel located at the northwest corner of Highway4 Bypass and Laurel Roadinterchange. The property's rolling terrain is bisected by a man-madenon-jurisdictional drainage ditch that flows from west to east. The ditch currently conveys storm water and nuisance runoff from the adjacent residential community to the west.

Existing surrounding land uses are:

- North – Vacant and Public /Quasi-Public
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Future surrounding land uses are:

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Previous Entitlement:

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Project Description:

Land use For Laurel Ranch is guided by the East Lone Tree Specific Plan (ELTA) which was adopted in May 1996. The project site's land use designation in the ELTA is a combination of Residential High, Residential Low, and Open Space.

Richland is proposing ~~191~~¹⁸⁶ dwelling units within two distinct single-family detached residential neighborhoods, *Conventional* and *Private Lane*.

Conventional Neighborhood

This neighborhood has 88 homes and proposed to have a minimum lot size of 4,000 sq. ft, with minimum dimensions of 50' (width) and 80' (depth). The homes on these lots can be a mix of single and two-stories, and are expected to range from approximately 2,300 to 2,900 sq. ft. Density for this neighborhood is approximately 5.8 DU/Acre.

Private Lane Neighborhood

This neighborhood has 98 homes, which are typically arranged in six-unit groupings. A short private lane provides access to the lots off of the public streets that will take access off of a short private lane. A minimum lot size of 2,580 sq. ft. is proposed. The two-story homes are expected to range in size from 1,800 to 2,100 sq. ft. Density for this neighborhood is approximately 10.1 DU/Acre.

The two neighborhood/product types chosen for the project allow for a diverse and community, which will appeal to several types of household types and incomes. The wide range of home square footages and lot sizes/configurations seek to meet the demand for housing in the Antioch area (ie: First Time homebuyers, Young Couples, growing families and Move-down empty-nesters).

It is important to point out the project is not only consistent with the City's parking ordinance, but it exceeds it by 28 guest parking spaces and provides 219 off-street spaces.

The proposed project will have a Homeowners Association (HOA) for maintenance of common areas and stormwater (C3) facilities. The HOA is proposed to be exclusive to Laurel Ranch and will be funded by Laurel Ranch residents only.

Parks & Trails:

The project will incorporate one 11,450 SQ.FT. park, and a second 5,430 SQ.FT. pocket park. The larger park is envisioned to have some simple programming (play structure, park furniture, lawn, ect...), while the pocket park most likely will have some park furniture, landscaping, and a trail connection. Both parks will be maintained by the future HOA. The project will also construct a trail along the western property boundary that will create a connection from Laurel Rd. to the existing Delta De Anza trail. The pocket park in the NW corner of the project will incorporate a trail connection to the future trail that runs along the western boundary of the project.

Infrastructure:

Laurel Ranch will be responsible for completing the design and construction of Laurel Road, extending the street eastward to Highway 4. The project could potentially contribute approximately \$2.8M towards the completion of Slatten Ranch Road. The total Slatten Ranch Road contribution, the method of payment, and timing are subject to future discussions with the City. The project will also pay into the City's Development Impact Fee (DIF) program. Of these obligations, the completion of Laurel Ranch is paramount, seeing that it will provide the necessary linkage to Highway 4 Bypass from existing residential areas west of the project site.

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The proposed entitlements being sought for Laurel Ranch include approval of the following:

1. Planned Development
2. Tentative Tract Map
3. Use Permit
4. Design Guidelines

An initial study will be required to determine the scope of the environmental analysis under CEQA. However, it is likely the project will require an Addendum to the originally certified ELTA Environmental Impact Report (EIR). The proposed land plan contemplates two Lot Line Adjustments (LLA's) between Richland and Contra Costa Water District, and another LLA with Diablo Water District.

Conclusion:

Laurel Ranch is proposed to be a high-quality community and will provide opportunity for 191 new homes in the City of Antioch. The project will provide the much-needed construction of the missing segment of Laurel Road easterly to Highway 4 and take the implementation of the East Lone Tree Specific Plan one significant step further. While the project follows the original intent of the Specific Plan, it makes improvements in product type and lowers overall density. Richland is confident in the merits of the proposed project and is excited to be developing in the City of Antioch.



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2015

TO: Honorable Mayor and Members of the City Council

SUBMITTED BY: Dawn Merchant, Finance Director

SUBJECT: Issuance and Sale of City of Antioch Public Financing Authority Lease Revenue Bonds, Series 2015A

RECOMMENDED ACTION

It is recommended that the City Council adopt the resolution approving the issuance and sale by the City of Antioch Public Financing Authority of not to exceed \$25,000,000 aggregate principal amount of Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A; authorizing the forms of and directing the execution and delivery of a trust agreement, a site lease, a facility lease, a bond purchase agreement and a continuing disclosure agreement; approving form of and distribution of a preliminary official statement and official statement; appointing bond and disclosure counsel for such refinancing; and authorizing taking of necessary actions and execution of necessary certificates in connection therewith.

STRATEGIC PURPOSE

This action meets Long Term Goal N, Financial Services; specifically addressing Strategy N-2 by aiding the City in achieving long-term fiscal sustainability. The refinancing of the existing bonds will result in substantial net present value savings realized by the City; approximately 10% of the savings for the portion of the refinancing of the 2002 bonds will be realized by the City in the form of residual receipts received as a taxing entity and the portion of the refinancing related to the ABAG 2001 bonds will result in reduced debt service payments made directly by the City.

FISCAL IMPACT

The 2002 bonds are outstanding in principal amounts of \$21,505,000, and mature in 2032. Savings from a refinancing are currently estimated at \$5.0M over the life of the bonds, which equates to net present value (NPV) savings of \$4.1 MM. NPV savings are 19% of the outstanding par. Municipal refunding(s) are considered profitable in the 3% to 5% range, so savings are expected to be substantially above industry norms. The interest rate is expected to drop from 5.5% to under 3%. At these rates, average annual savings are approximately \$300,000/year. Savings from the 2002 bonds will be distributed to the affected taxing entities with the City of Antioch retaining approximately 10% in the form of higher property tax receipts. The current term of the bonds will not be extended.

The ABAG 2001 Lease Revenue Bonds are outstanding in a principal amount of \$4,740,000. Net present value savings are estimated at \$840,000 (17% of par/principal), or approximately \$74,000 per year. All savings from the ABAG refinancing will accrue to the City.

Savings estimates are net of all costs related to issuing the bonds. Legal and underwriting costs of issuing the bonds are contingent with exception of the rating agency fee by Standard & Poor's, which will be approximately \$20,000. This amount will be included in costs of issuance, unless the issue is cancelled after the rating is published. Interest rates are preliminary and subject to change based on market conditions at the time of sale.

DISCUSSION

The following two bond issues will be refinanced as 2015 Series A Lease Revenue Bonds by the City of Antioch Public Financing Authority:

- 2002 Series A&B Lease Revenue Bonds issued by the Antioch Public Finance Authority (Authority). The 2002 bonds are an enforceable obligation of the former Antioch Development Agency (now the City as Successor Agency to the Antioch Development Agency) via a reimbursement agreement between the City and former Antioch Development Agency. Debt service is paid from funds deposited into the Redevelopment Property Tax Trust Fund upon approval of Recognized Obligations Payment Schedules approved by the Oversight Board and submitted to the Department of Finance for approval.
- 2001 Association of Bay Area Governments (ABAG) Lease Revenue Bonds. These bonds are an obligation of the City, and debt service is reimbursed by the City's golf course.

The City Council and Successor Agency previously adopted Resolutions 2014/94 and SA 2014/15 respectively authorizing the execution of a Reimbursement Agreement between City and the Successor Agency related to the portion of the 2015 bonds for the 2002 Series A&B bonds being refinanced. This action was needed to ensure the portion of the 2015 bonds related to the refinancing of the 2002 Bonds remain an enforceable obligation of the Successor Agency. The Oversight Board to the Successor Agency adopted Resolution 2014-06 on December 1, 2014 approving the reimbursement agreement. The Oversight Board resolution is currently under review by the Department of Finance (DOF) and the issuance and sale of bonds cannot take place without approval by the DOF.

This current action will authorize the City and the Authority to conduct the sale of the refunding bonds (pending approval by the DOF). In addition, the attached resolution:

- Appoints the firm of Orrick, Herrington & Sutcliffe LLP as bond and disclosure counsel for this transaction. John Knox of Orrick, Herrington & Sutcliffe has worked with the City for over 10 years on various bonds issues and bond and disclosure counsel, including for the 2002 Lease Revenue Bonds which are being refinanced.

- Appoints Bank of New York Mellon Trust Company, N.A. as the trustee for the new bond issue. Bank of New York is the current trustee for the 2002 Lease Revenue Bonds.
- Approves a Bond Purchase Agreement with RBC Capital Markets, LLC, the Underwriter for this bond issuance with whom City staff has been working. The Underwriter will purchase the bonds from the City of Antioch Public Financing Authority and in turn make a public offering for the sale of the bonds.

The Preliminary Official Statement and Appendix A are the primary documents that describe the City of Antioch and this transaction to the investment community.

ATTACHMENTS

- A. Resolution of the City Council of the City of Antioch approving the issuance by the City of Antioch Public Financing Authority of not to exceed \$25,000,000 aggregate principal amount of Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A; authorizing the forms of and directing the execution and delivery of a trust agreement, a site lease, a facility lease, a bond purchase agreement and a continuing disclosure agreement; approving form of and distribution of a preliminary official statement and official statement; appointing bond and disclosure counsel for such refinancing; and authorizing taking of necessary actions and execution of necessary certificates in connection therewith
 1. Exhibit 1 to Resolution – Site Lease between the City of Antioch and City of Antioch Public Financing Authority
 2. Exhibit 2 to Resolution – Facility Lease between the City of Antioch Public Financing Authority and City of Antioch
 3. Exhibit 3 to Resolution – Trust Agreement between the City of Antioch Public Financing Authority and the Bank of New York Mellon Trust Company, N.A.
 4. Exhibit 4 to Resolution – Bond Purchase Agreement between RBC Capital Markets, LLC, the City of Antioch Public Financing Authority and the City of Antioch
 5. Exhibit 5 to Resolution – Preliminary Official Statement
 6. Exhibit 6 to Resolution – Continuing Disclosure Agreement

RESOLUTION NO. 2015/

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANTIOCH APPROVING THE ISSUANCE BY THE CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY OF NOT TO EXCEED \$25,000,000 AGGREGATE PRINCIPAL AMOUNT OF LEASE REVENUE REFUNDING BONDS (MUNICIPAL FACILITIES PROJECT), SERIES 2015A; AUTHORIZING THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, A SITE LEASE, A FACILITY LEASE, A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT; APPROVING FORM OF AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT; APPOINTING BOND AND DISCLOSURE COUNSEL FOR SUCH REFINANCING; AND AUTHORIZING TAKING OF NECESSARY ACTIONS AND EXECUTION OF NECESSARY CERTIFICATES IN CONNECTION THEREWITH

WHEREAS, the City of Antioch (the “City”) and the Antioch Development Agency (now known as the Successor Agency to the Antioch Development Agency) (the “Agency”) have heretofore executed a Joint Exercise of Powers Agreement, dated April 27, 1993 (the “Joint Powers Agreement”), which Joint Powers Agreement creates and establishes the City of Antioch Public Financing Authority (the “Authority”); and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Marks-Roos Local Bond Pooling Act of 1985”) and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing and refinancing public capital improvements whenever there are significant public benefits to be realized; and

WHEREAS, the Authority previously issued its Lease Revenue Bonds (Municipal Facilities Project), Series 2002A and its Lease Revenue Bonds (Municipal Facilities Project), Series 2002B (together, the “Series 2002 Bonds”) in order to refinance certain public capital improvements for the benefit of the City (the “2002 Facilities”); and

WHEREAS, the City has agreed to make lease payments (the “2002 Lease Payments”) to the Authority pursuant to the Facility Lease, dated as of March 1, 2002, between the Authority and the City; and

WHEREAS, the City wishes to prepay the 2002 Lease Payments in order to refund the Series 2002 Bonds; and

WHEREAS, the Association of Bay Area Governments (“ABAG”) has issued its Lease Revenue Bonds, 2001 Series A (California Capital Projects) (the “ABAG Bonds”), a portion of which was used to finance the construction of a new clubhouse at the Lone Tree Golf Course and to refund other obligations of the City issued to finance public capital improvements (collectively, the “2001 Facilities”); and

WHEREAS, the City has agreed to make lease payments (the “2001 Lease Payments”) to ABAG pursuant to the Lease Agreement, dated as of July 1, 2001, between the City and ABAG; and

WHEREAS, the City wishes to prepay the 2001 Lease Payments in order to refund the City’s portion of the ABAG Bonds; and

WHEREAS, the Authority intends to issue its Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “2015 Refunding Bonds”) for the purpose of refunding the Series 2002 Bonds and the City’s portion of the ABAG Bonds; and

WHEREAS, the City previously approved entering into a reimbursement agreement with the Agency (the “2015 Reimbursement Agreement”) and the 2015 Refunding Bonds will achieve debt service savings which will be realized under the 2015 Reimbursement Agreement; and

WHEREAS, in accordance with Government Code Section 6586.5, the City has published notice of a public hearing in a newspaper of general circulation and on the date hereof held a public hearing concerning the refinancing of the 2001 Facilities and the 2002 Facilities by the Authority through the issuance of the 2015 Refunding Bonds; and

WHEREAS, in order to secure and provide for the repayment of the 2015 Refunding Bonds, the City intends to lease certain real property and improvements (as described in Exhibit A to the Facility Lease, the “Facilities”) to the Authority under a Site Lease by and between the City and the Authority (the “Site Lease”) and to leaseback such Facilities from the Authority under a Facility Lease by and between the Authority and the City (the “Facility Lease”); and

WHEREAS, under the Facility Lease, the City would be obligated to make rental payments to the Authority; and

WHEREAS, it is further proposed that the Authority and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), enter into a Trust Agreement (the “Trust Agreement”), pursuant to which the Authority will issue not to exceed \$25,000,000 aggregate principal amount of the 2015 Refunding Bonds and will use the proceeds to refinance the 2001 Facilities and the 2002 Facilities; and

WHEREAS, the City, the Authority and RBC Capital Markets (the “Underwriter”), as purchaser of the 2015 Refunding Bonds, will enter into a Bond Purchase Agreement (the “Bond Purchase Agreement”), and an Official Statement describing the 2015 Refunding Bonds will be distributed by the Underwriter to potential purchasers of the 2015 Refunding Bonds; and

WHEREAS, the City will enter into a Continuing Disclosure Agreement between the City and the Trustee (the “Continuing Disclosure Agreement”); and

WHEREAS, the City wishes to appoint the firm of Orrick, Herrington & Sutcliffe LLP as Bond and Disclosure Counsel for the 2015 Refunding Bonds; and

WHEREAS, this City Council has been presented with the form of each document hereinabove referred to relating to the 2015 Refunding Bonds, and the City Council has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

WHEREAS, the City has full legal right, power and authority under the Constitution and the laws of the State of California to enter into the transactions hereinafter authorized; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ANTIOCH, as follows:

Section 1. The City hereby specifically finds and declares that (a) the actions authorized hereby constitute and are with respect to public affairs of the City, (b) the statements, findings and determinations of the City set forth above are true and correct, (c) it will be in the best interest of the City to proceed with a lease revenue refinancing of (i) the 2002 Facilities through the prepayment of the 2002 Lease Payments and the refunding of the Series 2002 Bonds, and (ii) the 2001 Facilities through the prepayment of the 2001 Lease Payments and the refunding of the City's portion of the ABAG Bonds, and (d) the refinancing of the 2001 Facilities and the 2002 Facilities, and the consummation of the transactions contemplated in the Site Lease, Facility Lease, and the Trust Agreement will result in significant public benefits.

Section 2. The City Council hereby approves the issuance of the 2015 Refunding Bonds by the Authority, in an aggregate principal amount of not to exceed \$25,000,000 for the refinancing of the 2001 Facilities and the 2002 Facilities.

Section 3. The form of Site Lease, attached as Exhibit 1 to this Resolution, is hereby approved, and the City Manager and the City Clerk or their designees are hereby authorized and directed to execute and deliver the Site Lease in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form of Facility Lease, attached as Exhibit 2 to this Resolution, is hereby approved, and the City Manager and the City Clerk or their designees are hereby authorized and directed to execute and deliver the Facility Lease in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate principal component of base rental payments payable under the Facility Lease shall not exceed \$25,000,000, the maximum annual base rental payments payable under the Facility Lease shall not exceed \$2,500,000, and the term of the Facility Lease (including any extensions) shall not exceed April 1, 2042. Among the changes authorized to be made to such Facility Lease are such changes (but not limited to such changes) as are necessary in the event the City Manager or his designee, upon consultation with the Underwriter, determines it is desirable to obtain municipal bond insurance.

Section 5. The form of Trust Agreement by and between the Trustee and the Authority, attached as Exhibit 3 to this Resolution, is hereby approved. Among the changes

authorized to be made to such Trust Agreement are such changes (but not limited to such changes) as are necessary in the event the City Manager or his designee, upon consultation with the Underwriter, determines it is desirable to obtain municipal bond insurance or a debt service reserve fund surety bond.

Section 6. The form of Bond Purchase Agreement by and among the City, the Authority and the Underwriter, attached as Exhibit 4 to this Resolution, is hereby approved. The City Manager or his designee is hereby authorized and directed, for and in the name and on behalf of the City, to accept the offer of the Underwriter to purchase the 2015 Refunding Bonds as reflected in the Bond Purchase Agreement; and to execute and deliver the Bond Purchase Agreement in substantially the form on file with the City Clerk, with such additions, deletions or changes therein as such officer determines are necessary or appropriate and are approved by such officer, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement; provided, that the interest rate on the 2015 Refunding Bonds shall not exceed a true interest cost of four and one half percent (4.5%) per annum and the underwriter's discount shall not exceed 0.75% of the aggregate principal amount of the 2015 Refunding Bonds (exclusive of original issue discount).

Section 7. The form of Preliminary Official Statement describing the 2015 Refunding Bonds, attached as Exhibit 5 to this Resolution, is hereby approved. The City Manager or his designee is hereby authorized and directed to execute and deliver a final Official Statement in substantially said form with such additions, corrections and revisions as may be determined to be necessary or desirable by the Underwriter, Orrick, Herrington & Sutcliffe, LLP as Bond and Disclosure Counsel or the City Attorney's Office, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized and directed to cause to be supplied to prospective purchasers of the 2015 Refunding Bonds copies of the Preliminary Official Statement in such form, and to supply the purchasers of the 2015 Refunding Bonds with copies of a final Official Statement, completed to include, among other things the interest rate or rates, and final sale information. The City Manager or his designee is hereby authorized and directed to execute a certificate on behalf of the City confirming that the Preliminary Official Statement has been deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain pricing, rating and related information as permitted by said Rule).

Section 8. The proposed form of Continuing Disclosure Agreement, to be dated the date of issuance of the 2015 Refunding Bonds, by and between the City and the Trustee, attached as Exhibit 6 to this Resolution, is hereby approved. The City Manager or his designee is hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. The City hereby appoints the firm of Orrick, Herrington & Sutcliffe LLP as Bond and Disclosure Counsel for the 2015 Refunding Bonds.

Section 10. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and

comply with the terms and intent of this Resolution. The Mayor of the City, the City Clerk, the City Manager, the City Attorney and the officers of the City are hereby authorized and directed to execute and deliver any and all certificates and representations, signature certificates, no-litigation certificates, tax and rebate certificates and certificates concerning the contents of the Official Statement distributed in connection with the sale of the 2015 Refunding Bonds, necessary and desirable to accomplish the transactions set forth above.

Section 11. All actions heretofore taken by the officers and agents of the City with respect to the transactions contemplated herein are hereby approved and confirmed.

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

* * * * *

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Antioch at a regular meeting thereof, held on the 13th day of January, 2015, by the following vote:

AYES:

NOES:

ABSENT:

Arne Simonsen
City Clerk of the City of Antioch

CITY CLERK'S CERTIFICATE

I, Arne Simonsen, City Clerk of the City of Antioch, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the City Council of said City duly held at the regular meeting place thereof on the 13th day of January, 2015, of which meeting all of the members of said City Council had due notice and at which a majority thereof were present; and at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

An agenda of said meeting was posted at least 72 hours before said meeting at City Hall, Antioch, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand and the seal of the City of Antioch, California, this ____ day of _____.

[Seal]

Arne Simonsen
City Clerk of the City of Antioch

Recording requested by
and return to:

CITY OF ANTIOCH
c/o Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105

Attention: Philip C. Morgan, Esq.

Pursuant to Section 27383 of the
Government Code of the State of
California, recording of this document is
Exempt from any fees charged by the
recorder.

Transfer tax: None, exempt per R&T
11922, Lessee is governmental entity.

SITE LEASE

between the

CITY OF ANTIOCH

and

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

Dated as of February 1, 2015

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SITE LEASE

This Site Lease (the “Lease”), dated as of February 1, 2015, by and between the CITY OF ANTIOCH, a municipal corporation duly organized and existing under the Constitution and laws of the State of California (the “City”), as lessor, and the CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY, a public entity and agency (the “Authority”), duly organized and existing pursuant to an Agreement entitled “Joint Exercise of Powers Agreement” by and between the City of Antioch and the Antioch Development Agency (now known as the Successor Agency to the Antioch Development Agency), as lessee;

W I T N E S S E T H:

WHEREAS, the City intends to lease the Facilities (as defined herein) to the Authority pursuant to this Lease; and

WHEREAS, the Authority intends to sublease the Facilities back to the City pursuant to a Facility Lease, dated as of February 1, 2015 (the “Facility Lease”) by and between the Authority, as lessor, and the City, as lessee; and

WHEREAS, the Authority intends to issue its Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Series 2015 Bonds”, and together with any bonds issued on a parity therewith, the “Bonds”) pursuant to a trust agreement and in accordance with the Joint Exercise of Powers Agreement and its powers thereunder and under the laws of the State of California;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED as follows:

SECTION 1. Facilities.

The City hereby leases to the Authority and the Authority hereby leases from the City, on the terms and conditions hereinafter set forth, the real property and improvements situated in the City of Antioch, State of California, and described in Exhibit A attached hereto and made a part hereof, together with any real property substituted for all or any portion of such property in accordance with Section 2.04 of the Facility Lease and the Trust Agreement (herein collectively called the “Facilities”).

SECTION 2. Term.

The term of this Lease shall commence on the date of recordation of this Lease in the office of the County Recorder of Contra Costa County, State of California, or on March 1, 2015, whichever is earlier, and shall end on April 1, 2032, unless such term is extended or sooner terminated as hereinafter provided. If on April 1, 2032, the Bonds and all other amounts due under the Trust Agreement shall not be fully paid, or if the rental or other amounts payable under the Facility Lease shall have been abated at any time and for any reason or shall not have been fully paid, then the term of this Lease shall be extended until ten (10) days after the Bonds and all other amounts due under the Trust Agreement and the Facility Lease shall be fully paid, except that the term of this Lease shall in no event be extended beyond April 1, 2042. If prior to April 1, 2032, the Bonds and all other amounts due under the Trust Agreement shall be fully

paid, the term of this Lease shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Authority, whichever is earlier.

SECTION 3. Rental.

The Authority shall pay to the City as and for rental hereunder, including but not limited to the payment of rent for the Facilities, the sum of \$_____, which amount shall be deposited pursuant to the Trust Agreement in the funds and accounts thereunder, and which amount the City finds and determines is full and fair rental for the Facilities.

SECTION 4. Purpose.

The Authority shall use the Facilities solely for the purpose of leasing the Facilities to the City pursuant to the Facility Lease and for such purposes as may be incidental thereto; provided, that in the event of default by the City under the Facility Lease the Authority may exercise the remedies provided in the Facility Lease or in the Trust Agreement.

SECTION 5. Owner in Fee.

The City covenants that it is the owner in fee of the Facilities, as described in Exhibit A hereto. The City further covenants and agrees that if for any reason this covenant proves to be incorrect, the City will either institute eminent domain proceedings to condemn the property or institute a quiet title action to clarify the City's title, and will diligently pursue such action to completion. The City further covenants and agrees that it will hold the Authority and the Bondowners harmless from any loss, cost or damages resulting from any breach by the City of the covenants contained in this Section.

SECTION 6. Assignments and Facility Leases.

Unless the City shall be in default under the Facility Lease, the Authority may not assign its rights under this Lease or sublet the Facilities, except pursuant to the Facility Lease, without the written consent of the City, which consent may be withheld in the City's sole and absolute discretion. Upon the occurrence of a default by the City under the Facility Lease, the Authority may assign or sell its rights under this Lease or sublet the Facilities without the consent of the City.

SECTION 7. Right of Entry; Easements.

The City reserves the right for any of its duly authorized representatives to enter upon the Facilities at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 8. Termination.

The Authority agrees, upon the termination of this Lease, to quit and surrender the Facilities in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and the Authority further agrees that any permanent improvements to and structures existing upon the Facilities at the time of the termination of this Lease shall remain thereon and title thereto shall vest in the City.

Upon the exercise of the option to purchase set forth in Section 7.03 of the Facility Lease and upon payment of the option price required by said section, the term of this Lease shall terminate as to the portion of the Facilities being so purchased is situated.

SECTION 9. Default.

In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Lease, which default continues for one hundred and eighty (180) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Lease and of the Facility Lease shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate this Lease by reason of any default on the part of the Authority if such termination would affect or impair any assignment or Facility Lease of all or any part of the Facilities then in effect between the Authority and any assignee or subtenant of the Authority (other than the City under the Facility Lease). So long as any such assignee or subtenant of the Authority shall duly perform the terms and conditions of this Lease, such assignee or subtenant shall be deemed to be and shall become the tenant of the City hereunder and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any Bonds are outstanding and unpaid in accordance with the terms thereof, the rentals or any part thereof payable to the Authority or Trustee shall continue to be paid to the Trustee on behalf of the Bondowners.

SECTION 10. Quiet Enjoyment.

The Authority at all times during the term of this Lease, shall peaceably and quietly have, hold and enjoy all of the Facilities.

SECTION 11. Waiver of Personal Liability.

All liabilities under this Lease on the part of the Authority shall be solely liabilities of the Authority, as a public entity and agency, and the City hereby releases each and every member, director, officer, agent or employee of the Authority of and from any personal or individual liability under this Lease. No member, director, officer, agent or employee of the Authority shall at any time or under any circumstances be individually or personally liable under this Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the City or to any other party whomsoever for any death, injury or

damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities. The City, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

SECTION 12. Taxes.

The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Facilities (including both land and improvements).

SECTION 13. Eminent Domain.

In the event the whole or any part of the Facilities is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid or outstanding Bonds and all other amounts due under the Trust Agreement and the Facility Lease attributable to the whole or part of the Facilities taken, and such amount shall be paid to the Trustee, and the balance of the award, if any, shall be paid to the City.

SECTION 14. Partial Invalidity.

If any one or more of the terms, provisions, covenants or conditions of this Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Lease shall be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 15. Notices.

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and, if to the City, addressed to the City in care of the City Manager, P.O. Box 5007, Antioch, CA 94531-5007, or if to the Authority, addressed to the Authority in care of the Executive Director, P.O. Box 5007, Antioch, CA 94531-5007, in all cases with a copy to the Trustee, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 16. Section Headings.

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

SECTION 17. Amendment.

The Authority and the City may at any time agree to the amendment of this Lease; provided, however, that the Authority and the City agree and recognize that this Lease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

SECTION 18. Execution.

This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease. It is also agreed that separate counterparts of this Lease may separately be executed by the City and the Authority, all with the same force and effect as though the same counterpart had been executed by both the City and the Authority.

IN WITNESS WHEREOF, the City and the Authority have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF ANTIOCH,
Lessor

By _____
City Manager

Attest:

City Clerk

CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY,
Lessee

By _____
Chair

Attest:

Secretary

EXHIBIT A

DESCRIPTION OF THE FACILITIES

[Police Station and Animal Shelter]

All that certain property in the City of Antioch, County of Contra Costa, State of California, including the buildings, other improvements, and facilities located thereon, described as follows:

Recording requested by
and return to:

CITY OF ANTIOCH
c/o Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105

Attention: Philip C. Morgan, Esq.

Pursuant to Section 27383 of the
Government Code of the State of
California, recording of this document is
exempt from any fees charged by the
recorder.

Transfer tax: None, exempt per R&T
11922, Lessee is governmental entity.

FACILITY LEASE

between the

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

and

CITY OF ANTIOCH

Dated as of February 1, 2015

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FACILITY LEASE

This FACILITY LEASE, dated as of February 1, 2015 (the “Facility Lease”), between the CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY (the “Authority”), a public entity and agency (duly organized and existing pursuant to an Agreement entitled “Joint Exercise of Powers Agreement” by and between the City of Antioch and the Antioch Development Agency (now known as the Successor Agency to the Antioch Development Agency)), as lessor, and the CITY OF ANTIOCH (the “City”), a municipal corporation duly organized and validly existing under the Constitution and laws of the State of California, as lessee;

WITNESSETH:

WHEREAS, the City intends to lease the Facilities (as defined herein) to the Authority pursuant to the Site Lease (as defined herein); and

WHEREAS, the Authority intends to sublease the Facilities back to the City pursuant to this Facility Lease; and

WHEREAS, the Authority intends to issue its Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Series 2015 Bonds”) pursuant to a trust agreement and in accordance with the Joint Exercise of Powers Agreement and its powers thereunder and under the laws of the State of California;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions.

Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Facility Lease, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Trust Agreement.

Additional Payments

The term “Additional Payments” means all amounts payable to the Authority or the Trustee or any other person from the City as Additional Payments pursuant to Section 3.02 hereof.

Authority

The term “Authority” means (i) the City of Antioch Public Financing Authority, acting as lessor hereunder; (ii) any surviving, resulting or transferee entity; and (iii) except where the context requires otherwise, any assignee of the Authority.

Base Rental Payments

The term “Base Rental Payments” means all amounts payable to the Authority from the City as Base Rental Payments pursuant to Section 3.01 hereof.

Base Rental Payment Schedule

The term “Base Rental Payment Schedule” means the schedule of Base Rental Payments payable to the Authority from the City pursuant to Section 3.01 hereof and attached hereto as Exhibit B.

Bonds

The term “Bonds” means the bonds issued by the Authority under and pursuant to the Trust Agreement.

Code

The term “Code” means the Internal Revenue Code of 1986, as amended.

City

The term “City” means the City of Antioch, California, a municipal corporation organized and validly existing under the Constitution and laws of the State of California.

Event of Default

The term “Event of Default” shall have the meaning specified in Section 6.01 hereof.

Facilities

The term “Facilities” means the buildings, other improvements and facilities described in Exhibit A attached hereto, including all real property on which such buildings, other improvements and facilities are located, or any portion thereof, or any City buildings, other improvements and facilities substituted therefor, or any portion thereof, in accordance with this Facility Lease and the Trust Agreement; subject, however, to any conditions, reservations and easements of record known to the City.

Insurance Consultant

The term “Insurance Consultant” means an individual or firm employed by the City, including the Risk Manager of the City or the City’s insurance broker or agent, that has actuarial experience in the field of risk management.

Site Lease

The term “Site Lease” means that lease, entitled “Site Lease,” dated as of February 1, 2015, between the City, as lessor, and the Authority, as lessee, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions thereof and of the Trust Agreement.

Outstanding

The term “Outstanding,” when applied to Bonds, shall have the meaning ascribed to such term in the Trust Agreement.

Permitted Encumbrances

“Permitted Encumbrances” means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to this Facility Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of this Facility Lease in the office of the County Recorder of the County of Contra Costa and which the City certifies in writing will not materially impair the use of the Facilities; (3) the Site Lease, as it may be amended from time to time; (4) this Facility Lease, as it may be amended from time to time; (5) the Trust Agreement, as it may be amended from time to time; (6) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Authority and the City consent in writing and certify to the Trustee will not materially impair the leasehold interests of the Authority or use of the Facilities by the City; and (8) facility leases and assignments of the City which will not adversely affect the exclusion from gross income of interest on the Bonds.

Permitted Investments

The term “Permitted Investments” shall have the meaning ascribed to such term in the Trust Agreement.

Rental Payment Period

The term “Rental Payment Period” means the twelve month period commencing April 2 of each year and ending the following April 1.

Series 2015 Bonds

The term “Series 2015 Bonds” means the bonds issued and so designated by the Authority under and pursuant to the Trust Agreement.

State

The term “State” means the State of California.

Facility Lease

The term “Facility Lease” means this Facility Lease, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and of the Trust Agreement.

Supplemental Trust Agreement

The term “Supplemental Trust Agreement” means any supplement or amendment to the Trust Agreement hereafter duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of the Trust Agreement.

Tax Certificate

The term “Tax Certificate” shall have the meaning ascribed to such term in the Trust Agreement.

Trust Agreement

The term “Trust Agreement” means the trust agreement, entitled “Trust Agreement” and dated as of February 1, 2015, by and between the Authority and the Trustee, pursuant to which the Trustee will deliver the Series 2015 Bonds, as originally executed or as it may from time to time be supplemented or amended by a Supplemental Trust Agreement entered into pursuant to the provisions of the Trust Agreement.

Trustee

The term “Trustee” means The Bank of New York Mellon Trust Company, N.A., appointed as trustee pursuant to the Trust Agreement, and any successor appointed under the Trust Agreement.

Written Request of the Authority

The term “Written Request of the Authority” means an instrument in writing signed by or on behalf of the Authority by its Chair, Secretary, Executive Director or Treasurer or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

Written Request of the City

The term “Written Request of the City” means an instrument in writing signed by the Mayor, City Manager, or the Finance Director of the City or any such official’s duly authorized designee, or by any other officer or employee of the City duly authorized by the City for that purpose.

ARTICLE II

LEASE OF FACILITIES; TERM; SUBSTITUTION; RELEASE

SECTION 2.01. Lease of Facilities. The Authority hereby subleases to the City and the City hereby subleases from the Authority the Facilities, subject, however, to all easements, encumbrances and restrictions that exist at the time of the commencement of the term of this Facility Lease. The City hereby agrees and covenants during the term of this Facility Lease that it will use the Facilities for public and City purposes.

The leasing by the City to the Authority of the Facilities shall not effect or result in a merger of the City’s leasehold estate pursuant to this Facility Lease and its fee estate as lessor under the Site Lease, and the Authority shall continue to have and hold a leasehold estate in said Facilities pursuant to the Site Lease throughout the term thereof. As to said Facilities this Facility Lease shall be deemed and constitute a sublease.

SECTION 2.02. Term; Occupancy. (A) Term. The term of this Facility Lease shall commence on the date of recordation of this Facility Lease in the office of the County Recorder of the County of Contra Costa, or on March 1, 2015 whichever is earlier, and shall end on April 1, 2032, unless such term is extended or sooner terminated as hereinafter provided. If on April 1, 2032, the Bonds and all amounts due hereunder and under the Trust Agreement shall not be fully paid, or if the rental or other amounts payable hereunder shall have been abated at any time and for any reason, then the term of this Facility Lease shall be extended until all Bonds and all amounts due hereunder and under the Trust Agreement shall be fully paid, except that the term of this Facility Lease shall in no event be extended beyond April 1, 2042. If prior to April 1, 2032, all Bonds and all amounts due hereunder and under the Trust Agreement shall be fully paid, or provision therefor made in accordance with the terms and provisions of the Trust Agreement, the term of this Facility Lease shall end immediately.

SECTION 2.03. The Facilities. The City and the Authority hereby agree to lease the Facilities hereunder. The annual Base Rental Payments for the Facilities as set forth in Exhibit B hereto shall be the fair rental value for the Facilities, as hereby determined by the City. The Base Rental Payments for the Facilities shall be due and payable on the dates set forth in Section 3.01 hereof.

SECTION 2.04. Substitution; Release. (A) The City and the Authority may substitute real property for all or part of, or may release a part of, the Facilities for purposes of the Site Lease and this Facility Lease, but only after the City shall have filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

(i) Executed copies of the Site Lease and this Facility Lease or amendments thereto containing the amended description of the Facilities, including the legal description of any real property component of the Facilities as modified, if necessary.

(ii) A Written Certificate of the City, certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost or insured value of such facility to the City) of the Facilities that will constitute the Facilities after such substitution or release will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year. At the sole discretion of the City, in the alternative, in the event of a substitution only, the Written Certificate of the City will certify that the annual fair rental value of the new Facility is at least equal to that of the substituted Facility.

(iii) With respect to substitution, a leasehold owner's title insurance policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing title insurance policy or policies resulting in title insurance with respect to the Facilities after such substitution in an amount at least equal to the aggregate principal amount of Bonds Outstanding; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such property subject only to such exceptions as do not substantially interfere with the City's right to use and occupy such property and as will not result in an abatement of Base Rental Payments payable by the City under this Facility Lease.

(iv) A Written Certificate of the City stating that such substitution or release, as applicable, does not adversely affect the City's use and occupancy of the Facilities.

(v) With respect to the substitution of property, a Written Certificate of the City stating that the useful life of the property to be substituted is at least equal to the useful life of the property being released.

(vi) An opinion of bond counsel stating that any amendment executed in connection with such substitution or release, as the case may be, (i) is authorized or permitted under this Facility Lease; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (iii) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

(B) The City and the Authority hereby agree that the Facilities or portion thereof for which other real property is substituted, pursuant to Section 2.04(A), shall be released from the Site Lease and this Facility Lease, and shall no longer be encumbered thereby and hereby or by the Trust Agreement at such time as the City shall have caused said substitution.

ARTICLE III

BASE RENTAL PAYMENTS

SECTION 3.01. Base Rental Payments. The City agrees to pay to the Authority, as Base Rental Payments for the use and occupancy of the Facilities (subject to the provisions of Sections 3.04, 3.06 and 7.01 of this Facility Lease), annual rental payments, all in accordance with the Base Rental Payment Schedule attached hereto as Exhibit B and made a part hereof. The Base Rental Payments payable hereunder shall be due and payable on March 25 and September 25 as set forth in Exhibit B hereto and shall be for the use and occupancy of the Facilities during the one-year period ending on the 1st day of each April.

If the term of this Facility Lease shall have been extended pursuant to Section 2.02 hereof, Base Rental Payment installments shall continue to be payable on March 25 and September 25 in each year, and payable as hereinabove described, continuing to and including the date of termination of this Facility Lease, in an amount equal to the amount of Base Rental payable for the twelve-month period commencing April 2, 2031.

The City agrees that all Base Rental Payments for the Facilities shall be paid by the City from lawfully available funds of the City.

SECTION 3.02. Additional Payments. The City shall also pay such amounts (herein called the “Additional Payments”) as shall be required by the Authority for the payment of all amounts, costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of this Facility Lease or any assignment hereof, the Trust Agreement, the Authority’s interest in the Facilities and the lease of the Facilities to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Bonds, the Facilities, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Authority to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in such Additional Payments amounts required to pay the principal of or interest on the Bonds.

Such Additional Payments shall be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed shall be paid by the City within sixty (60) days after receipt of the bill by the City. The City reserves the right to audit billings for Additional Payments although exercise of such right shall in no way affect the duty of the City to make full and timely payment for all Additional Payments.

The Authority may in the future issue bonds to finance facilities, and may in the future enter into leases with respect to other facilities. The administrative costs of the Authority shall be allocated among such other facilities and the Facilities as hereinafter in this paragraph

provided. The fees of the Trustee under the Trust Agreement, and any other expenses directly attributable to the Facilities shall be included in the Additional Payments payable hereunder. The fees of any trustee or paying agent under any indenture securing bonds of the Authority or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Facilities, shall not be included in the administrative costs of the Facilities, and shall not be paid from the Additional Payments payable hereunder. Any expenses of the Authority not directly attributable to any particular project of the Authority shall be equitably allocated among all such projects, including the Facilities in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, shall be a final and conclusive determination as to such allocation. The Trustee may conclusively rely upon the Written Request of the Authority, with the approval of the Mayor, City Manager or Finance Director of the City or any such officer's duly authorized designee, or a duly authorized representative of the City, endorsed thereon, in making any determination that costs relating to the Authority are payable as Additional Payments hereunder, and shall not be required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of the Facilities.

SECTION 3.03. Fair Rental Value. Such payments of Base Rental Payments and Additional Payments for each Rental Payment Period during the term of this Facility Lease shall constitute the total rental for said Rental Payment Period and shall be paid by the City in each Rental Payment Period for and in consideration of the right of use and occupancy of the Facilities during each such period for which said rental is to be paid. The parties hereto have agreed and determined that such total rental payable for each Rental Payment Period represents no more than the fair rental value of the Facilities for each such period. In making such determination, consideration has been given to the cost of acquisition of the Facilities, other obligations of the parties under this Facility Lease, the uses and purposes which may be served by the Facilities and the benefits therefrom which will accrue to the City and the general public.

SECTION 3.04. Payment Provisions. Each Base Rental Payment installment or Additional Payment payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the corporate trust office of the Trustee or such other place as the Authority shall designate. Any such Base Rental Payment installment or Additional Payment accruing hereunder which shall not be paid when due and payable under the terms of this Facility Lease shall bear interest at the rate of twelve percent (12%) per annum, or such lesser rate of interest as may be the maximum rate permitted by law, from the date when the same is due hereunder until the same shall be paid (provided that the foregoing shall not apply to payments following an abatement). Notwithstanding any dispute between the Authority and the City, the City shall make all Base Rental Payments, Additional Payments and other payments when due without deduction or offset of any kind and shall not withhold any rental or other payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent payments due hereunder or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to this Section for payment of Base Rental

Payments on any date shall be reduced to the extent of amounts on deposit in the Revenue Fund and available therefor.

Rental is subject to abatement as provided in Section 3.06 hereof.

SECTION 3.05. Appropriations Covenant; Base Rental Payments and Additional Payments to Constitute a Current Expense of the City. The City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due hereunder in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The City will deliver to the Authority and the Trustee copies of the portion of each annual City budget relating to the payment of Base Rental Payments and Additional Payments hereunder within thirty (30) days after the filing or adoption thereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Facility Lease agreed to be carried out and performed by the City.

The Authority and the City understand and intend that the obligation of the City to pay Base Rental Payments and Additional Payments hereunder shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or monies of the City. Base Rental Payments and Additional Payments due hereunder shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due hereunder as consideration for the use of the Facilities. The City has not pledged the full faith and credit of the City, the State or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due hereunder.

SECTION 3.06. Rental Abatement. The Base Rental Payments and Additional Payments shall be abated proportionately, during any period in which by reason of any material damage or destruction (other than by condemnation which is hereinafter provided for) there is substantial interference with the use and occupancy of the Facilities by the City, in the proportion in which the cost of that portion of the Facilities rendered unusable bears to the cost of the whole of the Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Facility Lease shall continue in full force and effect and the City waives the benefits of California Civil Code Section 1932(2) and 1933(4) and any and all other rights to terminate this Facility Lease by virtue of any such damage or destruction or interference.

ARTICLE IV

USE OF PROCEEDS; MAINTENANCE OF, ALTERATIONS OF, AND ADDITIONS TO FACILITIES

SECTION 4.01. Use of Proceeds. The parties hereto agree that the proceeds of the Series 2015 Bonds will be applied as set forth in the Trust Agreement.

SECTION 4.02. Maintenance and Utilities. Throughout the term of this Facility Lease, all maintenance and repair, both ordinary and extraordinary, of the Facilities shall be the responsibility of the City, which shall at all times maintain or otherwise arrange for the maintenance of the Facilities in first class condition, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Facilities resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Facilities.

SECTION 4.03. Changes to the Facilities. Subject to Section 8.02 hereof, the City shall, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements to the Facilities. All such additions, modifications and improvements shall thereafter comprise part of the Facilities and be subject to the provisions of this Facility Lease. Such additions, modifications and improvements shall not in any way damage the Facilities or cause either to be used for purposes other than those authorized under the provisions of State and federal law; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements.

SECTION 4.04. Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Facilities. All such items shall remain the sole property of such party, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Facilities resulting from the installation, modification or removal of any such items. Nothing in this Facility Lease shall prevent the City from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Facilities.

ARTICLE V

INSURANCE

SECTION 5.01. Fire and Extended Coverage. The City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facility Lease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land, (except that such insurance may be subject to deductible clauses for any one loss of not to exceed two hundred fifty thousand dollars (\$250,000) or a comparable deductible adjusted for inflation), or, in the alternative, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Authority, the Holders and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City. Before such other method or plan may be provided by the City, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Facility Lease, there shall be filed with the Trustee a certificate of an Insurance Consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a certificate of the City setting forth the details of such substitute method or plan.

In the event of any damage to or destruction of any part of the Facilities caused by the perils covered by such insurance, the Authority, except as hereinafter provided, shall cause the proceeds of such insurance to be used for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds separate and apart from all other funds in a special fund to be designated the "Insurance and Condemnation Fund," to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall withdraw said proceeds from time to time upon receiving the Written Request of the Authority, stating that the Authority has expended monies or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such monies were expended, or such liabilities were incurred, and containing the additional information required to

be included in a Written Request of the Authority prepared pursuant to Section 5.05 of the Trust Agreement. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be transferred to the Trustee and treated by the Trustee as Base Rental Payments and applied in the manner provided by Section 5.05 of the Trust Agreement. Alternatively, if the proceeds of such insurance, together with any other monies then available for the purpose, are at least sufficient to redeem an aggregate principal amount of Outstanding Bonds equal to the amount of Outstanding Bonds attributable to the portion of the Facilities so destroyed or damaged, the City may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of the Trust Agreement.

The Authority and the City shall promptly apply for federal disaster aid or State disaster aid for which either may be eligible in the event that the Facilities are damaged or destroyed as a result of an earthquake or other declared disaster occurring at any time. Any proceeds received as a result of such disaster aid shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or to redeem Outstanding Bonds if such use of such disaster aid is permitted.

SECTION 5.02. Liability Insurance. Except as hereinafter provided, the City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facility Lease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Facilities, with minimum liability limits of one million dollars (\$1,000,000) for personal injury or death of each person and three million dollars (\$3,000,000) for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of one hundred thousand dollars (\$100,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of three million dollars (\$3,000,000) covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City. Before such other method or plan may be provided by the City, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Facility Lease, there shall be filed with the Trustee a certificate of an Insurance Consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a certificate of the City setting forth the details of such substitute method or plan.

SECTION 5.03. Rental Interruption or Use and Occupancy Insurance.

The City shall procure or cause to be procured and maintain or cause to be maintained throughout the term of this Facility Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facilities as the result of any of the hazards covered by the insurance required by Section 5.01 hereof, in an amount sufficient to pay the maximum annual Base Rental Payments hereunder for any two year period except that such insurance may be subject to a deductible clause of not to exceed fifty thousand dollars (\$50,000). Any proceeds of such insurance shall be used by the Trustee to reimburse to the City any rental theretofore paid by the City under this Facility Lease attributable to such structure for a period of time during which the payment of rental under this Facility Lease is abated, and any proceeds of such insurance not so used shall be applied as provided in Section 3.01 (to the extent required for the payment of Base Rental Payments) and in Section 3.02 hereof (to the extent required for the payment of Additional Payments).

SECTION 5.04. Worker's Compensation.

The City shall also maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the City. Such insurance may be maintained by the City in the form of self-insurance.

SECTION 5.05. Title Insurance.

The City shall obtain a leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Facilities in an amount at least equal to the principal amount of the Bonds. Such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority subject only to such exceptions as do not substantially interfere with the City's right to use and occupy the property and as will not result in an abatement of Base Rental Payments payable by the City under this Facility Lease.

SECTION 5.06. Insurance Proceeds; Form of Policies.

All policies of insurance required by Sections 5.01 and 5.03 hereof shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Holders pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association. The Trustee shall collect, and receive all monies which may become due and payable under any such policies, may compromise any and all claims thereunder and shall apply the proceeds of such insurance as provided in Sections 5.01 and 5.03 hereof. All policies of insurance required by this Facility Lease shall provide that the Trustee shall be given thirty (30) days' notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required or if forms of endorsement or policies comply with the provisions of this Facility Lease and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee. The City shall pay when due the premiums for all insurance policies required by this Facility Lease, and shall promptly furnish evidence of such payments to the Authority.

The City will deliver to the Authority and the Trustee in the month of August in each year a written certificate of an officer of the City stating that such policies satisfy the requirements of this Facility Lease, setting forth the insurance policies then in force pursuant to this Section, the names of the insurers which have issued the policies, the amounts thereof and the property and risks covered thereby, and, if any self-insurance program is being provided, the annual report of an Insurance Consultant or other qualified person containing the information required for such self-insurance program and described in Sections 5.01, 5.02, 5.03 and 5.04 hereof. Delivery to the Trustee of the certificate under the provisions of this Section shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01. Defaults and Remedies. (A) If the City shall fail to pay any Base Rental Payment, Additional Payment or other amount payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this Facility Lease, or the City shall fail to keep, observe or perform any other term, covenant or condition contained herein or in the Trust Agreement to be kept or performed by the City for a period of thirty (30) days after notice of the same has been given to the City by the Authority or the Trustee or for such additional time as is reasonably required, in the discretion of the Trustee, to correct the same, or upon the happening of any of the events specified in subsection (B) of this Section (any such case above being an “Event of Default”), the City shall be deemed to be in default hereunder and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Facility Lease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, may do any of the following:

(1) To terminate this Facility Lease in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Facilities as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the City. In the event of such termination, the City agrees to surrender immediately possession of the Facilities without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Facilities given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Facilities nor the appointment of a receiver upon initiative of the Authority to protect the Authority’s interest under this Facility Lease shall of itself operate to terminate this Facility Lease, and no termination of this Facility Lease on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until

the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Facility Lease. The City covenants and agrees that no surrender of the Facilities or of the remainder of the term hereof or any termination of this Facility Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(2) Without terminating this Facility Lease, (i) to collect each Base Rental Payment installment and other amounts as they become due and enforce any other terms or provision hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Facilities, or (ii) to exercise any and all rights of re-entry upon the Facilities. In the event the Authority does not elect to terminate this Facility Lease in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Facilities are not re-let, to pay the full amount of the Base Rental Payments, Additional Payments and other amounts to the end of the term of this Facility Lease or, in the event that the Facilities are re-let, to pay any deficiency in rent and other amounts that result therefrom; and further agrees to pay said rent and other amounts and/or deficiency rent and other amounts punctually at the same time and in the same manner as hereinabove provided for the payment of Base Rental Payments, Additional Payments and other amounts hereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental or other amounts in excess of the rental or other amounts herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the Facilities. Should the Authority elect to enter or re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Facilities or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and to place such personal property in storage in any warehouse or other suitable place located in the City, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Facility Lease constitute full and sufficient notice of the right of the Authority to re-let the Facilities and to do all other acts to maintain or preserve the Facilities as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender of this Facility Lease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Facility Lease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Facility Lease shall vest in the Authority to be effected in the sole and exclusive manner provided for in sub-paragraph (1) hereof. The City further waives the right to any Base Rental Payment or other amounts obtained by the Authority in excess of such rental and other amounts herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Facilities or any part thereof.

The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Facilities as herein provided and all claims for damages that may result from the destruction of the Facilities and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Facilities.

(B) If (1) the City's interest in this Facility Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, as hereinafter provided for, or (2) the City or any assignee shall file any petition or institute any proceeding under any act or acts, State or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if (3) the City shall abandon or vacate the Facilities, then the City shall be deemed to be in default hereunder.

(C) The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the City shall be entitled to pursue any remedy provided by law.

(D) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default as described in this Section, the Authority shall proceed to protect and enforce the rights vested in the Authority by this Facility Lease or by law. The provisions of this Facility Lease and the duties of the City and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority may bring the following actions:

(1) Accounting. By action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City (and its council, officers and employees)

and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the Authority as provided herein.

The exercise of any rights or remedies under this Facility Lease shall not permit acceleration of Base Rental Payments.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term “re-let” or “re-letting” as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Facilities. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Facility Lease, the City agrees to pay a reasonable amount as and for attorney’s fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

SECTION 6.02. Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Facility Lease.

ARTICLE VII

EMINENT DOMAIN; PREPAYMENT

SECTION 7.01. Eminent Domain. If the whole of the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the City shall be taken under the power or threat of eminent domain, the term of this Facility Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Facilities shall be taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, then this Facility Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due hereunder in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. So long as any of the Bonds shall be Outstanding, any award made in eminent domain proceedings for taking the Facilities or any

portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in Section 7.02 hereof. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the City.

SECTION 7.02. Prepayment. (A) The City shall prepay on any date from insurance and eminent domain proceeds, to the extent provided in Sections 5.01, 5.05, and 7.01 hereof (provided, however, that in the event of partial damage to or destruction of the Facilities caused by perils covered by insurance, if in the judgment of the Authority the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, such proceeds shall be held by the Trustee and used to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, pursuant to the procedure set forth in Section 5.01 hereof for proceeds of insurance), all or any part (in an integral multiple of \$5,000 principal component) of Base Rental Payments then unpaid so that the aggregate annual amounts of Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of Base Rental Payments unpaid prior to the prepayment date, at a prepayment amount equal to the principal of and interest on the Bonds to the date of redemption of the Bonds.

(B) The City may prepay, from any source of available funds, all or any portion of Base Rental Payments by (i) depositing with the Trustee monies or securities as provided in Section 4.02 or 10.01 of the Trust Agreement sufficient to retire or redeem Bonds corresponding to such Base Rental Payments when due or redeemable, and (ii) satisfying the other requirements of Section 10.01 of the Trust Agreement. The City agrees that if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(C) Before making any prepayment pursuant to this Article, the City shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than sixty (60) days from the date such notice is given.

(D) When (1) there shall have been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the City may exercise its option to purchase the Facilities or any portion or item thereof, in trust for the benefit of the Owners of the Bonds and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient monies and Permitted Investments described in subsection (1) of the definition thereof in the Trust Agreement, not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal of and interest on the Bonds to the due date of the Bonds or date when the City may exercise its option to purchase the Facilities, as the case may be, and to the payment in full of all other amounts due hereunder or under the Trust Agreement; (2) all of the requirements set forth in Section 10.01 of the Trust Agreement have been satisfied; and (3) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds shall remain unpaid; then and in that event the right, title and interest of the Authority herein and the obligations of

the City hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the City to have such monies and such Permitted Investments applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Facilities or applicable portion or item thereof shall be transferred and conveyed to the City. In such event, the Authority shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the Authority (and accompanied by a verification report of a certified public accountant) and evidence such discharge and satisfaction, and the Authority shall pay over to the City as an overpayment of Base Rental Payments all such monies or Permitted Investments held by it pursuant hereto other than such monies and such Permitted Investments as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which monies and Permitted Investments shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Authority to the payment and redemption of the Bonds and the fees and expenses of the Trustee.

SECTION 7.03. Option to Purchase; Sale of Personal Property. The City shall have the option to purchase the Authority's interest in any part of the Facilities upon payment of an option price consisting of monies or securities of the category specified in clause (1) of the definition of the term "Permitted Investments" contained in Section 1.01 of the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of this Facility Lease of the part of the total rent hereunder attributable to such part of the Facilities (determined by reference to the proportion which the cost of such part of the Facilities bears to the cost of all of the Facilities). Any such payment shall be made to the Trustee and shall be treated as Base Rental Payments and shall be applied by the Trustee to pay the principal of and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all requirements set forth in Section 10.01 of the Trust Agreement, (a) the Base Rental Payments thereafter payable under this Facility Lease shall be reduced by the amount thereof attributable to such part of the Facilities and theretofore paid pursuant to this Section; (b) Section 3.06 and this Section of this Facility Lease shall not thereafter be applicable to such part of the Facilities; (c) the insurance required by Sections 5.01, 5.02 and 5.03 of this Facility Lease need not be maintained as to such part of the Facilities; and (d) title to such part of the Facilities shall vest in the City and the term of this Facility Lease shall end as to such part of the Facilities.

The City, in its discretion may request the Authority to sell or exchange any personal property which may at any time constitute a part of the Facilities, and to release said personal property from this Facility Lease, if (a) in the opinion of the City the property so sold or exchanged is no longer required or useful in connection with the operation of the Facilities; (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released; and (c) if the value of any such property shall, in the opinion of the Authority, exceed the amount of \$25,000, the Authority shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Authority) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Facilities. In the event of any such

sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Authority. Any money so paid to the Authority may, so long as the City is not in default under any of the provisions of this Facility Lease, be used upon the Written Request of the City to purchase personal property, which property shall become a part of the Facilities leased hereunder. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to this Facility Lease or before releasing for the purchase of new personal property money received by it for personal property so sold.

ARTICLE VIII

COVENANTS

SECTION 8.01. Right of Entry. The Authority and its assignees shall have the right (but not the duty) to enter upon and to examine and inspect the Facilities during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Authority's or the City's rights or obligations under this Facility Lease, and (c) for all other lawful purposes.

SECTION 8.02. Liens. In the event the City shall at any time during the term of this Facility Lease cause any changes, alterations, additions, improvements or other work to be done or performed or materials to be supplied, in or upon the Facilities, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Facilities and shall keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the Facilities or the Authority's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Facilities or the Authority's interest therein.

SECTION 8.03. Quiet Enjoyment. The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained and if not in default hereunder, shall at all times during the term of this Facility Lease peaceably and quietly have, hold and enjoy the Facilities without suit, trouble or hindrance from the Authority.

SECTION 8.04. Authority Not Liable. The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the City or to any other

party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities.

The City, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from (i) the construction or operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity, and (ii) the issuance of the Bonds and any other action of the Authority taken pursuant to the Trust Agreement including, but not limited to, any liability of the Authority incurred pursuant to Section 8.03 of the Trust Agreement.

SECTION 8.05. Assignment and Subleasing. Neither this Facility Lease or any interest of the City hereunder may be mortgaged, pledged, assigned, sublet or transferred by the City without the prior written consent of the Authority, and provided that such subletting shall not cause interest on the Bonds to be included in gross income for federal income tax purposes. No such mortgage, pledge, assignment, facility lease or transfer shall in any event affect or reduce the obligation of the City to make the Base Rental Payments and Additional Payments required hereunder.

SECTION 8.06. Title to Facilities. During the term of this Facility Lease, the Authority shall hold a leasehold title to the Facilities and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the City and which may be removed without damaging the Facilities, and except for any items added to the Facilities by the City pursuant to Section 4.04 hereof. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to Section 5.03 hereof. During the term of this Facility Lease, the Authority shall have a leasehold interest in the Facilities pursuant to the Site Lease.

Upon the termination or expiration of this Facility Lease (other than as provided in Sections 6.01 and 7.01 of this Facility Lease), title to the Facilities shall vest in the City pursuant to the Site Lease. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

SECTION 8.07. Tax Covenants. The City and the Authority shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes.

The City further covenants that it will not use or permit the use of the Facilities by any person not an “exempt person” within the meaning of Section 141(a) of the Code or by an “exempt person” (including the City) in an “unrelated trade or business”, in such manner or to

such extent as would result in the inclusion of interest on the Bonds in gross income for federal income tax purposes under Section 103 of the Code.

If at any time the City is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on or change in any way the investment of any monies held by the Trustee or the City or the Authority under this Facility Lease or the Trust Agreement, the City shall so instruct the Trustee or the appropriate officials of the City in writing, and the Trustee or the appropriate officials of the City, as the case may be, shall take such actions as may be necessary in accordance with such instructions.

In furtherance of the covenants of the City set forth above, the City and the Authority will comply with the Tax Certificate and will cause the Trustee to comply with the Tax Certificate. The Trustee and the Authority may conclusively rely on any such written instructions, and the City hereby agrees to hold harmless the Trustee and the Authority for any loss, claim, damage, liability or expense incurred by the Authority or Trustee for any actions taken by the Authority or the Trustee in accordance with such instructions.

SECTION 8.08. Purpose of Lease. The City covenants that during the term of this Facility Lease, (a) it will use, or cause the use of, the Facilities for public purposes and for the purposes for which the Facilities are customarily used, (b) it will not vacate or abandon the Facilities or any part thereof, and (c) it will not make any use of the Facilities which would jeopardize in any way the insurance coverage required to be maintained pursuant to Article V hereof.

SECTION 8.09. Continuing Disclosure Agreement. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Facility Lease, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount in Outstanding Bonds and upon receipt of indemnification satisfactory to it, shall) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

SECTION 8.10. Net-Net-Net Lease. This Facility Lease shall be deemed and construed to be a “net-net-net lease” and the City hereby agrees that the rentals and other payments provided for herein shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 8.11. Taxes. The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Facilities or the respective interests or estates therein; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City

shall be obligated to pay only such installments as are required to be paid during the term of this Facility Lease as and when the same become due.

The City shall also pay directly such amounts, if any, in each year as shall be required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the City to pay any of the foregoing or failure to file or furnish to the Authority or the Trustee for filing in a timely manner any returns, hereinafter levied or imposed against the Authority or the Facilities, the rentals and other payments required hereunder or any parts thereof or interests of the City or the Authority or the Trustee therein by any governmental authority.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Facilities will be materially endangered or the Facilities, or any part thereof, will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

ARTICLE IX

DISCLAIMER OF WARRANTIES; USE OF THE FACILITIES

SECTION 9.01. Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE FACILITIES, OR WARRANTY WITH RESPECT THERETO. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF THE FACILITIES OR A DEALER THEREIN, THAT THE CITY LEASES THE FACILITIES AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event shall the Authority and Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Facility Lease or the existence, furnishing, functioning or the City's use of any item or products or services provided for in this Facility Lease.

SECTION 9.02. Use of the Facilities. The City will not install, use, operate or maintain the Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Facility Lease. The City shall provide all permits and licenses, if any, necessary for the installation and operation of the Facilities. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use,

maintenance and operation of the Facilities) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Facilities; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not adversely affect the estate of the Authority in and to the Facilities or its interest or rights under this Facility Lease.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Law Governing. This Facility Lease shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

SECTION 10.02. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests, agreements or promises or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally, by confirmed facsimile transmission or if mailed by United States first class mail, return receipt requested, postage prepaid:

If to the City: City of Antioch
 P.O. Box 5007
 Antioch, CA 94531-5007
 Attention: City Manager
 Fax: (925) 779-7003

If to the Authority: City of Antioch Public Financing Authority
 P.O. Box 5007
 Antioch, CA 94531-5007
 Attention: Executive Director
 Fax: (925) 779-7003

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
 100 Pine Street, Suite 3100
 San Francisco, CA 94111
 Attention: Corporate Trust Department
 Fax: (415) 399-1647

or to such other addresses as the respective parties may from time to time designate by notice in writing. A copy of any such notice or other document herein referred to shall also be delivered to the Trustee.

SECTION 10.03. Validity and Severability. If for any reason this Facility Lease shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by

the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Facility Lease is and shall be deemed to be a lease under which the rentals are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Facilities, and all of the rental and other terms, provisions and conditions of this Facility Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

SECTION 10.04. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Facility Lease.

SECTION 10.05. Amendment or Termination. The Authority and the City may at any time agree to the amendment or termination of this Facility Lease; provided, however, that the Authority and the City agree and recognize that this Facility Lease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

SECTION 10.06. Execution. This Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Facility Lease. It is also agreed that separate counterparts of this Facility Lease may separately be executed by the Authority and the City, all with the same force and effect as though the same counterpart had been executed by both the Authority and the City.

IN WITNESS WHEREOF, the Authority and the City have caused this Facility Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY,
Lessor

By _____
Chair

Attest:

City Clerk

CITY OF ANTIOCH,
Lessee

By _____
City Manager

Attest:

Secretary

EXHIBIT A

DESCRIPTION OF THE FACILITIES

[Police Station and Animal Shelter]

All that certain property in the City of Antioch, County of Contra Costa, State of California, including the buildings, other improvements, and facilities located thereon, described as follows:

EXHIBIT B-1

TOTAL BASE RENTAL PAYMENT SCHEDULE

Date	Principal	Interest	Total
-------------	------------------	-----------------	--------------

EXHIBIT B-2

**BASE RENTAL PAYMENT SCHEDULE
RELATING TO REFUNDING OF CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY LEASE REVENUE BONDS (MUNICIPAL FACILITIES PROJECT),
SERIES 2002A AND 2002B**

Date	Principal	Interest	Total
-------------	------------------	-----------------	--------------

EXHIBIT B-3

**BASE RENTAL PAYMENT SCHEDULE
RELATING TO REFUNDING OF CITY'S PORTION OF ASSOCIATION OF BAY
AREA GOVERNMENTS LEASE REVENUE BONDS, 2001 SERIES A**

Date	Principal	Interest	Total
-------------	------------------	-----------------	--------------

TRUST AGREEMENT

between the

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Dated as of February 1, 2015

[\$par amount]

City of Antioch Public Financing Authority
Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A

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TRUST AGREEMENT

THIS TRUST AGREEMENT dated as of February 1, 2015 (the “Trust Agreement”), by and between the CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY (the “Authority”), a public entity and agency (duly organized and existing pursuant to an Agreement entitled “Joint Exercise of Powers Agreement” by and between the City of Antioch and the Antioch Development Agency), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (hereinafter, the “Act”);

WHEREAS, Article 4 of the Act authorizes and empowers the Authority to issue bonds to assist local agencies in financing and refinancing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, the Authority previously issued its Lease Revenue Bonds (Municipal Facilities Project), Series 2002A and its Lease Revenue Bonds (Municipal Facilities Project), Series 2002B (together, the “Series 2002 Bonds”) in order to refinance certain public capital improvements (the “2002 Facilities”) for the benefit of the City of Antioch (the “City”); and

WHEREAS, the City has agreed to make lease payments (the “2002 Lease Payments”) to the Authority pursuant to the Facility Lease, dated as of March 1, 2002, between the Authority and the City; and

WHEREAS, the City wishes to prepay the 2002 Lease Payments in order to refund the Series 2002 Bonds; and

WHEREAS, the Association of Bay Area Governments (“ABAG”) has issued its Lease Revenue Bonds, 2001 Series A (California Capital Projects) (the “ABAG Bonds”) a portion of which was used to finance the construction of a new clubhouse at the Lone Tree Golf Course and to refund other obligations of the City issued to finance public capital improvements (collectively, the “2001 Facilities”); and

WHEREAS, the City has agreed to make lease payments (the “2001 Lease Payments”) to ABAG pursuant to the Lease Agreement, dated as of July 1, 2001, between the City and ABAG; and

WHEREAS, the City wishes to prepay the 2001 Lease Payments in order to refund the City’s portion of the ABAG Bonds; and

WHEREAS, the Authority has authorized the issuance of its Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Series 2015 Bonds”), in an aggregate principal amount of _____ dollars (\$[par amount]) to refund the Series 2002 Bonds and the City’s portion of the ABAG Bonds;

WHEREAS, to provide for the authentication and delivery of the Bonds (as hereinafter defined), to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the full and timely payment of the principal thereof and premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Trust Agreement;

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Authority payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth, have been done and taken, and have been in all respects duly authorized;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that in order to secure the full and timely payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified, unless otherwise defined in such other document. Capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Facility Lease.

Act

The term “Act” means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended) and all laws amendatory thereof or supplemental thereto.

Authority

The term “Authority” means the City of Antioch Public Financing Authority created pursuant to the Act and its successors and assigns in accordance herewith.

Authorized Denominations

The term “Authorized Denominations” means \$5,000 or any integral multiple thereof.

Base Rental Payments

The term “Base Rental Payments” shall have the meaning ascribed to such term in the Facility Lease.

Bond Counsel

The term “Bond Counsel” means counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Authority.

Bonds, Series 2015 Bonds, Additional Bonds, Serial Bonds, Term Bonds

The term “Bonds” means the Series 2015 Bonds and all Additional Bonds. The term “Series 2015 Bonds” means all bonds of the Authority authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Section 2.02(a) and Section 3.01. The term “Additional Bonds” means all bonds of the Authority authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article III. The term “Serial Bonds” means Bonds for which no sinking fund payments are provided. The term “Term Bonds” means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Year

The term “Bond Year” means the twelve (12)-month period ending on April 1 of each year to which reference is made.

Bondholder; Holder; Owner

The term “Bondholder,” “Holder” or “Owner” means any person who shall be the registered owner of any Outstanding Bond.

Business Day

The term “Business Day” means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of New York or California are authorized to remain closed, or a day on which the Federal Reserve system is closed.

Certificate of the Authority

The term “Certificate of the Authority” means an instrument in writing signed by the Chair, Executive Director, Secretary or Treasurer of the Authority, or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

Certificate of the City

The term “Certificate of the City” means an instrument in writing signed by the Mayor, City Manager or Finance Director of the City, or by any such officials’ duly appointed designee, or by any other officer or employee of the City duly authorized by the City Council of the City for that purpose.

City

The term “City” means the City of Antioch, a municipal corporation organized and validly existing under the Constitution and laws of the State.

Code

The term “Code” means the Internal Revenue Code of 1986, as amended.

Continuing Disclosure Agreement

The term “Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement between the City and the Trustee dated the date of issuance and delivery of the Series 2015 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Costs of Issuance

The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority and related to the authorization, execution and delivery of the Site Lease, the Facility Lease, this Trust Agreement and the issuance and sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the Authority and any other authorized cost, charge or fee in connection with the issuance of the Bonds.

Costs of Issuance Fund

The term “Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.01.

Debt Service

The term “Debt Service” means, for any Fiscal Year or other period, the sum of (1) the interest accruing during such Fiscal Year or other period on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds so long as such funded interest is in an amount equal to the gross amount necessary to pay such interest on the Bonds and is invested in direct obligations of the United States which mature no later than the related Interest Payment Date), (2) the principal amount of all Outstanding Serial Bonds maturing during such Fiscal Year or other period, and (3) the principal amount of all Outstanding Term Bonds required to be redeemed or paid (together with the redemption premiums, if any, thereon) during such Fiscal Year or other period.

Depository

The term “Depository” shall mean DTC or another recognized securities depository selected by the Authority which maintains a book-entry system for the Bonds.

DTC

The term “DTC” means The Depository Trust Company, New York, New York.

Event of Default

The term “Event of Default” shall have the meaning specified in Section 7.01.

Facilities

The term “Facilities” means the buildings, other improvements and facilities described in Exhibit A to the Facility Lease, including all real property on which such buildings, other improvements and facilities are located, or any portion thereof, or any City buildings, other improvements and facilities substituted therefor, or any portion thereof, in accordance with the Facility Lease and this Trust Agreement; subject, however, to any conditions, reservations and easements of record known to the City.

Facility Lease

The term “Facility Lease” means that certain lease, entitled “Facility Lease”, by and between the Authority and the City, dated as of February 1, 2015, which lease or a memorandum thereof was recorded in the office of the County Recorder of the County of Contra Costa on _____, 2015 as document No. 2015-_____, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

Financial Newspaper

The term “Financial Newspaper” means The Wall Street Journal or The Bond Buyer, or any other newspaper or journal printed in the English language, publishing financial news, and selected by the Authority.

Fiscal Year

The term “Fiscal Year” means the twelve (12) month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

Government Securities

The term “Government Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations the timely payment of which is guaranteed directly by the United States of America, including evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations; provided that investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; (c) the underlying obligations are not redeemable prior to maturity, and (d) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

Independent Certified Public Accountant

The term “Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom --

- (1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority or the City;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the City; and
- (3) is not connected with the Authority or the City as a member, officer or employee of the Authority or the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority or the City.

Information Services

The term “Information Services” means the Electronic Municipal Market Access System of the Municipal Rulemaking Board; and in accordance with then current guidelines of

the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or such services as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

Interest Payment Date

The term “Interest Payment Date” means April 1 and October 1 in each year, commencing October 1, 2015.

Joint Powers Agreement

The term “Joint Powers Agreement” means the Joint Exercise of Powers Agreement by and between the City and the Antioch Development Agency, dated April 27, 1993, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

Moody’s

The term “Moody’s” means Moody’s Investors Service, Inc. a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

Opinion of Counsel

The term “Opinion of Counsel” means a written opinion of Bond Counsel.

Outstanding

The term “Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.02) all Bonds except

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 10.01; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant hereto.

Permitted Encumbrances

The term “Permitted Encumbrances” means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to the Facility Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the

date of recordation of the Facility Lease in the office of the County Recorder of the County of Contra Costa and which the City certifies in writing will not materially impair the use of the Facilities; (3) the Site Lease, as it may be amended from time to time; (4) the Facility Lease, as it may be amended from time to time; (5) this Trust Agreement, as it may be amended from time to time; (6) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Authority and the City consent in writing and certify to the Trustee will not materially impair the ownership interests of the Authority or use of the Facilities by the City; and (8) subleases and assignments of the City which will not adversely affect the exclusion from gross income of interest on the Bonds.

Permitted Investments

The term “Permitted Investments” means any of the following, if and to the extent each is permissible for investment of funds of the Authority, as stated in its current investment policy and pursuant to applicable laws:

- (1) Government Securities;
- (2) Any obligations which are then legal investments for moneys of the City under the laws of the State of California; provided that such investments shall be rated in the highest short-term or one of the three highest long-term Rating Categories by the Rating Agencies or deposits which are fully insured by the FDIC;
- (3) Debentures of the Federal Housing Administration; or obligations of the following agencies which are not guaranteed by the United States of America: (i) participation certificates or debt obligations of the Federal Home Loan Mortgage Corporation; (ii) consolidated system-wide bonds and notes of the Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); (iii) consolidated debt obligations or letter of credit-backed issues of the Federal Home Loan Banks; (iv) mortgage-backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal or debt obligations of the Federal National Mortgage Association; or (v) letter of credit-backed issues or debt obligations of the Student Loan Marketing Association;
- (4) Money markets or mutual funds which are rated by S&P “AAAm-G” or “AAAm” or higher and, if rated by Moody’s, are rated “Aaa” or higher, which funds may include funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;
- (5) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated in any of the three highest Rating Categories by the Rating Agencies at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event such rating at any time falls below any of the three highest Rating

Categories of the Rating Agencies; provided that any such investment agreement shall have been provided to the Rating Agencies;

(6) The Local Agency Investment Fund of the State of California; and

(7) Any other investment selected by the Authority which does not adversely affect the then-current rating on the Bonds.

The Trustee may conclusively rely on the written instructions of the Authority and the City that such investment is a Permitted Investment hereunder.

Person

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

Principal Office

The term “Principal Office” refers to the office of the Trustee noted in Section 12.12 and such other offices as the Trustee may designate from time to time except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

Principal Payment Date

The term “Principal Payment Date” means any date on which principal of the Bonds is required to be paid (whether by reason of maturity, redemption or acceleration).

Rating Agencies

The term “Rating Agencies” means, as of any date, (a) Moody’s, if Moody’s then maintains a rating on the Bonds, and (b) S&P, if S&P then maintains a rating on the Bonds.

Rating Category

The term “Rating Category” means one of the general long-term (or short-term, if so specifically provided) rating categories of either Moody’s and S&P, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Record Date

The term “Record Date” means the close of business on the fifteenth (15th) calendar day (whether or not a Business Day) of the month preceding any Interest Payment Date.

Redemption Date

The term “Redemption Date” shall mean the date fixed for redemption of any Bonds.

Redemption Price

The term “Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Trust Agreement.

Representation Letter

The term “Representation Letter” means the blanket letter of representation of the Authority to DTC or any similar letter to a substitute depository.

[Reserve Facility]

[The term “Reserve Facility” means a surety bond, insurance policy or letter of credit credited to the Reserve Account and meeting the requirements of Section 5.04 hereof.]

[Reserve Facility Provider]

[The term “Reserve Facility Provider” means any provider of a Reserve Facility.]

[Reserve Fund] [References to Reserve Fund are included in the event there is a Reserve Facility]

[The term “Reserve Fund” means the fund by that name established pursuant to Section 4.03.]

[Reserve Fund Requirement]

[The term “Reserve Fund Requirement” means an amount equal to the lesser of (i) one hundred twenty-five percent (125%) of the average annual debt service on all Outstanding Bonds, or (ii) maximum annual debt service on all Outstanding Bonds.]

Responsible Officer

The term “Responsible Officer” means any officer of the Trustee assigned to administer its duties under this Trust Agreement.

Revenues

The term “Revenues” means (i) all Base Rental Payments and other payments paid by the City and received by the Authority pursuant to the Facility Lease (but not Additional Payments), and (ii) all interest or other income from any investment, pursuant to Section 5.05, of

any money in any fund or account (other than the Rebate Fund) established pursuant to this Trust Agreement or the Facility Lease.

S&P

The term “S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

Securities Depositories

The term “Securities Depositories” means: The Depository Trust Company or such other securities depositories as the Authority may designate to the Trustee.

Series

The term “Series,” whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

Site Lease

The term “Site Lease” means that certain lease, entitled “Site Lease”, by and between the City and the Authority, dated as of February 1, 2015, which lease or a memorandum thereof was recorded in the office of the County Recorder of the County of Contra Costa on _____, 2015 as document No. 2015-_____, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

State

The term “State” means the State of California.

Supplemental Trust Agreement

The term “Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is executed and delivered pursuant to the provisions hereof.

Tax Certificate

The term “Tax Certificate” means the Tax Certificate and Agreement delivered by the Authority and the City at the time of the issuance and delivery of a Series of Bonds, as the same may be amended or supplemented in accordance with its terms.

Treasurer

The term “Treasurer” means the Treasurer and Controller of the Authority designated pursuant to the Joint Powers Agreement.

Trust Agreement

The term “Trust Agreement” means this Trust Agreement, dated as of February 1, 2015 between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

Trustee

The term “Trustee” means The Bank of New York Mellon Trust Company, N.A., or any other association or corporation which may at any time be substituted in its place as provided in Section 8.01.

Written Request of the Authority

The term “Written Request of the Authority” means an instrument in writing signed by or on behalf of the Authority by its Chair, Executive Director, Secretary or Treasurer or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

Written Request of the City

The term “Written Request of the City” means an instrument in writing to the Trustee signed by the Mayor, City Manager, or the Finance Director of the City, or by any such officer’s duly appointed designee, or by any other officer or employee of the City duly authorized by the City for that purpose.

SECTION 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Bondholders thereof, this Trust Agreement shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Bondholders from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full, timely and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Bondholders of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over

any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

SECTION 1.03 Interpretation. (a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean or include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

ARTICLE II

THE BONDS

SECTION 2.01 Authorization of Bonds; Series 2015 Bonds. (a) Bonds may be issued hereunder from time to time in order to obtain moneys to carry out the purposes of the Authority. The maximum principal amount of Bonds which may be issued hereunder is not limited. The Bonds are designated generally as “City of Antioch Public Financing Authority Lease Revenue Bonds,” each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds. The Bonds may be issued in such Series as from time to time shall be established and authorized by the Authority, subject to the covenants, provisions and conditions herein contained.

(b) An initial Series of Bonds is hereby created and designated “City of Antioch Public Financing Authority Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A.” The aggregate principal amount of Series 2015 Bonds which may be issued and Outstanding under this Trust Agreement shall not exceed _____ dollars (\$[par amount]).

(c) The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Series 2015 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Series 2015 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized, pursuant to each and every requirement of the Act, to issue the Series 2015 Bonds in the form and manner provided herein for the purpose of providing funds to refinance the 2001 Facilities and the 2002 Facilities, and that the Series 2015 Bonds shall be entitled to the benefit, protection and security of the provisions hereof.

(d) The validity of the issuance of the Series 2015 Bonds shall not be dependent on or affected in any way by the proceedings taken by the Authority to refinance the 2001 Facilities and the 2002 Facilities. The recital contained in the Series 2015 Bonds that the same are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Series 2015 Bonds shall be incontestable from and

after their issuance. The Series 2015 Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Series 2015 Bonds (or any temporary Series 2015 Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

SECTION 2.02 Terms of the Series 2015 Bonds. (a) The Series 2015 Bonds shall be issued in the aggregate principal amount of _____ dollars (\$[par amount]). The Series 2015 Bonds shall be dated as of the date of initial delivery, shall be issued only in fully registered form in Authorized Denominations (not exceeding the principal amount of Series 2015 Bonds maturing at any one time), and shall mature in the years and in the principal amounts and bear interest at the rates as set forth in the following schedule, subject to prior redemption as described in Article IV hereof:

Series 2015 Bonds

Maturity Date <u>(April 1)</u>	Principal <u>Amount</u>	<u>Interest Rate</u>
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* Term Bond

The Series 2015 Bonds shall bear interest at the rates set forth above, payable commencing October 1, 2015, and semiannually thereafter on April 1 and October 1 in each year. The Series 2015 Bonds shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event they shall bear interest from such date, or unless such date of registration is prior to the first Interest Payment Date, in which event they shall bear interest from their dated date. The amount of interest so payable on any Interest Payment Date shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(b) Payment of interest on the Series 2015 Bonds due on or before the maturity or prior redemption thereof shall be paid by check mailed by first class mail on each Interest Payment Date to the person in whose name the Bond is registered as of the applicable Record Date for such Interest Payment Date at the address shown on the registration books maintained by the Trustee pursuant to Section 2.09; provided, however, that interest on any Series of Bonds shall be paid by wire transfer or other means to provide immediately available funds to any Holder of at least \$1,000,000 in aggregate principal amount of such Series of Bonds, at its option, according to wire instructions given to the Trustee in writing for such purpose and on file prior to the applicable Record Date preceding the Interest Payment Date.

(c) Interest on any Bond shall cease to accrue (i) on the maturity date thereof, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal amount thereof, plus interest accrued thereon to such date; or (ii) on the redemption date thereof, provided there has been irrevocably deposited with the Trustee an amount sufficient to pay the Redemption Price thereof, plus interest accrued thereon to such date. The Holder of such Bond shall not be entitled to any other payment, and such Bond shall no longer be Outstanding and entitled to the benefits of this Trust Agreement, except for the payment of the principal amount or Redemption Price, of such Bond, as appropriate, from moneys held by the Trustee for such payment.

(d) The principal of the Bonds shall be payable by check in lawful money of the United States of America at the Principal Office of the Trustee. No payment of principal shall be made on any Bond unless and until such Bond is surrendered to the Trustee for cancellation.

(e) The Trustee shall identify all payments (whether made by check or by wire transfer) of interest, principal, and premium by CUSIP number of the related Bonds.

SECTION 2.03 Form of Series 2015 Bonds. The Series 2015 Bonds and the authentication and registration endorsement and assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto attached and by this reference herein incorporated.

SECTION 2.04 [Reserved].

SECTION 2.05 [Reserved].

SECTION 2.06 Execution of Series 2015 Bonds. The Chair of the Authority is hereby authorized and directed to execute each of the Series 2015 Bonds on behalf of the

Authority and the Secretary of the Authority is hereby authorized and directed to countersign each of the Series 2015 Bonds on behalf of the Authority. The signatures of such Chair and Secretary may be by printed, lithographed or engraved by facsimile reproduction. In case any officer whose signature appears on the Series 2015 Bonds shall cease to be such officer before the delivery of the Series 2015 Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Series 2015 Bonds.

Only those Series 2015 Bonds bearing thereon a certificate of authentication in the form hereinbefore recited, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Series 2015 Bonds so authenticated have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

SECTION 2.07 Transfer and Payment of Bonds. Any Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.09 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same Series and maturity for a like aggregate principal amount of Authorized Denominations. The Trustee shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may, except as otherwise provided herein, deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bond shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Bond to the extent of the sum or sums so paid.

The Trustee shall not be required to register the transfer of or exchange any Bonds which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 4.05 or during the period established by the Trustee for selection of Bonds for redemption.

SECTION 2.08 Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other authorized denominations. The Trustee shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege. The Trustee shall not be required to exchange any Bond which has been selected for redemption

in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 4.05 or during the period established by the Trustee for selection of Bonds for redemption.

SECTION 2.09 Bond Registration Books. The Trustee will keep at its office sufficient books for the registration and transfer of the Bonds, which during normal business hours shall be open to inspection by the Authority, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

SECTION 2.10 Mutilated, Destroyed, Stolen or Lost Bonds; Temporary Bonds. If any Bond shall become mutilated, the Trustee, at the expense of the Bondholder, shall thereupon authenticate and deliver a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Bondholder, shall thereupon authenticate and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Bonds of the same Series secured by this Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

The Bonds issued under this Trust Agreement 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 denominations as may be determined by the Authority, shall be in fully registered form and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the Authority, in accordance with the terms of the Act. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office of the Trustee, and the Trustee shall 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 Trust Agreement as definitive Bonds delivered hereunder.

SECTION 2.11 Special Covenants as to Book-Entry Only System for Series

2015 Bonds. (a) Except as otherwise provided in subsections (b) and (c) of this Section, all of the Series 2015 Bonds initially issued shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Series 2015 Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Series 2015 Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Series 2015 Bonds initially shall be issued in the form of a single authenticated fully registered bond for each stated maturity of such Series 2015 Bonds, representing the aggregate principal amount of the Series 2015 Bonds of such maturity. Upon initial issuance, the ownership of all such Series 2015 Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.09 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2015 Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such Series 2015 Bonds, selecting the Series 2015 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders hereunder, registering the transfer of Series 2015 Bonds, obtaining any consent or other action to be taken by Bondholders of the Series 2015 Bonds and for all other purposes whatsoever; and neither the Trustee nor the Authority or any paying agent shall be affected by any notice to the contrary. Neither the Trustee nor the Authority or any paying agent shall have any responsibility or obligation to any "Participant" (which shall mean, for purposes of this Section, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Series 2015 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Bondholder, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Series 2015 Bonds, (iii) any notice which is permitted or required to be given to Bondholders of Series 2015 Bonds hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2015 Bonds, or (v) any consent given or other action taken by DTC as Bondholder of Series 2015 Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2015 Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the Authority's obligations with respect to the payment of the principal of and premium, if any, and interest on the Series 2015 Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Series 2015 Bonds will be transferable to such new nominee in accordance with subsection (e) of this Section.

(c) In the event that the Authority determines that the Series 2015 Bonds should not be maintained in book-entry form, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability

through DTC of bond certificates. In such event, the Series 2015 Bonds will be transferable in accordance with subsection (e) of this Section. DTC may determine to discontinue providing its services with respect to the Series 2015 Bonds or a portion thereof, at any time by giving written notice of such discontinuance to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Series 2015 Bonds will be transferable in accordance with subsection (e) of this Section. If at any time DTC shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor securities depository is not appointed by the Authority within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, then this Section shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the Series 2015 Bonds as provided below. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Series 2015 Bonds then Outstanding. In such event, the Series 2015 Bonds will be transferable to such securities depository in accordance with subsection (e) of this Section, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Series 2015 Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Series 2015 Bond and all notices with respect to each such Series 2015 Bond shall be made and given, respectively, to DTC as provided in or pursuant to the Representation Letter.

(e) In the event that any transfer or exchange of Series 2015 Bonds is authorized under subsection (b) or (c) of this Section, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Series 2015 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.07 and 2.08. In the event Series 2015 Bond certificates are issued to Bondholders other than Cede & Co., its successor as nominee for DTC as holder of all the Series 2015 Bonds, another securities depository as holder of all the Series 2015 Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.07 and 2.08 shall also apply to, among other things, the registration, exchange and transfer of the Series 2015 Bonds and the method of payment of principal of, premium, if any, and interest on the Series 2015 Bonds.

ARTICLE III

ISSUANCE OF BONDS

SECTION 3.01 Procedure for the Issuance of Series 2015 Bonds. At any time after the sale of the Series 2015 Bonds in accordance with the Act, the Authority shall execute the Series 2015 Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon the Series 2015 Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof upon the Written Request of the Authority and upon receipt of payment therefor from the purchaser thereof. Upon receipt of payment for the Series 2015 Bonds from

the purchaser thereof, the Trustee shall, unless otherwise instructed by the Authority, transfer or deposit the proceeds received from such sale to the following respective accounts or funds, in the following order of priority:

(i) deposit the sum of \$_____ in the Costs of Issuance Fund, which fund is hereby created and which fund the Trustee hereby agrees to maintain until _____ 1, 2015. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Series 2015 Bonds upon receipt of a Written Request of the Authority filed with the Trustee, each of which shall be sequentially numbered and shall state the person(s) to whom payment is to be made, the amount(s) to be paid, the purpose(s) for which the obligation(s) was incurred and that such payment is a proper charge against said fund. On _____ 1, 2015, or upon the earlier Written Request of the Authority, any remaining balance in the Costs of Issuance Fund shall be transferred to the Revenue Fund;

(ii) transfer the sum of \$_____ to The Bank of New York Mellon Trust Company, N.A., as trustee for the Series 2002 Bonds, for the refunding of the Series 2002 Bonds; and

(iii) transfer the sum of \$_____ to Wells Fargo Bank, National Association for the prepayment of the 2001 Lease Payments and the refunding of the City's portion of the ABAG Bonds.

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

SECTION 3.02 [Reserved].

SECTION 3.03 Conditions for the Issuance of Additional Bonds. The Authority may at any time, issue Additional Bonds pursuant to a Supplemental Trust Agreement, payable from the Revenues as provided herein and secured by a pledge of and charge and lien upon the Revenues as provided herein equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued hereunder, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

(a) The Authority shall be in compliance with all agreements and covenants contained herein and no Event of Default shall have occurred and be continuing.

(b) The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Bonds shall be applied to refunding or repayment of all or a portion of the Bonds then Outstanding, including the payment of costs and expenses of and incident to the authorization and sale of such Additional Bonds.

(c) The aggregate principal amount of Bonds issued and at any time Outstanding hereunder shall not exceed any limit imposed by law, by this Trust Agreement or by any Supplemental Trust Agreement.

(d) The Facility Lease shall have been amended, if necessary, so that the Base Rental Payments payable by the City thereunder in each Fiscal Year shall at least equal Debt Service, including Debt Service on the Additional Bonds, in each Fiscal Year.

SECTION 3.04 Proceedings for Authorization of Additional Bonds.

Whenever the Authority and the City shall determine to execute and deliver any Additional Bonds pursuant to Section 3.03, the Authority and the Trustee shall enter into a Supplemental Trust Agreement providing for the issuance of such Additional Bonds, specifying the maximum principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds.

The Supplemental Trust Agreement shall prescribe the form or forms of such Additional Bonds and, subject to the provisions of Section 3.03, shall provide for the distinctive designation, denominations, method of numbering, dates, payment dates, interest rates, interest payment dates, provisions for redemption (if desired) and places of payment of principal and interest.

Before such Additional Bonds shall be issued, the City and the Authority shall file or cause to be filed the following documents with the Trustee:

(a) An Opinion of Counsel setting forth that (1) such Counsel has examined the Supplemental Trust Agreement and the amendment, if any, to the Facility Lease required by Section 3.03(d); (2) the execution and delivery of the Additional Bonds have been duly authorized by the City and the Authority; and (3) said amendment to the Facility Lease, when duly executed by the City and the Authority, will be valid and binding obligations of the City and the Authority.

(b) A Certificate of the Authority stating that the requirements of Section 3.03 have been met.

(c) A certified copy of a resolution of the City authorizing the execution of the amendments, if any, to the Facility Lease required by Section 3.03(d).

(d) An executed counterpart or duly authenticated copy of any amendment to the Facility Lease required by Section 3.03(d).

(e) A Certificate of the City stating that the insurance required by Sections 5.01, 5.02 and 5.03 of the Facility Lease is in effect.

Upon the delivery to the Trustee of the foregoing instruments and upon the Trustee's receipt of Certificates of the City and of the Authority stating that all applicable provisions of this Trust Agreement have been complied with (so as to permit the execution and delivery of the Additional Bonds in accordance with the Supplemental Trust Agreement then delivered to the Trustee), the Trustee shall execute and deliver said Additional Bonds in the aggregate principal amount specified in such Supplemental Trust Agreement to, or upon the Written Request of, the Authority.

SECTION 3.05 Limitations on the Issuance of Obligations Payable from Revenues. The Authority will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, however denominated, payable in whole or in part from Revenues except the following:

(a) Bonds of any Series authorized pursuant to Section 3.03; or

(b) Obligations which are junior and subordinate to the payment of the principal, premium and interest on the Bonds and which subordinated obligations are payable as to principal, premium and interest only out of Revenues after the prior payment of all amounts then required to be paid hereunder from Revenues for principal, premium and interest on the Bonds, as the same become due and payable and at the times and in the manner as required in this Trust Agreement.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01 Extraordinary Redemption. The Series 2015 Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as hereinafter provided, as a whole or in part by lot within each stated maturity in integral multiples of Authorized Denominations, from prepayments made by the City pursuant to Section 7.02(a) of the Facility Lease, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the Redemption Date. Whenever less than all of the Outstanding Bonds are to be redeemed on any one date, the Trustee shall select, in accordance with written directions from the Authority, the Bonds to be redeemed in part from the Outstanding Bonds so that the aggregate annual principal amount of and interest on Bonds which shall be payable after such Redemption Date shall be as nearly proportional as practicable to the aggregate annual principal amount of and interest on Bonds Outstanding prior to such Redemption Date.

SECTION 4.02 Optional Redemption. The Series 2015 Bonds maturing on or prior to April 1, ____, are not subject to optional redemption. The Series 2015 Bonds maturing on and after April 1, ____, are subject to optional redemption prior to maturity at the written direction of the Authority, from any moneys deposited by the Authority or the City, as a whole or in part on any date on or after April 1, ____, and among such maturities as are designated by the Authority to the Trustee, at a redemption price equal to 100% of the principal amount of the Bonds called for redemption plus accrued but unpaid interest to the redemption date.

SECTION 4.03 Mandatory Sinking Fund Redemption. Bonds maturing on April 1, 20__, shall be subject to redemption prior to their stated maturity, by lot, from mandatory sinking fund payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

Mandatory Sinking Fund Payment Date

Principal Amount

*Maturity

Bonds maturing on April 1, 20__, shall be subject to redemption prior to their stated maturity, by lot, from mandatory sinking fund payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

Mandatory Sinking Fund Payment Date

Principal Amount

*Maturity

In the event of an optional redemption pursuant to Section 4.02, the City shall provide the Trustee with a revised sinking fund schedule giving effect to the optional redemption so completed.

SECTION 4.04 Selection of Bonds for Redemption. If less than all Outstanding Series 2015 Bonds of the same Series maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2015 Bonds of such maturity date to be redeemed by lot and shall promptly notify the Authority in writing of the numbers of the Series 2015 Bonds so selected for redemption. For purposes of such selection, Series 2015 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event 2012 Term Bonds are designated for redemption, the Authority may designate which sinking account payments are allocated to such redemption.

SECTION 4.05 Notice of Redemption; Cancellation; Effect of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the respective Bondholders of the Series 2015 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and (iii) one or more Information Services. Notice of redemption to the Securities Depositories and the Information Services shall be given by registered mail or overnight delivery or facsimile transmission or by such other method

acceptable to such institutions. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds, the Series, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Series 2015 Bonds of such maturity, to be redeemed and, in the case of Series 2015 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2015 Bonds the redemption price thereof, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2015 Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice or any defect in such notice shall not invalidate any of the proceedings taken in connection with such redemption.

The Authority may, at its option, prior to the date fixed for redemption in any notice of redemption rescind and cancel such notice of redemption by Written Request to the Trustee and the Trustee shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Bondholders of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Series 2015 Bonds redeemed pursuant to the provisions of this Article shall be cancelled by the Trustee and shall be destroyed with a certificate of destruction furnished to the Authority upon its request and shall not be reissued.

ARTICLE V

REVENUES

SECTION 5.01 Pledge of Revenues. (a) All Revenues, any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established hereunder (other than amounts on deposit in the Rebate Fund created pursuant to Section 6.03) and any other amounts (excluding Additional Payments) received by the Authority in respect of the Facilities are hereby irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Bonds as provided herein, and the Revenues and other amounts pledged hereunder shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a pledge of and charge and first lien upon the Revenues, all other amounts pledged hereunder and all other moneys on deposit in the funds and accounts established hereunder (excluding amounts on deposit in the Rebate Fund created pursuant to Section 6.03) for the payment of the interest on and principal of the Bonds in accordance with the terms hereof and thereof. The Authority

hereby assigns to the Trustee all of the Authority's right, title and interest in the Facility Lease and the Site Lease as security for payment of the Bonds.

(b) At least three (3) Business Days prior to each date on which a Base Rental Payment is due, pursuant to the Facility Lease, the Trustee shall notify the City of the amount of the installment of Base Rental Payment needed to pay the principal of and interest on the Bonds due on the next following Interest Payment Date. Any failure to send such notice shall not affect the City's obligation to make timely payments of installments of Base Rental Payments.

SECTION 5.02 Receipt and Deposit of Revenues in the Revenue Fund. In order to carry out and effectuate the pledge, charge and lien contained herein, the Authority agrees and covenants that all Revenues and all other amounts pledged hereunder when and as received shall be received by the Authority in trust hereunder for the benefit of the Bondholders and shall be transferred when and as received by the Authority to the Trustee for deposit in the Revenue Fund (the "Revenue Fund"), which fund is hereby created and which fund the Authority hereby agrees and covenants to maintain in trust for Bondholders so long as any Bonds shall be Outstanding hereunder. Subject to Section 5.05, all Revenues and all other amounts pledged hereunder shall be accounted for through and held in trust in the Revenue Fund, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided. All Revenues and all other amounts pledged hereunder, whether received by the Authority in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

SECTION 5.03 Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund. (a) Subject to Section 6.03, all money in the Revenue Fund shall be set aside by the Trustee in the following respective special accounts or funds within the Revenue Fund (each of which is hereby created and each of which the Authority hereby covenants and agrees to cause to be maintained) in the following order of priority:

- (1) Interest Account;
- (2) Principal Account[; and
- (3) Reserve Fund].

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section. On each Principal Payment Date, following payment of principal of and interest on the Bonds, any excess amount on deposit in the Revenue Fund shall be returned to the City as an excess of Base Rental Payments.

(b) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date.

No deposit need be made in the Interest Account if the amount contained therein and available to pay interest on the Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(c) Principal Account. On or before each April 1, commencing April 1, [2016], the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such April 1, into the respective sinking fund accounts for all Outstanding Term Bonds and the principal amount of all Outstanding Serial Bonds maturing on such April 1.

No deposit need be made in the Principal Account if the amount contained therein and available to pay principal of the Bonds is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing by their terms on such April 1 plus the aggregate amount of all sinking fund payments required to be made on such April 1 for all Outstanding Term Bonds.

The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Bonds of each Series and maturity, designated as the “____ Sinking Account” (the “Sinking Account”), inserting therein the Series and maturity (if more than one such account is established for such Series) designation of such Bonds. With respect to each Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Trustee shall apply the mandatory sinking account payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the Series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in Article IV; provided that, at any time prior to selection of Bonds for redemption, the Trustee may, upon the Written Request of the Authority, apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account), as may be directed by the Authority, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Bonds upon redemption by application of such mandatory sinking account payment. If, during the twelve (12)-month period immediately preceding said mandatory sinking account payment date, the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, such Bonds so purchased shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking account payment.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it shall become due and payable, whether at maturity or redemption, except that any money in any Sinking Account shall be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such Sinking Account was created.

(d) Reserve Fund. Subsequent to the transfers described in (b) and (c), funds in the Revenue Fund shall be deposited in the Reserve Fund to the extent that the amount therein is less than the Reserve Fund Requirement; provided that if there has been a draw upon any Reserve Facility used to provide all or a portion of the Reserve Fund Requirement, funds in the Revenue Fund subsequent to the transfers described in (b) and (c) shall be applied to reimburse the Reserve Facility Provider. All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal of or redemption premiums, if any, on the Bonds then Outstanding, except that so long as the Authority is not in default hereunder, any amounts in the Reserve Fund in excess of the Reserve Fund Requirement shall be withdrawn from the Reserve Fund and deposited in the Revenue Fund on each April 1 and October 1. For purposes of determining the amount on deposit in the Reserve Fund, the Trustee shall value on the last Business Day of each May and December those amounts invested in Permitted Investments at the market value thereof.]

SECTION 5.04 Reserve Surety Policies and Letters of Credit

(a) General. The Authority may satisfy the Reserve Fund Requirement at any time by the deposit with the Trustee for the credit of the Reserve Fund of a surety bond, an insurance policy or letter of credit as described below, or any combination thereof. If the Reserve Fund Requirement is satisfied by a Reserve Facility, the Trustee shall draw on such Reserve Facility in accordance with its terms, in a timely manner, to the extent necessary to fund any deficiency in the related Interest Account or Principal Account.

(i) Surety Bond or Insurance Policy. A surety bond or insurance policy issued to the Trustee, on behalf of the Holders of Bonds, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the applicable series of Bonds (a “municipal bond insurer”) may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the claims paying ability of such municipal bond insurer is rated “Aaa” by Moody’s Investors Service and “AAA” by Standard & Poor’s Corporation at the time of deposit to the Reserve Fund.

(ii) Letter of Credit. A letter of credit may be deposited in the Reserve Fund to meet the Reserve Fund Requirement, provided that any such letter of credit must be issued or confirmed by a state or national bank or a foreign bank with an agency or branch located in the continental United States which has outstanding an issue of unsecured long term debt securities rated at least equal to the second highest rating category (disregarding rating subcategories) by Moody’s Investors Service and Standard & Poor’s at the time of deposit to the Reserve Fund.

Unless the Bonds have been fully paid and retired, the Trustee shall draw the full amount of any letter of credit credited to the Reserve Fund for such Bonds on the third Business Day preceding the date such letter of credit (taking into account any extension, renewal or replacement thereof) would otherwise expire, and shall deposit moneys realized pursuant to such draw in the Reserve Fund.

(iii) Release of Moneys in Reserve Fund. If the Authority replaces a cash-funded Reserve Fund, in whole or in part, with a surety bond, insurance policy or letter of credit meeting the requirements of (a) above, amounts on deposit in the Reserve Fund shall, upon written request of the Authority to the Trustee, be transferred to the Authority and applied for the acquisition, construction, installation or equipping of public capital improvements; provided, such transfer shall be conditioned on the receipt by the Authority and Trustee of an Opinion of Counsel that such transfer will not cause the interest on the Bonds to be included in gross income for purposes of federal income taxation.]

SECTION 5.05 Application of Insurance Proceeds. In the event of any damage to or destruction of any part of the Facilities covered by insurance, the Authority shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds, to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall invest said proceeds in Permitted Investments pursuant to the Request of the City, as agent for the Authority under the Facility Lease, and withdrawals of said proceeds shall be made from time to time upon the filing with the Trustee of a Written Request of the City, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Facilities, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. The City shall file a Certificate of the City with the Trustee that sufficient funds from insurance proceeds or from any funds legally available to the City, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace the Facilities. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance shall be paid to the Trustee as Base Rental Payments and applied in the manner provided by Section 5.01. Alternatively, the City, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of the Facilities, or that portion, in the case of partial damage or destruction of the Facilities, of the Base Rental Payments and all other amounts relating to the damaged or destroyed portion of the Facilities, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the applicable provisions of Section 4.01. The City shall not apply the proceeds of insurance as set forth in this Section 5.04 to redeem the Bonds in part due to damage or destruction of a portion of the Facilities unless the Base Rental Payments on the undamaged portion of the Facilities will be sufficient to pay the initially-scheduled principal and interest on the Bonds remaining unpaid after such redemption.

SECTION 5.06 Deposit and Investments of Money in Accounts and Funds. Subject to Section 6.03, all money held by the Trustee and the Treasurer in any of the accounts or funds established pursuant hereto shall be invested in Permitted Investments at the Written Request of the City or, if no instructions are received, in money market funds described in paragraph 4 of the definition of Permitted Investments; provided, however, that any such

investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the City specifying a specific money market fund and, if no such Written Request of the City is so received, the Trustee shall hold such moneys uninvested. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. For purposes of this restriction, Permitted Investments containing a withdrawal option, repurchase option or put option by the investor shall be treated as having a maturity of no longer than such option. Subject to Section 6.03, all interest or profits received on any money so invested shall be deposited in the Revenue Fund. The Trustee and its affiliates may act as principal, agent, sponsor or advisor with respect to any investments. The Trustee shall not be liable for any losses on investments made in accordance with the terms and provisions of this Trust Agreement.

Investments (except investment agreements or repurchase agreements) in Trust Agreement funds and accounts shall be valued at the market value thereof, exclusive of accrued interest.

Investments purchased with funds on deposit in the Revenue Fund shall mature not later than the payment date or redemption date, as appropriate, immediately succeeding the investment.

Subject to Section 6.03, investments in any and all funds and accounts may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular funds and accounts amounts received or held by the Trustee hereunder, provided that the Trustee 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 Trust Agreement.

The Authority (and the City by its execution of the Facility Lease) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority, the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI

COVENANTS OF THE AUTHORITY

SECTION 6.01 Punctual Payment and Performance. The Authority will punctually pay out of the Revenues the interest on and principal of and redemption premiums, if any, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained herein and in the Bonds.

SECTION 6.02 Against Encumbrances. The Authority will not make any pledge or assignment of or place any charge or lien upon the Revenues except as provided in

Section 3.05, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except as provided in Section 3.05.

SECTION 6.03 Tax Covenants; Rebate Fund.

(a) In addition to the accounts created pursuant to Section 5.03, the Trustee shall establish and maintain a fund separate from any other fund or account established and maintained hereunder designated as the Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. The Trustee may rely conclusively upon the City's determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility to independently make any calculation or determination or to review the City's calculations hereunder. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. Notwithstanding the provisions of Sections 5.01, 5.02, 5.05, 9.01 and 10.01 relating to the pledge of Revenues, the allocation of money in the Revenue Fund, the investments of money in any fund or account, the application of funds upon acceleration and the defeasance of Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section 6.03 and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate.

(b) Any funds remaining in the Rebate Fund with respect to a Series of Bonds after redemption and payment of all such Series of Bonds and all other amounts due hereunder or under the Facility Lease relating to such Series of Bonds, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees and expenses of the Trustee and satisfaction of the Rebate Requirement (as defined in the Tax Certificate), shall be withdrawn by the Trustee and remitted to or upon the direction of the Authority.

(c) The Authority shall not use or permit the use of any proceeds of the Bonds or any funds of the Authority, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any of the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, "private activity bond" within the meaning of Section 141(a) of the Code, or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder and under Section 103(c) of the Internal Revenue Code of 1954, as amended. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Authority shall comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the Bonds. In the event that at any time the Authority is of the opinion that for purposes of this Section 6.03(c) it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under this Trust Agreement, the Authority shall so instruct the Trustee under this Trust Agreement in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(d) The Authority and the Trustee (as directed by the Authority) specifically covenant to comply with the provisions and procedures of the Tax Certificate; provided that the Trustee shall not be bound by this covenant if an Event of Default has occurred and is continuing.

(e) The Authority shall not use or permit the use of any proceeds of the Bonds or any funds of the Authority, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code.

(f) Notwithstanding any provisions of this Section 6.03, if the Authority shall provide to the Trustee an Opinion of Counsel that any specified action required under this Section 6.03 or the Tax Certificate is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article IX hereof, the covenants hereunder shall be deemed to be modified to that extent.

(g) The foregoing provisions of this Section 6.03 shall not be applicable to any Series of Bonds or the proceeds thereof that the Authority determines upon the issuance thereof are to be taxable bonds, the interest on which is intended to be included in the gross income of the Owner thereof for federal income tax purposes.

SECTION 6.04 Accounting Records and Reports. The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions. Not more than seven months after the close of each Fiscal Year, the Authority shall furnish or cause to be furnished to the Trustee a complete financial statement (which may be unaudited) covering receipts, disbursements, allocation and application of Revenues for such Fiscal Year. The Authority shall also keep or cause to be kept such other information as required under the Tax Certificate.

SECTION 6.05 Prosecution and Defense of Suits. The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations hereunder; provided, that the Trustee or any affected Bondholder at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any reasonable attorney's fees or other reasonable expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions hereunder, except for any loss, cost, damage or expense resulting from the negligence or willful misconduct by the Trustee. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect even though all Bonds secured hereby may have been fully paid and satisfied.

SECTION 6.06 Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Bondholder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Bondholders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

SECTION 6.07 [Reserved].

SECTION 6.08 Amendments to Facility Lease or Site Lease. The Authority shall not supplement, amend, modify or terminate any of the terms of the Facility Lease or Site Lease, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent if such supplement, amendment, modification or termination (a) will not materially adversely affect the interests of the Bondholders or result in any material impairment of the security hereby given for the payment of the Bonds (provided that such supplement, amendment or modification shall not be deemed to have such adverse effect or to cause such material impairment solely by reason of increasing the amount of Base Rental Payments to provide for the payment of Additional Bonds as required by Section 3.03(d); or substitution, release or addition of real property pursuant to Section 2.04 of the Facility Lease), (b) is to add to the agreements, conditions, covenants and terms required to be observed or performed thereunder by any party thereto, or to surrender any right or power therein reserved to the Authority or the City, (c) is to cure, correct or supplement any ambiguous or defective provision contained therein, (d) is to accommodate any increase in the amount of Base Rental Payments to provide for the payment of Base Rental Payments as required by Section 3.03(d); or any addition, substitution or release of property in accordance with Section 2.04 under the Facility Lease, (e) is to modify the legal description of the Facilities to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended to be included therein, or substituted for the Facilities pursuant to the provision of Section 2.04 of the Facility Lease, or (f) if the Trustee first obtains the written consent of the Bondholders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

SECTION 7.01 Events of Default and Acceleration of Maturities. If one or more of the following events (herein called "Events of Default") shall happen, that is to say:

(a) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) if default shall be made by the Authority in the performance of any of the other agreements or covenants required herein to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee;

(d) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or

(e) if an Event of Default has occurred under Section 6.01 of the Facility Lease;

then and in each and every such case during the continuance of such event of default the Trustee may, and upon the written request of the Bondholders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained herein or in the Bonds to the contrary notwithstanding. The Trustee shall promptly notify all Bondholders by first class mail of any such event of default which is continuing of which a Responsible Officer has actual knowledge or written notice.

This provision, however, is subject to the condition that if at any time after the principal of the Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee or the Bondholders of not less than a majority in aggregate principal amount of Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Bondholders of all the Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

SECTION 7.02 Application of Funds Upon Acceleration. All moneys in the accounts and funds provided in Sections 3.01, 3.02, 5.02, 5.03 and 5.05 upon the date of the declaration of acceleration by the Trustee as provided in Section 7.01 and all Revenues (other than Revenues on deposit in the Rebate Fund) thereafter received by the Authority hereunder shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the reasonable fees, costs and expenses of the Trustee in providing for the declaration of such event of default and carrying out its duties under this Agreement, including reasonable compensation to their accountants and counsel together with interest on any amounts advanced as provided herein and thereafter to the payment of the reasonable costs and expenses of the Bondholders, if any, in carrying out the provisions of this Article, including reasonable compensation to their accountants and counsel; and

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

SECTION 7.03 Institution of Legal Proceedings by Trustee. If one or more of the Events of Default shall happen and be continuing, the Trustee may, and upon the written request of the Bondholders of a majority in principal amount of the Bonds then Outstanding, and in each case upon being indemnified to its reasonable satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Bondholders of Bonds under this Trust Agreement and under Article VI of the Facility Lease by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties hereunder.

SECTION 7.04 Non-Waiver. Nothing in this Article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Bondholders of the Bonds at the respective dates of maturity or upon prior redemption as provided herein from the Revenues as provided herein pledged for such payment, or shall affect or impair the right of such Bondholders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Bondholder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Bondholder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Bondholders by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bondholders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Bondholder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.05 Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Bondholder shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Bondholders, whether or not the Trustee is a Bondholder, and the Trustee is hereby appointed (and the successive Bondholders, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Bondholders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Bondholders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

SECTION 7.06 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

SECTION 7.07 Limitation on Bondholders' Right to Sue. No Bondholder of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Bondholder shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 7.01; (b) the Bondholders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Bondholders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Bondholder of Bonds of any remedy hereunder; it being understood and intended that no one or more Bondholders of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Bondholders of the Outstanding Bonds.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01 The Trustee. The Bank of New York Mellon Trust Company, N.A. shall serve as the Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment, with the rights and obligations provided herein. The Authority agrees that it will at all times maintain a Trustee having a principal office in California.

The Authority, unless there exists any Event of Default as defined in Section 7.01, may at any time remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a national banking association, bank, banking institution, or trust company, having (or whose parent holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and subject to supervision or examination by federal or state authority. If such national banking association, bank, banking institution, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank, banking institution, 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. The Trustee may at any time resign by giving written notice of such resignation to the Authority, and by mailing by first class mail to the Bondholders notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. The successor Trustee shall send notice of its acceptance by first class mail to the Bondholders. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall succeed to the rights and obligations of the Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Authority and shall destroy such

Bonds and a certificate of destruction shall be delivered to the Authority upon its request. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

The Trustee shall, prior to an event of default, and after the curing of all Events of Default that may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement. The Trustee shall, during the existence of any event of default (that has not been cured), exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

SECTION 8.02 Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Bonds shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity hereof or of the Bonds, or shall incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Bonds or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

The Trustee shall not be bound to recognize any person as the Bondholder of a Bond unless and until such Bond is submitted for inspection, if required, and such Bondholder's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholders of not less than a majority (or any lesser amount that may direct the Trustee in accordance with this Agreement) in aggregate principal amount of the Bonds at the time Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Bondholders pursuant to the provisions of this Trust Agreement unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the reasonable costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Bondholders for the payment of the interest on, principal of or redemption premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

The Trustee shall not be deemed to have knowledge of any event of default (except payment defaults) unless and until a Responsible Officer shall have actual knowledge thereof or a Responsible Officer of the Trustee shall have received written notice thereof at its Principal Office. The Trustee shall not be bound to ascertain or inquire as to the performance or

observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or event of default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys-in-fact, agents or receivers, but shall not be answerable for the negligence or misconduct of any such attorney-in-fact, agent or receiver if such attorneys-in-fact, agents or receivers were selected by the Trustee with due care. The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the professional malpractice of any attorney-in-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of this Trust Agreement, if such attorney-in-law or certified public accountant was selected by the Trustee with due care.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Whether or not therein expressly so provided, every provision of this Trust Agreement, the Facility Lease or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or City of the Facilities. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Facility Lease or this Trust Agreement for the existence, furnishing or use of the Facilities.

The Trustee shall be protected in acting upon any notice, resolution, requisition, request (including any Written Request of the Authority or Written Request of the City), consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee 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 Trustee.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

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

The Trustee shall not be required to review or inspect, and shall not be deemed to have notice of, the contents of any financial statement delivered to the Trustee including but not limited to Section 6.04, it being expressly understood that the Trustee shall only receive and hold such documents as a repository for examination and copying by any Holder at such Holder's expense during business hours on Business Days with reasonable prior notice.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Trust Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

SECTION 8.03 Compensation and Indemnification of Trustee. The Authority covenants to pay (but solely from Additional Payments) to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by them in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee, in accordance with any of the provisions of this Trust Agreement (including the reasonable compensation and the reasonable expenses and disbursements of their counsel (including the allocated reasonable fees and disbursements of in-house counsel) and of all persons not regularly in their employ) except any such expense, disbursement or advance as may arise from their negligence or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damage, liability or expense incurred without negligence or bad faith on the part of the Trustee arising out of or in connection with the acceptance or administration of the trusts created hereby, including reasonable costs and expenses (including reasonable attorneys' fees and disbursements) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section 8.03 shall survive the discharge of the Bonds and this Trust Agreement and the resignation or removal of the Trustee.

SECTION 8.04 Compliance with Continuing Disclosure Agreement. Pursuant to Section 8.09 of the Facility Lease, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to S.E.C. Rule 15c2-12. Notwithstanding any other provision of this Trust Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount in Outstanding Bonds, and upon receipt of indemnification satisfactory to it, shall) or any Bondholder or Beneficial Owner 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 Section 8.09 of the Facility Lease or under this Section 8.04. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

ARTICLE IX

AMENDMENT OF THE TRUST AGREEMENT

SECTION 9.01 Amendment of the Trust Agreement. (a) This Trust Agreement and the rights and obligations of the Authority and of the Bondholders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Bondholders of a majority in aggregate principal amount of the Bonds

then Outstanding, exclusive of Bonds disqualified as provided in Section 9.02, are filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity or Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Bondholder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, charge and lien created hereby for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority, or the City without their prior written assent thereto, respectively. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Trust Agreement pursuant to this subsection (a), the Trustee shall mail a notice on behalf of the Authority, setting forth in general terms the substance of such Supplemental Trust Agreement to the Bondholders at the addresses shown on the registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

(b) The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Bondholders for any purpose that will not materially adversely affect the interests of the Bondholders, including (without limitation) for any one or more of the following purposes --

(i) to add to the agreements and covenants required herein to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved herein to or conferred herein on the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority may deem desirable or necessary;

(iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in Article III (which shall be deemed not to adversely affect Bondholders); or

(iv) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

SECTION 9.02 Disqualified Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this Article, and shall not be entitled to consent to or take any other action provided in this Article.

SECTION 9.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Bondholder of any Outstanding Bonds and presentation of his Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Bondholder of any Outstanding Bond a new Bond or Bonds shall be exchanged at the office of the Trustee without cost to each Bondholder for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

SECTION 9.04 Amendment by Mutual Consent. The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE X

DEFEASANCE

SECTION 10.01 Discharge of Bonds.

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Bondholders of all Outstanding Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated herein and therein, and the Authority shall pay in full all other amounts due hereunder and under the Facility Lease, then the Bondholders of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided herein, and all agreements, covenants and other obligations of the Authority to the Bondholders of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds and for the payment of all other amounts due hereunder and under the Facility Lease.

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this Section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 4.05, (2) there shall have been deposited with the Trustee (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money

which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Bondholders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

SECTION 10.02 Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, shall at the Written Request of the Authority be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall not look to the Trustee for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee may, and at the request of the Authority shall, at the expense of the Authority, cause to be published once a week for two (2) successive weeks in a Financial Newspaper of general circulation in Los Angeles and in San Francisco, California, and in the same or a similar Financial Newspaper of general circulation in New York, New York, a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of each such notice, the balance of such money then unclaimed will be returned to the Authority.

ARTICLE XI

[INTENTIONALLY LEFT BLANK]

ARTICLE XII

MISCELLANEOUS

SECTION 12.01 Liability of Authority Limited to Revenues. Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants herein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided herein, and the Authority is not obligated to pay them except from the Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds as provided herein. The Bonds are not a debt of the City, the State or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Authority as provided herein. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

SECTION 12.02 Benefits of this Trust Agreement Limited to Parties.

Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Bondholders any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Authority or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Authority, the Trustee and the Bondholders.

SECTION 12.03 Successor Is Deemed Included In All References To Predecessor.

Whenever herein either the Authority or any member, officer or employee thereof or of the State is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the Facilities that are presently vested in the Authority or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 12.04 Execution of Documents by Bondholders.

Any declaration, request or other instrument which is permitted or required herein to be executed by Bondholders may be in one or more instruments of similar tenor and may be executed by Bondholders in person or by their attorneys appointed in writing. The fact and date of the execution by any Bondholder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the Principal Office of the Trustee.

Any declaration, request, consent or other instrument or writing of the Bondholder of any Bond shall bind all future Bondholders of such Bond with respect to anything done or suffered to be done by the Trustee or the Authority in good faith and in accordance therewith.

SECTION 12.05 Waiver of Personal Liability. No member, officer or employee of the Authority or the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

SECTION 12.06 Acquisition of Bonds by Authority. All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 12.07 Destruction of Cancelled Bonds. Whenever provision is made for the return to the Authority of any Bonds which have been cancelled pursuant to the provisions hereof, the Authority may, by a Written Request of the Authority, direct the Trustee to destroy such Bonds and furnish to the Authority a certificate of such destruction, at its request.

SECTION 12.08 Content of Certificates. Every Certificate of the Authority with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

Any Certificate of the Authority may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Authority, upon a representation by an officer or officers of the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 12.09 Publication for Successive Weeks. Any publication required to be made hereunder for successive weeks in a Financial Newspaper may be made in each instance upon any Business Day of the first week and need not be made on the same Business Day of any succeeding week or in the same Financial Newspaper for any subsequent publication, but may be made on different Business Days or in different Financial Newspapers, as the case may be.

SECTION 12.10 Accounts and Funds. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the

accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with corporate trust industry standards and with due regard for the protection of the security of the Bonds and the rights of the Bondholders.

SECTION 12.11 Business Day. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day which is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 12.12 Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Authority: City of Antioch Public Financing Authority
P.O. Box 5007
Antioch, CA 94531-5007
Attention: Executive Director

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3100
San Francisco, CA 94111
Attention: Corporate Trust Department

If to the City: City of Antioch
P.O. Box 5007
Antioch, CA 94531-5007
Attention: City Manager

SECTION 12.13 Notices to Rating Agencies. The Trustee shall give written notice to Moody's and S&P of the redemption or defeasance of any Bonds, the amendment of the Facility Lease or Trust Agreement, any change in the Trustee.

SECTION 12.14 Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 12.15 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority

or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Bondholders shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Authority and the Trustee hereby declare that they would have executed and delivered this Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 12.16 Governing Law. This Trust Agreement shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

SECTION 12.17 Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY has caused this Trust Agreement to be signed in its name by its Chair, and The Bank of New York Mellon Trust Company, N.A., in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY

By: _____
Chair

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

Approved:

CITY OF ANTIOCH

By: _____
City Manager

EXHIBIT A

FORM OF SERIES 2015 BOND

No. _____

\$ _____

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BOND
(MUNICIPAL FACILITIES PROJECT), SERIES 2015A

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF ANTIOCH IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF ANTIOCH.

Interest <u>Rate</u> ____%	Maturity <u>Date</u> April 1, ____	Dated <u>Date</u> _____, 2015	<u>CUSIP</u> _____
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is registered as of an interest payment date or during the period from the first day of the month containing an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to October 1, 2015, in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on October 1, 2015, and semiannually thereafter on each April 1 and October 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check

mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Bondholder of \$1,000,000 or more in aggregate principal amount of Bonds of the Series of which this Bond is a part received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds. The principal hereof is payable in lawful money of the United States of America upon presentation of this Bond at the principal office of The Bank of New York Mellon Trust Company, N.A., in San Francisco or Los Angeles, California.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its "City of Antioch Public Financing Authority Lease Revenue Refunding Bonds" (the "Bonds") and is one of a duly authorized series of such Bonds known as "Series 2015A" (the "Series 2015 Bonds") issued in an aggregate principal amount of _____ dollars (\$[par amount]), all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a trust agreement, dated as of February 1, 2015 (as amended from time to time, the "Trust Agreement"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (together with any successor as trustee under the Trust Agreement, the "Trustee") (copies of the Trust Agreement are on file at the principal office of the Trustee in San Francisco, California).

The Bonds are issued to provide funds to prepay certain outstanding obligations of the City. The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bonds held in certain funds and accounts pursuant to the Trust Agreement and the revenues (as more fully defined in the Trust Agreement, the "Revenues") derived from Base Rental Payments and other payments made by the City of Antioch (the "City"), and all interest or other investment income thereon, pursuant to the Facility Lease, dated as of February 1, 2015 (as amended from time to time, the "Facility Lease"), by and between the Authority and the City, and the Authority is not obligated to pay the interest or premium, if any, on and principal of the Bonds except from the Revenues. All Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest or premium, if any, on and principal of the Bonds as provided in the Trust Agreement. The full faith and credit of the Authority and the City are not pledged for the payment of the interest or premium, if any, on or principal of the Bonds. No tax shall ever be levied to pay the interest on or principal of the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues, and neither the payment of the interest on nor principal of the Bonds is a debt, liability or general obligation of the Authority, the City or any member of the Authority for which such entity is obligated to levy or pledge any form of taxation. Additional bonds payable from the Revenues may be issued which will rank equally as to security with the Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Trust Agreement. Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, the rights of the registered owners of the Bonds, security for

payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the Authority and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents.

The Bonds are subject to redemption by the Authority on the dates, and at the redemption prices, set forth in the Trust Agreement.

Notice of redemption of this Bond shall be given by first-class mail not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner of any Bond selected for redemption, subject to and in accordance with provisions of the Trust Agreement with respect thereto. If notice of redemption has been duly given as aforesaid and money for the payment of the above-described redemption price is held by the Trustee, then this Bond shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated, interest on this Bond shall cease to accrue and the registered owner of this Bond shall have no rights with respect hereto except to receive payment of the redemption price hereof.

If an Event of Default (as defined in the Trust Agreement) shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement. The Trust Agreement provides that in certain events such declaration and its consequences may be rescinded by the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding or by the Trustee.

This Bond is transferable only on a register to be kept for that purpose at the above-mentioned corporate trust office of the Trustee by the registered owner hereof in person or by the duly authorized attorney of such owner upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or the duly authorized attorney of such owner, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount in authorized denominations will be issued to the transferee in exchange therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been executed and dated by the Trustee.

It is hereby certified and recited that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as

required by the Act, and by the Constitution and laws of the State of California, that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the City of Antioch Public Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Chair of the Authority and countersigned by the manual or facsimile signature of the Secretary of said Authority, and has caused this Bond to be dated as of the original issue date specified above.

CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY

By: _____
Chair

Countersigned:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION

TO APPEAR ON SERIES 2015 BONDS]

This is one of the Bonds described in the within-mentioned Trust Agreement which has been registered and authenticated on _____.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT TO

APPEAR ON SERIES 2015 BONDS]

For value received the undersigned hereby sells, assigns and transfers unto (Taxpayer Identification Number: _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Dated: _____

PLEASE INSERT SOCIAL SECURITY NUMBER, TAXPAYER IDENTIFICATION NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:

Signature Guaranteed: _____

NOTE: Signature must be guaranteed by an eligible guarantor institution.

\$ _____
CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

**Lease Revenue Refunding Bonds
2014 Series A**

BOND PURCHASE AGREEMENT

_____, 2015

City of Antioch Public Financing Authority
P.O. Box 5007
Antioch, CA 94531-5007

City of Antioch
P.O. Box 5007
Antioch, CA 94531-5007

Ladies and Gentlemen:

RBC Capital Markets, LLC (the “Underwriter”) offers to enter into this Bond Purchase Agreement (this “Purchase Contract”) with the City of Antioch Public Financing Authority (the “Authority”) and the City of Antioch (the “City”). This offer is made subject to the Authority’s and the City’s acceptance by execution of this Purchase Contract and delivery of the same to the Underwriter on or before 11:59 p.m. on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the City at any time prior to such acceptance. Upon the Authority’s and the City’s acceptance hereof, the Purchase Contract will be binding upon the Authority, the City and the Underwriter.

Capitalized terms used in this Purchase Contract and not otherwise defined herein will have the respective meanings set forth for such terms in the Trust Agreement (defined below).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Contract, the Underwriter agrees to purchase from the Authority, and the Authority agrees to sell and deliver to the Underwriter, all (but not less than all) of the bonds captioned above (the “Bonds”).

The purchase price of the Bonds will be \$_____ (being an amount equal to the principal amount of the Bonds (\$_____), less net original issue discount of \$_____, and less an underwriter’s discount of \$_____).

The obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds will be conditioned on the sale and delivery of all of the Bonds by the Authority to the Underwriter at Closing.

Section 2. Bond Terms; Authorizing Instruments; Purpose. (a) The Bonds will be dated their date of delivery and will mature and bear interest as shown on Exhibit A attached hereto. The Bonds will be as described in, and will be issued and secured under, a Trust Agreement (the "Trust Agreement"), dated as of February 1, 2015, between the Authority and [Trustee], as trustee (the "Trustee"). The Bonds are payable and subject to prepayment as provided in the Trust Agreement and as described in the Official Statement.

(b) The Bonds will be issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and are payable from and secured by the Authority's pledge of "Revenues" under and as defined in the Trust Agreement, consisting primarily of "Base Rental Payments" made by the City under the Facility Lease, dated as of February 1, 2015, between the Authority, as lessor, and the City, as lessee (the "Facility Lease").

(c) The Authority will enter into a Site Lease, dated as of February 1, 2015, with the City (the "Site Lease") pursuant to which the City lease the property described in Official Statement (defined below) (the "Leased Property") to the Authority, and the City will lease the Leased Property from the Authority pursuant to the Facility Lease.

(d) The Bonds are being issued for the purpose of (i) defeasing and redeeming the Authority's outstanding Lease Revenue Bonds (Municipal Facilities Project), Series 2002A and Series 2002B (together, the "2002 Bonds"), (ii) defeasing and redeeming a portion of the Association of Bay Area Governments Lease Revenue Bonds, 2001 Series A (California Capital Projects) relating to projects in the City (the "ABAG Bonds"), (iii) funding a debt service reserve account (the "Reserve Account") for the Bonds and (iv) paying costs of issuing the Bonds. On the date of issuance of the Bonds, the City will cause to be transferred to [The Bank of New York Mellon Trust Company, N.A.] (the "Trustee (2002 Bonds)"), as successor trustee under the Trust Agreement (the "Trust Agreement (2002 Bonds)" between the Authority and the Trustee (2002 Bonds), an amount sufficient to redeem and defease the 2002 Bonds as described in the Official Statement (defined below). On the date of issuance of the Bonds, the City will cause to be transferred to [Wells Fargo Bank, National Association] (the "Trustee (ABAG Bonds)"), as trustee under an Indenture (ABAG Bonds), dated as of February 1, 2015 (the "Indenture (ABAG Bonds)") between the Authority and the Trustee (ABAG Bonds), an amount sufficient to redeem and defease a portion of the ABAG Bonds as described in the Official Statement.

Section 3. Public Offering. The Underwriter agrees to make an initial bona fide public offering of all of the Bonds, at not in excess of the initial public offering yields or prices set forth on Exhibit A attached hereto. Following the initial public offering of the Bonds, the offering prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated in Exhibit A and on the cover of the Official Statement.

The Underwriter has been duly authorized to execute this Purchase Contract and to act hereunder. Inasmuch as this purchase and sale represents a negotiated transaction, the Authority and the City acknowledges and agrees that (i) the transaction contemplated by this Purchase Contract is an arm's length, commercial transaction between the Authority, the City and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a

municipal advisor, financial advisor or fiduciary to the Authority or the City; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Authority or City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority on other matters); (iii) the Underwriter is acting solely in its capacity as Underwriter for its own account, (iv) the only contractual obligations the Underwriter has to the Authority or the City with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; and (v) the Authority and the City has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. Nothing in the foregoing paragraph is intended to limit the Underwriter's obligations of fair dealing under MSRB Rule G-17 of the Municipal Securities Rulemaking Board (the "MSRB").

Section 4. Official Statement; Continuing Disclosure. (a) The Authority and the City have delivered to the Underwriter the Preliminary Official Statement dated _____, 2015, (the "Preliminary Official Statement") and will deliver to the Underwriter the final Official Statement dated the date of this Purchase Contract, with only such changes from the Preliminary Official Statement as shall have been approved by the Underwriter (as amended and supplemented from time to time pursuant to Section 5(i) of this Purchase Contract, the "Official Statement"). The Authority and the City agree to deliver to the Underwriter as many copies of the Official Statement as the Underwriter will reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule 15c2-12"). The Authority and the City agree to deliver the final Official Statement within seven business days after the execution hereof, or such earlier date identified by the Underwriter to be necessary to allow the Underwriter to meet its obligations under the Rule and Rule G-32 of the MSRB.

(b) The governing bodies of the Authority and the City have reviewed and approved the information in the Official Statement, and the Authority and the City hereby authorize the use of the Official Statement and the information contained therein by the Underwriter in connection with the public offering and the sale of the Bonds. The Authority and the City consent to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Underwriter hereby agrees that it will not send any confirmation requesting payment for the purchase of any Bonds unless the confirmation is accompanied by or preceded by the delivery of a copy of the Official Statement. The Underwriter agrees to: (1) provide the Authority with final pricing information on the Bonds on a timely basis prior to the Closing and (2) take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

(c) In connection with issuance of the Bonds, and in order to assist the Underwriter with complying with the provisions of Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), the City will enter into a continuing disclosure agreement with [Trustee] as the Trustee and dissemination agent (the "Continuing Disclosure Agreement"), under which the City will undertake to provide certain financial and operating data as required by Rule 15c2-12. The form of the Continuing Disclosure Agreement will be attached as an appendix to the Preliminary and Final Official Statements.

Section 5. Representations, Warranties and Covenants of the Authority. The Authority hereby represents, warrants and agrees with the Underwriter that:

(a) The Board of Directors (the “Board”) of the Authority has taken official action by a resolution adopted on January 13, 2015 (the “Authority Resolution”) adopted by a majority of the members of the Board at a regular meeting, duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of the Trust Agreement, the Facility Lease, the Site Lease and this Purchase Contract (collectively, the “Authority Agreements”) and the Official Statement and the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated hereby.

(b) The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “State”) and has all necessary power and authority to adopt the Authority Resolution, to enter into and perform its duties under the Authority Agreements and, when executed and delivered by the respective parties thereto, the Authority Agreements will each constitute legal, valid and binding obligation of the Authority enforceable in accordance with its respective terms.

(c) By all necessary official action, the Authority has duly authorized the preparation and delivery of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds and the Authority Agreements, and the consummation by it of all other transactions contemplated by the Authority Resolution, the Authority Agreements, the Preliminary Official Statement and the Official Statement. When executed and delivered by their respective parties, the Authority Agreements (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) At the time of the Authority’s acceptance hereof and at all times subsequent thereto up to and including the time of the Closing, the information and statements in the Preliminary Official Statement and Official Statement under the heading “THE AUTHORITY” do not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) As of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending with service of process accomplished against the Authority or, to the best knowledge of the Authority, pending or threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Authority, or the titles of its members or officers; (ii) in any way question or affect the validity or enforceability of Authority Agreements or the Bonds, or (iii) in any way question

or affect the Purchase Contract or the transactions contemplated by the Purchase Contract, the Official Statement, or any other agreement or instrument to which the Authority is a party relating to the Bonds.

(f) There is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution and delivery of this Purchase Contract or the consummation by the Authority of the other transactions contemplated by the Official Statement or the Authority Agreements that has not been obtained as of the date hereof.

(g) Any certificate signed by any official of the Authority authorized to do so will be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(h) Except as disclosed in the Official Statement, the Authority is not in default, and at no time has the Authority defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i) (1) Except as disclosed in the Official Statement, there has not been any materially adverse change in the financial condition of the Authority since June 30, 2014 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(2) If between the date of this Purchase Contract and the date which is 25 days following the End of the Underwriting Period (as defined below), any event will occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority will immediately notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. "End of the Underwriting Period" will mean the later of: (i) the Closing Date, and (ii) the date 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, provided that unless the Underwriter notifies the City and the Authority on or prior to the Closing Date that it retains, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public, the End of the Underwriting Period will be deemed to have occurred on the Closing Date.

(3) After the Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter reasonably objects in writing or which is disapproved by Underwriter's Counsel. If any event relating to or affecting the Authority occurs as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light

of the circumstances existing at the time it is delivered to a purchaser, the Authority will use its best efforts to assist the Underwriter in preparing (at the expense of the Authority for 25 days after the date of the Closing, and thereafter at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the Authority will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

(4) Except as disclosed in the Official Statement, the Authority has not previously failed to comply in all material respects with any undertakings under Rule 15c2-12 during the past five years.

(5) As of the time of acceptance hereof and as of the date of Closing, except as otherwise disclosed in the Official Statement, the Authority has complied with the filing requirements of Section 6500 et seq. of the California Government Code (the "JPA Act").

Section 6. Representations, Warranties and Covenants of the City. The City hereby represents, warrants and agrees with the Underwriter that:

(a) The city council (the "City Council") of the City has taken official action by a resolution adopted on January 13, 2015 (the "City Resolution") adopted by a majority of the members of the City Council at meetings duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of the Facility Lease, the Continuing Disclosure Agreement, the Facility Lease, the Site Lease and this Purchase Contract (collectively, the "City Agreements") and the Official Statement and the taking of any and all such action as may be required on the part of the City to carry out, give effect to and consummate the transactions contemplated hereby.

(b) The City is a general law city and municipal corporation, organized and existing under the laws of the State of California (the "State") and has all necessary power and authority to adopt the City Resolution, to enter into and perform its duties under the City Agreements and, when executed and delivered by the respective parties thereto, the City Agreements will each constitute legal, valid and binding obligation of the City enforceable in accordance with its respective terms.

(c) By all necessary official action, the City has duly adopted the City Resolution, has duly authorized the preparation and delivery of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the City Agreements, and the consummation by it of all other transactions contemplated by the City Resolution, the City Agreements, the Preliminary Official Statement and the Official Statement. When executed and delivered by their respective parties, the City Agreements (assuming due authorization,

execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the City, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The information contained in the Preliminary Official Statement and the Official Statement as of the date thereof did not, and on the Closing Date the Official Statement will 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.

(e) As of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending with service of process accomplished against the City or, to the best knowledge of the City, pending or threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City, or the titles of its members or officers; (ii) in any way question or affect the validity or enforceability of City Agreements or the Bonds, or (iii) in any way question or affect the Purchase Contract or the transactions contemplated by the Purchase Contract, the Official Statement, or any other agreement or instrument to which the City is a party relating to the Bonds.

(f) There is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the City required for the execution and delivery of this Purchase Contract or the consummation by the City of the other transactions contemplated by the Official Statement or the City Agreements that has not been obtained as of the date hereof.

(g) Any certificate signed by any official of the City authorized to do so will be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(h) Except as disclosed in the Official Statement, the City is not in default, and at no time has the City defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i) (1) Except as disclosed in the Official Statement, there has not been any materially adverse change in the financial condition of the City since June 30, 2014 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(2) If between the date of this Purchase Contract and the date which is 25 days following the End of the Underwriting Period, any event will occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated

therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City will immediately notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter.

(3) After the Closing, the City will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter reasonably objects in writing or which is disapproved by Underwriter's Counsel. If any event relating to or affecting the City occurs as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the City will use its best efforts to assist the Underwriter in preparing (at the expense of the City for 25 days after the date of the Closing, and thereafter at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the City will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

(j) Based on a review of its prior obligations under Rule 15c2-12, and except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, the City has not previously failed to comply in all material respects with any undertakings under Rule 15c2-12.

(k) The Bonds conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS"; the Trust Agreement conforms to the description thereof contained in the Official Statement in Appendix A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "THE REFINANCING PLAN" and the Continuing Disclosure Agreement conforms to the description thereof contained in the Official Statement in Appendix C – FORM OF CONTINUING DISCLOSURE AGREEMENT.

(l) As of the time of acceptance hereof the City does not have outstanding any indebtedness which is payable from the City's general fund except as disclosed in the Official Statement. Prior to the Closing Date, the City will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Underwriter.

(m) The City will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Trust Agreement and

the Facility Lease and not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(n) The City will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(o) The financial statements of, and other financial information regarding the City in the Official Statement fairly present the financial position and results of the operations of the City as of the dates and for the periods therein set forth and the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied. No consent is required from Badawi & Associates, Certified Public Accountants for the City to include its June 30, 2014 audited financial statements as Appendix B to the Official Statement.

Section 7. The Closing. (a) At 8:00 A.M., San Francisco time, on February 11, 2015, or on such earlier or later time or date as may be agreed upon by the Underwriter, the Authority and the City (the "Closing"), the Authority will deliver or cause to be delivered to the Underwriter the duly executed Bonds (delivered through the book-entry system of The Depository Trust Company). Prior to the Closing, the Authority will deliver, at the offices of Orrick Herrington & Sutcliffe, LLP ("Bond Counsel" and "Disclosure Counsel") in San Francisco, California, or such other place as are mutually agreed upon by the Underwriter and the Authority, the other documents described in this Purchase Contract. On the date of the Closing, the Underwriter will pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Contract in immediately available funds to the order of the Trustee.

(b) The Bonds will be issued in fully registered form and will be prepared and delivered as one Bond for each maturity registered in the name of a nominee of The Depository Trust Company, New York, New York ("DTC"). The form of the Bonds will be made available to the Underwriter at least one business day before the Closing for purposes of inspection. It is anticipated that CUSIP identification numbers will be inserted on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto will constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Contract.

Section 8. Conditions to Underwriter's Obligations. The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the Authority and the City contained herein and to be contained in the documents and instruments to be delivered on the date of the Closing, and upon the performance by the Authority and the City of

their respective obligations to be performed hereunder and under such documents and instruments to be delivered at or prior to the date of the Closing. The Underwriter's obligations under this Purchase Contract are and will also be subject to the issuance and delivery of the Bonds as well as the following conditions:

(a) The representations and warranties of the Authority and the City contained in this Purchase Contract will be true and correct in all material respects on the date of this Purchase Contract and on and as of the date of the Closing as if made on the date of the Closing;

(b) As of the date of the Closing, the Official Statement shall not have been amended, modified or supplemented, except in any case as may have been agreed to in writing by the Underwriter;

(c) (i) As of the date of the Closing, the Authority Resolution, the City Resolution, the Authority Agreements and the City Agreements will be in full force and effect, and will not have been amended, modified or supplemented, except as may have been agreed to by the City and Underwriter, (ii) the Authority will perform or have performed all of its obligations required under or specified in the Authority Resolution, the Authority Agreements and this Purchase Contract to be performed at or prior to the date of the Closing; and (iii) the City will perform or have performed all of its obligations required under or specified in the City Resolution, the City Agreements and this Purchase Contract to be performed at or prior to the date of the Closing;

(d) As of the date of the Closing, all necessary official action of the Authority relating to the Authority Agreements, the Authority Resolution and the Official Statement, and all necessary official action of the City relating to the City Agreements, the City Resolution, and the Official Statement, will have been taken and will be in full force and effect and will not have been amended, modified or supplemented in any material respect;

(e) At the time of the Closing, there has not occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the City, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds, or impairs the ability of the Underwriter to enforce contracts for the sale of the Bonds, on the terms and in the manner contemplated in the Official Statement;

(f) As of or prior to the date of the Closing, the Underwriter will have received each of the following documents:

(1) Certified copies of the Authority Resolution and the City Resolution.

(2) Duly executed copies of the Trust Agreement, the Facility Lease, the Site Lease, the Continuing Disclosure Certificate and this Purchase Contract.

(3) The Preliminary Official Statement and the Official Statement, with each supplement or amendment thereto, if any, duly executed on behalf of the Authority and the City, and the reports and audits referred to or appearing in the Official Statement.

(4) An approving opinion of Bond Counsel, dated as of the Closing, as to the validity of the Bonds and the exclusion of interest on the Bonds from federal gross income and State personal income taxes, addressed to the Authority substantially in the form attached as an appendix to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter.

(5) A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that:

(i) The Purchase Contract has been duly executed and delivered by the Authority and the City and is valid and binding upon the Authority and the City, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles;

(ii) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(iii) The statements contained in the Official Statement on the cover and under the headings "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS" and "TAX MATTERS," and in "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" and "APPENDIX C - FORM OF OPINION OF BOND COUNSEL," insofar as such statements purport to summarize certain provisions of the Trust Agreement, the Facility Lease or the Bonds, or the opinion of Bond Counsel regarding the tax-exempt status of the Bonds, are accurate in all material respects.

(6) Defeasance opinions of Bond Counsel, dated as of the Closing and addressed to the Underwriter concerning the defeasance of the 2002 Bonds, in form and substance acceptable to the Underwriter.

(7) An opinion or opinions of the City Attorney [Note: forms to be prepared by OHS], dated as of the Closing addressed to the Authority, the City and the Underwriter, in form and substance acceptable to the Underwriter, to the effect that:

(i) The City is a municipal corporation and general law city duly organized and validly existing under the laws and the Constitution of the State of California. The City Council is the governing body of the City.

(ii) The City Resolution was 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 Resolution is in full force and effect and has not been modified, amended or rescinded since the date of their adoption.

(iii) To the best of the City Attorney's knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court,

public board or body, is pending with service of process accomplished or threatened in any way against the City (A) affecting the existence of the City or the titles of its City Council members or its officers to their respective offices, (B) affecting the existence of the City, (C) seeking to restrain or to enjoin the issuance or sale of the Bonds, (D) in any way contesting or affecting the validity or enforceability of the City Resolution or the City Agreements, (E) in any way contesting the powers of the City to issue or sell the Bonds or its authority with respect to the City Resolution or the City Agreements, (F) in any way contesting or affecting any of the rights, powers, duties or obligations of the City with respect to the money or property pledged or to be pledged under the Trust Agreement, or the Facility Lease, or (G) in any way questioning the accuracy of the statements in the Official Statement.

(iv) The Authority is a joint exercise of powers authority organized and validly existing under the laws of the State of California. The board is the governing body of the Authority.

(v) The Authority Resolution was duly adopted at a meeting of the Board, 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 Authority Resolution is in full force and effect and has not been modified, amended or rescinded since the date of their adoption.

(vi) To the best of the City Attorney's knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending with service of process accomplished or threatened in any way against the Authority (A) affecting the existence of the Authority or the titles of its Board members or its officers to their respective offices, (B) affecting the existence of the Authority, (C) seeking to restrain or to enjoin the issuance or sale of the Bonds, (D) in any way contesting or affecting the validity or enforceability of the Authority Resolution or the Authority Agreements, (E) in any way contesting the powers of the Authority to issue or sell the Bonds or its authority with respect to the Authority Resolution or the Authority Agreements, (F) in any way contesting or affecting any of the rights, powers, duties or obligations of the Authority with respect to the money or property pledged or to be pledged under the Trust Agreement, or the Facility Lease, or (G) in any way questioning the accuracy of the statements in the Official Statement.

(vii) The execution and delivery by the Authority of the Authority Agreements, the Official Statement and the other instruments contemplated by any of such documents to which the Authority is a party, 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 or any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or

other instrument to which the Authority is a party or is otherwise subject or bound in a manner which would materially adversely affect the Authority's performance under the Authority Agreements.

(viii) 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 Authority of its obligations under the Authority Agreements have been obtained and are in full force and effect.

(8) An executed certificate of the Authority and the City, dated as of the date of the Preliminary Official Statement, in the form attached as Exhibit B.

(9) An executed closing certificate of the Authority, dated as of the Closing, in the form attached as Exhibit C.

(10) An executed closing certificate of the City, dated as of the Closing, in the form attached as Exhibit D.

(11) An opinion of Disclosure Counsel, dated the date of the Closing, in the form attached as Exhibit E.

(12) The opinion of counsel of the Trustee, dated as of the Closing, addressed to the Authority, the City and the Underwriter to the effect that:

(i) The Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America, having full powers and authority and being qualified to enter into, accept and administer the trust created under the Trust Agreement and to enter into the Trust Agreement.

(ii) The Trust Agreement has been duly authorized, executed and delivered by the Trustee, and, assuming due authorization, execution and delivery by the other parties thereto, the Trust Agreement constitutes a legal, valid and binding agreement of the Trustee enforceable in accordance with its terms, subject to laws relating in bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought.

(13) A certificate or certificates, dated as of the Closing, in form and substance acceptable to the Underwriter, of an authorized officer or officers of the Trustee to the effect that the Trustee has accepted the duties imposed by the Trust Agreement and is authorized to carry out such duties.

(14) A certificate or certificates, dated as of the Closing, in form and substance acceptable to the Underwriter, of an authorized officer or officers of the Trustee (2002

Bonds) concerning the defeasance, redemption and prepayment of certain of the 2002 Bonds and related obligations.

(15) A certificate or certificates, dated as of the Closing, in form and substance acceptable to the Underwriter, of an authorized officer of officers of Trustee (ABAG Bonds) concerning the redemption and prepayment of certain of the ABAG Bonds and related obligations.

(16) A Tax Certificate and Agreement duly signed on behalf of the Authority and the City.

(17) Evidence of required filings with the California Debt and Investment Advisory Commission.

(18) A copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system.

(19) [Evidence that the Bonds have been rated “__” (insured rating) by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (S&P), and “__” (underlying rating) by S&P, and that such ratings have not been revoked or downgraded.]

(20) [A policy of municipal bond insurance issued by _____ with respect to the Bonds.]

(21) A copy of a CLTA or ALTA title insurance policy in an amount equal to the principal amount of the Bonds, insuring the City’s leasehold interest in the Site, subject only to Permitted Encumbrances (as defined in the Facility Lease) or such other encumbrances approved in writing by the Underwriter.

(22) Certified copies of resolutions of the City, the Successor Agency to the Antioch Development Agency (the “Successor Agency”) and the Oversight Board of the Successor Agency approving that certain Reimbursement Agreement, dated as of _____ 1, 2015 (the “Reimbursement Agreement”), by and between City and the Successor Agency.

(23) An executed copy of the Reimbursement Agreement.

(24) [After consultation with the City and Bond Counsel, such additional certificates or other documents reasonably requested by the Underwriter and customarily delivered at closing for tax-exempt issues, necessary to verify the truth and accuracy of representations of the Authority and the City and satisfaction of conditions hereunder as of the date of the Closing.]

All of the opinions, letters, certificates, instruments and other documents mentioned in this Purchase Contract will be deemed to be in compliance with the provisions of this Purchase Contract if, but only if, they are in form and substance satisfactory to the Underwriter. If the Authority and the City are unable to satisfy the conditions to the obligations of the Underwriter

to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds will be terminated for any reason permitted by this Purchase Contract, this Purchase Contract will terminate and neither the Underwriter, the Authority nor the City will be under further obligations hereunder, except that the respective obligations of the Authority, the City and the Underwriter set forth in Section 11 of this Purchase Contract will continue in full force and effect.

Section 9. Conditions to Authority's and City's Obligations. The performance by the Authority and the City of their respective obligations under this Purchase Contract are conditioned upon: (i) the performance by the Underwriter of its obligations hereunder and (ii) receipt by the Authority and the City of opinions addressed to the Authority and the City, and receipt by the Underwriter of opinions addressed to the Underwriter, and the delivery of certificates being delivered on the date of the Closing by persons and entities other than the Authority and the City.

Section 10. Termination Events. The Underwriter shall have the right to terminate the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds by notifying the Authority and the City of its election to do so if, after the execution hereof and prior to the Closing, any of the following events occurs:

(1) the marketability of the Bonds or the market price thereof, in the reasonable judgment of the Underwriter, has been materially and adversely affected by any decision issued by a court of the United States (including the United States Tax Court) or of the State of California, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State of California, or by a tentative decision or announcement by any member of the House Ways and Means Committee, the Senate Finance Committee, or the Conference Committee with respect to contemplated legislation or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or either House of the Legislature of the State of California, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State of California by the Governor of the State of California in an executive communication, affecting the tax status of the Authority or the City, its property or income, its bonds (including the Bonds) or the interest thereon or any tax exemption granted or authorized by the Internal Revenue Code of 1986, as amended;

(2) the United States becomes engaged in hostilities that result in a declaration of war or a national emergency, or any other outbreak of hostilities occurs, or a local, national or international calamity or crisis occurs, financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable judgment of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds;

(3) there occurs a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, New York State or California State authorities;

(4) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission is issued or made to the effect that the issuance, offering or sale of the Bonds is or would be in violation of any provision of the Securities Act of 1933, as then in effect, or of the Securities Exchange Act of 1934, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(5) legislation is enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America is rendered, or a ruling or regulation by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter is made or proposed to the effect that the Bonds are not exempt from registration, qualification or other similar requirements of the Securities Act of 1933, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(6) in the reasonable judgment of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be materially and adversely affected because additional material restrictions not in force as of the date hereof is imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(7) the Comptroller of the Currency, The New York Stock Exchange, or other national securities exchange, or any governmental authority, imposes, 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, or financial responsibility requirements of the Underwriter;

(8) a general banking moratorium is established by federal, New York or State authorities;

(9) any legislation, ordinance, rule or regulation is introduced in or be enacted by any governmental body, department or agency in the State or a decision of a court of competent jurisdiction within the State is rendered, which, in the reasonable judgment of the Underwriter, after consultation with the Authority and the City, materially adversely affects the market price of the Bonds;

(10) any federal or California court, authority or regulatory body takes action materially and adversely affecting the collection of Revenues under the Trust Agreement;

(11) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the City's obligations [or any rating of the Bond Insurer];

(12) there shall have occurred any materially adverse change in the affairs or financial condition of the City; or

(13) an event occurs which in the reasonable judgment of the Underwriter requires a supplement or amendment to the Official Statement.

Section 11. Payment of Expenses. (a) The Underwriter will be under no obligation to pay, and the City will pay the following expenses incident to the performance of the Authority's and the City's obligations hereunder:

(i) the fees and disbursements of Bond Counsel;

(ii) the cost of printing and delivering the Bonds, the Preliminary Official Statement and the Official Statement (and any amendment or supplement prepared pursuant to Section 4 of this Purchase Contract);

(iii) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the Authority or the City; and

(iv) any other expenses and costs of the Authority and the City incident to the performance of their respective obligations in connection with the authorization, issuance and sale of the Bonds, including out of pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

The City shall also pay for any expenses (not included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Purchase Contract and the issuance of the Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous expenses of the Underwriter. The Authority and the City acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

(b) The Underwriter will pay all expenses incurred by it in connection with the public offering and distribution of the Bonds including, but not limited to:

(i) all advertising expenses in connection with the offering of the Bonds; and

(ii) all out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the Bonds, including fees and disbursement of counsel to the Underwriter, except as provided in (a) above or as otherwise agreed to by the Underwriter and the City.

If this Purchase Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the City to comply with the terms or to fulfill any of the conditions of this Purchase Contract, or if for any reason the City is unable to perform its obligations under this Purchase Contract, the City will reimburse the Underwriter for all out-of-pocket expenses

(including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Purchase Contract or the offering contemplated hereunder.

Section 12. Notices. Any notice or other communication to be given to the Authority or the City under this Purchase Contract may be given by delivering the same in writing to the Authority and the City at the addresses set forth on the first page of this Purchase Contract, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to RBC Capital Markets, Two Embarcadero Center, Suite 1200, San Francisco, California 94111.

Section 13. Survival of Representations, Warranties, Agreements. All of the Authority's and the City's representations, warranties and agreements contained in this Purchase Contract will remain operative and in full force and effect regardless of: (a) any investigations made by or on behalf of the Underwriter; or (b) delivery of and payment for the Bonds pursuant to this Purchase Contract. The agreements contained in this Section and in Section 11 will survive any termination of this Purchase Contract.

Section 14. Benefit; No Assignment. This Purchase Contract is made solely for the benefit of the Authority, the City and the Underwriter (including its successors and assigns), and no other person will acquire or have any right hereunder or by virtue hereof. The rights and obligations created by this Purchase Contract are not subject to assignment by the Underwriter, the Authority or the City without the prior written consent of the other parties hereto.

Section 15. Severability. In the event that any provision of this Purchase Contract is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 16. Counterparts. This Purchase Contract may be executed in any number of counterparts, all of which taken together will constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

Section 17. Governing Law. This Purchase Contract will be governed by the laws of the State of California.

Section 18. Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Purchase Contract.

Section 19. Effectiveness. This Purchase Contract will become effective upon the execution of the acceptance hereof by an authorized officer of the Authority and the City, and will be valid and enforceable as of the time of such acceptance.

Very truly yours,

RBC CAPITAL MARKETS, LLC

By: _____
Managing Director

Accepted:

CITY OF ANTIOCH

By: _____
[Name, Title]

Time of Execution: _____

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

By: _____
[Name, Title]

Time of Execution: _____

EXHIBIT A

\$ _____
CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

Lease Revenue Refunding Bonds
2014 Series A

MATURITY SCHEDULE

Principal Payment Date <u>(January 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>Price</u>
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†: Term Bonds

EXHIBIT B

**\$ _____
CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY**

**Lease Revenue Refunding Bonds
2014 Series A**

15c2-12 CERTIFICATE

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the City of Antioch (the "City") and the City of Antioch Public Financing Authority (the "Authority"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the City and the Authority as follows:

(1) This Certificate is delivered in connection with the offering and sale of the bonds captioned above (the "Bonds") in order to enable the underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, setting forth information concerning the Bonds, the Authority and the City (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" means the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of Rule 15c2-12, and the information therein is accurate and complete except for the Permitted Omissions.

Dated:

CITY OF ANTIOCH

By: _____
Authorized Officer

CITY OF ANTIOCH PUBLIC
FINANCING AUTHORITY

By: _____
Authorized Officer

EXHIBIT C

**\$ _____
CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY**

**Lease Revenue Refunding Bonds
2014 Series A**

CLOSING CERTIFICATE OF THE AUTHORITY

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the City of Antioch Public Financing Authority (the "Authority"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the Authority as follows:

(i) The representations, warranties and covenants of the Authority contained in the Bond Purchase Agreement dated as of January __, 2015, among the Authority, the City of Antioch and RBC Capital Markets, LLC, as underwriter (the "Purchase Contract"), are true and correct and in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing.

(ii) The Authority Resolution is in full force and effect at the date of the Closing and has not been amended, modified or supplemented, except as agreed to by the Authority and the Underwriter.

(iii) The Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied on or prior to the date of the Closing.

(iv) Subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Authority, whether or not arising in the ordinary course of the operations of the Authority, as described in the Official Statement.

Capitalized terms used but not defined herein have the meanings given in the Purchase Contract.

Dated: _____, 2015

**CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY**

By: _____
Authorized Officer

EXHIBIT D

§ _____
CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY
Lease Revenue Refunding Bonds
2014 Series A

CLOSING CERTIFICATE OF THE CITY

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the City of Antioch (the “City”), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the City as follows:

(i) The representations, warranties and covenants of the City contained in the Bond Purchase Agreement dated as of January __, 2015, among the City, the City of Antioch Public Financing Authority and RBC Capital Markets, LLC, as underwriter (the “Purchase Contract”) are true and correct and in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing.

(ii) The City Resolution is in full force and effect at the date of the Closing and has not been amended, modified or supplemented, except as agreed to by the City and the Underwriter.

(iii) The City has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied on or prior to the date of the Closing.

(iv) Subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the City, whether or not arising in the ordinary course of operations, as described in the Official Statement.

Capitalized terms used but not defined herein have the meanings given in the Purchase Contract.

Dated: _____, 2015

CITY OF ANTIOCH

By: _____
Authorized Officer

EXHIBIT E

FORM OF OPINION OF DISCLOSURE COUNSEL

_____, 2015

[to be revised based on comment from OHS]

RBC Capital Markets
San Francisco, California

Re: CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY
Lease Revenue Refunding Bonds
2014 Series A

Dear Ladies and Gentlemen:

We have acted as Disclosure Counsel to the City of Antioch (the "City") for the preparation of Official Statement dated January __, 2015 (the "Official Statement") in connection with the sale and issuance of the above-captioned Bonds (the "Bonds"), pursuant to a Bond Purchase Agreement, dated January __, 2015 (the "Bond Purchase Agreement"), between the City, the City of Antioch Public Financing Authority (the "Authority"), and RBC Capital Markets. Capitalized terms not otherwise defined in this letter shall have the meanings set out in the Bond Purchase Agreement.

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. During the course of serving as Disclosure Counsel, we participated in conferences with representatives of the City, the Authority, the Underwriter, Underwriter's Counsel, and others, during which the contents of the Official Statement and related matters were discussed.

Based upon our participation in the above-mentioned conferences, and in reliance thereon and on other records and documents which we have examined, we advise you as a matter of fact and not opinion that no information came to the attention of the attorneys in our firm rendering legal services in connection with this matter which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any financial, statistical, economic or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, included therein, as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. We advise you that, other than reviewing the various certificates and opinions regarding the Official Statement delivered in connection with the issuance of the Bonds, we have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Official Statement as of the date hereof.

We are furnishing this letter to you pursuant to Section 8(f)(11) of the Bond Purchase Agreement solely for your benefit as the Underwriter and issuer of the Bonds. We have no attorney-client relationship with you, as Underwriter. Our engagement with respect to this matter has terminated as of the date hereof and we have no obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any purpose or by any person to whom it is not specifically addressed without our prior approval, except that reference thereto may be made in any list of closing documents pertaining to the issuance of the Bonds. This letter is not intended to be, and may not be, relied upon by the owners of the Bonds.

Very truly yours,

PRELIMINARY OFFICIAL STATEMENT, DATED JANUARY 19, 2015

NEW ISSUE — FULL BOOK-ENTRY ONLY**BOND RATING:** ____:____
(See “**RATING**” herein).

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “**TAX MATTERS**” herein.*

\$22,500,000*

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY
Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A

Dated: Date of Delivery**Due: April 1, as shown on the inside cover hereof**

The City of Antioch Public Financing Authority Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Bonds”) will be issued in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Ownership interests in the Bonds will be in denominations of \$5,000 or any integral multiple thereof. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers. Interest on the Bonds is payable semiannually on April 1 and October 1, commencing October 1, 2015 (the “Interest Payment Dates”). Principal of, premium, if any, and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as trustee (the “Trustee”) to DTC, which in turn will remit such principal, premium, if any, and interest to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See “**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**” herein.

The Bonds are being issued to refund certain outstanding bonds of the Authority, to prepay certain outstanding obligations of the City[, to fund a reserve fund for the Bonds] and to pay costs of issuance incurred in connection with the issuance, sale and delivery of the Bonds. See “**REFUNDING PLAN**” herein.

The Bonds are special, limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the City to the Authority pursuant to a Facility Lease, dated as of February 1, 2015 (the “Facility Lease”) pursuant to which the City will lease police facilities (the “Facilities”) from the Authority. See “**THE FACILITIES**” herein. The City has covenanted in the Facility Lease to take such action as may be necessary to include Base Rental Payments and Additional Payments due under the Facility Lease in its annual budgets, and to make necessary annual appropriations therefor. See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” herein. The Base Rental Payments are subject to abatement as described herein. See “**RISK FACTORS**” herein.

THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, AND THE INTEREST THEREON, ONLY FROM THE REVENUES DESCRIBED ABOVE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The Bonds are subject to redemption prior to maturity as described herein. See “**THE BONDS—Redemption**” herein.

Maturity Schedule located on inside front cover

THIS COVER PAGE CONTAINS INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney of the City of Antioch. Orrick, Herrington & Sutcliffe LLP will serve as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Hawkins Delafield & Wood LLP, Counsel to the Underwriter. It is expected that the Bonds will be delivered through the facilities of DTC on or about February 11, 2015, in New York, New York, against payment therefor.

Dated: _____, 2015

RBC CAPITAL MARKETS

MATURITY SCHEDULE*
(Base CUSIP[†] _____)

Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP [†]
-----------------------	---------------------	------------------	-------	--------------------

\$ _____ % Term Bond due April 1, 20__ Yield: ____% CUSIP[†] ____

\$ _____ % Term Bond due April 1, 20__ Yield: ____% CUSIP[†] ____

*Preliminary, subject to change.

† Copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only and have been assigned by an independent company not affiliated with the Authority. None of the City, the Authority or the Underwriter take any responsibility for the use or accuracy of such numbers.

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

Governing Board and Mayor and City Council

Wade Harper
Mayor

Lori Ogorchock
Mayor Pro Tem

Mary Helen Rocha
Council Member

Tony G. Tiscareno
Council Member

Monica E. Wilson
Council Member

Authority Staff/City Staff

Steven Duran
City Manager

Dawn Merchant
Finance Director

Lynn Tracy Nerland
City Attorney

Bond and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Trustee

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information contained in this Official Statement has been furnished by the City, the Authority and other sources which are deemed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale hereunder, shall under any circumstances create an implication that there has been no change in the affairs of the City, the Authority or any other matter described herein since the date hereof.

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 responsibility 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.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "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. Neither the Authority nor the City plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in the Act. The Bonds have not been registered or qualified under the securities laws of any state.

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OFFICIAL STATEMENT

\$22,500,000*

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used, but not otherwise defined, herein, shall have the meanings ascribed thereto in “**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—CERTAIN DEFINITIONS.**”

General

The purpose of this Official Statement, which includes the cover page, inside cover, table of contents and appendices hereto is to provide certain information concerning the issuance, sale and delivery by the City of Antioch Public Financing Authority (the “Authority”) of its Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Bonds”), in the aggregate principal amount of \$22,500,000*.

The Authority

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, by and between the City of Antioch (the “City”) and the Antioch Development Agency (now known as the Successor Agency to the Antioch Development Agency), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”).

Purpose of the Bonds

The Bonds are being issued to refund certain outstanding bonds of the Authority, to prepay certain outstanding obligations of the City[, to fund a reserve fund for the Bonds] and to pay the costs of issuance of the Bonds. See “**REFUNDING PLAN.**”

Authority for Issuance

The Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and a trust agreement dated as of February 1, 2015 (the “Trust Agreement”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as trustee (the “Trustee”).

Sources of Payment for the Bonds

In general, the City is required under the Facility Lease to pay semiannual lease payments (the “Base Rental Payments”) for the use and occupancy of the Facilities, which amounts are designed to be sufficient in both time and amount to pay, when due, the principal of, redemption premium (if any) and interest on the Bonds. The

* Preliminary, subject to change.

Facilities consist of the City's police headquarters and animal shelter located at 300 "L" Street in the City. In the Facility Lease, the City has covenanted that it will take such action as may be necessary to include all Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental Payments, however, is subject to abatement in the event of material damage or destruction of the Facilities or the taking of the Facilities in whole or in part. The obligation of the City to pay Base Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to make Base Rental Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Bonds Constitute Limited Obligations; Lease Not Debt

The Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the City, and amounts on deposit in certain funds and accounts held under the Trust Agreement. The Bonds do not constitute a debt or liability of the State of California or of any political subdivision thereof (including any member of the Authority). The Authority shall be obligated to pay the principal of the Bonds, and the interest thereon, only from the Revenues described above, and neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof (including any member of the Authority) is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the State of California or any political subdivision thereof (including any member of the Authority) to levy or pledge any form of taxation. The Authority has no taxing power.

Abatement

The obligation of the City under the Facility Lease to make Base Rental Payments is in consideration for the beneficial use and possession of the Facilities. The obligation of the City to make Base Rental Payments (other than to the extent that funds are available in the Revenue Fund [or in the Reserve Fund] or from the proceeds of rental interruption insurance, if available) may be abated in whole or in part if the City does not have full use and possession of the Facilities. See "**RISK FACTORS—Abatement.**"

[Reserve Fund] [References to Reserve Fund are included in the event there is a Reserve Facility]

[To further secure the payment of the principal of and interest on the Bonds, the Trust Agreement establishes the Reserve Fund to be held by the Trustee. The Reserve Fund will be initially funded with a Reserve Facility in the amount of \$_____. The Trust Agreement defines "Reserve Fund Requirement" to be the lesser of (i) 125% of the average annual debt service on all Outstanding Bonds, or (ii) maximum annual debt service on all Outstanding Bonds. See "**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Trust Agreement,**" and "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Reserve Fund**" herein.]

The City

The City of Antioch is located in Contra Costa County (the "County") on the south shore of the San Joaquin River. The City has an area of approximately 29 square miles and had a population of 106,455 as of January 1, 2014. See "**THE CITY**" and "**APPENDIX A—CITY OF ANTIOCH FINANCIAL AND DEMOGRAPHIC INFORMATION**" herein.

Description of the Bonds

The Bonds will be issued as fully-registered current interest bonds without coupons in denominations of \$5,000 principal amount each, or any integral multiple thereof, and will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. See "**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**" herein. Interest on the Bonds is payable semiannually each April 1 and October 1, commencing October 1, 2015. Principal of the Bonds is payable on April 1 in each year due, as set forth on the inside cover page hereof.

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See **“TAX MATTERS”** herein.

Continuing Disclosure

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds to annually provide certain financial information and operating data relating to the City (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events, if material. See **“CONTINUING DISCLOSURE”** and **“APPENDIX E—FORM OF CONTINUING DISCLOSURE AGREEMENT”** herein.

Summaries Not Definitive

Brief descriptions of the Bonds, the security and sources of payment for the Bonds, the Authority, the City and the Facilities are included in this Official Statement together with summaries of the Trust Agreement, the Site Lease and the Facility Lease. Such descriptions do not purport to be comprehensive or definitive. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in **“APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS,”** and if not therein, then in Trust Agreement, the Site Lease or the Facility Lease. All references herein to the Trust Agreement, the Site Lease and the Facility Lease are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the forms thereof, copies of all of which are available for inspection at the principal corporate trust office of the Trustee.

Other Information

Copies of documents referred to herein and information concerning the Bonds are available from the Finance Director, City of Antioch, P.O. Box 5007, Antioch, California 94531-5007 telephone (925) 779-7055. The City may impose a charge for copying, mailing and handling.

REFUNDING PLAN

The Authority will cause a portion of the proceeds from the sale of the Bonds, together with certain other available moneys, to be deposited into the redemption fund held under the Trust Agreement (the “Prior Trust Agreement”), dated as of March 1, 2002, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Prior Trustee”). The moneys deposited with the Prior Trustee will be invested in United States Treasury – State and Local Government Series, the principal of and interest on which will be in an amount sufficient to pay the interest on, and redemption price of, the Authority’s Lease Revenue Bonds (Municipal Facilities Project), Series 2002A and Series 2002B (the “2002 Bonds”) on their redemption date of [March 13, 2005].

In addition, the Authority will cause a portion of the proceeds from the sale of the Bonds, together with certain other available moneys, to be transferred to Wells Fargo Bank, National Association to refund the City’s portion of the Association of Bay Area Governments Lease Revenue Bonds, 2001 Series A (California Capital Projects) (the “ABAG Bonds”) issued by the Association of Bay Area Governments to finance or refinance the Lone Tree Golf Course clubhouse and certain other public capital improvements of the City. It is expected that the City’s portion of the ABAG Bonds will be redeemed on or about [March 13, 2015].

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Estimated Sources and Uses of Funds	
Sources of Funds	
Principal Amount of Bonds	\$ _____
Reoffering [Premium/Discount]	_____
 Uses of Funds	
Refund Prior Obligations	_____
Costs of Issuance Fund ⁽¹⁾	_____
Underwriter’s Discount	_____
Total Uses	\$ _____

⁽¹⁾ Costs of Issuance includes amounts to pay legal fees, rating agency fees, printing costs, title insurance premiums and other issuance costs.

THE BONDS

General

The Bonds will be dated the date of delivery and will be issued in fully registered form, without coupons, in the denominations of \$5,000 or any integral multiple thereof. Only such Bonds as shall bear thereon a certificate of authentication, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of the Trust Agreement.

The Bonds will be initially registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company, New York, New York (“DTC”), which has been appointed depository for the Bonds, and registered ownership may not thereafter be transferred except as provided in the Trust Agreement. See “**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**” herein.

Principal of and premium, if any, on the Bonds will be paid by the Trustee at maturity or redemption to DTC, which in turn will remit such principal and premium, if any, to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See “**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**” herein. Interest on the Bonds will be payable semiannually on April 1 and October 1, commencing October 1, 2015, to DTC in the same manner as described in the preceding sentence. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

Redemption *

Optional Redemption. The Bonds maturing on or before April 1, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on or after April 1, 20__ are subject to optional redemption prior to maturity on or after April 1, 20__ at the option of the Authority, on any date in whole or in part and among such maturities as are designated by the Authority to the Trustee, from funds derived by the Authority from any source at a redemption price equal to 100% of the principal amount of the Bonds called for redemption plus accrued but unpaid interest to the redemption date.

* Preliminary, subject to change.

Sinking Fund Redemption. The Bonds maturing on April 1, 20__ are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking fund payments in the following amounts, commencing on April 1, 20__ according to the following schedule:

**Schedule of Mandatory Sinking Fund Payments
Bonds Maturing April 1, 20__**

Redemption Date (April 1)	Principal Amount
--------------------------------------	-----------------------------

*Maturity

The Bonds maturing on April 1, 20__ are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking fund payments in the following amounts, commencing on April 1, 20__ according to the following schedule:

**Schedule of Mandatory Sinking Fund Payments
Bonds Maturing April 1, 20__**

Redemption Date (April 1)	Principal Amount
--------------------------------------	-----------------------------

*Maturity

Special Mandatory Redemption. The Bonds are subject to redemption on any date prior to their respective stated maturities, as a whole or in part by lot, from payments made by the City from funds received by the City due to a taking of the Facilities or portions thereof under the power of eminent domain, from the net proceeds of insurance received for material damage to or destruction of the Facilities or portions thereof under the circumstances and upon the conditions and terms prescribed in the Trust Agreement and Facility Lease, or from the proceeds of title insurance in the event of defective title to the Facilities as provided for in the Facility Lease, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date.

Procedure for and Notice of Redemption. The Trustee will cause notice of each redemption to be given to the Owner of any Bonds designated for redemption at the address which appears upon the registration books of the Trustee by mailing a copy of the redemption notice at least 30 but not more than 60 days prior to the redemption date. The failure of any Owner to receive such notice or any defect in such notice will not affect the validity of the redemption of any Bonds.

Selection of Bonds for Redemption. Whenever less than all of the Outstanding Bonds are to be redeemed, the Trustee shall select, in accordance with written directions from the Authority, the Bonds to be redeemed in part from the Outstanding Bonds so that the aggregate annual principal amount of and interest on Bonds which shall be payable after such redemption date shall be as nearly proportional as practicable to the aggregate annual principal

amount of and interest on Bonds Outstanding prior to such redemption date. Whenever less than all the Bonds of any one maturity are to be redeemed, the Trustee will select Bonds of such maturity for redemption by lot.

Cancellation of Notice. The Authority may, at its option, prior to the date fixed for redemption in any notice of redemption rescind and cancel such notice of redemption by Written Request to the Trustee and the Trustee shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

Effect of Notice of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of the Trust Agreement shall be canceled by the Trustee and shall be destroyed with a certificate of destruction furnished to the Authority upon its request and shall not be reissued.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligation

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES, CONSISTING PRIMARILY OF BASE RENTAL PAYMENTS TO BE MADE BY THE CITY AND FROM AMOUNTS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE TRUST AGREEMENT. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, AND THE INTEREST THEREON, ONLY FROM THE REVENUES DESCRIBED ABOVE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

Covenant to Appropriate Funds for Rental Payments

The City has covenanted in the Facility Lease to take such action as may be necessary to include all Base Rental Payments and Additional Payments due under the Facility Lease in its annual budgets and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental Payments, however, is subject to abatement in the event of material damage or destruction of the Facilities or the taking of the Facilities in whole or in part.

Action on Default

Should the City default under the Facility Lease, the Trustee may terminate the Facility Lease and recover certain damages from the City, or may retain the Facility Lease and hold the City liable for all Base Rental Payments thereunder as the same become due. Base Rental Payments may not be accelerated upon a default under the Facility Lease. See “**RISK FACTORS**” herein.

For a description of the events of default and permitted remedies of the Trustee contained in the Facility Lease and the Trust Agreement, see “**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Facility Lease—Defaults and Remedies**” and “**—Trust Agreement—Events of Default; Remedies of Bondholders**” herein.

Base Rental Payments

For the right to the use and occupancy of the Facilities, the Facility Lease requires the City to make Base Rental Payments from lawfully available funds. To secure the payment of the Base Rental Payments, the City will pay to the Trustee, for deposit into the Revenue Fund, on each March 25 and September 25, an amount sufficient to pay the principal of and interest on the Bonds due on the following April 1 and October 1, respectively.

Pursuant to the Trust Agreement, on or before each Interest Payment Date and each Principal Payment Date, the Trustee will transfer amounts in the Revenue Fund as are necessary to the Interest Account and the Principal Account to provide for the payment of the interest and principal in respect of the Bonds. See **“APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Trust Agreement—Establishment of Funds and Accounts; Flow of Funds”** herein.

Debt Service on the Bonds is set forth below under the heading **“DEBT SERVICE.”**

[Reserve Fund]

[Simultaneously with the delivery of the Bonds, the Authority will cause a Reserve Facility to be deposited into the Reserve Fund established under the Trust Agreement in an amount equal to the lesser of (i) 125% of the average annual debt service on all Outstanding Bonds, or (ii) maximum annual debt service on all Outstanding Bonds.]

Additional Payments

The Facility Lease requires the City to pay all amounts, costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Facility Lease, the Trust Agreement, the Authority’s interest in the Facilities and the lease of the Facilities to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Bonds, and the Facilities, including without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Authority to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in such Additional Payments amounts required to pay the principal of or interest on the Bonds.

Insurance

The Facility Lease requires the City to cause to be maintained casualty insurance insuring the Facilities against fire, lightning and all other risks covered by an extended coverage endorsement in an amount equal to the lesser of 100% of the replacement cost of the Facilities or 100% of the outstanding principal amount of the Bonds. The City may, subject to the restrictions contained in the Facility Lease, self-insure against such risks. The Facility Lease does not require that insurance be maintained for earthquake or flood risks.

The Facility Lease requires the City to cause to be maintained, throughout the term of the Facility Lease, rental interruption insurance to cover the Authority’s loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Facilities as a result of any of the hazards covered by the insurance described in the preceding paragraph, in an amount sufficient at all times to pay maximum annual Base Rental for any two year period.

The City is also required to obtain certain public liability and property damage insurance coverage in protection of the Authority and the City and worker’s compensation insurance.

See **“APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Facility Lease,”** for additional information regarding the insurance requirements contained in the Facility Lease.

Additional Bonds; Substitution; Release

The Authority may at any time issue Additional Bonds payable from the Revenues and secured by a pledge of and charge and lien upon the Revenues as provided in the Trust Agreement equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued under the Trust Agreement, subject to, among other things, the following specific conditions:

1. The Authority shall be in compliance with all agreements and covenants contained in the Trust Agreement and no Event of Default shall have occurred and be continuing.
2. The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Bonds shall be applied to the refunding or repayment of any Bonds then Outstanding, including the payment of costs and expenses of and incident to the authorization and sale of such Additional Bonds.
3. The aggregate principal amount of Bonds issued and at any time Outstanding under the Trust Agreement shall not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.
4. The Facility Lease shall have been amended, if necessary, so that the Base Rental Payments payable by the City thereunder in each fiscal year shall at least equal Debt Service, including Debt Service on the Additional Bonds, in each fiscal year.

(See “**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Trust Agreement**”).

In addition, the City and the Authority may substitute or release real property for all or part of, or may release a part of, the Facilities for purposes of the Site Lease and the Facility Lease, but only after the City has filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

1. Executed copies of the Site Lease and the Facility Lease or amendments thereto containing the amended description of the Facilities, including the legal description of any real property component of the Facilities as modified, if necessary.
2. A Written Certificate of the City, certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost or insured value of such facility to the City) of the Facilities that will constitute the Facilities after such substitution or release will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year. At the sole discretion of the City, in the alternative, in the event of a substitution only, the Written Certificate of the City will certify that the annual fair rental value of the new Facility is at least equal to that of the substituted Facility.
3. With respect to an addition or substitution of property, a leasehold owner’s title insurance policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing title insurance policy or policies resulting in title insurance with respect to the Facilities after such substitution in an amount at least equal to the aggregate principal amount of Bonds Outstanding; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such property subject only to such exceptions as do not substantially interfere with the City’s right to use and occupy such property and as will not result in an abatement of Base Rental Payments payable by the City under the Facility Lease.
4. A Written Certificate of the City stating that such substitution or release, as applicable, does not adversely affect the City’s use and occupancy of the Facilities.
5. With respect to the substitution of property, a Written Certificate of the City stating that the useful life of the property to be substituted is at least equal to the useful life of the property being released.

6. An opinion of bond counsel stating that any amendment executed in connection with such substitution or release, as the case may be, (i) is authorized or permitted under the Facility Lease; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (iii) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

The Facilities or portion thereof for which other real property is substituted, pursuant to the Facility Lease, shall be released from the Site Lease and the Facility Lease, and shall no longer be encumbered thereby or by the Trust Agreement at such time as the City shall have caused said substitution.

DEBT SERVICE

Set forth below are the annual principal, interest and total debt service requirements for the Bonds, assuming no redemptions:

Debt Service

Fiscal Year <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Total	\$	\$	\$
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THE FACILITIES

The Facilities consist of land and a two-story police facilities building consisting of approximately 67,000 square feet, a pistol range, sixteen holding cells, offices, and an evidence room, central dispatching, a 911-communications center, a sally port and an animal shelter. The Facilities were completed in 1992 and house the City's central police headquarters. It is constructed of a combination of light steel frame with metal decking and exterior brick and concrete masonry. It has been designed to accommodate the police facility needs for a population of over 100,000, consistent with long-term growth projections made at the time of its construction. The Facilities are located on a six-acre site at the northwest corner of Fourth and "L" Streets in the City, four blocks west of City Hall.

Subject to certain conditions contained in the Facility Lease, the City may remove or substitute facilities so long as the facilities at the time of substitution or release have an annual fair rental value at least equal to 100% of the maximum amount of annual Base Rental Payments (see “**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**”).

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating purchase of the Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations - Security for the Bonds

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

Although the Facility Lease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Facility Lease to pay the Base Rental Payments and Additional Payments from any source of legally available funds and the City has covenanted in the Facility Lease that it will take such action as may be necessary to include all rental payments due under the Facility Lease in its annual budgets and to make necessary annual appropriations for all such rental payments. The City is currently liable and will become liable on other obligations payable from general fund revenues.

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City’s revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Facility Lease.

Abatement

Base Rental Payments and Additional Payments are paid by the City in each rental period for and in consideration of the right to use and occupy the Facilities during each such period. Pursuant to the Facility Lease, during any period in which, by reason of material damage to, or destruction or condemnation of, the Facilities, or any defect in title to the Facilities, there is substantial interference with the City’s right to use and occupy any portion of the Facilities, rental payments due under the Facility Lease will be abated proportionately. Such abatement will continue for the period commencing on the date of such interference resulting from such damage, destruction, condemnation, or title defect, and ending, with respect to damage to or destruction of the Facilities, upon the substantial completion of the work of repair or replacement of the Facilities, or portion thereof, so damaged or destroyed.

In the event that such portion of the Facilities, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City’s rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from funds and accounts established under the Trust Agreement, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Facilities or prepayment of the Bonds, there could be insufficient funds to make payments to Owners in full.

In the event of any such substantial interference, the Facility Lease continues in full force and effect, and the City waives any right to terminate the Facility Lease by virtue of such substantial interference. The Trustee cannot terminate the Facility Lease in the event of such substantial interference. Abatement of Base Rental Payments and Additional Payments is not an event of default under the Facility Lease and the Trustee is not

permitted in such event to take any action or avail itself of any remedy against the City. See “**APPENDIX D — SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Facility Lease—Rental Abatement**” herein.

Seismic Considerations

The City is located in an area of significant seismic activity and, therefore, could sustain extensive damage to its facilities in a major earthquake, both from ground motion and possible liquefaction of underlying soils. Damage could include pavement and foundation displacement, distortions to pavement grades, breaks in utility, drainage and sewage lines, displacement or collapse of buildings, rupture of gas fuel lines, all or any of which could, in the worst case, necessitate the closing of one or more of the City’s facilities for extended periods of time.

In October 1989, an earthquake measuring 7.1 on the Richter scale and with an epicenter approximately 75 miles south of the City struck the San Francisco Bay Area. There was no material structural damage to the City’s facilities. The City’s contingency plans for such emergencies were implemented immediately. As a result, although the City’s facilities were closed for inspection, the facilities were reopened to the public within two hours.

In August of 2014, an earthquake measuring 6.0 on the Richter scale and with an epicenter approximately 33 miles north of the City struck the San Francisco Bay Area. There was no material structural damage to the City’s facilities.

The Facilities meet all seismic requirements applicable to police station facilities.

Limited Recourse on Default

If the City defaults on its obligations to make rental payments with respect to the Facilities, the Trustee may retain the Facility Lease and hold the City liable for all rental payments on an annual basis and will also have the right to re-enter and re-let the Facilities. In the event such re-letting occurs, the City would be liable for any resulting deficiency in rental payments (without acceleration). Alternatively, the Trustee may terminate the Facility Lease with respect to the Facilities and proceed against the City to recover damages pursuant to the Facility Lease.

Due to the governmental function of the Facilities, the Site Lease and the Facility Lease, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting of the Facilities. In any case, due to the specialized nature of the Facilities, no assurance can be given that the Trustee would be able to re-let the Facilities so as to provide rental income sufficient to make principal and interest payments on the Bonds in a timely manner, and the Trustee is not empowered to sell the fee interest in the Facilities for the benefit of the Owners of the Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such re-letting will not adversely affect the exclusion of any interest on the Bonds from federal or state income taxation.

No Acceleration Upon Default

If the City defaults on its obligation to make Base Rental Payments, there is no available remedy of acceleration of the total Base Rental Payments due over the term of the Facility Lease. The City will only be liable for Base Rental Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year’s rental payments.

Loss of Tax Exemption

As discussed under the heading “**TAX MATTERS,**” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the City in violation of its covenants in the Facility Lease or of the Authority in violation of its covenants in the Trust Agreement. Should such an event of taxability occur, the Bonds would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Trust Agreement.

Remedies and Bankruptcy

The rights of the Owners of the Bonds are subject to certain limitations on legal remedies against cities and other governmental entities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the Bonds may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors' rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose.

The City is authorized under California law to file for bankruptcy protection under Chapter 9 of the United States Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies such as the City. Third parties, however, cannot bring involuntary bankruptcy proceedings against the City. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the rights of the Owners of the Bonds may be materially and adversely affected as follows: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of Owners of the Bonds; and (iv) the possibility of the adoption of a plan (an "Adjustment Plan") for the adjustment of the City's various obligations over the objections of the Trustee or all of the Owners of the Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners of the Bonds if the bankruptcy court finds that such Adjustment Plan is "fair and equitable" and in the best interests of creditors. The adjustment of similar obligations is currently being litigated in federal court in connection with bankruptcy applications by the cities of San Bernardino and Stockton. The Adjustment Plans in these cities propose significant reductions in the amounts payable by the cities under lease revenue obligations substantially similar to the Bonds. The City can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any Adjustment Plan if it were to file for bankruptcy.

In addition, if the Facility Lease was determined to constitute a "true lease" by the bankruptcy court (rather than a financing lease providing for the extension of credit), the City could choose to reject the Facility Lease despite any provision therein that makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Facility Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount, and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Facility Lease and the City's obligations to make payments thereunder. The City may also be permitted to assign the Facility Lease to a third party, regardless of the terms of the transaction documents. In any event, the mere filing by the City for bankruptcy protection likely would have a material adverse effect on the marketability and market price of the Bonds.

Among other qualifications, the legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the Bonds, the Trust Agreement, the Facility Lease and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against joint powers authorities and cities in the State.

STATE OF CALIFORNIA BUDGET INFORMATION

State Budget

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2014-15

According to the State Constitution, the Governor of the State (the "Governor") is required to propose a budget to the State Legislature (the "Legislature") no later than January 10 of each year, and a final budget must be adopted by the vote of each house of the Legislature no later than June 15, although this deadline has been routinely breached in the past. The State budget becomes law upon the signature of the Governor, who may veto specific items of expenditure.

Prior to fiscal year 2010-11, the State budget had to be adopted by a two-thirds vote of each house of the Legislature. However, in November 2010, the voters of the State passed Proposition 25, which reduced the vote required to adopt a budget to a majority vote of each house and which provided that there would be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for members of the Legislature for the period during which the budget was presented late to the Governor.

The Governor signed the fiscal year 2014-15 State budget (the "2014-15 State Budget") on June 20, 2014. The 2014-15 State Budget represents a multiyear plan that is balanced and that continues to focus on paying down budgetary debt from prior years, setting aside reserves and implementing a funding plan for the State Teachers' Retirement System ("CalSTRS"). The 2014-15 State Budget provides for \$109.4 billion in revenues and transfers for fiscal year 2014-15 (which amount includes a \$3.9 billion prior year general fund balance from fiscal year 2013-14), \$108.0 billion in expenditures and a balance of \$450 million in the general fund traditional reserve and \$1.6 billion in a rainy day fund (the "Rainy Day Fund"). Revenues and expenditures for fiscal year 2013-14, as revised under the 2014-15 State Budget, were \$104.6 billion (which amount includes a \$2.4 billion prior year general fund balance from fiscal year 2012-13) and \$100.7 billion, respectively.

The 2014-15 State Budget projects that budgetary debt, which was approximately \$35 billion at the end of fiscal year 2010-11 and \$26 billion at the end of fiscal year 2013-14, will be eliminated by the end of fiscal year 2017-18. For fiscal year 2014-15, specifically, the 2014-15 State Budget dedicates to paying down more than \$10 billion of budgetary debt, including approximately \$5 billion to pay down the deferral of payments to schools.

Potential Impact of State of California Financial Condition on the City

There can be no assurances that the State will not significantly reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of its efforts to address the State financial difficulties. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control. There can be no assurances that State actions to respond to potential future State financial difficulties will not adversely affect the financial condition of the City.

Future State Budgets

No prediction can be made by the City as to whether the State will encounter budgetary problems in future fiscal years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as

required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures.

CONSTITUTIONAL AND STATUTORY LIMITATIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Article XIII A of the State Constitution

Article XIII A of the California Constitution, known as “Proposition 13,” was approved by the California voters in June of 1978. It limits the amount of ad valorem tax on real property to 1% of “full cash value,” as determined by the county assessor. Article XIII A defines “full cash value” to mean the county assessor’s valuation of real property as shown on the 1975–76 tax bill under “full cash value,” or thereafter, the appraised value of real property when “purchased, newly constructed or a change in ownership has occurred” (as such terms are used in Article XIII A) after the 1975 assessment. Furthermore, all real property valuation may be increased or decreased to reflect the inflation rate, as shown by the consumer price index or comparable data, in an amount not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors. Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on 1) indebtedness approved by the voters prior to July 1, 1978, 2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or 3) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% voting on the proposition, but only if certain accountability measures are included in the proposition.

The California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher or lower than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate persons with disabilities and for seismic upgrades to property. Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

If property values decline, the County of Contra Costa may review the assessed values of properties. In fiscal years 2009-10, 2010-11 [and 2011-12], the County Assessor proactively reviewed properties throughout the County, including Antioch, and reduced the assessed values on such properties. See “APPENDIX A”.

Article XIII B of the State Constitution

On October 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by California voters in 1988 and 1990, respectively, substantially modified Article XIII B. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living and population. The initial version of Article XIII B provided that the “base year” for establishing an appropriations limit was fiscal year 1978-79, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in fiscal year 1990-91 each appropriation limit must be recalculated using the actual fiscal

year 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitations of a local government under Article XIII B include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to all tax revenues plus the proceeds to an entity of government from (a) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (b) the investment of tax revenues, and (c) certain subventions received from the State. Article XIII B permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If any entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. Amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs. Appropriations for "qualified capital outlays" are excluded from the limits of Proposition 111.

Section 7900 et. seq. of the California Government Code defines certain terms used in Article XIII B and sets forth the methods for determining the appropriations limits for local jurisdictions. Relying on these definitions and Chapter 60, Statutes of 1990 effective August 1, 1990, which implemented Proposition 111. The City has estimated that its appropriations limit for "proceeds of taxes" for fiscal year 2014-15 is \$108,633,898. Estimated appropriations for fiscal year 2014-15 for the City subject to the limitation total \$44,755,865.

Articles XIII C and XIII D of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of a local agency to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of a local agency require a majority vote and taxes for specific purposes, even if deposited in the general fund, require a two-thirds vote. Further, any general purpose tax which the local agency imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election held prior to November 5, 1998. The voter approval requirements of Article XIII C reduce a local agency's flexibility to deal with fiscal problems by raising revenue through new or extended or increased taxes and no assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

Article XIII D contains several provisions making it generally more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property.

Article XIII D also contains several provisions affecting a "fee" or "charge," defined for purposes of Article XIII D to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) with respect to any parcel or person, exceed the proportional cost of the service attributable to the parcel, (iv) are for a service not actually used by, or immediately available to, the owner of the property in question, or (v) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of

each parcel of land affected by such fee or charge. The local agency must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the local agency may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services (or fees for electrical and gas service, which are not treated as “property related” for purposes of Article XIII D), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. The City has two enterprise funds that are self-supporting from fees and charges, which could, depending upon judicial interpretation of Proposition 218, ultimately be determined to be property related for purposes of Article XIII D. In the event that fees and charges cannot be appropriately increased, or are reduced pursuant to exercise of the initiative power (described in the following paragraph), the City may have to decide whether to support any deficiencies in these enterprise funds with moneys from the general fund or to curtail service, or both.

In addition to the provisions described above, Article XIII C removes prohibitions and limitations on the initiative power in matters of any “local tax, assessment, fee or charge.” Consequently, the voters of the City could, by future initiative, repeal, reduce or prohibit the future imposition or increase of any local tax, assessment, fee or charge. “Assessment,” “fee” and “charge,” are not defined in Article XIII C and it is not clear whether the definitions of these terms in Article XIII D (which are generally property-related as described above) would limit the scope of the initiative power set forth in Article XIII C. If the Article XIII D definitions are not held to limit the scope of Article XIII C initiative powers, then the Article XIII C initiative power could potentially apply to revenue sources that currently constitute a substantial portion of general fund revenues. No assurance can be given that the voters of the City will not, in the future, approve initiatives that repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

Statutory Limitations

On November 4, 1986, California voters adopted Proposition 62, an initiative statute that, among other things, requires (i) that any new or increased general purpose tax be approved by a two-thirds vote of the local governmental entity’s legislative body and by a majority vote of the voters, and (ii) that any new or increased special purpose tax be approved by a two-thirds vote of the voters.

In *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the “Santa Clara decision”), the California Supreme Court upheld a Court of Appeal decision invalidating a one-half cent countywide sales tax for transportation purposes levied by a local transportation authority. The California Supreme Court based its decision on the failure of the authority to obtain a two-thirds vote for the levy of a “special tax” as required by Proposition 62. The Santa Clara decision did not address the question of whether it should be applied retroactively. In *McBrearty v. City of Brawley*, 59 Cal. App. 4th 1441 (1997), the Court of Appeal, Fourth District, concluded that the Santa Clara decision is to be applied retroactively to require voter approval of taxes enacted after the adoption of Proposition 62 but before the Santa Clara decision.

Following the California Supreme Court’s decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra et. al.* In this case, the court held that the public agency’s continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 1A

The California Constitution and existing statutes give the Legislature authority over property taxes, sales taxes and the vehicle license fee (the “VLF”). The Legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State

costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State mandates a new local program or higher level of service. Due to the ongoing financial difficulties of the State in recent years, it has not provided reimbursements for many mandated costs. In other cases, the State has suspended mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

On November 3, 2004, the voters of the State approved Proposition 1A, which amended the California Constitution to, among other things, reduce the State Legislature's authority over local government revenue sources by placing restrictions on the State's access to local government's property, sales and vehicle license fee revenues. Proposition 1A generally prohibits the shift of property tax revenues from cities, counties and special districts, except to address a "severe state financial hardship," which must be approved by a two-thirds vote of both houses of the Legislature, and only then if, among other things, such amounts were agreed to be repaid with interest within three years. The measure also (a) protects the property tax backfill of sales tax revenues diverted to pay the State's economic recovery bonds, and the reinstatement of the sales tax revenues once such bonds are repaid, and (b) protects local agency vehicle license fee revenue (or a comparable amount of backfill payments from the State).

If the State reduces the VLF rate below its current level of 0.65 percent of the vehicle value, Proposition 1A requires the State to provide local governments with equal replacement revenues. Proposition 1A provides two significant exceptions to the above restrictions regarding sales and property taxes. First, the State may shift to schools and community colleges up to 8 percent of local government property tax revenues if the Governor proclaims that the shift is needed due to a severe State financial hardship, the legislature approves the shift with a two-thirds vote of both houses and certain other conditions are met. The State must repay local governments for the diversion of their property tax revenues, with interest, within three years. Second, Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. If the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A expands the definition of what constitutes a mandate to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had complete or partial financial responsibility. This provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

Proposition 1A restricts the State's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example the State could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the members of each house of the legislature (rather than a majority vote). As a result, Proposition 1A could result in fewer changes to local government revenues than otherwise would have been the case.

Proposition 22

Proposition 22 ("Proposition 22") which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. The City is unable to predict how Proposition 22 will be interpreted, or to what extent the measure will affect the revenues in the general fund of local agencies, although it could eventually provide greater stability in local agency revenues.

Proposition 26

On November 2, 2010, the voters of the State approved Proposition 26 (“Proposition 26”), revising certain provisions of Articles XIII A and XIII C of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two-thirds voter approval for taxes levied by local governments, and requires the State to obtain the approval of two-thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two-thirds vote. In addition, for State-imposed charges, any tax or fee adopted after January 1, 2010 with a majority vote which would have required a two-thirds vote if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a “tax” means a levy, charge or exaction of any kind imposed by a local government, except: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase, rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances, parking violations, etc.; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Article XIII D. Fees, charges and payments that are made pursuant to a voluntary contract that are not “imposed by a local government” are not considered taxes and are not covered by Proposition 26.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of property owners.

Further Initiatives

The laws and Constitutional provisions described above were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City, or the City’s ability to expend revenues. Neither the Authority nor the City can anticipate the nature or impact of such measures.

THE AUTHORITY

Organization and Membership

The Authority was formed pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and the Joint Exercise of Powers Agreement, dated as of April 27, 1993 (the “JPA Agreement”), by and between the City and the Antioch Development Agency (now known as the Successor Agency to the Antioch Development Agency) (the “Agency”). The Authority was formed by and between the City and the Agency to assist in the financing of public capital improvements.

The Authority functions as a public entity, separate and apart from the City and the Agency, and is administered by a five-member governing board consisting of the members of the City Council acting *ex officio*. The City Attorney serves as counsel to the Authority. The Authority has no employees and all staff work is performed by the City or consultants.

Powers

Under the JPA Agreement, the Authority is empowered to assist in the financing of public capital improvements through the issuance of bonds in accordance with the Act. To exercise its powers, the Authority is authorized, in its own name, to do all necessary acts, including but not limited to making and entering into contracts; employing agents and employees; and to sue or be sued in its own name.

THE CITY

Information with respect to the City, including financial information and certain economic and demographic information relating to the City is provided in “**APPENDIX A—CITY OF ANTIOCH FINANCIAL AND DEMOGRAPHIC INFORMATION**” attached hereto. A copy of the financial statements of the City for the fiscal year ended June 30, 2014 is attached hereto as Appendix B and should be read in its entirety.

RATING

Standard & Poor’s Ratings Services (“S&P”) has assigned its municipal bond rating of “__” to the Bonds. Such ratings reflect only the view of S&P, and an explanation of the significance of such ratings may be obtained from only S&P. The City and the Authority furnished to the rating agency certain information and materials concerning the Bonds and the City. Generally, the rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in its judgment circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds.

FINANCIAL STATEMENTS

The City’s financial statements for the fiscal year ended June 30, 2014, included in Appendix B hereto, have been audited by Badawi & Associates, independent auditors, as stated in their report appearing in Appendix B hereto. Badawi & Associates has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Badawi & Associates with respect to any event subsequent to its report dated December 8, 2014.

LITIGATION

At the time of delivery of and payment for the Bonds, officials of the City and Authority will certify that to the best of such officials’ knowledge there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served or threatened, against the Authority or City, respectively, or the titles of their officers to their respective offices or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Bonds or the payments of the Base Rental Payments or challenging the validity or enforceability of the Facility Lease or the Trust Agreement.

At all times, including the date of this Official Statement, there are certain other claims and disputes that arise in the normal course of the City’s activities. Such matters could, if determined adversely to the City, affect expenditures by the City, and in some cases, its revenues. City management and the City Attorney’s Office are of the opinion that no pending actions are likely to have a material adverse effect on the City’s ability to pay the Base Rental Payments when due under the Facility Lease.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in **APPENDIX F** hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, 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. For example, proposals made in 2014 included one by the then Chair of the House Ways and Means Committee that would subject interest on the Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and another by the Obama Administration that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the City have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the City or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the City and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Authority, the City or the Beneficial Owners to incur significant expense.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney. Certain matters will be passed upon for the Underwriter by Hawkins Delafield & Wood LLP. Orrick, Herrington & Sutcliffe LLP will serve as Disclosure Counsel. The proposed form of opinion of Bond Counsel is set forth in **APPENDIX F** hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

UNDERWRITING

The underwriter of the Bonds is RBC Capital Markets (the "Underwriter"). Pursuant to a Bond Purchase Agreement between the Authority, the City and the Underwriter, the Bonds are being purchased by the Underwriter at a purchase price equal to the principal amount of Bonds being issued [plus/less] a net original issue [premium/discount] of \$_____ and less an Underwriter's discount of \$_____. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase, if made, being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions.

The Underwriter may offer and sell Bonds to certain dealers and others at a price other than the offering price. The offering price may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of Bond Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than nine months following the end of the City’s fiscal year (currently ending June 30) (the “Annual Report”), commencing with the report for the fiscal year ending June 30, 2015, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and the notices of enumerated events will be filed [by the City or by the Trustee on behalf of the City] with the Municipal Securities Rulemaking Board through the Electronic Municipal Access (EMMA) System. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below under the caption “**APPENDIX E—FORM OF CONTINUING DISCLOSURE AGREEMENT.**” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

ADDITIONAL INFORMATION

References made herein to certain documents and reports are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or the Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority and the City.

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

By: _____
Chair

CITY OF ANTIOCH

By: _____
City Manager

APPENDIX A

CITY OF ANTIOCH FINANCIAL AND DEMOGRAPHIC INFORMATION

[To Come]

APPENDIX B

**CITY OF ANTIOCH CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE
FISCAL YEAR ENDED JUNE 30, 2014**

APPENDIX C

CITY OF ANTIOCH STATEMENT OF INVESTMENT POLICY

[To Come]

APPENDIX D

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following summary discussion of selected features of the Site Lease, dated as of February 1, 2015 (the “Site Lease”), the Facility Lease, dated as of February 1, 2015 (the “Facility Lease”), and the Trust Agreement, dated as of February 1, 2015 (the “Trust Agreement”), are made subject to all of the provisions of such documents and to the discussions of such documents contained elsewhere in this Official Statement. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Bonds are referred to the complete text of said documents, copies of which are available upon request from the Trustee or the City.

[To Come]

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

[To Come]

APPENDIX F
FORM OF LEGAL OPINION

[To Come]

APPENDIX G BOOK-ENTRY ONLY SYSTEM

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. The Authority and City take no responsibility for the accuracy or completeness thereof. The Authority and City cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. 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.

DTC will act as securities depository for the Bonds. The Bonds 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 Bond certificate for each maturity will be issued for the Bonds in the aggregate principal amount of each maturity, and will be deposited with DTC.

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 3.6 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 in such website is not incorporated by reference herein.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the City 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, 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.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee, or the Authority or City may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered in accordance with the provisions set forth in the Trust Agreement.

APPENDIX A

CITY OF ANTIOCH FINANCIAL AND DEMOGRAPHIC INFORMATION

General

The City of Antioch (the “City”) is located in eastern Contra Costa County (the “County”) and is a crossroads linking the San Francisco/East Bay region to Sacramento and the Central Valley. The City is a growing community with plentiful recreational and cultural facilities of Northern California and the Bay Area. It is located on the south shore of the San Joaquin River, north of Mount Diablo. Eastern Contra Costa County’s economy has historically been comprised of several major industrial complexes and agricultural businesses. In recent years, however, a more diversified employment base has emerged, including hospitals, car dealers and retail to serve the growing population. Predominantly a bedroom community, the City is expected to continue to grow due to the widening of State Route 4, which will be complete in 2015 and the advent of an “e-BART” station that is fully funded and scheduled for completion in 2018. The City covers an area of approximately 29 square miles and has a population of 106,455 as of January 1, 2014, as reported by the State Department of Finance. Developable land within the City remains that is suitable for housing, industrial, office and retail uses.

The City provides all municipal services except for fire protection and sewage treatment which are provided by the Contra Costa County Fire Protection District and a regional treatment plant operated by Delta Diablo, respectively.

City Management

The City operates under the Council-Manager form of government and has done so since 1872. The City Council decides matters of policy, while the City Manager directs the implementation of that policy, appoints department heads on the basis of experience, knowledge and ability, and conducts the daily business of the City. The Mayor and four council members are elected to four-year overlapping terms, with elections held every two years.

The current City Manager is Steven Duran, who has been with the City since January 2014. Prior to his employment with the City, Mr. Duran served as the City Manager for the City of Hercules from 2011 to 2014, the Community & Economic Development Agency Director for the City of Richmond from 2002 to 2011 and the Downtown Development & Implementation Manager for the San Jose Redevelopment Agency from 1998 to 2002. Mr. Duran brings over 15 years of experience in local government and holds an Associate of Science degree in Real Estate from Contra Costa College, a Bachelor of Science degree in Business Administration from California State University at Hayward, and a Master of Business Administration degree in Management from Golden Gate University.

The Finance Director oversees the management, safekeeping, and accounting of the City’s financial assets. The current Finance Director is Dawn Merchant, C.P.A., who has been with the City since 1999 and was appointed the Finance Director position in 2007. Ms. Merchant has 18 years of public financial experience including service with Maze & Associates LLP auditing government agencies. Ms. Merchant holds a Bachelor of Science degree in Business Administration from California State University, Sacramento.

Accounting Policies and Financial Reporting

The City institutes a Fiscal Year beginning July 1 and ending June 30 of each year (a “Fiscal Year”). The following financial information has been extracted from the City’s audited financial statements for Fiscal Year 2014 (the most recent audited financial statements), as provided by the City’s Finance Department. The most recent audited financial statements of the City are included in “**APPENDIX B**” hereto. See “**APPENDIX B—CITY OF ANTIOCH CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014.**”

The City's accounting records are organized and operated on a "fund" basis, which is the basic fiscal and accounting method in governmental accounting. The three broad fund categories include governmental, proprietary and fiduciary funds. The operations of different funds are accounted for with separate sets of self-balancing accounts with assets, liabilities, fund balance or net position, and revenues and expenses. The basis of accounting for all funds is more fully explained in the Notes to Basic Financial Statements contained in "APPENDIX B".

Budgetary Process

The City adopts an annual budget for all funds under its control. Major governmental funds include the General Fund, Housing and Community Development Special Revenue Fund, Gas Tax Special Revenue Fund and Housing Successor Special Revenue Fund. Major enterprise funds include Water Fund, Sewer Fund and Marina Fund. Annual appropriations for all funds lapse at the end of the year. Budgets are prepared on the same basis of accounting as the associated financial statements.

The budget process begins each January with the submittal of preliminary department budgets to the Finance Department. Department meetings are conducted throughout January and February and in March the City Manager approves the draft budget and workshops and presentations begin on the budget. Budget presentations continue through May and a public hearing is scheduled in June for adoption of the budget. The Fiscal Year 2014-15 budget was adopted on June 10, 2014.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds. Budgets for the General, Special Revenue and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States (GAAP). The Debt Service Funds are governed by the appropriate bond indentures. The Capital Projects Funds adopt a five year Capital Improvement Program each year coinciding with the budget and annual project budgets are incorporated into the annual budget document. Expenditures are controlled at the department level for all budgets within the City. Budget amendments which increase departmental appropriations must be approved by the City Council by majority vote. Changes within approved departmental budgets above \$50,000 are approved by the City Manager and Department Heads can approve changes under \$50,000. Encumbrances and project budgets outstanding at the end of the Fiscal Year are brought to Council for consideration to be re-appropriated into the new year.

Comparison of Budget to Actual Performance

The following table summarizes the City's adopted budgets for Fiscal Years 2009-10 through 2014-15, and sets forth actual revenues and expenditures for each Fiscal Year for purposes of comparison.

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CITY OF ANTIOCH
General Fund
Comparison of Budgeted and Actual
Revenues, Expenditures and Fund Balances
for Fiscal Years 2009-2010 through 2014-2015

	2009-2010		2010-2011		2011-2012		2012-2013		2013-14		2014-15
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
REVENUES:											
Taxes	\$26,403,168	\$26,674,472	\$25,713,218	\$26,025,840	\$25,725,241	\$26,174,328	\$26,719,024	\$26,906,812	\$28,882,304	\$29,425,088	\$35,426,141
Licenses & permits	914,040	856,569	799,552	797,729	985,493	1,096,177	1,489,541	1,654,916	1,293,474	1,302,768	1,157,500
Fines and penalties	215,000	164,803	100,000	102,170	79,000	73,216	34,605	38,400	45,419	67,615	35,100
Investment income and rentals	304,348	357,898	394,000	431,132	454,350	462,671	530,000	506,259	495,415	536,639	498,510
Revenue from other agencies	1,487,470	1,335,727	1,001,855	1,002,567	886,707	909,801	1,771,304	1,750,049	349,218	393,402	1,124,572
Current service charges	8,175,059	8,321,651	7,545,149	7,376,864	6,866,850	6,951,544	6,468,634	6,457,045	7,226,877	7,232,934	2,146,880
Special assessment revenue	-	-	-	-	-	-	-	-	-	-	-
Other	789,341	939,136	1,407,003	1,346,089	911,590	939,981	970,747	1,048,165	871,312	724,731	1,245,545
TOTAL REVENUES:	\$38,288,426	\$38,650,256	\$36,960,777	\$37,082,391	\$35,909,231	\$36,607,718	\$37,983,855	\$38,361,646	\$39,164,019	\$39,683,177	\$41,634,248
EXPENDITURES:											
Current:											
General government	7,445,765	6,968,092	6,267,091	6,070,536	5,581,090	5,693,013	5,315,767	5,328,117	5,930,417	5,584,813	1,029,716
Public works	5,781,684	5,102,632	5,392,636	5,147,120	5,030,279	4,990,012	6,122,908	5,702,997	6,724,668	5,898,150	6,381,551
Public safety	28,677,829	28,378,758	26,163,052	25,992,459	25,030,783	25,176,810	26,164,776	26,072,270	27,931,378	27,359,962	31,998,332
Parks and recreation	2,246	22,959	14,291	14,202	-	-	-	-	-	-	-
Community development	2,385,341	2,388,339	1,874,925	1,732,803	1,843,580	1,760,471	1,932,709	1,880,201	2,201,508	2,021,135	3,279,479
Capital outlay	-	-	-	-	-	-	-	-	-	-	214,000
Debt service:	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$44,290,619	\$42,860,780	\$39,711,995	\$38,957,120	\$37,485,732	\$37,620,306	\$39,536,160	\$38,983,585	\$42,787,971	\$40,864,060	\$42,903,078
REVENUES OVER (UNDER) EXPENDITURES	(6,002,193)	(4,210,524)	(2,751,218)	(1,874,729)	(1,576,501)	(1,012,588)	(1,552,305)	(621,939)	(3,623,952)	(1,180,883)	(1,268,830)
Transfers in	5,397,110	5,400,088	3,765,087	3,652,148	3,698,483	3,687,512	3,894,362	3,837,855	3,734,473	3,770,395	3,786,641
Transfers (out)	1,588,889	(1,578,911)	(1,063,980)	(739,372)	-1,124,609	(970,879)	(1,669,917)	(1,595,133)	(1,797,150)	(1,864,801)	(1,852,787)
Capital Lease	-	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	-	850,000	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$5,397,110	\$4,671,177	\$2,701,107	\$2,912,776	\$2,573,874	\$2,716,633	\$2,224,445	\$2,242,722	\$1,937,323	\$1,905,594	\$1,933,854
Net change in fund balances	(605,083)	460,653	(50,111)	1,038,047	997,373	1,704,045	672,140	1,620,783	(1,686,629)	724,711	665,024
FUND BALANCES:											
Beginning of year	5,891,439	5,286,356	5,747,009	5,747,009	6,785,056	6,785,056	8,489,101	8,489,101	10,109,884	10,109,884	\$10,834,595
End of year	\$5,286,356	\$5,747,009	\$5,696,898	\$6,785,056	\$7,782,429	\$8,489,101	\$9,161,241	\$10,109,884	\$8,423,255	\$10,834,595	\$11,499,619

Source: City of Antioch.

General Fund Financial Summary

The information contained in the following tables of audited revenues, expenditures and changes in fund balances, and assets, liabilities and fund equity is summarized from audited financial statements for Fiscal Years ending June 30, 2009 through June 30, 2014. The City's audited General Purpose Financial Statements for the Fiscal Year ended June 30, 2014 is attached as "**APPENDIX B—CITY OF ANTIOCH CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014**" hereto.

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CITY OF ANTIOCH
General Fund Revenue, Expenditures and Fund Balances
for Fiscal Years 2008-2009 through 2013-2014

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
REVENUES:						
Taxes	\$31,363,965	\$26,674,472	\$26,025,840	\$26,174,328	\$26,906,812	\$29,425,088
Licenses & permits	735,121	856,569	797,729	1,096,177	1,654,916	1,302,768
Fines and penalties	214,866	164,803	102,170	73,216	38,400	67,615
Investment income and rentals	519,576	357,898	431,132	462,671	506,259	536,639
Revenue from other agencies	591,147	1,335,727	1,002,567	909,801	1,750,049	393,402
Current service charges	9,568,469	8,321,651	7,376,864	6,951,544	6,457,045	7,232,934
Other	654,491	939,136	1,346,089	939,981	1,048,165	724,731
TOTAL REVENUES:	\$43,647,635	\$38,650,256	\$37,082,391	\$36,607,718	\$38,361,646	39,683,177
EXPENDITURES:						
Current:						
General government	8,973,882	6,968,092	6,070,536	5,693,013	5,328,117	5,584,813
Public works	5,776,452	5,102,632	5,147,120	4,990,012	5,702,997	5,898,150
Public safety	30,162,704	28,378,758	25,992,459	25,176,810	26,072,270	27,359,962
Parks and recreation	24,315	22,959	14,202	-	-	-
Community development	5,992,037	2,388,339	1,732,803	1,760,471	1,880,201	2,021,135
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	\$50,929,390	\$42,860,780	\$38,957,120	\$37,620,306	\$38,983,585	40,864,060
REVENUES OVER (UNDER) EXPENDITURES	(7,281,755)	(4,210,524)	(1,874,729)	(1,012,588)	(621,939)	(1,180,883)
Transfers in	5,152,117	5,400,088	3,652,148	3,687,512	3,837,855	3,770,395
Transfers (out)	(1,990,204)	(1,578,911)	(739,372)	(970,879)	(1,595,133)	(1,864,801)
Capital Lease	-	-	-	-	-	-
Bond Proceeds	-	850,000	-	-	-	-
Total other financing sources (uses)	\$3,161,913	\$4,671,177	\$2,912,776	\$2,716,633	\$2,242,722	1,905,594
Net change in fund balances	(4,119,842)	460,653	1,038,047	1,704,045	1,620,783	724,711
FUND BALANCES:						
Beginning of year	\$9,406,198	5,286,356	5,747,009	6,785,056	8,489,101	10,109,884
End of year	\$5,286,356	\$5,747,009	\$6,785,056	\$8,489,101	\$10,109,884	\$10,834,595

Source: City of Antioch, Comprehensive Annual Financial Report.

CITY OF ANTIOCH
General Fund Comparative Balance Sheet
for Fiscal Years 2008-2009 through 2013-2014

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
ASSETS:						
Cash and investments	\$4,425,754	\$4,500,283	\$4,952,441	\$9,333,410	\$9,301,053	\$9,797,554
Receivables (net):						
Accounts	461,358	735,923	583,631	1,331,124	464,443	615,519
Taxes	1,887,968	1,921,419	2,138,656	2,195,320	2,051,570	2,727,781
Interest	440,007	267,349	249,106	261,299	164,639	138,137
Due from other funds	2,832,632	3,724,852	3,257,865	879,276	2,412,437	1,925,835
Prepaid items	205,373	238,658	32,773	58,717	89,992	204,058
Loans receivable	1,122,165	1,122,165	1,122,165	1,122,165	1,122,165	1,122,165
Total assets	\$11,375,257	\$12,510,649	\$12,336,637	\$15,181,311	\$15,606,299	\$16,531,049
LIABILITIES						
Accounts payable	\$1,499,891	\$1,277,947	\$915,131	\$1,362,248	\$1,246,802	\$1,284,950
Accrued payroll	778,051	728,688	706,905	995,432	852,908	1,025,462
Deposits	2,667,971	2,634,379	2,724,415	2,571,442	2,274,540	2,217,622
Unavailable revenue	1,122,165	2,122,626	1,205,130	1,763,088	1,122,165	-
Total liabilities	\$6,088,901	\$6,763,640	\$5,551,581	\$6,692,210	\$5,496,415	\$4,528,034
DEFERRED INFLOWS OF RESOURCES						
Unavailable sales tax receipts	-	-	-	-	-	46,255
Unavailable loan receipts	-	-	-	-	-	1,122,165
Total deferred inflows of resources	-	-	-	-	-	1,168,420
FUND BALANCES						
Nonspendable	-	-	34,393	60,337	91,612	205,758
Committed	-	-	101,500	94,030	601,640	1,497,275
Assigned	-	-	92,420	298,173	276,667	125,549
Unassigned	-	-	6,556,743	8,036,561	9,139,965	9,006,013
Total fund balances	\$5,286,356	\$5,757,009	\$6,785,056	\$8,489,101	\$10,109,884	\$10,834,595
Total liabilities, deferred inflows of resources and fund balances	\$11,375,257	\$12,510,649	\$12,336,637	\$15,181,311	\$15,606,299	\$16,531,049

Source: City of Antioch, Comprehensive Annual Financial Report.

Tax Receipts

Taxes and revenues received by the City include sales and use taxes, property taxes, business license taxes, transient occupancy taxes, permits revenues, intergovernmental revenues and others. Of such taxes, sales taxes and property taxes constitute the major sources of General Fund revenues.

The following table sets forth tax revenues received by the City, by source:

CITY OF ANTIOCH
General Fund Tax Revenue by Source
for Fiscal Years 2008-2009 through 2013-2014

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Property Tax	9,933	7,350	7,054	6,740	6,730	7,316
Sales and Use tax	9,909	9,476	9,340	10,476	11,074	12,486
Motor Vehicle in Lieu Tax	7,538	5,928	5,823	5,025	4,977	5,330
Transient Lodging Tax	169	79	59	84	81	95
Franchise Tax ⁽¹⁾	2,358	2,412	2,485	2,518	2,566	2,664
Business Tax	1,024	1,084	1,010	1,048	1,165	1,171
Property Transfer Tax	432	344	255	283	313	363
TOTAL	31,363	26,673	26,026	26,174	26,906	29,425

⁽¹⁾ Includes Franchise Tax deposited into General Fund.

Source: City of Antioch.

Sales Taxes

Sales tax receipts provide one of the largest tax revenue sources for the City, contributing 26% of the total General Fund revenues during Fiscal Year 2012-13 and 29% in Fiscal Year 2013-14. A sales tax is imposed on retail sales or consumption of personal property. The tax rate is established by the State Legislature. The statewide tax rate is currently 7.50%. An additional 1.00% is collected in Contra Costa County for transportation purposes. Additionally, in November 2013, voters passed “Restoring Antioch Services Sales Tax” (known as “Measure C”), which approved a half-cent sales tax effective April 1, 2014. Although this is a general tax measure, the current City Council has committed the funds to Public Safety and Code Enforcement. The State collects and administers the tax, and makes distributions on taxes within the City as follows:

CITY OF ANTIOCH
Sales Tax Rates

State (General Fund):	3.9375%
State (Fiscal Recovery Fund):	0.25
State (Local Revenue Fund):	1.5625
State (Local Public Safety Fund):	0.50
State (Education Protection Account):	0.25
Local:	
County transportation:	0.25
City and County Operations:	0.75
Local (City General Fund)	0.50
County (Transportation):	<u>1.00</u>
Total:	9.00

The allocation of 0.25 percent sales tax to the payment of economic recovery bonds became effective July 1, 2004, as part of the “triple flip” in the Governor’s 2004-05 Budget and pursuant to State Proposition 57, approved by the voters on March 2, 2003. Proposition 57 authorized the issuance of up to \$15 billion of economic recovery bonds secured by the 0.25% sales tax allocation. Prior to July 1, 2004, this sales tax was available to cities and counties for general purposes. Under the legislation implementing the “triple flip,” the lost sales tax is replaced by increased property tax revenues, equal to the lost sales tax revenues.

Senate Constitutional Amendment No. 4, approved by the voters as Proposition 1A in the November 2004 election, amended the State Constitution to, among other things, reduce the Legislature’s authority over local

government revenue sources by restricting the State from lowering the local sales tax rate or changing the allocation of local sales tax revenues without meeting certain conditions. See “**CONSTITUTIONAL AND STATUTORY LIMITATIONS AFFECTING CITY REVENUES AND APPROPRIATIONS—Proposition 1A**” in the forepart of this Official Statement.

The State’s actual administrative costs with respect to the portion of sales taxes allocable to the City are deducted before distribution and are determined on a quarterly basis.

A history of taxable sales in the City during calendar years 2008 through 2013 (first and second quarter) are shown below:

CITY OF ANTIOCH
Taxable Transactions by Type of Business
For Calendar Years 2008 through 2013
(Amounts in thousands)

Type of Business	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013*</u>
Motor Vehicle and Parts Dealers	\$148,915	\$109,620	\$103,855	\$128,820	\$143,712	\$79,702
Home Furnishings and Appliance Stores	15,365	14,811	15,342	17,871	19,544	9,553
Bldg. Matrl. and Garden Equip. and Supplies	#	62,050	54,660	#	#	#
Food and Beverage Stores	42,457	50,134	49,716	47,109	48,826	23,841
Gasoline Stations	102,078	75,723	84,379	110,574	113,217	56,335
Clothing and Clothing Accessories Stores	\$34,355	34,568	34,473	33,241	34,128	17,189
General Merchandise Stores	245,213	223,463	232,407	245,407	254,456	116,150
Food Services and Drinking Places	91,158	89,082	85,286	87,276	92,104	46,613
Other Retail Group	141,561	63,696	63,340	119,854	122,637	64,665
Total Retail and Food Services	\$821,103	\$723,147	\$723,459	\$790,153	\$828,624	\$414,048
All Other Outlets	109,942	80,563	83,084	84,235	131,204	58,508
Totals All Outlets	\$931,045	\$803,710	\$806,543	\$874,388	\$959,828	\$472,556

Notes:

Indicates sales omitted because their publication would result in the disclosure of confidential information.

*First two quarters of 2013 only.

Detail may not compute due to rounding.

Source: California State Board of Equalization.

Property Taxes

Property tax is currently the City’s other largest revenue source of the General Fund. It accounted for 28% of the General Fund revenue in Fiscal Year 2013 and 29% in Fiscal Year 2014. Property tax revenue grew in Fiscal Year 2014 by 8.1%, an increase of over \$947,000 from Fiscal Year 2013.

Assessed Valuation. The valuation of property in the City is established by the Contra Costa County Assessor, except for public utility property, which is assessed by the State Board of Equalization (the “SBE”). Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the

California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full value of the property. See “**CONSTITUTIONAL AND STATUTORY LIMITATIONS AFFECTING CITY REVENUES AND APPROPRIATIONS**” in the forepart of this Official Statement.

Two types of State-reimbursed exemptions affect the valuation of property. The first currently exempts 100% of the full value of business inventories from taxation. The second exemption currently provides a credit of \$7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. Revenue estimated to be lost to local taxing agencies due to the above exemptions has in the past been reimbursed from State sources. Reimbursement is based upon total taxes due upon such exemption values and therefore is not reduced by any estimated amount of actual delinquencies.

The following table sets forth assessed valuations for Fiscal Years 2007-08 through 2014-15.

CITY OF ANTIOCH
Assessed Valuations
for Fiscal Years 2007-08 through 2014-15

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2007-08	\$10,424,868,849	\$3,186,154	\$166,824,654	10,594,879,657	
2008-09	9,475,894,635	3,186,154	179,099,347	9,658,180,136	-8.84%
2009-10	7,369,971,866	3,186,154	186,635,464	7,559,793,484	-21.73%
2010-11	7,013,457,104	3,584,217	173,763,216	7,190,804,537	-4.88%
2011-12	6,510,513,217	3,584,217	163,375,715	6,677,473,149	-7.14%
2012-13	6,448,072,614	3,584,217	158,266,417	6,609,923,248	-1.01%
2013-14	6,933,832,844	3,584,217	157,653,132	7,095,070,193	7.34%
2014-15	8,211,483,861	4,207,773	143,687,619	8,359,379,253	17.82%

Source: California Municipal Statistics, Inc.

The following table sets forth assessed valuation of single family homes for Fiscal Year 2014-15.

CITY OF ANTIOCH
Per Parcel 2014-15 Assessed Valuation of Single Family Homes

	<u>No. of Parcels</u>	<u>2014-15 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	28,458	\$6,570,042,146	\$230,868	\$224,701

<u>2014-15 Assessed Valuation</u>	<u>No. of Parcels ⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	6	0.02%	0.02%	\$111,601	0.00%	0.00%
\$25,000 - \$49,999	434	1.525	1.546	18,831,407	0.287	0.288
\$50,000 - \$74,999	1,441	5.064	6.61	89,216,961	1.358	1.646
\$75,000 - \$99,999	1,165	4.094	10.703	101,787,316	1.549	3.196
\$100,000 - \$124,999	1,482	5.208	15.911	168,064,509	2.558	5.754
\$125,000 - \$149,999	2,005	7.045	22.957	275,764,048	4.197	9.951
\$150,000 - \$174,999	2,409	8.465	31.422	392,214,228	5.97	15.921
\$175,000 - \$199,999	2,704	9.502	40.923	506,884,093	7.715	23.636
\$200,000 - \$224,999	2,614	9.185	50.109	555,467,135	8.455	32.09
\$225,000 - \$249,999	2,589	9.098	59.207	613,785,412	9.342	41.432
\$250,000 - \$274,999	2,462	8.651	67.858	645,427,380	9.824	51.256
\$275,000 - \$299,999	2,002	7.035	74.893	573,853,995	8.734	59.991
\$300,000 - \$324,999	1,966	6.908	81.801	612,616,189	9.324	69.315
\$325,000 - \$349,999	1,363	4.79	86.591	458,775,510	6.983	76.298
\$350,000 - \$374,999	1,128	3.964	90.555	407,516,819	6.203	82.5
\$375,000 - \$399,999	855	3.004	93.559	331,163,048	5.041	87.541
\$400,000 - \$424,999	665	2.337	95.896	273,529,591	4.163	91.704
\$425,000 - \$449,999	462	1.623	97.519	201,397,406	3.065	94.77
\$450,000 - \$474,999	323	1.135	98.654	149,125,242	2.27	97.039
\$475,000 - \$499,999	191	0.671	99.325	92,917,496	1.414	98.454
\$500,000 and greater	<u>192</u>	<u>0.675</u>	100	<u>101,592,760</u>	<u>1.546</u>	100
Total	28,458	100.00%		\$6,570,042,146	100.00%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

The following table sets forth the assessed valuation and parcels by land use for Fiscal Year 2014-15.

CITY OF ANTIOCH
Assessed Valuation and Parcels by Land Use

	2014-15 <u>Assessed Valuation</u> ⁽¹⁾	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<u>Non-Residential:</u>				
Agricultural/Rural	\$33,828,116	0.41%	61	0.19%
Commercial/Office	727,357,612	8.86	486	1.48
Vacant Commercial	36,798,811	0.45	98	0.3
Industrial	208,885,009	2.54	122	0.37
Vacant Industrial	37,462,276	0.46	70	0.21
Recreational	25,022,108	0.3	7	0.02
Government/Social/Institutional	87,359,173	1.06	856	2.62
Miscellaneous	<u>7,820,925</u>	<u>0.1</u>	<u>65</u>	<u>0.2</u>
Subtotal Non-Residential	\$1,164,534,030	14.18%	1,765	5.39%
<u>Residential:</u>				
Single Family Residence	\$6,570,042,146	80.01%	28,458	86.94%
Condominium	100,884,514	1.23	1,165	3.56
Mobile Home	9,707,668	0.12	196	0.6
2-4 Residential Units	85,452,877	1.04	416	1.27
5+ Residential Units/Apartments	247,026,153	3.01	99	0.3
Vacant Residential	<u>33,836,473</u>	<u>0.41</u>	<u>635</u>	<u>1.94</u>
Subtotal Residential	\$7,046,949,831	85.82%	30,969	94.61%
Total	\$8,211,483,861	100.00%	32,734	100.00%

⁽¹⁾ Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Ad Valorem Property Taxes. Taxes are levied for each Fiscal Year on taxable real and personal property which is situated in the City as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured,” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property, the taxes on which are a lien on real property sufficient to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The following table sets forth the largest taxpayers located within the City in terms of their assessed value for Fiscal Year 2014-15.

**CITY OF ANTIOCH
Largest 2014-15 Taxpayers (Secured Roll)**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>Total</u> ⁽¹⁾
1	Sequoia Equities-Cross Pointe	Apartments	\$33,355,921	0.41%
2	The Macerich Partnership LP	Shopping Center	27,914,431	0.34
3	Runaway Bay LLC	Apartments	27,700,000	0.34
4	Gabriel H. Chiu, Trustee	Shopping Center	27,274,012	0.33
5	Camden Village LLC	Shopping Center	25,180,100	0.31
6	ESC Skepner LLC	Shopping Center	24,419,900	0.3
7	Bluerock Center Partners LLC	Medical Buildings	21,186,548	0.26
8	LBUBS 2004-C8 Wilbur Ave. Ltd.	Industrial	21,095,340	0.26
9	Costco Wholesale Corporation	Commercial	20,442,000	0.25
10	Lakeshore Anitoch	Apartments	18,668,352	0.23
11	Target Corporation	Shopping Center	17,832,632	0.22
12	Deer Creek Partnership	Apartments	17,500,877	0.21
13	Chiu Family LLC	Shopping Center	17,427,861	0.21
14	Lowe's HIW Inc.	Commercial	16,591,683	0.2
15	Dow Chemical Company	Industrial	16,511,345	0.2
16	Realty Income Properties 12	Health Club	15,728,082	0.19
17	Twin Creeks AFK LLC	Apartments	15,658,187	0.19
18	Wal-Mart Real Estate Business Trust	Shopping Center	15,450,502	0.19
19	DS Founders LLC	Commercial	15,200,000	0.19
20	Commons at Dallas Ranch LLC	Assisted Living Facility	<u>13,807,009</u>	<u>0.17</u>
			\$408,944,782	4.98%

⁽¹⁾ 2014-15 Local Secured Assessed Valuation: \$8,211,483,861
Source: California Municipal Statistics, Inc.

Tax Rates

The basic tax rate for all taxing entities within a particular tax code area is \$1 per \$100 of assessed valuation in accordance with Article XIII A of the State Constitution. To this may be added whatever tax rates are necessary to meet debt service on indebtedness approved by the voters.

Tax Levies, Collections and Delinquencies

Property taxes on the secured roll are due in two installments, on January 1st and June 1st of the Fiscal Year. If unpaid, such taxes become delinquent on December 10th and April 10th, respectively, and a 10 percent penalty attaches to any delinquent payment. On July 1, an additional 1½ percent per month is levied on delinquencies for five years. In addition, property on the secured roll with respect to which taxes are delinquent is sold to the State on or about June 30th five years after the delinquency occurs. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one percent per month to the time of redemption. 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 Tax Collector.

Property taxes on the unsecured roll are due as of the March 1st lien date and become delinquent, if unpaid, on August 31st. A six percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one percent per month begins to accrue beginning November 1st of the Fiscal Year.

Beginning in Fiscal Year 1978-79, Proposition 13 and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior voted debt, and prescribed how levies on countywide property values are to be shared with local taxing entities within each county.

The total tax levies and year-end delinquencies for Fiscal Years 2009-10 through 2013-14 are set forth in the following table.

CITY OF ANTIOCH Secured Tax Charges and Delinquencies

<u>Tax Year</u>	<u>Secured Tax Charge ⁽¹⁾</u>	<u>Amt. Del. 30-Jun</u>	<u>% Del. 30-Jun</u>
2009-10	\$7,931,311.40	\$212,294.21	2.68%
2010-11	7,556,810.67	129,777.26	1.72
2011-12	7,085,018.23	192,490.97	2.72
2012-13	6,887,582.86	66,790.20	0.97
2013-14	7,475,344.93	63,210.24	0.85

⁽¹⁾ 1% General Fund apportionment.

Source: California Municipal Statistics, Inc.

Teeter Plan

The City is located within Contra Costa County (the “County”), which follows the “Teeter Plan” (defined below) with respect to property tax collection and disbursement procedures. Under this plan, a county can implement an alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Section 4701 through 4717, inclusive) (the “Law”), commonly referred to as the “Teeter Plan.” The Law has authorized the use of the Teeter Plan for over 60 years.

Under the Teeter Plan, taxing entities in the County may receive their total secured tax levies regardless of actual payments and delinquencies. The County establishes a delinquency reserve and assumes responsibility for all secured delinquencies. Thus, so long as the County maintains its policy of collecting assessments pursuant to said procedures and the City meets the Teeter Plan requirements, the City will receive 100% of the annual installments levied without regard to actual collections.

The Board of Supervisors of the County may discontinue the procedures under the Teeter Plan altogether, or with respect to any tax or assessment levying agency in the County, in which event the City would bear its share of delinquencies and share in any penalties and interest collected, if the rate of secured tax and assessment delinquency for that agency in any year exceeds 3% of the total of all taxes and assessment levied on the secured rolls for that agency. There is no assurance that the County Board of Supervisors will maintain its policy of apportioning assessments pursuant to the aforementioned procedures.

Long-Term Obligations

As of June 30, 2014, the City had total long-term obligations of \$18,142,322. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For the governmental activities, claims and judgments are generally liquidated by the General Fund, and a majority of compensated absences are generally liquidated by the General Fund.

Outstanding Long-Term Obligations June 30, 2014

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total</u>			
	<u>2013</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>	<u>2014</u>	<u>% Change</u>	
Lease Revenue Bonds	\$5,080,000	\$4,915,000	-3.25%	Water bonds	\$770,000	\$0	-100.00%	\$5,850,000	\$4,915,000	-15.98%
Unamortized Discount	(78,075)	(73,738)	-5.55%	Unamortized Discount	-	-	-	(78,075)	(73,738)	-5.55%
Capital Lease Payable	3,191,908	2,820,589	-11.63%	Loans Payable	3,152,388	3,001,182	-4.79%	-	-	-
Claims Liability	610,307	519,069	-14.95%	Long Term Payable	4,536,376	4,284,350	-5.55%	-	-	-
Compensated Absences	2,249,102	2,220,302	-1.28%	Compensated Absences	450,566	455,568	1.11%	2,698,668	2,675,870	-0.85%
Total:	11,053,242	10,401,222	-5.89%		8,909,330	7,741,100	-13.11%	8,470,593	7,517,132	-11.26%

Source: City of Antioch, Comprehensive Annual Financial Report.

Direct and Overlapping Bonded Debt

The statement of direct and overlapping debt (the "Debt Report") set forth below was prepared by California Municipal Statistics, Inc. as of December 1, 2014. The Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. The City takes no responsibility for its completeness or accuracy.

CITY OF ANTIOCH
Statement of Direct and Overlapping Debt
As of December 1, 2014

2014-15 Assessed Valuation: \$8,359,379,253

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 12/1/14</u>
Bay Area Rapid Transit District	1.49%	\$9,405,153
Contra Costa Community College District	5.23	23,841,478
Antioch Unified School District School Facilities Improvement District No. 1	75.278	47,265,275
Liberty Union High School District	2.355	1,148,534
Brentwood Union School District	4.297	1,894,749
East Bay Regional Park District	2.288	4,062,916
Antioch Area Community Facilities District No. 89-1	100	<u>22,750,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$110,368,105

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Contra Costa County General Fund Obligations	5.21%	\$14,289,501
Contra Costa County Pension Obligation Bonds	5.209	13,465,265
Contra Costa Community College District Certificates of Participation	5.23	36,610
Antioch Unified School District Certificates of Participation	83.247	14,351,783
Brentwood Union School District General Fund Obligations	4.297	79,153
City of Antioch General Fund Obligations	100	4,740,000⁽¹⁾
Contra Costa Fire Protection District Pension Obligation Bonds	11.278	<u>10,466,548</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$57,428,860
Less: Contra Costa County Obligations supported from revenue funds		<u>5,664,059</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$51,764,801

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		
Tax Allocation Bonds	100.00%	\$5,518,058
Lease Revenue Bonds	100	<u>21,980,000</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$27,498,058

GROSS COMBINED TOTAL DEBT	\$195,295,023⁽²⁾
NET COMBINED TOTAL DEBT	\$189,630,964

(1) Excludes refunding lease revenue bonds to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.32%
Total Direct Debt (\$4,740,000)	0.06%
Gross Combined Total Debt	2.34%
Net Combined Total Debt	2.27%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$585,789,554):

Total Overlapping Tax Increment Debt	4.69%
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Source: California Municipal Statistics, Inc.

Investment Policies and Procedures

Funds held by the City are invested in accordance with the City's Statement of Investment Policy (the "Investment Policy") prepared by the Finance Director/Treasurer as authorized by section 53601 of the Government code of California. A copy of the City's current Investment Policy is attached as "**APPENDIX C—CITY OF ANTIOCH STATEMENT OF INVESTMENT POLICY.**" The Investment Policy is submitted to the Antioch City Council annually.

The Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition of the portfolio will change over time as old investments mature, or are sold, and as new investments are made.

Invested funds are managed to insure preservation of capital through high quality investments, maintenance of liquidity and then yield. Further, operating funds may not be invested in any investment with a maturity greater than five years.

The City has never invested in derivatives or reverse repurchase agreements and such investments and instruments are not allowed by City policy.

The market value of the City's investment portfolio as of June 30, 2014 was as follows:

CITY OF ANTIOCH Market Value of Investments June 30, 2014

<u>Investment Type</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>	<u>Days to Maturity</u>
U.S. Government Securities	\$36,833,082	53.5%	1 to 2 Years
U.S. Government Agencies	10,402,306	15.1%	1 to 3 Years
Medium-Term Corporate Notes	13,859,237	20.1%	1 to 2 Years
Certificate of Deposit	<u>7,799,022</u>	<u>11.3%</u>	Less than 1 Year
TOTAL	\$68,893,647	100.0%	

Source: The City of Antioch.

The City believes that its funds are prudently invested and that the investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the City's expenditures and other scheduled withdrawals.

For additional information concerning the City investments, see "**APPENDIX B—CITY OF ANTIOCH CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014**" and "**APPENDIX C—CITY OF ANTIOCH STATEMENT OF INVESTMENT POLICY**" hereto.

Self-Insurance Program

The City participates in the Municipal Pooling Authority (MPA), a joint powers agency (risk-sharing pool) established to provide an independently managed self-insurance program for members. The purpose of MPA is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense.

The City contributes its pro rata share of anticipated losses to the pool administered by MPA. If actual losses among participants are greater than the anticipated losses, the City will be assessed retrospectively its pro rata share of the deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro rata share of the excess. The City's liabilities are reported when it is both probable that a loss has occurred and the amount of the loss can be reasonably estimated and includes incremental claim expenses. The claims and litigation

liabilities are reported in the governmental activities of the government-wide financial statements and include an amount for claims that have been incurred but not reported. Changes in the balances of the City's claims liabilities during the Fiscal Years ended June 30, 2011, 2012, 2013 and 2014 were as follows:

Fiscal Year ending June 30	Balance July 1	Deductibles and Changes in Estimates	Payments	Balance June 30
2010-11	\$646,530	\$289,536	\$(526,788)	\$409,279
2011-12	409,278	847,254	(592,447)	664,085
2012-13	664,085	481,110	(538,888)	610,307
2013-14	610,307	795,117	(886,355)	519,069

Source: City of Antioch.

There have been no significant reductions in any insurance coverage, nor have there been any insurance related settlements that exceeded insurance coverage during the past four Fiscal Years.

Pension Plans

General. The following information concerning the California Public Employees' Retirement System ("PERS") is excerpted from publicly available sources, which the City believes to be accurate. PERS is not obligated in any manner for payment of debt service on the Bonds, and the assets of PERS are not available for such payment. PERS should be contacted directly at CalPERS, Lincoln Plaza, 400 P Street Sacramento, California 95814 or (888) 225-7377 for other information, including information relating to its financial position and investments.

The City provides retirement benefits to its employees through contracts with PERS, a multiple-employer public sector employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to PERS members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments.

PERS maintains more than one pension plan (each, a "PERS Plan") for the City based on type of employee. The City has PERS Plans for "Safety Police Employees" and "Miscellaneous Employees". The City contributes to PERS amounts equal to the recommended rates for each PERS Plan multiplied by the payroll of those employees of the City who are eligible under PERS.

Actuarial Valuations. The staff actuaries at PERS prepare an actuarial valuation annually that covers a Fiscal Year ending approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuation delivered to the City in October 2014 covered PERS's Fiscal Year ended June 30, 2013). The actuarial valuations express the City's required contribution rates in percentages of payroll, which percentages the City must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution rate derived from the actuarial valuation as of June 30, 2013, that was prepared in October 2014, will affect such City's Fiscal Year 2015-16). PERS rules require the City to implement the actuary's recommended rates.

In calculating the annual actuarially recommended contribution rates, the PERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that PERS will fund under the PERS Plans, which includes two components, the normal cost and the UAAL. The normal cost represents the actuarial present value of benefits that PERS will fund under the PERS Plans that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAAL represents an

estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions such as, among others, the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL may be considered an estimate of the unfunded actuarial present value of the benefits that PERS will fund under the PERS Plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the City owes to PERS under its PERS Plans.

In each actuarial valuation, the PERS actuary estimates the actuarial value of the assets (the “Actuarial Value”) of the PERS Plans at the end of the Fiscal Year (which assumes, among other things, that the rate of return during that Fiscal Year equaled the assumed rate of return of 7.5%). The PERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies. As described below, these policies changed significantly in January 2013, affecting the Actuarial Value calculation for June 30, 2013 and beyond.

Actuarial Assumptions and Policies. In April 2013, the PERS Board adopted new policies aimed at changing the amortization and smoothing policies. Beginning with the June 30, 2013 valuations, PERS will no longer use an actuarial value of assets and will employ an amortization smoothing policy that will pay for all gains and losses over a fixed 30 year period with the increases and decreases in the rate spread directly over a 5-year period.

Further changes were adopted in February 2014 in an effort to reduce the expected volatility of returns. These changes include demographic assumptions that more closely align with actual experience. The new actuarial assumptions will be used to set the Fiscal Year 2016-17 contribution rates for public agency employers.

Due to significant market investment losses of approximately -24% in the PERS trust fund for Fiscal Year 2008-09, PERS implemented a 3-year phase-in of the 2008-09 investment loss because PERS expects three years will be a sufficient length of time for the economy to recover. This phased in approach will be achieved by temporarily relaxing the constraints on the smoothed value of assets around the actual market value. The corridor will be widened and then contracted as follows:

- Increase the corridor limits from 80%-120% of market value to 60% to 140% of market value to determine the actuarial value of assets for the June 30, 2009 valuation, which impacts the 2011-12 contribution rate.
- Reduce the corridor limits from 60%-140% of market value to 70% to 130% of market value to determine the actuarial value of assets for the June 30, 2010 valuation, which impacts the 2012-2013 contribution rate.
- Return to the 80%-120% of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter, which impacts contribution rates for Fiscal Years 2013-14 and beyond.
- Asset losses outside of the 80%-120% corridor described above will be amortized pursuant to a fixed 30-year amortization schedule.

The City’s safety plan has less than 100 active members. PERS requires such pension plans to join a larger risk pool (a “Risk Pool”) with other pension plans that have similar members receiving similar benefits (e.g. other plans for safety employees receiving a 3.0% at 55 benefits or 3.0% at 50 benefits). In a Risk Pool, assets and liabilities across employers are combined to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same Risk Pool. To equalize funding status across agencies in each Risk Pool, at the time the City joined the Risk Pool, a side fund was created to account for the difference between the funded status of the Risk Pool and the funded status of the City’s pension plan (a “Side Fund”). Risk Pools and Side Funds are subject to the Actuarial Assumptions and Policies described above.

PERS performs an actuarial analysis of the Risk Pool, and a separate valuation of the balance (positive or negative) of each Side Fund. Based on the actuarial report for the Risk Pool, PERS calculates the Risk Pool's "Required Base Employer Rate" as a percentage of payroll that the City must pay for those employees participating in the plan. The Required Base Employer Rate includes both a "normal cost" component and an "amortization base" component where the unfunded liability of the Risk Pool is amortized, as described under "Actuarial Valuations" above.

In addition, the City pays a contribution (a percentage of the payroll of participating employees) to the Risk Pool to amortize any negative balance in the City's Side Fund and/or if the City provides certain supplemental benefits to participating employees.

Miscellaneous Plan. As set forth in the PERS actuarial report dated October 2014, the unfunded accrued liability for the Miscellaneous Plan was \$42,718,114 as of June 30, 2013. The following table sets forth the schedule of funding progress for the Miscellaneous Plan:

<u>Valuation Date</u>	<u>Accrued Liabilities (AL)</u>	<u>Actuarial Value of Assets (AVA)*</u>	<u>Funded Ratio</u>		<u>Annual Covered Payroll</u>
			<u>AVA</u>	<u>MVA</u>	
			AVA	MVA	
6/30/09	\$120,714,384	\$97,456,257	80.7%	58.8%	\$15,984,932
6/30/10	124,265,203	101,190,100	81.4%	63.6%	13,473,039
6/30/11	129,429,446	105,248,476	81.3%	72.0%	11,380,100
6/30/12	134,895,892	107,226,991	79.5%	66.3%	10,741,015
6/30/13	139,659,447	96,941,333	69.4%	69.4%	11,703,846

*Beginning with the 6/30/13 valuation, Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

Source: June 30, 2013 Actuarial Valuation provided by CalPERS.

Safety Plans. As set forth in the PERS Actuarial Report dated October 2014, the unfunded accrued actuarial liability for the PERS Safety Risk Sharing Pool first tier and second tier plans was \$35,225,265 as of June 30, 2013.

The following table set forth the funding progress for the PERS Safety Risk Sharing Pool (the City was moved to a risk sharing pool effective with the 6/30/11 valuation):

<u>Valuation Date</u>	<u>Accrued Liabilities (AL)</u>	<u>Actuarial Value of Assets (AVA)*</u>	<u>Funded Ratio</u>		<u>Annual Covered Payroll</u>
			<u>AVA</u>	<u>MVA</u>	
6/30/09	\$ 93,154,520	\$75,898,795	81.5%	59.7%	\$12,284,277
6/30/10	99,099,170	80,923,199	81.7%	64.5%	11,014,417
6/30/11	108,171,871	77,808,741	n/a	71.9%	10,548,579
6/30/12	115,040,150	78,131,476	n/a	67.9%	9,936,555
6/30/13	128,001,706	92,776,441	n/a	72.5%	10,339,017

California State Pension Reform Legislation

In September 2012, the Governor signed a comprehensive pension reform package affecting state and local government employees. AB 340 (the "Legislation") implements lower defined-benefit formulas with higher retirement ages for new employees hired on or after January 1, 2013, and includes provisions to increase current employee contributions. Though the Legislation covers most public employees in state government, cities, counties, special districts, school districts, and community colleges, the following discussion relates only to the Legislation's impact on City employee retirement.

Key changes to retirement plans affecting the City include:

- New defined-benefit formulas that increase retirement ages for new public employees hired on or after January 1, 2013.
- For new employees, a cap on pensionable income of \$110,100, or \$132,120 (for employees not in Social Security). Annual increases on the cap would be limited to the Consumer Price Index for All Urban Consumers.
- A standard that employees pay at least 50 percent of normal costs.

Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit (“air time”).

If the Legislation is implemented fully, PERS estimates savings for local agency plans of approximately \$1.653 billion to \$2.355 billion over the next 30 years due primarily to increased employee contributions and, as the workforce turns over, lower benefit formulas that will gradually reduce normal costs. Savings specific to the City have not been quantified. OPEB costs are not addressed in the Legislation.

Provisions in the Legislation will not likely have a material effect on City contributions in the short term. However, additional employee contributions, limits on pensionable compensation, and higher retirement ages for new members will reduce the City’s UAAL and potentially City contribution levels in the long term.

Supplementary Retirement Plan

The City provides a police supplementary retirement plan. Employees are eligible to receive benefits under this plan if he or she meets the requirements under one of the three tiers of the plan. The fund is an agent multiple-employer defined benefit plan established under Section 401 (a) and tax-exempt under Section 501 (a) of the Internal Revenue Code Sections 53215-53224. The trust is maintained by Public Agency Retirement Services (PARS) and provides for retirement, survivor continuance, pre-retirement disability and pre-retirement death benefits based upon the tier the member qualifies within. Employee vesting is determined within each tier:

- Tier I – Designated eligible employee by Plan Administrator that has terminated from employment and applied for benefits under plan vest immediately.
- Tier II – Vest after five years of employment.
- Tier III – Employee vested if a full time Sworn Police Officer on or after September 1, 2007 and has terminated employment and concurrently retires under a regular, disability or industrial disability retirement under CalPERS prior to September 1, 2012.

These benefit provisions and all other requirements are established by State Statute and City ordinance. Copies of the Fund’s annual financial report may be obtained from PARS office: P.O. Box 12919, Newport Beach, CA 92658-2919. A separate report for the City’s plan within the fund is not available.

As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,008,000 and the City had a net pension obligation of \$535,461, which appears on the government-wide financial statements as a liability.

A schedule of funding history is presented below:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status		Annual Covered Payroll	Unfunded Liability as a % of Payroll
				AVA	MVA		
6/30/2009	\$ 1,026,000	\$ -	\$ 1,026,000	0.0%	0.0%	\$ 9,915,000	10.3%
6/30/2011	1,731,000	38,000	1,693,000	2.2%	0.0%	7,897,000	21.4%
6/30/2013	2,008,000	49,000	1,959,000	2.4%	2.4%	6,549,000	29.9%

Post-Employment Healthcare Benefits

The City of Antioch provides post-retirement medical benefits to all eligible employees hired before September 1, 2007 and their surviving spouses under the provisions of three formal City-sponsored plans (Miscellaneous Group, Management Group, and Police Group). For all employees who retire from service (either regular retirement or disability retirement), the City will pay a portion of their medical premiums based on their respective Memorandum of Understanding (MOU) currently in effect. The City's contributions are determined on an actuarially determined basis. The City has established a trust with CalPERS (CERBT), which is a Section 115 trust set up for the purpose of receiving employer contributions that will prefund health and other post-employment benefit costs for retirees and their beneficiaries. The City makes contributions based on a percentage of active employee payroll. There is no requirement by CalPERS to contribute any amount beyond the pay-as-you-go contributions. The cost of monthly insurance premiums may be shared between the retiree and the City. The cost sharing varies depending on: date of hire, dependent status, and plan selected. The City currently only contributes to the pay-as-you-go contribution, which has resulted in a net pension obligation recognized on the City's government-wide financial statements.

The following table, based on the City's actuarial valuation as of July 1, 2013, shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for each plan (in thousands):

	<u>Miscellaneous</u>	<u>Management</u>		<u>Police</u>	<u>Total</u>
Annual Required Contributions	\$ 721	\$ 426	\$	2,167	\$ 3,314
Interest on net OPEB obligation	(25)	(45)		131	61
Adjustment to annual required contributions	28	47		(139)	(64)
Annual OPEB Cost	724	428		2,159	3,311
Contributions Made	285	528		352	1,165
Increase in net OPEB obligation	(439)	100		(1,807)	(2,146)
Net OPEB Obligation - beginning of year	519	930		(2,724)	(1,275)
Net OPEB Obligation - end of year	\$ 80	\$ 1,030	\$	(4,531)	\$ (3,421)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset (obligation) for each plan for Fiscal Years 2010 through 2014 were as follows (in thousands):

Miscellaneous

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Contributed	OPEB Asset
6/30/2012	\$ 381	73%	\$ 903
6/30/2013	687	44%	519
6/30/2014	724	39%	80

Management

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Contributed	OPEB Asset
6/30/2012	\$ 359	151%	\$ 806
6/30/2013	422	129%	930
6/30/2014	429	123%	1,030

Police

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Contributed	OPEB Asset (Obligation)
6/30/2012	\$ 1,211	25%	\$ (1,054)
6/30/2013	2,017	17%	(2,724)
6/30/2014	2,158	16%	(4,531)

The three City sponsored plans are maintained in one CERBT account with CalPERS. As of July 1, 2013, the funded status of the plan was as follows:

Valuation Date:	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Status		Annual Covered Payroll	Unfunded Liability As A % of Payroll
				AVA	MVA		
7/1/2013	\$45,997	\$8,328	\$37,669	18.10%	18.10%	\$19,548	192.70%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions used include (a) a 4.79% investment rate of return; (b) projected salary increases at 3.25% per year; (c) inflation of 3.00% and (d) healthcare cost trend rates ranging between 4.50% and 8.5% between 2015 and 2024,

with annual increases of 4.64% from 2025 and thereafter for City contributions linked to a specific medical plan and annual increases of 4.50% from 2015 and thereafter for City contributions that are capped. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level percentage of projected payroll over 30 years on a closed basis. The remaining amortization period as of June 30, 2014 was 24 years for the plan.

Medical After Retirement Plan Account

Employees hired after September 1, 2007 are not eligible for post-employment medical benefits as defined in the previous plan. The City has created a medical after retirement program in which the City will contribute 1.5% of the employee’s base monthly salary into an account established for the employee to be used for future medical benefits. This plan is being administered by Operating Engineers Local 3. The City will match an additional amount of up to 1.0% of the employee contribution, for a total City contribution not to exceed 2.5%. Employees have the right to their individual plan upon separation of employment. As of June 30, 2014, there were 49 participants in the plan. During Fiscal Year 2013-14, the City contributed \$55,474 towards employee accounts.

Deferred Compensation Plan

The City currently does not contribute to deferred compensation plans for employees. However, as of January 11, 2015, the City will reinstate contributions for certain designated employees as follows: Executive Management – five percent (5%) of pay; all other Management – two percent (2%) of pay; Confidential employees - \$50 per month, with the possibility of another \$25 per month on a matching basis.

Employer-Employee Relations

The City has 285 regular employee positions funded which are represented by seven bargaining units. The City contracts with IEDA as the Chief Labor Negotiator, working with the Administrative Services Director and Human Resources Analyst to conduct negotiations with each employee unit. The following table lists the existing bargaining units and the respective date for which their contract with the City expires.

**CITY OF ANTIOCH
Bargaining Units**

<u>Bargain Units</u>	<u>Contract Expires</u>
Management	09/30/2016
Confidential	09/30/2016
Public Employees Union Local 1	03/31/2015
Operating Engineers Local 3	09/30/2014
Treatment Plant Employees Association	08/31/2018
Police Officers Association	08/31/2016
Police Sworn Managers	02/28/2017

Source: City of Antioch.

Redevelopment Dissolution

The State of California Department of Finance completed its review of the Due Diligence Review of Other Funds and Accounts of the former Antioch Development Agency required under the Dissolution Act. In May 2013, the City was ordered to return \$803,883 in funds to the Successor Agency for disallowed transfers from the former Antioch Development Agency to the City which occurred after January 1, 2011, but prior to the redevelopment dissolution date of February 1, 2012. The City and Successor Agency are continuing to challenge the determination made, and as such, the City has only returned \$34,925 of the funds to the Successor Agency as of June 30, 2014, with \$768,958 remaining under dispute. The funds in dispute are currently being held by the City of Antioch’s Marina Enterprise Fund. While the City’s Marina Fund is currently solvent, should the Marina Fund have to ultimately remit the funds in dispute, the City’s General Fund may have to backfill the funds at a future date to the Marina Fund to maintain solvency of the Fund.

Population

According to the State Department of Finance, the population of the City was 105,272 as of January 1, 2013. The population as of January 1, 2014 is 106,455, which represents an increase of 1,183.

The City's growth is expected to continue in the future, in accordance with guidelines established by the City's General Plan, with population reaching approximately 117,500 by the year 2025.

The following table shows a comparison of the population of the City, the County and the State of California for the years indicated.

The following table presents population data for the City, the County and the State.

POPULATION

<u>Year</u>	<u>City of Antioch</u>	<u>County of Contra Costa</u>	<u>State of California</u>
2010	102,372	1,049,025	37,253,956
2011	103,055	1,056,306	37,427,946
2012	103,950	1,066,597	37,668,804
2013	105,272	1,076,429	37,984,138
2014	106,455	1,087,008	38,340,074

Source: State of California, Department of Finance.

Per Capita Personal Income

Per capita personal income is generally defined as the total personal income of the residents of an area divided by the population of the area. Per capita personal income is often used as an indicator of consumers' purchasing power and of the economic well-being of the residents of an area. The County has historically enjoyed a higher per capita personal income than either the State or the nation.

Per capita personal income for the County, State, and the nation from 2009-2013 is shown below.

PER CAPITA PERSONAL INCOME⁽¹⁾

<u>Year</u>	<u>County of Contra Costa</u>	<u>State of California</u>	<u>United States</u>
2009	\$54,568	\$41,587	\$39,379
2010	55,118	42,282	40,144
2011	58,816	44,749	42,332
2012	62,860	47,505	44,200
2013	63,403	48,434	44,765

⁽¹⁾ Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2013 reflect county population estimates available as of March 2014.
Source: U.S. Bureau of Economic Analysis.

Employment

The following table summarizes the major employers in the City.

CITY OF ANTIOCH PRINCIPAL EMPLOYERS

Employer	2014			2013			2012		
	Employees ⁽¹⁾	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Kaiser Permanente	2,169	1	4.31%	2,240	1	4.04%	2,151	1	4.35%
Antioch Unified School District	1,699	2	3.38%	1,867	2	3.37%	1,629	2	3.29%
Sutter Delta Medical Center ⁽²⁾	1,200	3	2.39%	1,200	3	2.17%	1,200	3	2.42%
Contra Costa Social Services	525	4	1.04%	593	4	1.07%	593	4	1.20%
Wal-Mart	277	6	0.55%	321	5	0.58%	291	5	0.59%
Target	325	5	0.65%	250	6	0.45%	286	6	0.58%
Costco	270	7	0.54%	250	6	0.45%	265	8	0.54%
City of Antioch	243	8	0.48%	243	7	0.44%	272	7	0.55%
Antioch Auto Center	240	9	0.48%	238	8	0.43%	223	9	0.45%
Safeway	143	10	0.28%	139	9	0.25%	144	10	0.07%
Long's Drugs (corporate)	-		0.00%	-		0.00%	-		0.00%
Mervyn's	-		0.00%	-		0.00%	-		0.00%

⁽¹⁾ As of September 17, 2014.

⁽²⁾ Includes contract employees.

Source: City of Antioch, Economic Development Department.

The following table summarizes historical employment and unemployment in the County.

CONTRA COSTA COUNTY Civilian Labor Force, Employment and Unemployment Annual Averages

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> ⁽³⁾
Civilian Labor Force ⁽¹⁾						
Employment	471,700	465,900	474,300	487,800	499,100	507,050
Unemployment	<u>53,400</u>	<u>58,300</u>	<u>54,800</u>	<u>48,000</u>	<u>39,800</u>	<u>34,030</u>
Total	525,100	524,200	529,100	535,800	538,900	541,080
Unemployment Rate ⁽²⁾	10.2%	11.1%	10.4%	9.0%	7.4%	6.3%

⁽¹⁾ Not seasonally adjusted.

⁽²⁾ The unemployment rate is calculated rounding up to the nearest hundredth.

⁽³⁾ Based on October 2014 figures.

Source: California Employment Development Department, Labor Market Information Division.

The following table summarizes historical employment and unemployment in the City.

CITY OF ANTIOCH
Civilian Labor Force, Employment and Unemployment
Annual Averages

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> ⁽³⁾
Civilian Labor Force ⁽¹⁾						
Employment	43,600	43,100	43,800	45,100	46,100	47,700
Unemployment	<u>5,700</u>	<u>6,200</u>	<u>5,800</u>	<u>5,100</u>	<u>4,200</u>	<u>3,300</u>
Total	49,300	49,200	49,600	50,200	50,300	51,000
Unemployment Rate ⁽²⁾	11.5%	12.6%	11.7%	10.1%	8.4%	6.5%

⁽¹⁾ Not seasonally adjusted.

⁽²⁾ The unemployment rate is calculated rounding up to the nearest hundredth.

⁽³⁾ Based on October 2014 figures.

Source: California Employment Development Department, Labor Market Information Division.

Housing

According to the U.S. Census Bureau, the median value of an owner-occupied home in the City is approximately \$251,900 compared to \$433,800 in the County.

The following tables illustrate Building Permit information for the City:

CITY OF ANTIOCH
Annual Building Permits Issued

<u>Type</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential						
Multi-Family (units)	8	0	0	0	0	0
Single-Family Residence	120	97	119	259	230	82
Commercial	1	3	2	3	1	5
Total	129	100	121	262	231	87

Source: City of Antioch.

CITY OF ANTIOCH
Building Permit Aggregate Valuation (\$000's)

<u>Type</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential						
Multi-Family	\$ 800	-	-	-	-	-
Single-Family	33,591	28,506	36,309	82,720	74,271	25,118
Commercial	12,327	3,220	765	3,382	1,235	11,775
Total	\$46,718	\$31,726	\$37,074	\$86,102	\$75,506	\$36,893

Detail may not compute due to rounding.

Source: City of Antioch.

Community Facilities

Prewett Park is the City's largest recreation facility with year round use. Some of the amenities of the Park include the water park with multiple swimming pools and slides, a skate park and picnic areas. There is a large community hall, multi-purpose athletic court, multi-purpose class rooms and a technology center.

The City also has numerous other park sites which include neighborhood parks, playground equipment, tennis courts, picnic areas, trails and a sports complex. The City also has a golf course with a banquet facility and offers a variety of programs and activities through its Senior Center for citizens aged 50 and over.

Recreation

The mild climate and abundance of natural waterways make the City the center of one of California's most popular outdoor recreation areas. The City is known as the "Gateway to the Delta," an immense region formed by the Sacramento and San Joaquin Rivers, which provides more than 1,000 miles of navigable waterways.

Numerous cultural and recreational choices are available to the residents of the City. The Nick Rodriguez Community Center and Theater, located in downtown, provides many special interest classes through the City's Parks & Recreation Department. In addition, the City owns and operates the Lone Tree Golf Course and Event Center, the Prewett Water Park and the Prewett Community Center. Antioch is served by the Contra Costa Library system, with one full branch downtown and a satellite at the Prewett Community Center.

Hospitals

Sutter Delta Medical Center and Kaiser Permanente provide extensive medical services to residents and collectively contribute to over 5% of the City's total employment. In addition, health professionals in various disciplines maintain offices within the City and its surrounding areas.

Education

The City is served by the Antioch Unified School District (AUSD). The District has fourteen elementary schools, four middle schools, two comprehensive high schools, one medical magnet high school, various academies located within the two existing comprehensive high school campuses and six alternative education schools. While all schools are located within the City boundary, the school district also serves portions of the surrounding communities. In addition to these schools, the City also offers Adult School and four other colleges and trade schools for the citizens to utilize for higher educational learning opportunities.

Transportation

California State Highway 4, connecting San Francisco-Oakland with Stockton and Central Valley points, bisects the City. Connecting with this freeway east of the City is State Highway 160, running north to Sacramento, across the Nejedly Bridge, offering access to Solano County and the Sacramento area.

The City is served by a network of commuter transportation options including daily Amtrak passenger service with a depot in historic Rivertown area. The Bay Area Rapid Transit (BART) system provides bus and rail connections throughout the Bay Area. Tri Delta Transit bus service travels throughout East County.

Commercial and private air service is available 15 miles west at Buchanan Field. Five other major airports serve the area: Oakland, San Francisco, Sacramento, San Jose International Airport and Stockton Metropolitan Airport.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the City of Antioch, California (the “City”), and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) and as dissemination agent (the “Dissemination Agent”) in connection with the issuance by the City of Antioch Public Financing Authority (the “Authority”) of \$_____ Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of February 1, 2015, between the Authority and the Trustee (the “Trust Agreement”). Pursuant to the Facility Lease, dated as of February 1, 2015 (the “Facility Lease”), the City has covenanted to comply with its obligations hereunder and to assume all obligations for Continuing Disclosure with respect to the Bonds. The City, the Trustee and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City, the Trustee and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Finance Director of the City or his or her designee, or such other officer or employee as the City shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean the Trustee, or any successor Dissemination Agent which may be designated in writing by the City and which has filed with the Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission and any successor agency thereto.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City’s Fiscal Year (presently June 30), commencing with the Annual Report for the Fiscal Year ending June 30, 2015, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if such audited financial statements are 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(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the City shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent); provided, however, that the City may distribute the Annual Report itself after providing written notice to the Trustee and the Dissemination Agent. If by such date, the Dissemination Agent 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 first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice, in electronic format unless otherwise designated by the SEC, to the Repository in substantially the form attached as Exhibit A hereto.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository; and

(ii) to the extent the City has provided the Annual Report to the Dissemination Agent, file a report with the City and (if the Dissemination Agent is not

the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the Repository.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following:

1. The audited financial statements for the prior 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. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the City, the Annual Report shall also include the following:

2. Outstanding indebtedness of the City, to the extent not already included in item 1, above.

3. Tabular or numerical information of the types contained in the Official Statement relating to the Bonds, in the following tables or discussed in the following sub-captions under the caption “APPENDIX A – CITY OF ANTIOCH FINANCIAL AND DEMOGRAPHIC INFORMATION”, to the extent not already included in items 1 and 2, above:

a. Tables entitled “General Fund Revenue, Expenditures and Fund Balances” and “General Fund Comparative Balance Sheet”;

b. Table entitled “General Fund Tax Revenue by Source”;

c. Table entitled “Assessed Valuations”;

d. Table entitled “Largest Taxpayers (Secured Roll)”;

e. Transient Occupancy Taxes; and

f. Table entitled “Market Value of Investments”.

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 have been filed with the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph (a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax

status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Holders;
3. Optional, contingent or unscheduled Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Trustee shall within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that City promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (e).

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a) of the Disclosure Agreement, or determines that knowledge of a Listed Event described in Section 5(b) of the Disclosure Agreement would be material under applicable federal securities laws, the City shall instruct the Trustee to file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB within ten business days of occurrence. If the Trustee has been instructed by the City to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the Repository in electronic format, accompanied by such identifying information as is prescribed by the Repository, with a copy to the City. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) and (b)(3) 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 pursuant to the Trust Agreement.

(f) The Trustee may conclusively rely on an opinion of counsel that the City's instructions to the Trustee under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. Each party's obligations under this Disclosure Agreement shall terminate (a) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) if, in the opinion of nationally recognized bond counsel, the City ceases to be an "obligated person" (within the meaning of the Rule) with respect to the Bonds or the Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. 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 Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the City pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the City provided such amendment does not impose any greater duties, nor risk of liability, on the Trustee or the Dissemination Agent, as the case may be), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to certain portions of the sections relating to the provision of annual reports, or the content of annual reports or the list of significant events, such amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the

amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. 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 Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City, the Trustee or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City, to the extent permitted by law, 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 or the Trustee's negligence or willful misconduct. The Dissemination Agent shall receive reasonable compensation for its services rendered under this Disclosure Agreement. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the City: City of Antioch
P.O. Box 5007
Antioch, CA 94531-5007
Attention: Finance Director
Telephone: (925) 779-6135
Fax: (925) 779-7054

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3100
San Francisco, CA 94111
Attention: Corporate Trust Department
Telephone: (415) 263-2420
Fax: (415) 399-1647

To the
Dissemination
Agent: The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3100
San Francisco, CA 94111
Attention: Corporate Trust Department
Telephone: (415) 263-2420
Fax: (415) 399-1647

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2015

CITY OF ANTIOCH, CALIFORNIA

By _____
City Manager

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee and Dissemination
Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: City of Antioch, California

Name of Issue: City of Antioch Public Financing Authority Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A

Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the City of Antioch has not provided an Annual Report with respect to the above-named Bonds as required by Section 8.09 of the Facility Lease, dated as of _____ 1, 2015, between the City of Antioch Public Financing Authority and the City. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee and Dissemination Agent

cc: City of Antioch



STAFF REPORT TO THE ANTIOCH PUBLIC FINANCING AUTHORITY

DATE: Regular Meeting of January 13, 2015

TO: Honorable Members of the Antioch Public Finance Authority

SUBMITTED BY: Dawn Merchant, Finance Director

SUBJECT: Issuance and Sale of City of Antioch Public Financing Authority Lease Revenue Bonds, Series 2015A

RECOMMENDED ACTION

It is recommended that the City of Antioch Public Financing Authority adopt the resolution approving the issuance and sale by the City of Antioch Public Financing Authority of not to exceed \$25,000,000 aggregate principal amount of Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A; authorizing the forms of and directing the execution and delivery of a trust agreement, a site lease, a facility lease, a bond purchase agreement and a continuing disclosure agreement; approving form of and distribution of a preliminary official statement and official statement; appointing bond and disclosure counsel for such refinancing; and authorizing taking of necessary actions and execution of necessary certificates in connection therewith.

STRATEGIC PURPOSE

This action meets Long Term Goal N, Financial Services; specifically addressing Strategy N-2 by aiding the City in achieving long-term fiscal sustainability. The refinancing of the existing bonds will result in substantial net present value savings realized by the City; approximately 10% of the savings for the portion of the refinancing of the 2002 bonds will be realized by the City in the form of residual receipts received as a taxing entity and the portion of the refinancing related to the ABAG 2001 bonds will result in reduced debt service payments made directly by the City.

FISCAL IMPACT

The 2002 bonds are outstanding in principal amounts of \$21,505,000, and mature in 2032. Savings from a refinancing are currently estimated at \$5.0M over the life of the bonds, which equates to net present value (NPV) savings of \$4.1 MM. NPV savings are 19% of the outstanding par. Municipal refunding(s) are considered profitable in the 3% to 5% range, so savings are expected to be substantially above industry norms. The interest rate is expected to drop from 5.5% to under 3%. At these rates, average annual savings are approximately \$300,000/year. Savings from the 2002 bonds will be distributed to the affected taxing entities with the City of Antioch retaining approximately 10% in the form of higher property tax receipts. The current term of the bonds will not be extended.

The ABAG 2001 Lease Revenue Bonds are outstanding in a principal amount of \$4,740,000. Net present value savings are estimated at \$840,000 (17% of par/principal), or approximately \$74,000 per year. All savings from the ABAG refinancing will accrue to the City.

Savings estimates are net of all costs related to issuing the bonds. Legal and underwriting costs of issuing the bonds are contingent with exception of the rating agency fee by Standard & Poor's, which will be approximately \$20,000. This amount will be included in costs of issuance, unless the issue is cancelled after the rating is published. Interest rates are preliminary and subject to change based on market conditions at the time of sale.

DISCUSSION

The following two bond issues will be refinanced as 2015 Series A Lease Revenue Bonds by the City of Antioch Public Financing Authority:

- 2002 Series A&B Lease Revenue Bonds issued by the Antioch Public Finance Authority (Authority). The 2002 bonds are an enforceable obligation of the former Antioch Development Agency (now the City as Successor Agency to the Antioch Development Agency) via a reimbursement agreement between the City and former Antioch Development Agency. Debt service is paid from funds deposited into the Redevelopment Property Tax Trust Fund upon approval of Recognized Obligations Payment Schedules approved by the Oversight Board and submitted to the Department of Finance for approval.
- 2001 Association of Bay Area Governments (ABAG) Lease Revenue Bonds. These bonds are an obligation of the City, and debt service is reimbursed by the City's golf course.

The City Council and Successor Agency previously adopted Resolutions 2014/94 and SA 2014/15 respectively authorizing the execution of a Reimbursement Agreement between City and the Successor Agency related to the portion of the 2015 bonds for the 2002 Series A&B bonds being refinanced. This action was needed to ensure the portion of the 2015 bonds related to the refinancing of the 2002 Bonds remain an enforceable obligation of the Successor Agency. The Oversight Board to the Successor Agency adopted Resolution 2014-06 on December 1, 2014 approving the reimbursement agreement. The Oversight Board resolution is currently under review by the Department of Finance (DOF) and the issuance and sale of bonds cannot take place without approval by the DOF.

This current action will authorize the City and the Authority to conduct the sale of the refunding bonds (pending approval by the DOF). In addition, the attached resolution:

- Appoints the firm of Orrick, Herrington & Sutcliffe LLP as bond and disclosure counsel for this transaction. John Knox of Orrick, Herrington & Sutcliffe has worked with the City for over 10 years on various bonds issues and bond and disclosure counsel, including for the 2002 Lease Revenue Bonds which are being refinanced.

- Appoints Bank of New York Mellon Trust Company, N.A. as the trustee for the new bond issue. Bank of New York is the current trustee for the 2002 Lease Revenue Bonds.
- Approves a Bond Purchase Agreement with RBC Capital Markets, LLC, the Underwriter for this bond issuance with whom City staff has been working. The Underwriter will purchase the bonds from the City of Antioch Public Financing Authority and in turn make a public offering for the sale of the bonds.

The Preliminary Official Statement and Appendix A are the primary documents that describe the City of Antioch and this transaction to the investment community.

ATTACHMENTS

- A. Resolution of the City of Antioch Public Financing Authority approving the issuance by the City of Antioch Public Financing Authority of not to exceed \$25,000,000 aggregate principal amount of Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A; authorizing the forms of and directing the execution and delivery of a trust agreement, a site lease, a facility lease, a bond purchase agreement and a continuing disclosure agreement; approving form of and distribution of a preliminary official statement and official statement; appointing bond and disclosure counsel for such refinancing; and authorizing taking of necessary actions and execution of necessary certificates in connection therewith
 1. Exhibit 1 to Resolution – Site Lease between the City of Antioch and City of Antioch Public Financing Authority
 2. Exhibit 2 to Resolution – Facility Lease between the City of Antioch Public Financing Authority and City of Antioch
 3. Exhibit 3 to Resolution – Trust Agreement between the City of Antioch Public Financing Authority and the Bank of New York Mellon Trust Company, N.A.
 4. Exhibit 4 to Resolution – Bond Purchase Agreement between RBC Capital Markets, LLC, the City of Antioch Public Financing Authority and the City of Antioch
 5. Exhibit 5 to Resolution – Preliminary Official Statement
 6. Exhibit 6 to Resolution – Continuing Disclosure Agreement

RESOLUTION NO. 2015-__

RESOLUTION OF THE BOARD OF THE CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$25,000,000 CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS (MUNICIPAL FACILITIES PROJECT), SERIES 2015A; APPROVING FORMS OF AND EXECUTION OF A SITE LEASE, A FACILITY LEASE, A TRUST AGREEMENT, AND A BOND PURCHASE AGREEMENT; APPROVING FORM OF AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT FOR THE SALE OF SAID BONDS; APPOINTING BOND AND DISCLOSURE COUNSEL FOR SUCH REFINANCING; AND AUTHORIZING TAKING OF NECESSARY ACTIONS AND EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES.

WHEREAS, the City of Antioch (the “City”) and the Antioch Development Agency (now known as the Successor Agency to the Antioch Development Agency) have heretofore executed a Joint Exercise of Powers Agreement, dated April 27, 1993 (the “Joint Powers Agreement”), which Joint Powers Agreement creates and establishes the City of Antioch Public Financing Authority (the “Authority”); and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Marks-Roos Local Bond Pooling Act of 1985”) and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing and refinancing public capital improvements whenever there are significant public benefits to be realized; and

WHEREAS, the Authority previously issued its Lease Revenue Bonds (Municipal Facilities Project), Series 2002A and its Lease Revenue Bonds (Municipal Facilities Project), Series 2002B (together, the “Series 2002 Bonds”) in order to refinance certain public capital improvements for the benefit of the City (the “2002 Facilities”); and

WHEREAS, the City has agreed to make lease payments (the “2002 Lease Payments”) to the Authority pursuant to the Facility Lease, dated as of March 1, 2002, between the Authority and the City; and

WHEREAS, the City wishes to prepay the 2002 Lease Payments in order to refund the Series 2002 Bonds; and

WHEREAS, the Association of Bay Area Governments (“ABAG”) has issued its Lease Revenue Bonds, 2001 Series A (California Capital Projects) (the “ABAG Bonds”), a portion of which was used to finance the construction of a new clubhouse at the Lone Tree Golf Course and to refund other obligations of the City issued to finance public capital improvements (collectively, the “2001 Facilities”); and

WHEREAS, the City has agreed to make lease payments (the “2001 Lease Payments”) to ABAG pursuant to the Lease Agreement, dated as of July 1, 2001, between the City and ABAG; and

WHEREAS, the City wishes to prepay the 2001 Lease Payments in order to refund the City’s portion of the ABAG Bonds; and

WHEREAS, the City has requested that the Authority issue its Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “2015 Refunding Bonds”) for the purpose of refunding the Series 2002 Bonds and the City’s portion of the ABAG Bonds; and

WHEREAS, the City and the Successor Agency to the Antioch Development Agency previously approved entering into a reimbursement agreement (the “2015 Reimbursement Agreement”) and the 2015 Refunding Bonds will achieve debt service savings which will be realized under the 2015 Reimbursement Agreement; and

WHEREAS, in order to secure and provide for the repayment of the 2015 Refunding Bonds, the City has determined to lease certain real property and improvements (as described in Exhibit A to the Facility Lease, the “Facilities”) to the Authority under a Site Lease by and between the City and the Authority (the “Site Lease”) and to leaseback such Facilities from the Authority under a Facility Lease by and between the Authority and the City (the “Facility Lease”); and

WHEREAS, the Authority desires to authorize the issuance and sale of the 2015 Refunding Bonds, pursuant to a Trust Agreement (the “Trust Agreement”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”); and

WHEREAS, under the Facility Lease, the City would be obligated to make rental payments to the Authority; and

WHEREAS, all rights to receive such base rental payments will be pledged by the Authority to the Trustee under the Trust Agreement; and

WHEREAS, the City, the Authority and RBC Capital Markets (the “Underwriter”), as purchaser of the 2015 Refunding Bonds, will enter into a Bond Purchase Agreement (the “Bond Purchase Agreement”), and an Official Statement describing the 2015 Refunding Bonds will be distributed by the Underwriter to potential purchasers of the 2015 Refunding Bonds; and

WHEREAS, the Authority wishes to appoint the firm of Orrick, Herrington & Sutcliffe LLP as Bond and Disclosure Counsel for the 2015 Refunding Bonds; and

WHEREAS, the City has determined that refinancing the 2001 Facilities and 2002 Facilities, and the consummation of the transactions contemplated in the Site Lease, Facility Lease, and the Trust Agreement will result in significant public benefits; and

WHEREAS, this Board has been presented with the form of each document hereinabove referred to relating to the 2015 Refunding Bonds; and

WHEREAS, the Authority has full legal right, power and authority under the Constitution and the laws of the State of California to enter into the transactions hereinafter authorized; and

NOW, THEREFORE, BE IT RESOLVED by the Board of the City of Antioch Public Financing Authority, as follows:

Section 1. The foregoing recitals are true and correct and the Authority hereby so finds and determines.

Section 2. The issuance and sale of the City of Antioch Public Financing Authority Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A, in the aggregate principal amount of not to exceed \$25,000,000, is hereby approved and ratified.

Section 3. The form of Site Lease, attached as Exhibit 1 to this Resolution, is hereby approved and the Chair of the Authority and the Secretary of the Authority or their designees are hereby authorized and directed to execute and deliver the Site Lease in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form of Facility Lease, attached as Exhibit 2 to this Resolution, is hereby approved and the Chair of the Authority and the Secretary of the Authority or their designees are hereby authorized and directed to execute and deliver the Facility Lease in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Facility Lease (including any extensions) shall not exceed April 1, 2042.

Section 5. The form of Trust Agreement by and between the Authority and the Trustee, attached as Exhibit 3 to this Resolution, is hereby approved. The Chair of the Authority or his designee is hereby authorized and directed to execute and deliver the Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. Among the changes authorized to be made to such Trust Agreement are such changes (but not limited to such changes) as are necessary in the event the Chair or his designee, upon consultation with the Underwriter, determines it is desirable to obtain municipal bond insurance or a debt service reserve fund surety bond.

Section 6. The form of Bond Purchase Agreement by and among the Authority, the City and the Underwriter, attached as Exhibit 4 to this Resolution, is hereby approved. The Chair of the Authority or the Executive Director or their designees are hereby authorized and directed to execute and deliver the Bond Purchase Agreement in substantially said form, with such additions, deletions or changes therein as such officer determines are necessary or appropriate and are approved by such officer, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement; provided, that the interest rate on the 2015 Refunding Bonds shall not exceed a true interest cost of four and one half percent (4.50%) per

annum and the underwriter's discount shall not exceed 0.75% of the aggregate principal amount of the 2015 Refunding Bonds (exclusive of original issue discount).

Section 7. The form of Preliminary Official Statement describing the 2015 Refunding Bonds, attached as Exhibit 5 to this Resolution, is hereby approved. The Chair of the Authority or his designee is hereby authorized and directed to execute and deliver a final Official Statement in substantially said form, with such additions, corrections and revisions as may be determined to be necessary or desirable by the Underwriter, Orrick, Herrington & Sutcliffe, LLP as Bond and Disclosure Counsel or the City Attorney's Office, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized and directed to cause to be supplied to prospective purchasers of the 2015 Refunding Bonds copies of the Preliminary Official Statement in such form, and to supply the purchasers of the 2015 Refunding Bonds with copies of a final Official Statement, completed to include, among other things, the interest rate or rates, and final sale information. The Chair of the Authority or the Executive Director or their designees are hereby authorized and directed to execute a certificate on behalf of the Authority confirming that the Preliminary Official Statement has been deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain pricing, rating and related information as permitted by said Rule).

Section 8. The Authority hereby appoints the firm of Orrick, Herrington & Sutcliffe LLP as Bond and Disclosure Counsel for the 2015 Refunding Bonds.

Section 9. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. The Chair of the Authority, the Executive Director, the Secretary of the Authority, or their designees and the officers of the Authority are hereby authorized and directed to execute and deliver any and all certificates and representations, signature certificates, no-litigation certificates, tax and rebate certificates, and certificates concerning the contents of the Official Statement distributed in connection with the sale of the 2015 Refunding Bonds, necessary and desirable to accomplish the transactions set forth above.

Section 10. All actions heretofore taken by the officers and agents of the Authority with respect to the sale and issuance of the 2015 Refunding Bonds are hereby approved and confirmed.

Section 11. This Resolution shall take effect from and after its date of adoption.

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City of Antioch Public Financing Authority at a regular meeting thereof, held on the 13th day of January, 2015, by the following vote:

AYES:

NOES:

ABSENT:

Arne Simonsen
Secretary of the City of Antioch
Public Financing Authority

CERTIFICATE OF THE SECRETARY OF THE
CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

I, Arne Simonsen, Secretary of the City of Antioch Public Financing Authority (the “Authority”), hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of said Authority duly and regularly held in Antioch, California, on January 13, 2015, of which meeting all of the members of said Authority had due notice and at which a majority thereof were present; and at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

An agenda of said meeting was posted at least 72 hours before said meeting at City Hall, Antioch, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate hereto as of this _____ day of _____.

By _____

Arne Simonsen
Secretary of the City of Antioch
Public Financing Authority

Recording requested by
and return to:

CITY OF ANTIOCH
c/o Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105

Attention: Philip C. Morgan, Esq.

Pursuant to Section 27383 of the
Government Code of the State of
California, recording of this document is
Exempt from any fees charged by the
recorder.

Transfer tax: None, exempt per R&T
11922, Lessee is governmental entity.

SITE LEASE

between the

CITY OF ANTIOCH

and

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

Dated as of February 1, 2015

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SITE LEASE

This Site Lease (the “Lease”), dated as of February 1, 2015, by and between the CITY OF ANTIOCH, a municipal corporation duly organized and existing under the Constitution and laws of the State of California (the “City”), as lessor, and the CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY, a public entity and agency (the “Authority”), duly organized and existing pursuant to an Agreement entitled “Joint Exercise of Powers Agreement” by and between the City of Antioch and the Antioch Development Agency (now known as the Successor Agency to the Antioch Development Agency), as lessee;

W I T N E S S E T H:

WHEREAS, the City intends to lease the Facilities (as defined herein) to the Authority pursuant to this Lease; and

WHEREAS, the Authority intends to sublease the Facilities back to the City pursuant to a Facility Lease, dated as of February 1, 2015 (the “Facility Lease”) by and between the Authority, as lessor, and the City, as lessee; and

WHEREAS, the Authority intends to issue its Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Series 2015 Bonds”, and together with any bonds issued on a parity therewith, the “Bonds”) pursuant to a trust agreement and in accordance with the Joint Exercise of Powers Agreement and its powers thereunder and under the laws of the State of California;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED as follows:

SECTION 1. Facilities.

The City hereby leases to the Authority and the Authority hereby leases from the City, on the terms and conditions hereinafter set forth, the real property and improvements situated in the City of Antioch, State of California, and described in Exhibit A attached hereto and made a part hereof, together with any real property substituted for all or any portion of such property in accordance with Section 2.04 of the Facility Lease and the Trust Agreement (herein collectively called the “Facilities”).

SECTION 2. Term.

The term of this Lease shall commence on the date of recordation of this Lease in the office of the County Recorder of Contra Costa County, State of California, or on March 1, 2015, whichever is earlier, and shall end on April 1, 2032, unless such term is extended or sooner terminated as hereinafter provided. If on April 1, 2032, the Bonds and all other amounts due under the Trust Agreement shall not be fully paid, or if the rental or other amounts payable under the Facility Lease shall have been abated at any time and for any reason or shall not have been fully paid, then the term of this Lease shall be extended until ten (10) days after the Bonds and all other amounts due under the Trust Agreement and the Facility Lease shall be fully paid, except that the term of this Lease shall in no event be extended beyond April 1, 2042. If prior to April 1, 2032, the Bonds and all other amounts due under the Trust Agreement shall be fully

paid, the term of this Lease shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Authority, whichever is earlier.

SECTION 3. Rental.

The Authority shall pay to the City as and for rental hereunder, including but not limited to the payment of rent for the Facilities, the sum of \$_____, which amount shall be deposited pursuant to the Trust Agreement in the funds and accounts thereunder, and which amount the City finds and determines is full and fair rental for the Facilities.

SECTION 4. Purpose.

The Authority shall use the Facilities solely for the purpose of leasing the Facilities to the City pursuant to the Facility Lease and for such purposes as may be incidental thereto; provided, that in the event of default by the City under the Facility Lease the Authority may exercise the remedies provided in the Facility Lease or in the Trust Agreement.

SECTION 5. Owner in Fee.

The City covenants that it is the owner in fee of the Facilities, as described in Exhibit A hereto. The City further covenants and agrees that if for any reason this covenant proves to be incorrect, the City will either institute eminent domain proceedings to condemn the property or institute a quiet title action to clarify the City's title, and will diligently pursue such action to completion. The City further covenants and agrees that it will hold the Authority and the Bondowners harmless from any loss, cost or damages resulting from any breach by the City of the covenants contained in this Section.

SECTION 6. Assignments and Facility Leases.

Unless the City shall be in default under the Facility Lease, the Authority may not assign its rights under this Lease or sublet the Facilities, except pursuant to the Facility Lease, without the written consent of the City, which consent may be withheld in the City's sole and absolute discretion. Upon the occurrence of a default by the City under the Facility Lease, the Authority may assign or sell its rights under this Lease or sublet the Facilities without the consent of the City.

SECTION 7. Right of Entry; Easements.

The City reserves the right for any of its duly authorized representatives to enter upon the Facilities at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 8. Termination.

The Authority agrees, upon the termination of this Lease, to quit and surrender the Facilities in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and the Authority further agrees that any permanent improvements to and structures existing upon the Facilities at the time of the termination of this Lease shall remain thereon and title thereto shall vest in the City.

Upon the exercise of the option to purchase set forth in Section 7.03 of the Facility Lease and upon payment of the option price required by said section, the term of this Lease shall terminate as to the portion of the Facilities being so purchased is situated.

SECTION 9. Default.

In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Lease, which default continues for one hundred and eighty (180) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Lease and of the Facility Lease shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate this Lease by reason of any default on the part of the Authority if such termination would affect or impair any assignment or Facility Lease of all or any part of the Facilities then in effect between the Authority and any assignee or subtenant of the Authority (other than the City under the Facility Lease). So long as any such assignee or subtenant of the Authority shall duly perform the terms and conditions of this Lease, such assignee or subtenant shall be deemed to be and shall become the tenant of the City hereunder and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any Bonds are outstanding and unpaid in accordance with the terms thereof, the rentals or any part thereof payable to the Authority or Trustee shall continue to be paid to the Trustee on behalf of the Bondowners.

SECTION 10. Quiet Enjoyment.

The Authority at all times during the term of this Lease, shall peaceably and quietly have, hold and enjoy all of the Facilities.

SECTION 11. Waiver of Personal Liability.

All liabilities under this Lease on the part of the Authority shall be solely liabilities of the Authority, as a public entity and agency, and the City hereby releases each and every member, director, officer, agent or employee of the Authority of and from any personal or individual liability under this Lease. No member, director, officer, agent or employee of the Authority shall at any time or under any circumstances be individually or personally liable under this Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the City or to any other party whomsoever for any death, injury or

damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities. The City, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

SECTION 12. Taxes.

The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Facilities (including both land and improvements).

SECTION 13. Eminent Domain.

In the event the whole or any part of the Facilities is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid or outstanding Bonds and all other amounts due under the Trust Agreement and the Facility Lease attributable to the whole or part of the Facilities taken, and such amount shall be paid to the Trustee, and the balance of the award, if any, shall be paid to the City.

SECTION 14. Partial Invalidity.

If any one or more of the terms, provisions, covenants or conditions of this Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Lease shall be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 15. Notices.

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and, if to the City, addressed to the City in care of the City Manager, P.O. Box 5007, Antioch, CA 94531-5007, or if to the Authority, addressed to the Authority in care of the Executive Director, P.O. Box 5007, Antioch, CA 94531-5007, in all cases with a copy to the Trustee, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 16. Section Headings.

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

SECTION 17. Amendment.

The Authority and the City may at any time agree to the amendment of this Lease; provided, however, that the Authority and the City agree and recognize that this Lease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

SECTION 18. Execution.

This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease. It is also agreed that separate counterparts of this Lease may separately be executed by the City and the Authority, all with the same force and effect as though the same counterpart had been executed by both the City and the Authority.

IN WITNESS WHEREOF, the City and the Authority have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF ANTIOCH,
Lessor

By _____
City Manager

Attest:

City Clerk

CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY,
Lessee

By _____
Chair

Attest:

Secretary

EXHIBIT A

DESCRIPTION OF THE FACILITIES

[Police Station and Animal Shelter]

All that certain property in the City of Antioch, County of Contra Costa, State of California, including the buildings, other improvements, and facilities located thereon, described as follows:

Recording requested by
and return to:

CITY OF ANTIOCH
c/o Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105

Attention: Philip C. Morgan, Esq.

Pursuant to Section 27383 of the
Government Code of the State of
California, recording of this document is
exempt from any fees charged by the
recorder.

Transfer tax: None, exempt per R&T
11922, Lessee is governmental entity.

FACILITY LEASE

between the

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

and

CITY OF ANTIOCH

Dated as of February 1, 2015

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FACILITY LEASE

This FACILITY LEASE, dated as of February 1, 2015 (the “Facility Lease”), between the CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY (the “Authority”), a public entity and agency (duly organized and existing pursuant to an Agreement entitled “Joint Exercise of Powers Agreement” by and between the City of Antioch and the Antioch Development Agency (now known as the Successor Agency to the Antioch Development Agency)), as lessor, and the CITY OF ANTIOCH (the “City”), a municipal corporation duly organized and validly existing under the Constitution and laws of the State of California, as lessee;

WITNESSETH:

WHEREAS, the City intends to lease the Facilities (as defined herein) to the Authority pursuant to the Site Lease (as defined herein); and

WHEREAS, the Authority intends to sublease the Facilities back to the City pursuant to this Facility Lease; and

WHEREAS, the Authority intends to issue its Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Series 2015 Bonds”) pursuant to a trust agreement and in accordance with the Joint Exercise of Powers Agreement and its powers thereunder and under the laws of the State of California;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions.

Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Facility Lease, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Trust Agreement.

Additional Payments

The term “Additional Payments” means all amounts payable to the Authority or the Trustee or any other person from the City as Additional Payments pursuant to Section 3.02 hereof.

Authority

The term “Authority” means (i) the City of Antioch Public Financing Authority, acting as lessor hereunder; (ii) any surviving, resulting or transferee entity; and (iii) except where the context requires otherwise, any assignee of the Authority.

Base Rental Payments

The term “Base Rental Payments” means all amounts payable to the Authority from the City as Base Rental Payments pursuant to Section 3.01 hereof.

Base Rental Payment Schedule

The term “Base Rental Payment Schedule” means the schedule of Base Rental Payments payable to the Authority from the City pursuant to Section 3.01 hereof and attached hereto as Exhibit B.

Bonds

The term “Bonds” means the bonds issued by the Authority under and pursuant to the Trust Agreement.

Code

The term “Code” means the Internal Revenue Code of 1986, as amended.

City

The term “City” means the City of Antioch, California, a municipal corporation organized and validly existing under the Constitution and laws of the State of California.

Event of Default

The term “Event of Default” shall have the meaning specified in Section 6.01 hereof.

Facilities

The term “Facilities” means the buildings, other improvements and facilities described in Exhibit A attached hereto, including all real property on which such buildings, other improvements and facilities are located, or any portion thereof, or any City buildings, other improvements and facilities substituted therefor, or any portion thereof, in accordance with this Facility Lease and the Trust Agreement; subject, however, to any conditions, reservations and easements of record known to the City.

Insurance Consultant

The term “Insurance Consultant” means an individual or firm employed by the City, including the Risk Manager of the City or the City’s insurance broker or agent, that has actuarial experience in the field of risk management.

Site Lease

The term “Site Lease” means that lease, entitled “Site Lease,” dated as of February 1, 2015, between the City, as lessor, and the Authority, as lessee, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions thereof and of the Trust Agreement.

Outstanding

The term “Outstanding,” when applied to Bonds, shall have the meaning ascribed to such term in the Trust Agreement.

Permitted Encumbrances

“Permitted Encumbrances” means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to this Facility Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of this Facility Lease in the office of the County Recorder of the County of Contra Costa and which the City certifies in writing will not materially impair the use of the Facilities; (3) the Site Lease, as it may be amended from time to time; (4) this Facility Lease, as it may be amended from time to time; (5) the Trust Agreement, as it may be amended from time to time; (6) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Authority and the City consent in writing and certify to the Trustee will not materially impair the leasehold interests of the Authority or use of the Facilities by the City; and (8) facility leases and assignments of the City which will not adversely affect the exclusion from gross income of interest on the Bonds.

Permitted Investments

The term “Permitted Investments” shall have the meaning ascribed to such term in the Trust Agreement.

Rental Payment Period

The term “Rental Payment Period” means the twelve month period commencing April 2 of each year and ending the following April 1.

Series 2015 Bonds

The term “Series 2015 Bonds” means the bonds issued and so designated by the Authority under and pursuant to the Trust Agreement.

State

The term “State” means the State of California.

Facility Lease

The term “Facility Lease” means this Facility Lease, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and of the Trust Agreement.

Supplemental Trust Agreement

The term “Supplemental Trust Agreement” means any supplement or amendment to the Trust Agreement hereafter duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of the Trust Agreement.

Tax Certificate

The term “Tax Certificate” shall have the meaning ascribed to such term in the Trust Agreement.

Trust Agreement

The term “Trust Agreement” means the trust agreement, entitled “Trust Agreement” and dated as of February 1, 2015, by and between the Authority and the Trustee, pursuant to which the Trustee will deliver the Series 2015 Bonds, as originally executed or as it may from time to time be supplemented or amended by a Supplemental Trust Agreement entered into pursuant to the provisions of the Trust Agreement.

Trustee

The term “Trustee” means The Bank of New York Mellon Trust Company, N.A., appointed as trustee pursuant to the Trust Agreement, and any successor appointed under the Trust Agreement.

Written Request of the Authority

The term “Written Request of the Authority” means an instrument in writing signed by or on behalf of the Authority by its Chair, Secretary, Executive Director or Treasurer or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

Written Request of the City

The term “Written Request of the City” means an instrument in writing signed by the Mayor, City Manager, or the Finance Director of the City or any such official’s duly authorized designee, or by any other officer or employee of the City duly authorized by the City for that purpose.

ARTICLE II

LEASE OF FACILITIES; TERM; SUBSTITUTION; RELEASE

SECTION 2.01. Lease of Facilities. The Authority hereby subleases to the City and the City hereby subleases from the Authority the Facilities, subject, however, to all easements, encumbrances and restrictions that exist at the time of the commencement of the term of this Facility Lease. The City hereby agrees and covenants during the term of this Facility Lease that it will use the Facilities for public and City purposes.

The leasing by the City to the Authority of the Facilities shall not effect or result in a merger of the City’s leasehold estate pursuant to this Facility Lease and its fee estate as lessor under the Site Lease, and the Authority shall continue to have and hold a leasehold estate in said Facilities pursuant to the Site Lease throughout the term thereof. As to said Facilities this Facility Lease shall be deemed and constitute a sublease.

SECTION 2.02. Term; Occupancy. (A) Term. The term of this Facility Lease shall commence on the date of recordation of this Facility Lease in the office of the County Recorder of the County of Contra Costa, or on March 1, 2015 whichever is earlier, and shall end on April 1, 2032, unless such term is extended or sooner terminated as hereinafter provided. If on April 1, 2032, the Bonds and all amounts due hereunder and under the Trust Agreement shall not be fully paid, or if the rental or other amounts payable hereunder shall have been abated at any time and for any reason, then the term of this Facility Lease shall be extended until all Bonds and all amounts due hereunder and under the Trust Agreement shall be fully paid, except that the term of this Facility Lease shall in no event be extended beyond April 1, 2042. If prior to April 1, 2032, all Bonds and all amounts due hereunder and under the Trust Agreement shall be fully paid, or provision therefor made in accordance with the terms and provisions of the Trust Agreement, the term of this Facility Lease shall end immediately.

SECTION 2.03. The Facilities. The City and the Authority hereby agree to lease the Facilities hereunder. The annual Base Rental Payments for the Facilities as set forth in Exhibit B hereto shall be the fair rental value for the Facilities, as hereby determined by the City. The Base Rental Payments for the Facilities shall be due and payable on the dates set forth in Section 3.01 hereof.

SECTION 2.04. Substitution; Release. (A) The City and the Authority may substitute real property for all or part of, or may release a part of, the Facilities for purposes of the Site Lease and this Facility Lease, but only after the City shall have filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

(i) Executed copies of the Site Lease and this Facility Lease or amendments thereto containing the amended description of the Facilities, including the legal description of any real property component of the Facilities as modified, if necessary.

(ii) A Written Certificate of the City, certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost or insured value of such facility to the City) of the Facilities that will constitute the Facilities after such substitution or release will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year. At the sole discretion of the City, in the alternative, in the event of a substitution only, the Written Certificate of the City will certify that the annual fair rental value of the new Facility is at least equal to that of the substituted Facility.

(iii) With respect to substitution, a leasehold owner's title insurance policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing title insurance policy or policies resulting in title insurance with respect to the Facilities after such substitution in an amount at least equal to the aggregate principal amount of Bonds Outstanding; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such property subject only to such exceptions as do not substantially interfere with the City's right to use and occupy such property and as will not result in an abatement of Base Rental Payments payable by the City under this Facility Lease.

(iv) A Written Certificate of the City stating that such substitution or release, as applicable, does not adversely affect the City's use and occupancy of the Facilities.

(v) With respect to the substitution of property, a Written Certificate of the City stating that the useful life of the property to be substituted is at least equal to the useful life of the property being released.

(vi) An opinion of bond counsel stating that any amendment executed in connection with such substitution or release, as the case may be, (i) is authorized or permitted under this Facility Lease; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (iii) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

(B) The City and the Authority hereby agree that the Facilities or portion thereof for which other real property is substituted, pursuant to Section 2.04(A), shall be released from the Site Lease and this Facility Lease, and shall no longer be encumbered thereby and hereby or by the Trust Agreement at such time as the City shall have caused said substitution.

ARTICLE III

BASE RENTAL PAYMENTS

SECTION 3.01. Base Rental Payments. The City agrees to pay to the Authority, as Base Rental Payments for the use and occupancy of the Facilities (subject to the provisions of Sections 3.04, 3.06 and 7.01 of this Facility Lease), annual rental payments, all in accordance with the Base Rental Payment Schedule attached hereto as Exhibit B and made a part hereof. The Base Rental Payments payable hereunder shall be due and payable on March 25 and September 25 as set forth in Exhibit B hereto and shall be for the use and occupancy of the Facilities during the one-year period ending on the 1st day of each April.

If the term of this Facility Lease shall have been extended pursuant to Section 2.02 hereof, Base Rental Payment installments shall continue to be payable on March 25 and September 25 in each year, and payable as hereinabove described, continuing to and including the date of termination of this Facility Lease, in an amount equal to the amount of Base Rental payable for the twelve-month period commencing April 2, 2031.

The City agrees that all Base Rental Payments for the Facilities shall be paid by the City from lawfully available funds of the City.

SECTION 3.02. Additional Payments. The City shall also pay such amounts (herein called the “Additional Payments”) as shall be required by the Authority for the payment of all amounts, costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of this Facility Lease or any assignment hereof, the Trust Agreement, the Authority’s interest in the Facilities and the lease of the Facilities to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Bonds, the Facilities, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Authority to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in such Additional Payments amounts required to pay the principal of or interest on the Bonds.

Such Additional Payments shall be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed shall be paid by the City within sixty (60) days after receipt of the bill by the City. The City reserves the right to audit billings for Additional Payments although exercise of such right shall in no way affect the duty of the City to make full and timely payment for all Additional Payments.

The Authority may in the future issue bonds to finance facilities, and may in the future enter into leases with respect to other facilities. The administrative costs of the Authority shall be allocated among such other facilities and the Facilities as hereinafter in this paragraph

provided. The fees of the Trustee under the Trust Agreement, and any other expenses directly attributable to the Facilities shall be included in the Additional Payments payable hereunder. The fees of any trustee or paying agent under any indenture securing bonds of the Authority or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Facilities, shall not be included in the administrative costs of the Facilities, and shall not be paid from the Additional Payments payable hereunder. Any expenses of the Authority not directly attributable to any particular project of the Authority shall be equitably allocated among all such projects, including the Facilities in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, shall be a final and conclusive determination as to such allocation. The Trustee may conclusively rely upon the Written Request of the Authority, with the approval of the Mayor, City Manager or Finance Director of the City or any such officer's duly authorized designee, or a duly authorized representative of the City, endorsed thereon, in making any determination that costs relating to the Authority are payable as Additional Payments hereunder, and shall not be required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of the Facilities.

SECTION 3.03. Fair Rental Value. Such payments of Base Rental Payments and Additional Payments for each Rental Payment Period during the term of this Facility Lease shall constitute the total rental for said Rental Payment Period and shall be paid by the City in each Rental Payment Period for and in consideration of the right of use and occupancy of the Facilities during each such period for which said rental is to be paid. The parties hereto have agreed and determined that such total rental payable for each Rental Payment Period represents no more than the fair rental value of the Facilities for each such period. In making such determination, consideration has been given to the cost of acquisition of the Facilities, other obligations of the parties under this Facility Lease, the uses and purposes which may be served by the Facilities and the benefits therefrom which will accrue to the City and the general public.

SECTION 3.04. Payment Provisions. Each Base Rental Payment installment or Additional Payment payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the corporate trust office of the Trustee or such other place as the Authority shall designate. Any such Base Rental Payment installment or Additional Payment accruing hereunder which shall not be paid when due and payable under the terms of this Facility Lease shall bear interest at the rate of twelve percent (12%) per annum, or such lesser rate of interest as may be the maximum rate permitted by law, from the date when the same is due hereunder until the same shall be paid (provided that the foregoing shall not apply to payments following an abatement). Notwithstanding any dispute between the Authority and the City, the City shall make all Base Rental Payments, Additional Payments and other payments when due without deduction or offset of any kind and shall not withhold any rental or other payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent payments due hereunder or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to this Section for payment of Base Rental

Payments on any date shall be reduced to the extent of amounts on deposit in the Revenue Fund and available therefor.

Rental is subject to abatement as provided in Section 3.06 hereof.

SECTION 3.05. Appropriations Covenant; Base Rental Payments and Additional Payments to Constitute a Current Expense of the City. The City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due hereunder in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The City will deliver to the Authority and the Trustee copies of the portion of each annual City budget relating to the payment of Base Rental Payments and Additional Payments hereunder within thirty (30) days after the filing or adoption thereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Facility Lease agreed to be carried out and performed by the City.

The Authority and the City understand and intend that the obligation of the City to pay Base Rental Payments and Additional Payments hereunder shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or monies of the City. Base Rental Payments and Additional Payments due hereunder shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due hereunder as consideration for the use of the Facilities. The City has not pledged the full faith and credit of the City, the State or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due hereunder.

SECTION 3.06. Rental Abatement. The Base Rental Payments and Additional Payments shall be abated proportionately, during any period in which by reason of any material damage or destruction (other than by condemnation which is hereinafter provided for) there is substantial interference with the use and occupancy of the Facilities by the City, in the proportion in which the cost of that portion of the Facilities rendered unusable bears to the cost of the whole of the Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Facility Lease shall continue in full force and effect and the City waives the benefits of California Civil Code Section 1932(2) and 1933(4) and any and all other rights to terminate this Facility Lease by virtue of any such damage or destruction or interference.

ARTICLE IV

USE OF PROCEEDS; MAINTENANCE OF, ALTERATIONS OF, AND ADDITIONS TO FACILITIES

SECTION 4.01. Use of Proceeds. The parties hereto agree that the proceeds of the Series 2015 Bonds will be applied as set forth in the Trust Agreement.

SECTION 4.02. Maintenance and Utilities. Throughout the term of this Facility Lease, all maintenance and repair, both ordinary and extraordinary, of the Facilities shall be the responsibility of the City, which shall at all times maintain or otherwise arrange for the maintenance of the Facilities in first class condition, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Facilities resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Facilities.

SECTION 4.03. Changes to the Facilities. Subject to Section 8.02 hereof, the City shall, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements to the Facilities. All such additions, modifications and improvements shall thereafter comprise part of the Facilities and be subject to the provisions of this Facility Lease. Such additions, modifications and improvements shall not in any way damage the Facilities or cause either to be used for purposes other than those authorized under the provisions of State and federal law; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements.

SECTION 4.04. Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Facilities. All such items shall remain the sole property of such party, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Facilities resulting from the installation, modification or removal of any such items. Nothing in this Facility Lease shall prevent the City from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Facilities.

ARTICLE V

INSURANCE

SECTION 5.01. Fire and Extended Coverage. The City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facility Lease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land, (except that such insurance may be subject to deductible clauses for any one loss of not to exceed two hundred fifty thousand dollars (\$250,000) or a comparable deductible adjusted for inflation), or, in the alternative, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Authority, the Holders and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City. Before such other method or plan may be provided by the City, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Facility Lease, there shall be filed with the Trustee a certificate of an Insurance Consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a certificate of the City setting forth the details of such substitute method or plan.

In the event of any damage to or destruction of any part of the Facilities caused by the perils covered by such insurance, the Authority, except as hereinafter provided, shall cause the proceeds of such insurance to be used for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds separate and apart from all other funds in a special fund to be designated the "Insurance and Condemnation Fund," to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall withdraw said proceeds from time to time upon receiving the Written Request of the Authority, stating that the Authority has expended monies or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such monies were expended, or such liabilities were incurred, and containing the additional information required to

be included in a Written Request of the Authority prepared pursuant to Section 5.05 of the Trust Agreement. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be transferred to the Trustee and treated by the Trustee as Base Rental Payments and applied in the manner provided by Section 5.05 of the Trust Agreement. Alternatively, if the proceeds of such insurance, together with any other monies then available for the purpose, are at least sufficient to redeem an aggregate principal amount of Outstanding Bonds equal to the amount of Outstanding Bonds attributable to the portion of the Facilities so destroyed or damaged, the City may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of the Trust Agreement.

The Authority and the City shall promptly apply for federal disaster aid or State disaster aid for which either may be eligible in the event that the Facilities are damaged or destroyed as a result of an earthquake or other declared disaster occurring at any time. Any proceeds received as a result of such disaster aid shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or to redeem Outstanding Bonds if such use of such disaster aid is permitted.

SECTION 5.02. Liability Insurance. Except as hereinafter provided, the City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facility Lease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Facilities, with minimum liability limits of one million dollars (\$1,000,000) for personal injury or death of each person and three million dollars (\$3,000,000) for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of one hundred thousand dollars (\$100,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of three million dollars (\$3,000,000) covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City. Before such other method or plan may be provided by the City, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Facility Lease, there shall be filed with the Trustee a certificate of an Insurance Consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a certificate of the City setting forth the details of such substitute method or plan.

SECTION 5.03. Rental Interruption or Use and Occupancy Insurance.

The City shall procure or cause to be procured and maintain or cause to be maintained throughout the term of this Facility Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facilities as the result of any of the hazards covered by the insurance required by Section 5.01 hereof, in an amount sufficient to pay the maximum annual Base Rental Payments hereunder for any two year period except that such insurance may be subject to a deductible clause of not to exceed fifty thousand dollars (\$50,000). Any proceeds of such insurance shall be used by the Trustee to reimburse to the City any rental theretofore paid by the City under this Facility Lease attributable to such structure for a period of time during which the payment of rental under this Facility Lease is abated, and any proceeds of such insurance not so used shall be applied as provided in Section 3.01 (to the extent required for the payment of Base Rental Payments) and in Section 3.02 hereof (to the extent required for the payment of Additional Payments).

SECTION 5.04. Worker's Compensation.

The City shall also maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the City. Such insurance may be maintained by the City in the form of self-insurance.

SECTION 5.05. Title Insurance.

The City shall obtain a leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Facilities in an amount at least equal to the principal amount of the Bonds. Such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority subject only to such exceptions as do not substantially interfere with the City's right to use and occupy the property and as will not result in an abatement of Base Rental Payments payable by the City under this Facility Lease.

SECTION 5.06. Insurance Proceeds; Form of Policies.

All policies of insurance required by Sections 5.01 and 5.03 hereof shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Holders pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association. The Trustee shall collect, and receive all monies which may become due and payable under any such policies, may compromise any and all claims thereunder and shall apply the proceeds of such insurance as provided in Sections 5.01 and 5.03 hereof. All policies of insurance required by this Facility Lease shall provide that the Trustee shall be given thirty (30) days' notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required or if forms of endorsement or policies comply with the provisions of this Facility Lease and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee. The City shall pay when due the premiums for all insurance policies required by this Facility Lease, and shall promptly furnish evidence of such payments to the Authority.

The City will deliver to the Authority and the Trustee in the month of August in each year a written certificate of an officer of the City stating that such policies satisfy the requirements of this Facility Lease, setting forth the insurance policies then in force pursuant to this Section, the names of the insurers which have issued the policies, the amounts thereof and the property and risks covered thereby, and, if any self-insurance program is being provided, the annual report of an Insurance Consultant or other qualified person containing the information required for such self-insurance program and described in Sections 5.01, 5.02, 5.03 and 5.04 hereof. Delivery to the Trustee of the certificate under the provisions of this Section shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01. Defaults and Remedies. (A) If the City shall fail to pay any Base Rental Payment, Additional Payment or other amount payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this Facility Lease, or the City shall fail to keep, observe or perform any other term, covenant or condition contained herein or in the Trust Agreement to be kept or performed by the City for a period of thirty (30) days after notice of the same has been given to the City by the Authority or the Trustee or for such additional time as is reasonably required, in the discretion of the Trustee, to correct the same, or upon the happening of any of the events specified in subsection (B) of this Section (any such case above being an “Event of Default”), the City shall be deemed to be in default hereunder and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Facility Lease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, may do any of the following:

(1) To terminate this Facility Lease in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Facilities as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the City. In the event of such termination, the City agrees to surrender immediately possession of the Facilities without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Facilities given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Facilities nor the appointment of a receiver upon initiative of the Authority to protect the Authority’s interest under this Facility Lease shall of itself operate to terminate this Facility Lease, and no termination of this Facility Lease on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until

the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Facility Lease. The City covenants and agrees that no surrender of the Facilities or of the remainder of the term hereof or any termination of this Facility Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(2) Without terminating this Facility Lease, (i) to collect each Base Rental Payment installment and other amounts as they become due and enforce any other terms or provision hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Facilities, or (ii) to exercise any and all rights of re-entry upon the Facilities. In the event the Authority does not elect to terminate this Facility Lease in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Facilities are not re-let, to pay the full amount of the Base Rental Payments, Additional Payments and other amounts to the end of the term of this Facility Lease or, in the event that the Facilities are re-let, to pay any deficiency in rent and other amounts that result therefrom; and further agrees to pay said rent and other amounts and/or deficiency rent and other amounts punctually at the same time and in the same manner as hereinabove provided for the payment of Base Rental Payments, Additional Payments and other amounts hereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental or other amounts in excess of the rental or other amounts herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the Facilities. Should the Authority elect to enter or re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Facilities or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and to place such personal property in storage in any warehouse or other suitable place located in the City, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Facility Lease constitute full and sufficient notice of the right of the Authority to re-let the Facilities and to do all other acts to maintain or preserve the Facilities as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender of this Facility Lease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Facility Lease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Facility Lease shall vest in the Authority to be effected in the sole and exclusive manner provided for in sub-paragraph (1) hereof. The City further waives the right to any Base Rental Payment or other amounts obtained by the Authority in excess of such rental and other amounts herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Facilities or any part thereof.

The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Facilities as herein provided and all claims for damages that may result from the destruction of the Facilities and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Facilities.

(B) If (1) the City's interest in this Facility Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, as hereinafter provided for, or (2) the City or any assignee shall file any petition or institute any proceeding under any act or acts, State or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if (3) the City shall abandon or vacate the Facilities, then the City shall be deemed to be in default hereunder.

(C) The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the City shall be entitled to pursue any remedy provided by law.

(D) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default as described in this Section, the Authority shall proceed to protect and enforce the rights vested in the Authority by this Facility Lease or by law. The provisions of this Facility Lease and the duties of the City and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority may bring the following actions:

(1) Accounting. By action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City (and its council, officers and employees)

and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the Authority as provided herein.

The exercise of any rights or remedies under this Facility Lease shall not permit acceleration of Base Rental Payments.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term “re-let” or “re-letting” as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Facilities. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Facility Lease, the City agrees to pay a reasonable amount as and for attorney’s fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

SECTION 6.02. Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Facility Lease.

ARTICLE VII

EMINENT DOMAIN; PREPAYMENT

SECTION 7.01. Eminent Domain. If the whole of the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the City shall be taken under the power or threat of eminent domain, the term of this Facility Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Facilities shall be taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, then this Facility Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due hereunder in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. So long as any of the Bonds shall be Outstanding, any award made in eminent domain proceedings for taking the Facilities or any

portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in Section 7.02 hereof. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the City.

SECTION 7.02. Prepayment. (A) The City shall prepay on any date from insurance and eminent domain proceeds, to the extent provided in Sections 5.01, 5.05, and 7.01 hereof (provided, however, that in the event of partial damage to or destruction of the Facilities caused by perils covered by insurance, if in the judgment of the Authority the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, such proceeds shall be held by the Trustee and used to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, pursuant to the procedure set forth in Section 5.01 hereof for proceeds of insurance), all or any part (in an integral multiple of \$5,000 principal component) of Base Rental Payments then unpaid so that the aggregate annual amounts of Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of Base Rental Payments unpaid prior to the prepayment date, at a prepayment amount equal to the principal of and interest on the Bonds to the date of redemption of the Bonds.

(B) The City may prepay, from any source of available funds, all or any portion of Base Rental Payments by (i) depositing with the Trustee monies or securities as provided in Section 4.02 or 10.01 of the Trust Agreement sufficient to retire or redeem Bonds corresponding to such Base Rental Payments when due or redeemable, and (ii) satisfying the other requirements of Section 10.01 of the Trust Agreement. The City agrees that if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(C) Before making any prepayment pursuant to this Article, the City shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than sixty (60) days from the date such notice is given.

(D) When (1) there shall have been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the City may exercise its option to purchase the Facilities or any portion or item thereof, in trust for the benefit of the Owners of the Bonds and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient monies and Permitted Investments described in subsection (1) of the definition thereof in the Trust Agreement, not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal of and interest on the Bonds to the due date of the Bonds or date when the City may exercise its option to purchase the Facilities, as the case may be, and to the payment in full of all other amounts due hereunder or under the Trust Agreement; (2) all of the requirements set forth in Section 10.01 of the Trust Agreement have been satisfied; and (3) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds shall remain unpaid; then and in that event the right, title and interest of the Authority herein and the obligations of

the City hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the City to have such monies and such Permitted Investments applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Facilities or applicable portion or item thereof shall be transferred and conveyed to the City. In such event, the Authority shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the Authority (and accompanied by a verification report of a certified public accountant) and evidence such discharge and satisfaction, and the Authority shall pay over to the City as an overpayment of Base Rental Payments all such monies or Permitted Investments held by it pursuant hereto other than such monies and such Permitted Investments as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which monies and Permitted Investments shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Authority to the payment and redemption of the Bonds and the fees and expenses of the Trustee.

SECTION 7.03. Option to Purchase; Sale of Personal Property. The City shall have the option to purchase the Authority's interest in any part of the Facilities upon payment of an option price consisting of monies or securities of the category specified in clause (1) of the definition of the term "Permitted Investments" contained in Section 1.01 of the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of this Facility Lease of the part of the total rent hereunder attributable to such part of the Facilities (determined by reference to the proportion which the cost of such part of the Facilities bears to the cost of all of the Facilities). Any such payment shall be made to the Trustee and shall be treated as Base Rental Payments and shall be applied by the Trustee to pay the principal of and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all requirements set forth in Section 10.01 of the Trust Agreement, (a) the Base Rental Payments thereafter payable under this Facility Lease shall be reduced by the amount thereof attributable to such part of the Facilities and theretofore paid pursuant to this Section; (b) Section 3.06 and this Section of this Facility Lease shall not thereafter be applicable to such part of the Facilities; (c) the insurance required by Sections 5.01, 5.02 and 5.03 of this Facility Lease need not be maintained as to such part of the Facilities; and (d) title to such part of the Facilities shall vest in the City and the term of this Facility Lease shall end as to such part of the Facilities.

The City, in its discretion may request the Authority to sell or exchange any personal property which may at any time constitute a part of the Facilities, and to release said personal property from this Facility Lease, if (a) in the opinion of the City the property so sold or exchanged is no longer required or useful in connection with the operation of the Facilities; (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released; and (c) if the value of any such property shall, in the opinion of the Authority, exceed the amount of \$25,000, the Authority shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Authority) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Facilities. In the event of any such

sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Authority. Any money so paid to the Authority may, so long as the City is not in default under any of the provisions of this Facility Lease, be used upon the Written Request of the City to purchase personal property, which property shall become a part of the Facilities leased hereunder. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to this Facility Lease or before releasing for the purchase of new personal property money received by it for personal property so sold.

ARTICLE VIII

COVENANTS

SECTION 8.01. Right of Entry. The Authority and its assignees shall have the right (but not the duty) to enter upon and to examine and inspect the Facilities during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Authority's or the City's rights or obligations under this Facility Lease, and (c) for all other lawful purposes.

SECTION 8.02. Liens. In the event the City shall at any time during the term of this Facility Lease cause any changes, alterations, additions, improvements or other work to be done or performed or materials to be supplied, in or upon the Facilities, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Facilities and shall keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the Facilities or the Authority's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Facilities or the Authority's interest therein.

SECTION 8.03. Quiet Enjoyment. The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained and if not in default hereunder, shall at all times during the term of this Facility Lease peaceably and quietly have, hold and enjoy the Facilities without suit, trouble or hindrance from the Authority.

SECTION 8.04. Authority Not Liable. The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the City or to any other

party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities.

The City, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from (i) the construction or operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity, and (ii) the issuance of the Bonds and any other action of the Authority taken pursuant to the Trust Agreement including, but not limited to, any liability of the Authority incurred pursuant to Section 8.03 of the Trust Agreement.

SECTION 8.05. Assignment and Subleasing. Neither this Facility Lease or any interest of the City hereunder may be mortgaged, pledged, assigned, sublet or transferred by the City without the prior written consent of the Authority, and provided that such subletting shall not cause interest on the Bonds to be included in gross income for federal income tax purposes. No such mortgage, pledge, assignment, facility lease or transfer shall in any event affect or reduce the obligation of the City to make the Base Rental Payments and Additional Payments required hereunder.

SECTION 8.06. Title to Facilities. During the term of this Facility Lease, the Authority shall hold a leasehold title to the Facilities and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the City and which may be removed without damaging the Facilities, and except for any items added to the Facilities by the City pursuant to Section 4.04 hereof. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to Section 5.03 hereof. During the term of this Facility Lease, the Authority shall have a leasehold interest in the Facilities pursuant to the Site Lease.

Upon the termination or expiration of this Facility Lease (other than as provided in Sections 6.01 and 7.01 of this Facility Lease), title to the Facilities shall vest in the City pursuant to the Site Lease. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

SECTION 8.07. Tax Covenants. The City and the Authority shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes.

The City further covenants that it will not use or permit the use of the Facilities by any person not an “exempt person” within the meaning of Section 141(a) of the Code or by an “exempt person” (including the City) in an “unrelated trade or business”, in such manner or to

such extent as would result in the inclusion of interest on the Bonds in gross income for federal income tax purposes under Section 103 of the Code.

If at any time the City is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on or change in any way the investment of any monies held by the Trustee or the City or the Authority under this Facility Lease or the Trust Agreement, the City shall so instruct the Trustee or the appropriate officials of the City in writing, and the Trustee or the appropriate officials of the City, as the case may be, shall take such actions as may be necessary in accordance with such instructions.

In furtherance of the covenants of the City set forth above, the City and the Authority will comply with the Tax Certificate and will cause the Trustee to comply with the Tax Certificate. The Trustee and the Authority may conclusively rely on any such written instructions, and the City hereby agrees to hold harmless the Trustee and the Authority for any loss, claim, damage, liability or expense incurred by the Authority or Trustee for any actions taken by the Authority or the Trustee in accordance with such instructions.

SECTION 8.08. Purpose of Lease. The City covenants that during the term of this Facility Lease, (a) it will use, or cause the use of, the Facilities for public purposes and for the purposes for which the Facilities are customarily used, (b) it will not vacate or abandon the Facilities or any part thereof, and (c) it will not make any use of the Facilities which would jeopardize in any way the insurance coverage required to be maintained pursuant to Article V hereof.

SECTION 8.09. Continuing Disclosure Agreement. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Facility Lease, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount in Outstanding Bonds and upon receipt of indemnification satisfactory to it, shall) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

SECTION 8.10. Net-Net-Net Lease. This Facility Lease shall be deemed and construed to be a “net-net-net lease” and the City hereby agrees that the rentals and other payments provided for herein shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 8.11. Taxes. The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Facilities or the respective interests or estates therein; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City

shall be obligated to pay only such installments as are required to be paid during the term of this Facility Lease as and when the same become due.

The City shall also pay directly such amounts, if any, in each year as shall be required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the City to pay any of the foregoing or failure to file or furnish to the Authority or the Trustee for filing in a timely manner any returns, hereinafter levied or imposed against the Authority or the Facilities, the rentals and other payments required hereunder or any parts thereof or interests of the City or the Authority or the Trustee therein by any governmental authority.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Facilities will be materially endangered or the Facilities, or any part thereof, will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

ARTICLE IX

DISCLAIMER OF WARRANTIES; USE OF THE FACILITIES

SECTION 9.01. Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE FACILITIES, OR WARRANTY WITH RESPECT THERETO. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF THE FACILITIES OR A DEALER THEREIN, THAT THE CITY LEASES THE FACILITIES AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event shall the Authority and Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Facility Lease or the existence, furnishing, functioning or the City's use of any item or products or services provided for in this Facility Lease.

SECTION 9.02. Use of the Facilities. The City will not install, use, operate or maintain the Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Facility Lease. The City shall provide all permits and licenses, if any, necessary for the installation and operation of the Facilities. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use,

maintenance and operation of the Facilities) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Facilities; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not adversely affect the estate of the Authority in and to the Facilities or its interest or rights under this Facility Lease.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Law Governing. This Facility Lease shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

SECTION 10.02. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests, agreements or promises or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally, by confirmed facsimile transmission or if mailed by United States first class mail, return receipt requested, postage prepaid:

If to the City: City of Antioch
 P.O. Box 5007
 Antioch, CA 94531-5007
 Attention: City Manager
 Fax: (925) 779-7003

If to the Authority: City of Antioch Public Financing Authority
 P.O. Box 5007
 Antioch, CA 94531-5007
 Attention: Executive Director
 Fax: (925) 779-7003

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
 100 Pine Street, Suite 3100
 San Francisco, CA 94111
 Attention: Corporate Trust Department
 Fax: (415) 399-1647

or to such other addresses as the respective parties may from time to time designate by notice in writing. A copy of any such notice or other document herein referred to shall also be delivered to the Trustee.

SECTION 10.03. Validity and Severability. If for any reason this Facility Lease shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by

the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Facility Lease is and shall be deemed to be a lease under which the rentals are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Facilities, and all of the rental and other terms, provisions and conditions of this Facility Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

SECTION 10.04. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Facility Lease.

SECTION 10.05. Amendment or Termination. The Authority and the City may at any time agree to the amendment or termination of this Facility Lease; provided, however, that the Authority and the City agree and recognize that this Facility Lease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

SECTION 10.06. Execution. This Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Facility Lease. It is also agreed that separate counterparts of this Facility Lease may separately be executed by the Authority and the City, all with the same force and effect as though the same counterpart had been executed by both the Authority and the City.

IN WITNESS WHEREOF, the Authority and the City have caused this Facility Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY,
Lessor

By _____
Chair

Attest:

City Clerk

CITY OF ANTIOCH,
Lessee

By _____
City Manager

Attest:

Secretary

EXHIBIT A

DESCRIPTION OF THE FACILITIES

[Police Station and Animal Shelter]

All that certain property in the City of Antioch, County of Contra Costa, State of California, including the buildings, other improvements, and facilities located thereon, described as follows:

EXHIBIT B-1

TOTAL BASE RENTAL PAYMENT SCHEDULE

Date	Principal	Interest	Total
-------------	------------------	-----------------	--------------

EXHIBIT B-2

**BASE RENTAL PAYMENT SCHEDULE
RELATING TO REFUNDING OF CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY LEASE REVENUE BONDS (MUNICIPAL FACILITIES PROJECT),
SERIES 2002A AND 2002B**

Date	Principal	Interest	Total
-------------	------------------	-----------------	--------------

EXHIBIT B-3

**BASE RENTAL PAYMENT SCHEDULE
RELATING TO REFUNDING OF CITY'S PORTION OF ASSOCIATION OF BAY
AREA GOVERNMENTS LEASE REVENUE BONDS, 2001 SERIES A**

Date	Principal	Interest	Total
-------------	------------------	-----------------	--------------

TRUST AGREEMENT

between the

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Dated as of February 1, 2015

[\$par amount]

City of Antioch Public Financing Authority
Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A

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TRUST AGREEMENT

THIS TRUST AGREEMENT dated as of February 1, 2015 (the “Trust Agreement”), by and between the CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY (the “Authority”), a public entity and agency (duly organized and existing pursuant to an Agreement entitled “Joint Exercise of Powers Agreement” by and between the City of Antioch and the Antioch Development Agency), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (hereinafter, the “Act”);

WHEREAS, Article 4 of the Act authorizes and empowers the Authority to issue bonds to assist local agencies in financing and refinancing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, the Authority previously issued its Lease Revenue Bonds (Municipal Facilities Project), Series 2002A and its Lease Revenue Bonds (Municipal Facilities Project), Series 2002B (together, the “Series 2002 Bonds”) in order to refinance certain public capital improvements (the “2002 Facilities”) for the benefit of the City of Antioch (the “City”); and

WHEREAS, the City has agreed to make lease payments (the “2002 Lease Payments”) to the Authority pursuant to the Facility Lease, dated as of March 1, 2002, between the Authority and the City; and

WHEREAS, the City wishes to prepay the 2002 Lease Payments in order to refund the Series 2002 Bonds; and

WHEREAS, the Association of Bay Area Governments (“ABAG”) has issued its Lease Revenue Bonds, 2001 Series A (California Capital Projects) (the “ABAG Bonds”) a portion of which was used to finance the construction of a new clubhouse at the Lone Tree Golf Course and to refund other obligations of the City issued to finance public capital improvements (collectively, the “2001 Facilities”); and

WHEREAS, the City has agreed to make lease payments (the “2001 Lease Payments”) to ABAG pursuant to the Lease Agreement, dated as of July 1, 2001, between the City and ABAG; and

WHEREAS, the City wishes to prepay the 2001 Lease Payments in order to refund the City’s portion of the ABAG Bonds; and

WHEREAS, the Authority has authorized the issuance of its Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Series 2015 Bonds”), in an aggregate principal amount of _____ dollars (\$[par amount]) to refund the Series 2002 Bonds and the City’s portion of the ABAG Bonds;

WHEREAS, to provide for the authentication and delivery of the Bonds (as hereinafter defined), to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the full and timely payment of the principal thereof and premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Trust Agreement;

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Authority payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth, have been done and taken, and have been in all respects duly authorized;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that in order to secure the full and timely payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified, unless otherwise defined in such other document. Capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Facility Lease.

Act

The term “Act” means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended) and all laws amendatory thereof or supplemental thereto.

Authority

The term “Authority” means the City of Antioch Public Financing Authority created pursuant to the Act and its successors and assigns in accordance herewith.

Authorized Denominations

The term “Authorized Denominations” means \$5,000 or any integral multiple thereof.

Base Rental Payments

The term “Base Rental Payments” shall have the meaning ascribed to such term in the Facility Lease.

Bond Counsel

The term “Bond Counsel” means counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Authority.

Bonds, Series 2015 Bonds, Additional Bonds, Serial Bonds, Term Bonds

The term “Bonds” means the Series 2015 Bonds and all Additional Bonds. The term “Series 2015 Bonds” means all bonds of the Authority authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Section 2.02(a) and Section 3.01. The term “Additional Bonds” means all bonds of the Authority authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article III. The term “Serial Bonds” means Bonds for which no sinking fund payments are provided. The term “Term Bonds” means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Year

The term “Bond Year” means the twelve (12)-month period ending on April 1 of each year to which reference is made.

Bondholder; Holder; Owner

The term “Bondholder,” “Holder” or “Owner” means any person who shall be the registered owner of any Outstanding Bond.

Business Day

The term “Business Day” means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of New York or California are authorized to remain closed, or a day on which the Federal Reserve system is closed.

Certificate of the Authority

The term “Certificate of the Authority” means an instrument in writing signed by the Chair, Executive Director, Secretary or Treasurer of the Authority, or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

Certificate of the City

The term “Certificate of the City” means an instrument in writing signed by the Mayor, City Manager or Finance Director of the City, or by any such officials’ duly appointed designee, or by any other officer or employee of the City duly authorized by the City Council of the City for that purpose.

City

The term “City” means the City of Antioch, a municipal corporation organized and validly existing under the Constitution and laws of the State.

Code

The term “Code” means the Internal Revenue Code of 1986, as amended.

Continuing Disclosure Agreement

The term “Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement between the City and the Trustee dated the date of issuance and delivery of the Series 2015 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Costs of Issuance

The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority and related to the authorization, execution and delivery of the Site Lease, the Facility Lease, this Trust Agreement and the issuance and sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the Authority and any other authorized cost, charge or fee in connection with the issuance of the Bonds.

Costs of Issuance Fund

The term “Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.01.

Debt Service

The term “Debt Service” means, for any Fiscal Year or other period, the sum of (1) the interest accruing during such Fiscal Year or other period on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds so long as such funded interest is in an amount equal to the gross amount necessary to pay such interest on the Bonds and is invested in direct obligations of the United States which mature no later than the related Interest Payment Date), (2) the principal amount of all Outstanding Serial Bonds maturing during such Fiscal Year or other period, and (3) the principal amount of all Outstanding Term Bonds required to be redeemed or paid (together with the redemption premiums, if any, thereon) during such Fiscal Year or other period.

Depository

The term “Depository” shall mean DTC or another recognized securities depository selected by the Authority which maintains a book-entry system for the Bonds.

DTC

The term “DTC” means The Depository Trust Company, New York, New York.

Event of Default

The term “Event of Default” shall have the meaning specified in Section 7.01.

Facilities

The term “Facilities” means the buildings, other improvements and facilities described in Exhibit A to the Facility Lease, including all real property on which such buildings, other improvements and facilities are located, or any portion thereof, or any City buildings, other improvements and facilities substituted therefor, or any portion thereof, in accordance with the Facility Lease and this Trust Agreement; subject, however, to any conditions, reservations and easements of record known to the City.

Facility Lease

The term “Facility Lease” means that certain lease, entitled “Facility Lease”, by and between the Authority and the City, dated as of February 1, 2015, which lease or a memorandum thereof was recorded in the office of the County Recorder of the County of Contra Costa on _____, 2015 as document No. 2015-_____, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

Financial Newspaper

The term “Financial Newspaper” means The Wall Street Journal or The Bond Buyer, or any other newspaper or journal printed in the English language, publishing financial news, and selected by the Authority.

Fiscal Year

The term “Fiscal Year” means the twelve (12) month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

Government Securities

The term “Government Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations the timely payment of which is guaranteed directly by the United States of America, including evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations; provided that investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; (c) the underlying obligations are not redeemable prior to maturity, and (d) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

Independent Certified Public Accountant

The term “Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom --

- (1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority or the City;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the City; and
- (3) is not connected with the Authority or the City as a member, officer or employee of the Authority or the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority or the City.

Information Services

The term “Information Services” means the Electronic Municipal Market Access System of the Municipal Rulemaking Board; and in accordance with then current guidelines of

the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or such services as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

Interest Payment Date

The term “Interest Payment Date” means April 1 and October 1 in each year, commencing October 1, 2015.

Joint Powers Agreement

The term “Joint Powers Agreement” means the Joint Exercise of Powers Agreement by and between the City and the Antioch Development Agency, dated April 27, 1993, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

Moody’s

The term “Moody’s” means Moody’s Investors Service, Inc. a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

Opinion of Counsel

The term “Opinion of Counsel” means a written opinion of Bond Counsel.

Outstanding

The term “Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.02) all Bonds except

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 10.01; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant hereto.

Permitted Encumbrances

The term “Permitted Encumbrances” means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to the Facility Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the

date of recordation of the Facility Lease in the office of the County Recorder of the County of Contra Costa and which the City certifies in writing will not materially impair the use of the Facilities; (3) the Site Lease, as it may be amended from time to time; (4) the Facility Lease, as it may be amended from time to time; (5) this Trust Agreement, as it may be amended from time to time; (6) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Authority and the City consent in writing and certify to the Trustee will not materially impair the ownership interests of the Authority or use of the Facilities by the City; and (8) subleases and assignments of the City which will not adversely affect the exclusion from gross income of interest on the Bonds.

Permitted Investments

The term “Permitted Investments” means any of the following, if and to the extent each is permissible for investment of funds of the Authority, as stated in its current investment policy and pursuant to applicable laws:

- (1) Government Securities;
- (2) Any obligations which are then legal investments for moneys of the City under the laws of the State of California; provided that such investments shall be rated in the highest short-term or one of the three highest long-term Rating Categories by the Rating Agencies or deposits which are fully insured by the FDIC;
- (3) Debentures of the Federal Housing Administration; or obligations of the following agencies which are not guaranteed by the United States of America: (i) participation certificates or debt obligations of the Federal Home Loan Mortgage Corporation; (ii) consolidated system-wide bonds and notes of the Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); (iii) consolidated debt obligations or letter of credit-backed issues of the Federal Home Loan Banks; (iv) mortgage-backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal or debt obligations of the Federal National Mortgage Association; or (v) letter of credit-backed issues or debt obligations of the Student Loan Marketing Association;
- (4) Money markets or mutual funds which are rated by S&P “AAAm-G” or “AAAm” or higher and, if rated by Moody’s, are rated “Aaa” or higher, which funds may include funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;
- (5) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated in any of the three highest Rating Categories by the Rating Agencies at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event such rating at any time falls below any of the three highest Rating

Categories of the Rating Agencies; provided that any such investment agreement shall have been provided to the Rating Agencies;

(6) The Local Agency Investment Fund of the State of California; and

(7) Any other investment selected by the Authority which does not adversely affect the then-current rating on the Bonds.

The Trustee may conclusively rely on the written instructions of the Authority and the City that such investment is a Permitted Investment hereunder.

Person

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

Principal Office

The term “Principal Office” refers to the office of the Trustee noted in Section 12.12 and such other offices as the Trustee may designate from time to time except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

Principal Payment Date

The term “Principal Payment Date” means any date on which principal of the Bonds is required to be paid (whether by reason of maturity, redemption or acceleration).

Rating Agencies

The term “Rating Agencies” means, as of any date, (a) Moody’s, if Moody’s then maintains a rating on the Bonds, and (b) S&P, if S&P then maintains a rating on the Bonds.

Rating Category

The term “Rating Category” means one of the general long-term (or short-term, if so specifically provided) rating categories of either Moody’s and S&P, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Record Date

The term “Record Date” means the close of business on the fifteenth (15th) calendar day (whether or not a Business Day) of the month preceding any Interest Payment Date.

Redemption Date

The term “Redemption Date” shall mean the date fixed for redemption of any Bonds.

Redemption Price

The term “Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Trust Agreement.

Representation Letter

The term “Representation Letter” means the blanket letter of representation of the Authority to DTC or any similar letter to a substitute depository.

[Reserve Facility]

[The term “Reserve Facility” means a surety bond, insurance policy or letter of credit credited to the Reserve Account and meeting the requirements of Section 5.04 hereof.]

[Reserve Facility Provider]

[The term “Reserve Facility Provider” means any provider of a Reserve Facility.]

[Reserve Fund] [References to Reserve Fund are included in the event there is a Reserve Facility]

[The term “Reserve Fund” means the fund by that name established pursuant to Section 4.03.]

[Reserve Fund Requirement]

[The term “Reserve Fund Requirement” means an amount equal to the lesser of (i) one hundred twenty-five percent (125%) of the average annual debt service on all Outstanding Bonds, or (ii) maximum annual debt service on all Outstanding Bonds.]

Responsible Officer

The term “Responsible Officer” means any officer of the Trustee assigned to administer its duties under this Trust Agreement.

Revenues

The term “Revenues” means (i) all Base Rental Payments and other payments paid by the City and received by the Authority pursuant to the Facility Lease (but not Additional Payments), and (ii) all interest or other income from any investment, pursuant to Section 5.05, of

any money in any fund or account (other than the Rebate Fund) established pursuant to this Trust Agreement or the Facility Lease.

S&P

The term “S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

Securities Depositories

The term “Securities Depositories” means: The Depository Trust Company or such other securities depositories as the Authority may designate to the Trustee.

Series

The term “Series,” whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

Site Lease

The term “Site Lease” means that certain lease, entitled “Site Lease”, by and between the City and the Authority, dated as of February 1, 2015, which lease or a memorandum thereof was recorded in the office of the County Recorder of the County of Contra Costa on _____, 2015 as document No. 2015-_____, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

State

The term “State” means the State of California.

Supplemental Trust Agreement

The term “Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is executed and delivered pursuant to the provisions hereof.

Tax Certificate

The term “Tax Certificate” means the Tax Certificate and Agreement delivered by the Authority and the City at the time of the issuance and delivery of a Series of Bonds, as the same may be amended or supplemented in accordance with its terms.

Treasurer

The term “Treasurer” means the Treasurer and Controller of the Authority designated pursuant to the Joint Powers Agreement.

Trust Agreement

The term “Trust Agreement” means this Trust Agreement, dated as of February 1, 2015 between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

Trustee

The term “Trustee” means The Bank of New York Mellon Trust Company, N.A., or any other association or corporation which may at any time be substituted in its place as provided in Section 8.01.

Written Request of the Authority

The term “Written Request of the Authority” means an instrument in writing signed by or on behalf of the Authority by its Chair, Executive Director, Secretary or Treasurer or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

Written Request of the City

The term “Written Request of the City” means an instrument in writing to the Trustee signed by the Mayor, City Manager, or the Finance Director of the City, or by any such officer’s duly appointed designee, or by any other officer or employee of the City duly authorized by the City for that purpose.

SECTION 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Bondholders thereof, this Trust Agreement shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Bondholders from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full, timely and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Bondholders of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over

any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

SECTION 1.03 Interpretation. (a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean or include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

ARTICLE II

THE BONDS

SECTION 2.01 Authorization of Bonds; Series 2015 Bonds. (a) Bonds may be issued hereunder from time to time in order to obtain moneys to carry out the purposes of the Authority. The maximum principal amount of Bonds which may be issued hereunder is not limited. The Bonds are designated generally as “City of Antioch Public Financing Authority Lease Revenue Bonds,” each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds. The Bonds may be issued in such Series as from time to time shall be established and authorized by the Authority, subject to the covenants, provisions and conditions herein contained.

(b) An initial Series of Bonds is hereby created and designated “City of Antioch Public Financing Authority Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A.” The aggregate principal amount of Series 2015 Bonds which may be issued and Outstanding under this Trust Agreement shall not exceed _____ dollars (\$[par amount]).

(c) The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Series 2015 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Series 2015 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized, pursuant to each and every requirement of the Act, to issue the Series 2015 Bonds in the form and manner provided herein for the purpose of providing funds to refinance the 2001 Facilities and the 2002 Facilities, and that the Series 2015 Bonds shall be entitled to the benefit, protection and security of the provisions hereof.

(d) The validity of the issuance of the Series 2015 Bonds shall not be dependent on or affected in any way by the proceedings taken by the Authority to refinance the 2001 Facilities and the 2002 Facilities. The recital contained in the Series 2015 Bonds that the same are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Series 2015 Bonds shall be incontestable from and

after their issuance. The Series 2015 Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Series 2015 Bonds (or any temporary Series 2015 Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

SECTION 2.02 Terms of the Series 2015 Bonds. (a) The Series 2015 Bonds shall be issued in the aggregate principal amount of _____ dollars (\$[par amount]). The Series 2015 Bonds shall be dated as of the date of initial delivery, shall be issued only in fully registered form in Authorized Denominations (not exceeding the principal amount of Series 2015 Bonds maturing at any one time), and shall mature in the years and in the principal amounts and bear interest at the rates as set forth in the following schedule, subject to prior redemption as described in Article IV hereof:

Series 2015 Bonds

Maturity Date <u>(April 1)</u>	Principal <u>Amount</u>	<u>Interest Rate</u>
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* Term Bond

The Series 2015 Bonds shall bear interest at the rates set forth above, payable commencing October 1, 2015, and semiannually thereafter on April 1 and October 1 in each year. The Series 2015 Bonds shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event they shall bear interest from such date, or unless such date of registration is prior to the first Interest Payment Date, in which event they shall bear interest from their dated date. The amount of interest so payable on any Interest Payment Date shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(b) Payment of interest on the Series 2015 Bonds due on or before the maturity or prior redemption thereof shall be paid by check mailed by first class mail on each Interest Payment Date to the person in whose name the Bond is registered as of the applicable Record Date for such Interest Payment Date at the address shown on the registration books maintained by the Trustee pursuant to Section 2.09; provided, however, that interest on any Series of Bonds shall be paid by wire transfer or other means to provide immediately available funds to any Holder of at least \$1,000,000 in aggregate principal amount of such Series of Bonds, at its option, according to wire instructions given to the Trustee in writing for such purpose and on file prior to the applicable Record Date preceding the Interest Payment Date.

(c) Interest on any Bond shall cease to accrue (i) on the maturity date thereof, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal amount thereof, plus interest accrued thereon to such date; or (ii) on the redemption date thereof, provided there has been irrevocably deposited with the Trustee an amount sufficient to pay the Redemption Price thereof, plus interest accrued thereon to such date. The Holder of such Bond shall not be entitled to any other payment, and such Bond shall no longer be Outstanding and entitled to the benefits of this Trust Agreement, except for the payment of the principal amount or Redemption Price, of such Bond, as appropriate, from moneys held by the Trustee for such payment.

(d) The principal of the Bonds shall be payable by check in lawful money of the United States of America at the Principal Office of the Trustee. No payment of principal shall be made on any Bond unless and until such Bond is surrendered to the Trustee for cancellation.

(e) The Trustee shall identify all payments (whether made by check or by wire transfer) of interest, principal, and premium by CUSIP number of the related Bonds.

SECTION 2.03 Form of Series 2015 Bonds. The Series 2015 Bonds and the authentication and registration endorsement and assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto attached and by this reference herein incorporated.

SECTION 2.04 [Reserved].

SECTION 2.05 [Reserved].

SECTION 2.06 Execution of Series 2015 Bonds. The Chair of the Authority is hereby authorized and directed to execute each of the Series 2015 Bonds on behalf of the

Authority and the Secretary of the Authority is hereby authorized and directed to countersign each of the Series 2015 Bonds on behalf of the Authority. The signatures of such Chair and Secretary may be by printed, lithographed or engraved by facsimile reproduction. In case any officer whose signature appears on the Series 2015 Bonds shall cease to be such officer before the delivery of the Series 2015 Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Series 2015 Bonds.

Only those Series 2015 Bonds bearing thereon a certificate of authentication in the form hereinbefore recited, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Series 2015 Bonds so authenticated have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

SECTION 2.07 Transfer and Payment of Bonds. Any Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.09 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same Series and maturity for a like aggregate principal amount of Authorized Denominations. The Trustee shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may, except as otherwise provided herein, deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bond shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Bond to the extent of the sum or sums so paid.

The Trustee shall not be required to register the transfer of or exchange any Bonds which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 4.05 or during the period established by the Trustee for selection of Bonds for redemption.

SECTION 2.08 Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other authorized denominations. The Trustee shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege. The Trustee shall not be required to exchange any Bond which has been selected for redemption

in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 4.05 or during the period established by the Trustee for selection of Bonds for redemption.

SECTION 2.09 Bond Registration Books. The Trustee will keep at its office sufficient books for the registration and transfer of the Bonds, which during normal business hours shall be open to inspection by the Authority, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

SECTION 2.10 Mutilated, Destroyed, Stolen or Lost Bonds; Temporary Bonds. If any Bond shall become mutilated, the Trustee, at the expense of the Bondholder, shall thereupon authenticate and deliver a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Bondholder, shall thereupon authenticate and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Bonds of the same Series secured by this Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

The Bonds issued under this Trust Agreement 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 denominations as may be determined by the Authority, shall be in fully registered form and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the Authority, in accordance with the terms of the Act. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office of the Trustee, and the Trustee shall 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 Trust Agreement as definitive Bonds delivered hereunder.

SECTION 2.11 Special Covenants as to Book-Entry Only System for Series

2015 Bonds. (a) Except as otherwise provided in subsections (b) and (c) of this Section, all of the Series 2015 Bonds initially issued shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Series 2015 Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Series 2015 Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Series 2015 Bonds initially shall be issued in the form of a single authenticated fully registered bond for each stated maturity of such Series 2015 Bonds, representing the aggregate principal amount of the Series 2015 Bonds of such maturity. Upon initial issuance, the ownership of all such Series 2015 Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.09 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2015 Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such Series 2015 Bonds, selecting the Series 2015 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders hereunder, registering the transfer of Series 2015 Bonds, obtaining any consent or other action to be taken by Bondholders of the Series 2015 Bonds and for all other purposes whatsoever; and neither the Trustee nor the Authority or any paying agent shall be affected by any notice to the contrary. Neither the Trustee nor the Authority or any paying agent shall have any responsibility or obligation to any "Participant" (which shall mean, for purposes of this Section, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Series 2015 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Bondholder, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Series 2015 Bonds, (iii) any notice which is permitted or required to be given to Bondholders of Series 2015 Bonds hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2015 Bonds, or (v) any consent given or other action taken by DTC as Bondholder of Series 2015 Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2015 Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the Authority's obligations with respect to the payment of the principal of and premium, if any, and interest on the Series 2015 Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Series 2015 Bonds will be transferable to such new nominee in accordance with subsection (e) of this Section.

(c) In the event that the Authority determines that the Series 2015 Bonds should not be maintained in book-entry form, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability

through DTC of bond certificates. In such event, the Series 2015 Bonds will be transferable in accordance with subsection (e) of this Section. DTC may determine to discontinue providing its services with respect to the Series 2015 Bonds or a portion thereof, at any time by giving written notice of such discontinuance to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Series 2015 Bonds will be transferable in accordance with subsection (e) of this Section. If at any time DTC shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor securities depository is not appointed by the Authority within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, then this Section shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the Series 2015 Bonds as provided below. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Series 2015 Bonds then Outstanding. In such event, the Series 2015 Bonds will be transferable to such securities depository in accordance with subsection (e) of this Section, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Series 2015 Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Series 2015 Bond and all notices with respect to each such Series 2015 Bond shall be made and given, respectively, to DTC as provided in or pursuant to the Representation Letter.

(e) In the event that any transfer or exchange of Series 2015 Bonds is authorized under subsection (b) or (c) of this Section, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Series 2015 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.07 and 2.08. In the event Series 2015 Bond certificates are issued to Bondholders other than Cede & Co., its successor as nominee for DTC as holder of all the Series 2015 Bonds, another securities depository as holder of all the Series 2015 Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.07 and 2.08 shall also apply to, among other things, the registration, exchange and transfer of the Series 2015 Bonds and the method of payment of principal of, premium, if any, and interest on the Series 2015 Bonds.

ARTICLE III

ISSUANCE OF BONDS

SECTION 3.01 Procedure for the Issuance of Series 2015 Bonds. At any time after the sale of the Series 2015 Bonds in accordance with the Act, the Authority shall execute the Series 2015 Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon the Series 2015 Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof upon the Written Request of the Authority and upon receipt of payment therefor from the purchaser thereof. Upon receipt of payment for the Series 2015 Bonds from

the purchaser thereof, the Trustee shall, unless otherwise instructed by the Authority, transfer or deposit the proceeds received from such sale to the following respective accounts or funds, in the following order of priority:

(i) deposit the sum of \$_____ in the Costs of Issuance Fund, which fund is hereby created and which fund the Trustee hereby agrees to maintain until _____ 1, 2015. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Series 2015 Bonds upon receipt of a Written Request of the Authority filed with the Trustee, each of which shall be sequentially numbered and shall state the person(s) to whom payment is to be made, the amount(s) to be paid, the purpose(s) for which the obligation(s) was incurred and that such payment is a proper charge against said fund. On _____ 1, 2015, or upon the earlier Written Request of the Authority, any remaining balance in the Costs of Issuance Fund shall be transferred to the Revenue Fund;

(ii) transfer the sum of \$_____ to The Bank of New York Mellon Trust Company, N.A., as trustee for the Series 2002 Bonds, for the refunding of the Series 2002 Bonds; and

(iii) transfer the sum of \$_____ to Wells Fargo Bank, National Association for the prepayment of the 2001 Lease Payments and the refunding of the City's portion of the ABAG Bonds.

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

SECTION 3.02 [Reserved].

SECTION 3.03 Conditions for the Issuance of Additional Bonds. The Authority may at any time, issue Additional Bonds pursuant to a Supplemental Trust Agreement, payable from the Revenues as provided herein and secured by a pledge of and charge and lien upon the Revenues as provided herein equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued hereunder, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

(a) The Authority shall be in compliance with all agreements and covenants contained herein and no Event of Default shall have occurred and be continuing.

(b) The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Bonds shall be applied to refunding or repayment of all or a portion of the Bonds then Outstanding, including the payment of costs and expenses of and incident to the authorization and sale of such Additional Bonds.

(c) The aggregate principal amount of Bonds issued and at any time Outstanding hereunder shall not exceed any limit imposed by law, by this Trust Agreement or by any Supplemental Trust Agreement.

(d) The Facility Lease shall have been amended, if necessary, so that the Base Rental Payments payable by the City thereunder in each Fiscal Year shall at least equal Debt Service, including Debt Service on the Additional Bonds, in each Fiscal Year.

SECTION 3.04 Proceedings for Authorization of Additional Bonds.

Whenever the Authority and the City shall determine to execute and deliver any Additional Bonds pursuant to Section 3.03, the Authority and the Trustee shall enter into a Supplemental Trust Agreement providing for the issuance of such Additional Bonds, specifying the maximum principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds.

The Supplemental Trust Agreement shall prescribe the form or forms of such Additional Bonds and, subject to the provisions of Section 3.03, shall provide for the distinctive designation, denominations, method of numbering, dates, payment dates, interest rates, interest payment dates, provisions for redemption (if desired) and places of payment of principal and interest.

Before such Additional Bonds shall be issued, the City and the Authority shall file or cause to be filed the following documents with the Trustee:

(a) An Opinion of Counsel setting forth that (1) such Counsel has examined the Supplemental Trust Agreement and the amendment, if any, to the Facility Lease required by Section 3.03(d); (2) the execution and delivery of the Additional Bonds have been duly authorized by the City and the Authority; and (3) said amendment to the Facility Lease, when duly executed by the City and the Authority, will be valid and binding obligations of the City and the Authority.

(b) A Certificate of the Authority stating that the requirements of Section 3.03 have been met.

(c) A certified copy of a resolution of the City authorizing the execution of the amendments, if any, to the Facility Lease required by Section 3.03(d).

(d) An executed counterpart or duly authenticated copy of any amendment to the Facility Lease required by Section 3.03(d).

(e) A Certificate of the City stating that the insurance required by Sections 5.01, 5.02 and 5.03 of the Facility Lease is in effect.

Upon the delivery to the Trustee of the foregoing instruments and upon the Trustee's receipt of Certificates of the City and of the Authority stating that all applicable provisions of this Trust Agreement have been complied with (so as to permit the execution and delivery of the Additional Bonds in accordance with the Supplemental Trust Agreement then delivered to the Trustee), the Trustee shall execute and deliver said Additional Bonds in the aggregate principal amount specified in such Supplemental Trust Agreement to, or upon the Written Request of, the Authority.

SECTION 3.05 Limitations on the Issuance of Obligations Payable from Revenues. The Authority will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, however denominated, payable in whole or in part from Revenues except the following:

(a) Bonds of any Series authorized pursuant to Section 3.03; or

(b) Obligations which are junior and subordinate to the payment of the principal, premium and interest on the Bonds and which subordinated obligations are payable as to principal, premium and interest only out of Revenues after the prior payment of all amounts then required to be paid hereunder from Revenues for principal, premium and interest on the Bonds, as the same become due and payable and at the times and in the manner as required in this Trust Agreement.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01 Extraordinary Redemption. The Series 2015 Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as hereinafter provided, as a whole or in part by lot within each stated maturity in integral multiples of Authorized Denominations, from prepayments made by the City pursuant to Section 7.02(a) of the Facility Lease, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the Redemption Date. Whenever less than all of the Outstanding Bonds are to be redeemed on any one date, the Trustee shall select, in accordance with written directions from the Authority, the Bonds to be redeemed in part from the Outstanding Bonds so that the aggregate annual principal amount of and interest on Bonds which shall be payable after such Redemption Date shall be as nearly proportional as practicable to the aggregate annual principal amount of and interest on Bonds Outstanding prior to such Redemption Date.

SECTION 4.02 Optional Redemption. The Series 2015 Bonds maturing on or prior to April 1, ____, are not subject to optional redemption. The Series 2015 Bonds maturing on and after April 1, ____, are subject to optional redemption prior to maturity at the written direction of the Authority, from any moneys deposited by the Authority or the City, as a whole or in part on any date on or after April 1, ____, and among such maturities as are designated by the Authority to the Trustee, at a redemption price equal to 100% of the principal amount of the Bonds called for redemption plus accrued but unpaid interest to the redemption date.

SECTION 4.03 Mandatory Sinking Fund Redemption. Bonds maturing on April 1, 20__, shall be subject to redemption prior to their stated maturity, by lot, from mandatory sinking fund payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

Mandatory Sinking Fund Payment Date

Principal Amount

*Maturity

Bonds maturing on April 1, 20__, shall be subject to redemption prior to their stated maturity, by lot, from mandatory sinking fund payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

Mandatory Sinking Fund Payment Date

Principal Amount

*Maturity

In the event of an optional redemption pursuant to Section 4.02, the City shall provide the Trustee with a revised sinking fund schedule giving effect to the optional redemption so completed.

SECTION 4.04 Selection of Bonds for Redemption. If less than all Outstanding Series 2015 Bonds of the same Series maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2015 Bonds of such maturity date to be redeemed by lot and shall promptly notify the Authority in writing of the numbers of the Series 2015 Bonds so selected for redemption. For purposes of such selection, Series 2015 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event 2012 Term Bonds are designated for redemption, the Authority may designate which sinking account payments are allocated to such redemption.

SECTION 4.05 Notice of Redemption; Cancellation; Effect of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the respective Bondholders of the Series 2015 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and (iii) one or more Information Services. Notice of redemption to the Securities Depositories and the Information Services shall be given by registered mail or overnight delivery or facsimile transmission or by such other method

acceptable to such institutions. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds, the Series, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Series 2015 Bonds of such maturity, to be redeemed and, in the case of Series 2015 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2015 Bonds the redemption price thereof, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2015 Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice or any defect in such notice shall not invalidate any of the proceedings taken in connection with such redemption.

The Authority may, at its option, prior to the date fixed for redemption in any notice of redemption rescind and cancel such notice of redemption by Written Request to the Trustee and the Trustee shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Bondholders of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Series 2015 Bonds redeemed pursuant to the provisions of this Article shall be cancelled by the Trustee and shall be destroyed with a certificate of destruction furnished to the Authority upon its request and shall not be reissued.

ARTICLE V

REVENUES

SECTION 5.01 Pledge of Revenues. (a) All Revenues, any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established hereunder (other than amounts on deposit in the Rebate Fund created pursuant to Section 6.03) and any other amounts (excluding Additional Payments) received by the Authority in respect of the Facilities are hereby irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Bonds as provided herein, and the Revenues and other amounts pledged hereunder shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a pledge of and charge and first lien upon the Revenues, all other amounts pledged hereunder and all other moneys on deposit in the funds and accounts established hereunder (excluding amounts on deposit in the Rebate Fund created pursuant to Section 6.03) for the payment of the interest on and principal of the Bonds in accordance with the terms hereof and thereof. The Authority

hereby assigns to the Trustee all of the Authority's right, title and interest in the Facility Lease and the Site Lease as security for payment of the Bonds.

(b) At least three (3) Business Days prior to each date on which a Base Rental Payment is due, pursuant to the Facility Lease, the Trustee shall notify the City of the amount of the installment of Base Rental Payment needed to pay the principal of and interest on the Bonds due on the next following Interest Payment Date. Any failure to send such notice shall not affect the City's obligation to make timely payments of installments of Base Rental Payments.

SECTION 5.02 Receipt and Deposit of Revenues in the Revenue Fund. In order to carry out and effectuate the pledge, charge and lien contained herein, the Authority agrees and covenants that all Revenues and all other amounts pledged hereunder when and as received shall be received by the Authority in trust hereunder for the benefit of the Bondholders and shall be transferred when and as received by the Authority to the Trustee for deposit in the Revenue Fund (the "Revenue Fund"), which fund is hereby created and which fund the Authority hereby agrees and covenants to maintain in trust for Bondholders so long as any Bonds shall be Outstanding hereunder. Subject to Section 5.05, all Revenues and all other amounts pledged hereunder shall be accounted for through and held in trust in the Revenue Fund, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided. All Revenues and all other amounts pledged hereunder, whether received by the Authority in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

SECTION 5.03 Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund. (a) Subject to Section 6.03, all money in the Revenue Fund shall be set aside by the Trustee in the following respective special accounts or funds within the Revenue Fund (each of which is hereby created and each of which the Authority hereby covenants and agrees to cause to be maintained) in the following order of priority:

- (1) Interest Account;
- (2) Principal Account[; and
- (3) Reserve Fund].

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section. On each Principal Payment Date, following payment of principal of and interest on the Bonds, any excess amount on deposit in the Revenue Fund shall be returned to the City as an excess of Base Rental Payments.

(b) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date.

No deposit need be made in the Interest Account if the amount contained therein and available to pay interest on the Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(c) Principal Account. On or before each April 1, commencing April 1, [2016], the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such April 1, into the respective sinking fund accounts for all Outstanding Term Bonds and the principal amount of all Outstanding Serial Bonds maturing on such April 1.

No deposit need be made in the Principal Account if the amount contained therein and available to pay principal of the Bonds is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing by their terms on such April 1 plus the aggregate amount of all sinking fund payments required to be made on such April 1 for all Outstanding Term Bonds.

The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Bonds of each Series and maturity, designated as the “____ Sinking Account” (the “Sinking Account”), inserting therein the Series and maturity (if more than one such account is established for such Series) designation of such Bonds. With respect to each Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Trustee shall apply the mandatory sinking account payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the Series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in Article IV; provided that, at any time prior to selection of Bonds for redemption, the Trustee may, upon the Written Request of the Authority, apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account), as may be directed by the Authority, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Bonds upon redemption by application of such mandatory sinking account payment. If, during the twelve (12)-month period immediately preceding said mandatory sinking account payment date, the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, such Bonds so purchased shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking account payment.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it shall become due and payable, whether at maturity or redemption, except that any money in any Sinking Account shall be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such Sinking Account was created.

(d) Reserve Fund. Subsequent to the transfers described in (b) and (c), funds in the Revenue Fund shall be deposited in the Reserve Fund to the extent that the amount therein is less than the Reserve Fund Requirement; provided that if there has been a draw upon any Reserve Facility used to provide all or a portion of the Reserve Fund Requirement, funds in the Revenue Fund subsequent to the transfers described in (b) and (c) shall be applied to reimburse the Reserve Facility Provider. All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal of or redemption premiums, if any, on the Bonds then Outstanding, except that so long as the Authority is not in default hereunder, any amounts in the Reserve Fund in excess of the Reserve Fund Requirement shall be withdrawn from the Reserve Fund and deposited in the Revenue Fund on each April 1 and October 1. For purposes of determining the amount on deposit in the Reserve Fund, the Trustee shall value on the last Business Day of each May and December those amounts invested in Permitted Investments at the market value thereof.]

SECTION 5.04 Reserve Surety Policies and Letters of Credit

(a) General. The Authority may satisfy the Reserve Fund Requirement at any time by the deposit with the Trustee for the credit of the Reserve Fund of a surety bond, an insurance policy or letter of credit as described below, or any combination thereof. If the Reserve Fund Requirement is satisfied by a Reserve Facility, the Trustee shall draw on such Reserve Facility in accordance with its terms, in a timely manner, to the extent necessary to fund any deficiency in the related Interest Account or Principal Account.

(i) Surety Bond or Insurance Policy. A surety bond or insurance policy issued to the Trustee, on behalf of the Holders of Bonds, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the applicable series of Bonds (a “municipal bond insurer”) may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the claims paying ability of such municipal bond insurer is rated “Aaa” by Moody’s Investors Service and “AAA” by Standard & Poor’s Corporation at the time of deposit to the Reserve Fund.

(ii) Letter of Credit. A letter of credit may be deposited in the Reserve Fund to meet the Reserve Fund Requirement, provided that any such letter of credit must be issued or confirmed by a state or national bank or a foreign bank with an agency or branch located in the continental United States which has outstanding an issue of unsecured long term debt securities rated at least equal to the second highest rating category (disregarding rating subcategories) by Moody’s Investors Service and Standard & Poor’s at the time of deposit to the Reserve Fund.

Unless the Bonds have been fully paid and retired, the Trustee shall draw the full amount of any letter of credit credited to the Reserve Fund for such Bonds on the third Business Day preceding the date such letter of credit (taking into account any extension, renewal or replacement thereof) would otherwise expire, and shall deposit moneys realized pursuant to such draw in the Reserve Fund.

(iii) Release of Moneys in Reserve Fund. If the Authority replaces a cash-funded Reserve Fund, in whole or in part, with a surety bond, insurance policy or letter of credit meeting the requirements of (a) above, amounts on deposit in the Reserve Fund shall, upon written request of the Authority to the Trustee, be transferred to the Authority and applied for the acquisition, construction, installation or equipping of public capital improvements; provided, such transfer shall be conditioned on the receipt by the Authority and Trustee of an Opinion of Counsel that such transfer will not cause the interest on the Bonds to be included in gross income for purposes of federal income taxation.]

SECTION 5.05 Application of Insurance Proceeds. In the event of any damage to or destruction of any part of the Facilities covered by insurance, the Authority shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds, to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall invest said proceeds in Permitted Investments pursuant to the Request of the City, as agent for the Authority under the Facility Lease, and withdrawals of said proceeds shall be made from time to time upon the filing with the Trustee of a Written Request of the City, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Facilities, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. The City shall file a Certificate of the City with the Trustee that sufficient funds from insurance proceeds or from any funds legally available to the City, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace the Facilities. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance shall be paid to the Trustee as Base Rental Payments and applied in the manner provided by Section 5.01. Alternatively, the City, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of the Facilities, or that portion, in the case of partial damage or destruction of the Facilities, of the Base Rental Payments and all other amounts relating to the damaged or destroyed portion of the Facilities, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the applicable provisions of Section 4.01. The City shall not apply the proceeds of insurance as set forth in this Section 5.04 to redeem the Bonds in part due to damage or destruction of a portion of the Facilities unless the Base Rental Payments on the undamaged portion of the Facilities will be sufficient to pay the initially-scheduled principal and interest on the Bonds remaining unpaid after such redemption.

SECTION 5.06 Deposit and Investments of Money in Accounts and Funds. Subject to Section 6.03, all money held by the Trustee and the Treasurer in any of the accounts or funds established pursuant hereto shall be invested in Permitted Investments at the Written Request of the City or, if no instructions are received, in money market funds described in paragraph 4 of the definition of Permitted Investments; provided, however, that any such

investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the City specifying a specific money market fund and, if no such Written Request of the City is so received, the Trustee shall hold such moneys uninvested. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. For purposes of this restriction, Permitted Investments containing a withdrawal option, repurchase option or put option by the investor shall be treated as having a maturity of no longer than such option. Subject to Section 6.03, all interest or profits received on any money so invested shall be deposited in the Revenue Fund. The Trustee and its affiliates may act as principal, agent, sponsor or advisor with respect to any investments. The Trustee shall not be liable for any losses on investments made in accordance with the terms and provisions of this Trust Agreement.

Investments (except investment agreements or repurchase agreements) in Trust Agreement funds and accounts shall be valued at the market value thereof, exclusive of accrued interest.

Investments purchased with funds on deposit in the Revenue Fund shall mature not later than the payment date or redemption date, as appropriate, immediately succeeding the investment.

Subject to Section 6.03, investments in any and all funds and accounts may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular funds and accounts amounts received or held by the Trustee hereunder, provided that the Trustee 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 Trust Agreement.

The Authority (and the City by its execution of the Facility Lease) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority, the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI

COVENANTS OF THE AUTHORITY

SECTION 6.01 Punctual Payment and Performance. The Authority will punctually pay out of the Revenues the interest on and principal of and redemption premiums, if any, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained herein and in the Bonds.

SECTION 6.02 Against Encumbrances. The Authority will not make any pledge or assignment of or place any charge or lien upon the Revenues except as provided in

Section 3.05, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except as provided in Section 3.05.

SECTION 6.03 Tax Covenants; Rebate Fund.

(a) In addition to the accounts created pursuant to Section 5.03, the Trustee shall establish and maintain a fund separate from any other fund or account established and maintained hereunder designated as the Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. The Trustee may rely conclusively upon the City's determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility to independently make any calculation or determination or to review the City's calculations hereunder. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. Notwithstanding the provisions of Sections 5.01, 5.02, 5.05, 9.01 and 10.01 relating to the pledge of Revenues, the allocation of money in the Revenue Fund, the investments of money in any fund or account, the application of funds upon acceleration and the defeasance of Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section 6.03 and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate.

(b) Any funds remaining in the Rebate Fund with respect to a Series of Bonds after redemption and payment of all such Series of Bonds and all other amounts due hereunder or under the Facility Lease relating to such Series of Bonds, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees and expenses of the Trustee and satisfaction of the Rebate Requirement (as defined in the Tax Certificate), shall be withdrawn by the Trustee and remitted to or upon the direction of the Authority.

(c) The Authority shall not use or permit the use of any proceeds of the Bonds or any funds of the Authority, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any of the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, "private activity bond" within the meaning of Section 141(a) of the Code, or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder and under Section 103(c) of the Internal Revenue Code of 1954, as amended. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Authority shall comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the Bonds. In the event that at any time the Authority is of the opinion that for purposes of this Section 6.03(c) it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under this Trust Agreement, the Authority shall so instruct the Trustee under this Trust Agreement in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(d) The Authority and the Trustee (as directed by the Authority) specifically covenant to comply with the provisions and procedures of the Tax Certificate; provided that the Trustee shall not be bound by this covenant if an Event of Default has occurred and is continuing.

(e) The Authority shall not use or permit the use of any proceeds of the Bonds or any funds of the Authority, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code.

(f) Notwithstanding any provisions of this Section 6.03, if the Authority shall provide to the Trustee an Opinion of Counsel that any specified action required under this Section 6.03 or the Tax Certificate is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article IX hereof, the covenants hereunder shall be deemed to be modified to that extent.

(g) The foregoing provisions of this Section 6.03 shall not be applicable to any Series of Bonds or the proceeds thereof that the Authority determines upon the issuance thereof are to be taxable bonds, the interest on which is intended to be included in the gross income of the Owner thereof for federal income tax purposes.

SECTION 6.04 Accounting Records and Reports. The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions. Not more than seven months after the close of each Fiscal Year, the Authority shall furnish or cause to be furnished to the Trustee a complete financial statement (which may be unaudited) covering receipts, disbursements, allocation and application of Revenues for such Fiscal Year. The Authority shall also keep or cause to be kept such other information as required under the Tax Certificate.

SECTION 6.05 Prosecution and Defense of Suits. The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations hereunder; provided, that the Trustee or any affected Bondholder at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any reasonable attorney's fees or other reasonable expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions hereunder, except for any loss, cost, damage or expense resulting from the negligence or willful misconduct by the Trustee. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect even though all Bonds secured hereby may have been fully paid and satisfied.

SECTION 6.06 Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Bondholder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Bondholders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

SECTION 6.07 [Reserved].

SECTION 6.08 Amendments to Facility Lease or Site Lease. The Authority shall not supplement, amend, modify or terminate any of the terms of the Facility Lease or Site Lease, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent if such supplement, amendment, modification or termination (a) will not materially adversely affect the interests of the Bondholders or result in any material impairment of the security hereby given for the payment of the Bonds (provided that such supplement, amendment or modification shall not be deemed to have such adverse effect or to cause such material impairment solely by reason of increasing the amount of Base Rental Payments to provide for the payment of Additional Bonds as required by Section 3.03(d); or substitution, release or addition of real property pursuant to Section 2.04 of the Facility Lease), (b) is to add to the agreements, conditions, covenants and terms required to be observed or performed thereunder by any party thereto, or to surrender any right or power therein reserved to the Authority or the City, (c) is to cure, correct or supplement any ambiguous or defective provision contained therein, (d) is to accommodate any increase in the amount of Base Rental Payments to provide for the payment of Base Rental Payments as required by Section 3.03(d); or any addition, substitution or release of property in accordance with Section 2.04 under the Facility Lease, (e) is to modify the legal description of the Facilities to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended to be included therein, or substituted for the Facilities pursuant to the provision of Section 2.04 of the Facility Lease, or (f) if the Trustee first obtains the written consent of the Bondholders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

SECTION 7.01 Events of Default and Acceleration of Maturities. If one or more of the following events (herein called "Events of Default") shall happen, that is to say:

(a) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) if default shall be made by the Authority in the performance of any of the other agreements or covenants required herein to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee;

(d) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or

(e) if an Event of Default has occurred under Section 6.01 of the Facility Lease;

then and in each and every such case during the continuance of such event of default the Trustee may, and upon the written request of the Bondholders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained herein or in the Bonds to the contrary notwithstanding. The Trustee shall promptly notify all Bondholders by first class mail of any such event of default which is continuing of which a Responsible Officer has actual knowledge or written notice.

This provision, however, is subject to the condition that if at any time after the principal of the Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee or the Bondholders of not less than a majority in aggregate principal amount of Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Bondholders of all the Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

SECTION 7.02 Application of Funds Upon Acceleration. All moneys in the accounts and funds provided in Sections 3.01, 3.02, 5.02, 5.03 and 5.05 upon the date of the declaration of acceleration by the Trustee as provided in Section 7.01 and all Revenues (other than Revenues on deposit in the Rebate Fund) thereafter received by the Authority hereunder shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the reasonable fees, costs and expenses of the Trustee in providing for the declaration of such event of default and carrying out its duties under this Agreement, including reasonable compensation to their accountants and counsel together with interest on any amounts advanced as provided herein and thereafter to the payment of the reasonable costs and expenses of the Bondholders, if any, in carrying out the provisions of this Article, including reasonable compensation to their accountants and counsel; and

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

SECTION 7.03 Institution of Legal Proceedings by Trustee. If one or more of the Events of Default shall happen and be continuing, the Trustee may, and upon the written request of the Bondholders of a majority in principal amount of the Bonds then Outstanding, and in each case upon being indemnified to its reasonable satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Bondholders of Bonds under this Trust Agreement and under Article VI of the Facility Lease by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties hereunder.

SECTION 7.04 Non-Waiver. Nothing in this Article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Bondholders of the Bonds at the respective dates of maturity or upon prior redemption as provided herein from the Revenues as provided herein pledged for such payment, or shall affect or impair the right of such Bondholders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Bondholder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Bondholder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Bondholders by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bondholders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Bondholder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.05 Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Bondholder shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Bondholders, whether or not the Trustee is a Bondholder, and the Trustee is hereby appointed (and the successive Bondholders, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Bondholders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Bondholders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

SECTION 7.06 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

SECTION 7.07 Limitation on Bondholders' Right to Sue. No Bondholder of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Bondholder shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 7.01; (b) the Bondholders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Bondholders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Bondholder of Bonds of any remedy hereunder; it being understood and intended that no one or more Bondholders of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Bondholders of the Outstanding Bonds.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01 The Trustee. The Bank of New York Mellon Trust Company, N.A. shall serve as the Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment, with the rights and obligations provided herein. The Authority agrees that it will at all times maintain a Trustee having a principal office in California.

The Authority, unless there exists any Event of Default as defined in Section 7.01, may at any time remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a national banking association, bank, banking institution, or trust company, having (or whose parent holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and subject to supervision or examination by federal or state authority. If such national banking association, bank, banking institution, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank, banking institution, 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. The Trustee may at any time resign by giving written notice of such resignation to the Authority, and by mailing by first class mail to the Bondholders notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. The successor Trustee shall send notice of its acceptance by first class mail to the Bondholders. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall succeed to the rights and obligations of the Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Authority and shall destroy such

Bonds and a certificate of destruction shall be delivered to the Authority upon its request. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

The Trustee shall, prior to an event of default, and after the curing of all Events of Default that may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement. The Trustee shall, during the existence of any event of default (that has not been cured), exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

SECTION 8.02 Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Bonds shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity hereof or of the Bonds, or shall incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Bonds or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

The Trustee shall not be bound to recognize any person as the Bondholder of a Bond unless and until such Bond is submitted for inspection, if required, and such Bondholder's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholders of not less than a majority (or any lesser amount that may direct the Trustee in accordance with this Agreement) in aggregate principal amount of the Bonds at the time Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Bondholders pursuant to the provisions of this Trust Agreement unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the reasonable costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Bondholders for the payment of the interest on, principal of or redemption premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

The Trustee shall not be deemed to have knowledge of any event of default (except payment defaults) unless and until a Responsible Officer shall have actual knowledge thereof or a Responsible Officer of the Trustee shall have received written notice thereof at its Principal Office. The Trustee shall not be bound to ascertain or inquire as to the performance or

observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or event of default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys-in-fact, agents or receivers, but shall not be answerable for the negligence or misconduct of any such attorney-in-fact, agent or receiver if such attorneys-in-fact, agents or receivers were selected by the Trustee with due care. The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the professional malpractice of any attorney-in-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of this Trust Agreement, if such attorney-in-law or certified public accountant was selected by the Trustee with due care.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Whether or not therein expressly so provided, every provision of this Trust Agreement, the Facility Lease or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or City of the Facilities. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Facility Lease or this Trust Agreement for the existence, furnishing or use of the Facilities.

The Trustee shall be protected in acting upon any notice, resolution, requisition, request (including any Written Request of the Authority or Written Request of the City), consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee 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 Trustee.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

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

The Trustee shall not be required to review or inspect, and shall not be deemed to have notice of, the contents of any financial statement delivered to the Trustee including but not limited to Section 6.04, it being expressly understood that the Trustee shall only receive and hold such documents as a repository for examination and copying by any Holder at such Holder's expense during business hours on Business Days with reasonable prior notice.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Trust Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

SECTION 8.03 Compensation and Indemnification of Trustee. The Authority covenants to pay (but solely from Additional Payments) to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by them in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee, in accordance with any of the provisions of this Trust Agreement (including the reasonable compensation and the reasonable expenses and disbursements of their counsel (including the allocated reasonable fees and disbursements of in-house counsel) and of all persons not regularly in their employ) except any such expense, disbursement or advance as may arise from their negligence or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damage, liability or expense incurred without negligence or bad faith on the part of the Trustee arising out of or in connection with the acceptance or administration of the trusts created hereby, including reasonable costs and expenses (including reasonable attorneys' fees and disbursements) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section 8.03 shall survive the discharge of the Bonds and this Trust Agreement and the resignation or removal of the Trustee.

SECTION 8.04 Compliance with Continuing Disclosure Agreement. Pursuant to Section 8.09 of the Facility Lease, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to S.E.C. Rule 15c2-12. Notwithstanding any other provision of this Trust Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount in Outstanding Bonds, and upon receipt of indemnification satisfactory to it, shall) or any Bondholder or Beneficial Owner 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 Section 8.09 of the Facility Lease or under this Section 8.04. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

ARTICLE IX

AMENDMENT OF THE TRUST AGREEMENT

SECTION 9.01 Amendment of the Trust Agreement. (a) This Trust Agreement and the rights and obligations of the Authority and of the Bondholders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Bondholders of a majority in aggregate principal amount of the Bonds

then Outstanding, exclusive of Bonds disqualified as provided in Section 9.02, are filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity or Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Bondholder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, charge and lien created hereby for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority, or the City without their prior written assent thereto, respectively. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Trust Agreement pursuant to this subsection (a), the Trustee shall mail a notice on behalf of the Authority, setting forth in general terms the substance of such Supplemental Trust Agreement to the Bondholders at the addresses shown on the registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

(b) The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Bondholders for any purpose that will not materially adversely affect the interests of the Bondholders, including (without limitation) for any one or more of the following purposes --

(i) to add to the agreements and covenants required herein to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved herein to or conferred herein on the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority may deem desirable or necessary;

(iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in Article III (which shall be deemed not to adversely affect Bondholders); or

(iv) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

SECTION 9.02 Disqualified Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this Article, and shall not be entitled to consent to or take any other action provided in this Article.

SECTION 9.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Bondholder of any Outstanding Bonds and presentation of his Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Bondholder of any Outstanding Bond a new Bond or Bonds shall be exchanged at the office of the Trustee without cost to each Bondholder for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

SECTION 9.04 Amendment by Mutual Consent. The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE X

DEFEASANCE

SECTION 10.01 Discharge of Bonds.

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Bondholders of all Outstanding Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated herein and therein, and the Authority shall pay in full all other amounts due hereunder and under the Facility Lease, then the Bondholders of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided herein, and all agreements, covenants and other obligations of the Authority to the Bondholders of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds and for the payment of all other amounts due hereunder and under the Facility Lease.

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this Section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 4.05, (2) there shall have been deposited with the Trustee (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money

which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Bondholders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

SECTION 10.02 Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, shall at the Written Request of the Authority be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall not look to the Trustee for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee may, and at the request of the Authority shall, at the expense of the Authority, cause to be published once a week for two (2) successive weeks in a Financial Newspaper of general circulation in Los Angeles and in San Francisco, California, and in the same or a similar Financial Newspaper of general circulation in New York, New York, a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of each such notice, the balance of such money then unclaimed will be returned to the Authority.

ARTICLE XI

[INTENTIONALLY LEFT BLANK]

ARTICLE XII

MISCELLANEOUS

SECTION 12.01 Liability of Authority Limited to Revenues. Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants herein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided herein, and the Authority is not obligated to pay them except from the Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds as provided herein. The Bonds are not a debt of the City, the State or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Authority as provided herein. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

SECTION 12.02 Benefits of this Trust Agreement Limited to Parties.

Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Bondholders any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Authority or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Authority, the Trustee and the Bondholders.

SECTION 12.03 Successor Is Deemed Included In All References To Predecessor.

Whenever herein either the Authority or any member, officer or employee thereof or of the State is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the Facilities that are presently vested in the Authority or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 12.04 Execution of Documents by Bondholders.

Any declaration, request or other instrument which is permitted or required herein to be executed by Bondholders may be in one or more instruments of similar tenor and may be executed by Bondholders in person or by their attorneys appointed in writing. The fact and date of the execution by any Bondholder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the Principal Office of the Trustee.

Any declaration, request, consent or other instrument or writing of the Bondholder of any Bond shall bind all future Bondholders of such Bond with respect to anything done or suffered to be done by the Trustee or the Authority in good faith and in accordance therewith.

SECTION 12.05 Waiver of Personal Liability. No member, officer or employee of the Authority or the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

SECTION 12.06 Acquisition of Bonds by Authority. All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 12.07 Destruction of Cancelled Bonds. Whenever provision is made for the return to the Authority of any Bonds which have been cancelled pursuant to the provisions hereof, the Authority may, by a Written Request of the Authority, direct the Trustee to destroy such Bonds and furnish to the Authority a certificate of such destruction, at its request.

SECTION 12.08 Content of Certificates. Every Certificate of the Authority with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

Any Certificate of the Authority may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Authority, upon a representation by an officer or officers of the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 12.09 Publication for Successive Weeks. Any publication required to be made hereunder for successive weeks in a Financial Newspaper may be made in each instance upon any Business Day of the first week and need not be made on the same Business Day of any succeeding week or in the same Financial Newspaper for any subsequent publication, but may be made on different Business Days or in different Financial Newspapers, as the case may be.

SECTION 12.10 Accounts and Funds. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the

accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with corporate trust industry standards and with due regard for the protection of the security of the Bonds and the rights of the Bondholders.

SECTION 12.11 Business Day. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day which is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 12.12 Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Authority: City of Antioch Public Financing Authority
P.O. Box 5007
Antioch, CA 94531-5007
Attention: Executive Director

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3100
San Francisco, CA 94111
Attention: Corporate Trust Department

If to the City: City of Antioch
P.O. Box 5007
Antioch, CA 94531-5007
Attention: City Manager

SECTION 12.13 Notices to Rating Agencies. The Trustee shall give written notice to Moody's and S&P of the redemption or defeasance of any Bonds, the amendment of the Facility Lease or Trust Agreement, any change in the Trustee.

SECTION 12.14 Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 12.15 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority

or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Bondholders shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Authority and the Trustee hereby declare that they would have executed and delivered this Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 12.16 Governing Law. This Trust Agreement shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

SECTION 12.17 Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY has caused this Trust Agreement to be signed in its name by its Chair, and The Bank of New York Mellon Trust Company, N.A., in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY

By: _____
Chair

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

Approved:

CITY OF ANTIOCH

By: _____
City Manager

EXHIBIT A

FORM OF SERIES 2015 BOND

No. _____

\$ _____

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BOND
(MUNICIPAL FACILITIES PROJECT), SERIES 2015A

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF ANTIOCH IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF ANTIOCH.

Interest <u>Rate</u> ____%	Maturity <u>Date</u> April 1, _____	Dated <u>Date</u> _____, 2015	<u>CUSIP</u> _____
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is registered as of an interest payment date or during the period from the first day of the month containing an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to October 1, 2015, in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on October 1, 2015, and semiannually thereafter on each April 1 and October 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check

mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Bondholder of \$1,000,000 or more in aggregate principal amount of Bonds of the Series of which this Bond is a part received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds. The principal hereof is payable in lawful money of the United States of America upon presentation of this Bond at the principal office of The Bank of New York Mellon Trust Company, N.A., in San Francisco or Los Angeles, California.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its “City of Antioch Public Financing Authority Lease Revenue Refunding Bonds” (the “Bonds”) and is one of a duly authorized series of such Bonds known as “Series 2015A” (the “Series 2015 Bonds”) issued in an aggregate principal amount of _____ dollars (\$[par amount]), all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto (the “Act”) and under and pursuant to the provisions of a trust agreement, dated as of February 1, 2015 (as amended from time to time, the “Trust Agreement”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (together with any successor as trustee under the Trust Agreement, the “Trustee”) (copies of the Trust Agreement are on file at the principal office of the Trustee in San Francisco, California).

The Bonds are issued to provide funds to prepay certain outstanding obligations of the City. The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bonds held in certain funds and accounts pursuant to the Trust Agreement and the revenues (as more fully defined in the Trust Agreement, the “Revenues”) derived from Base Rental Payments and other payments made by the City of Antioch (the “City”), and all interest or other investment income thereon, pursuant to the Facility Lease, dated as of February 1, 2015 (as amended from time to time, the “Facility Lease”), by and between the Authority and the City, and the Authority is not obligated to pay the interest or premium, if any, on and principal of the Bonds except from the Revenues. All Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest or premium, if any, on and principal of the Bonds as provided in the Trust Agreement. The full faith and credit of the Authority and the City are not pledged for the payment of the interest or premium, if any, on or principal of the Bonds. No tax shall ever be levied to pay the interest on or principal of the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues, and neither the payment of the interest on nor principal of the Bonds is a debt, liability or general obligation of the Authority, the City or any member of the Authority for which such entity is obligated to levy or pledge any form of taxation. Additional bonds payable from the Revenues may be issued which will rank equally as to security with the Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Trust Agreement. Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, the rights of the registered owners of the Bonds, security for

payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the Authority and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents.

The Bonds are subject to redemption by the Authority on the dates, and at the redemption prices, set forth in the Trust Agreement.

Notice of redemption of this Bond shall be given by first-class mail not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner of any Bond selected for redemption, subject to and in accordance with provisions of the Trust Agreement with respect thereto. If notice of redemption has been duly given as aforesaid and money for the payment of the above-described redemption price is held by the Trustee, then this Bond shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated, interest on this Bond shall cease to accrue and the registered owner of this Bond shall have no rights with respect hereto except to receive payment of the redemption price hereof.

If an Event of Default (as defined in the Trust Agreement) shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement. The Trust Agreement provides that in certain events such declaration and its consequences may be rescinded by the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding or by the Trustee.

This Bond is transferable only on a register to be kept for that purpose at the above-mentioned corporate trust office of the Trustee by the registered owner hereof in person or by the duly authorized attorney of such owner upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or the duly authorized attorney of such owner, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount in authorized denominations will be issued to the transferee in exchange therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been executed and dated by the Trustee.

It is hereby certified and recited that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as

required by the Act, and by the Constitution and laws of the State of California, that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the City of Antioch Public Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Chair of the Authority and countersigned by the manual or facsimile signature of the Secretary of said Authority, and has caused this Bond to be dated as of the original issue date specified above.

CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY

By: _____
Chair

Countersigned:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION

TO APPEAR ON SERIES 2015 BONDS]

This is one of the Bonds described in the within-mentioned Trust Agreement which has been registered and authenticated on _____.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT TO

APPEAR ON SERIES 2015 BONDS]

For value received the undersigned hereby sells, assigns and transfers unto (Taxpayer Identification Number: _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Dated: _____

PLEASE INSERT SOCIAL SECURITY NUMBER, TAXPAYER IDENTIFICATION NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:

Signature Guaranteed: _____

NOTE: Signature must be guaranteed by an eligible guarantor institution.

\$ _____
CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

**Lease Revenue Refunding Bonds
2014 Series A**

BOND PURCHASE AGREEMENT

_____, 2015

City of Antioch Public Financing Authority
P.O. Box 5007
Antioch, CA 94531-5007

City of Antioch
P.O. Box 5007
Antioch, CA 94531-5007

Ladies and Gentlemen:

RBC Capital Markets, LLC (the “Underwriter”) offers to enter into this Bond Purchase Agreement (this “Purchase Contract”) with the City of Antioch Public Financing Authority (the “Authority”) and the City of Antioch (the “City”). This offer is made subject to the Authority’s and the City’s acceptance by execution of this Purchase Contract and delivery of the same to the Underwriter on or before 11:59 p.m. on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the City at any time prior to such acceptance. Upon the Authority’s and the City’s acceptance hereof, the Purchase Contract will be binding upon the Authority, the City and the Underwriter.

Capitalized terms used in this Purchase Contract and not otherwise defined herein will have the respective meanings set forth for such terms in the Trust Agreement (defined below).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Contract, the Underwriter agrees to purchase from the Authority, and the Authority agrees to sell and deliver to the Underwriter, all (but not less than all) of the bonds captioned above (the “Bonds”).

The purchase price of the Bonds will be \$_____ (being an amount equal to the principal amount of the Bonds (\$_____), less net original issue discount of \$_____, and less an underwriter’s discount of \$_____).

The obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds will be conditioned on the sale and delivery of all of the Bonds by the Authority to the Underwriter at Closing.

Section 2. Bond Terms; Authorizing Instruments; Purpose. (a) The Bonds will be dated their date of delivery and will mature and bear interest as shown on Exhibit A attached hereto. The Bonds will be as described in, and will be issued and secured under, a Trust Agreement (the "Trust Agreement"), dated as of February 1, 2015, between the Authority and [Trustee], as trustee (the "Trustee"). The Bonds are payable and subject to prepayment as provided in the Trust Agreement and as described in the Official Statement.

(b) The Bonds will be issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and are payable from and secured by the Authority's pledge of "Revenues" under and as defined in the Trust Agreement, consisting primarily of "Base Rental Payments" made by the City under the Facility Lease, dated as of February 1, 2015, between the Authority, as lessor, and the City, as lessee (the "Facility Lease").

(c) The Authority will enter into a Site Lease, dated as of February 1, 2015, with the City (the "Site Lease") pursuant to which the City lease the property described in Official Statement (defined below) (the "Leased Property") to the Authority, and the City will lease the Leased Property from the Authority pursuant to the Facility Lease.

(d) The Bonds are being issued for the purpose of (i) defeasing and redeeming the Authority's outstanding Lease Revenue Bonds (Municipal Facilities Project), Series 2002A and Series 2002B (together, the "2002 Bonds"), (ii) defeasing and redeeming a portion of the Association of Bay Area Governments Lease Revenue Bonds, 2001 Series A (California Capital Projects) relating to projects in the City (the "ABAG Bonds"), (iii) funding a debt service reserve account (the "Reserve Account") for the Bonds and (iv) paying costs of issuing the Bonds. On the date of issuance of the Bonds, the City will cause to be transferred to [The Bank of New York Mellon Trust Company, N.A.] (the "Trustee (2002 Bonds)"), as successor trustee under the Trust Agreement (the "Trust Agreement (2002 Bonds)" between the Authority and the Trustee (2002 Bonds), an amount sufficient to redeem and defease the 2002 Bonds as described in the Official Statement (defined below). On the date of issuance of the Bonds, the City will cause to be transferred to [Wells Fargo Bank, National Association] (the "Trustee (ABAG Bonds)"), as trustee under an Indenture (ABAG Bonds), dated as of February 1, 2015 (the "Indenture (ABAG Bonds)") between the Authority and the Trustee (ABAG Bonds), an amount sufficient to redeem and defease a portion of the ABAG Bonds as described in the Official Statement.

Section 3. Public Offering. The Underwriter agrees to make an initial bona fide public offering of all of the Bonds, at not in excess of the initial public offering yields or prices set forth on Exhibit A attached hereto. Following the initial public offering of the Bonds, the offering prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated in Exhibit A and on the cover of the Official Statement.

The Underwriter has been duly authorized to execute this Purchase Contract and to act hereunder. Inasmuch as this purchase and sale represents a negotiated transaction, the Authority and the City acknowledges and agrees that (i) the transaction contemplated by this Purchase Contract is an arm's length, commercial transaction between the Authority, the City and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a

municipal advisor, financial advisor or fiduciary to the Authority or the City; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Authority or City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority on other matters); (iii) the Underwriter is acting solely in its capacity as Underwriter for its own account, (iv) the only contractual obligations the Underwriter has to the Authority or the City with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; and (v) the Authority and the City has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. Nothing in the foregoing paragraph is intended to limit the Underwriter's obligations of fair dealing under MSRB Rule G-17 of the Municipal Securities Rulemaking Board (the "MSRB").

Section 4. Official Statement; Continuing Disclosure. (a) The Authority and the City have delivered to the Underwriter the Preliminary Official Statement dated _____, 2015, (the "Preliminary Official Statement") and will deliver to the Underwriter the final Official Statement dated the date of this Purchase Contract, with only such changes from the Preliminary Official Statement as shall have been approved by the Underwriter (as amended and supplemented from time to time pursuant to Section 5(i) of this Purchase Contract, the "Official Statement"). The Authority and the City agree to deliver to the Underwriter as many copies of the Official Statement as the Underwriter will reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule 15c2-12"). The Authority and the City agree to deliver the final Official Statement within seven business days after the execution hereof, or such earlier date identified by the Underwriter to be necessary to allow the Underwriter to meet its obligations under the Rule and Rule G-32 of the MSRB.

(b) The governing bodies of the Authority and the City have reviewed and approved the information in the Official Statement, and the Authority and the City hereby authorize the use of the Official Statement and the information contained therein by the Underwriter in connection with the public offering and the sale of the Bonds. The Authority and the City consent to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Underwriter hereby agrees that it will not send any confirmation requesting payment for the purchase of any Bonds unless the confirmation is accompanied by or preceded by the delivery of a copy of the Official Statement. The Underwriter agrees to: (1) provide the Authority with final pricing information on the Bonds on a timely basis prior to the Closing and (2) take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

(c) In connection with issuance of the Bonds, and in order to assist the Underwriter with complying with the provisions of Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), the City will enter into a continuing disclosure agreement with [Trustee] as the Trustee and dissemination agent (the "Continuing Disclosure Agreement"), under which the City will undertake to provide certain financial and operating data as required by Rule 15c2-12. The form of the Continuing Disclosure Agreement will be attached as an appendix to the Preliminary and Final Official Statements.

Section 5. Representations, Warranties and Covenants of the Authority. The Authority hereby represents, warrants and agrees with the Underwriter that:

(a) The Board of Directors (the “Board”) of the Authority has taken official action by a resolution adopted on January 13, 2015 (the “Authority Resolution”) adopted by a majority of the members of the Board at a regular meeting, duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of the Trust Agreement, the Facility Lease, the Site Lease and this Purchase Contract (collectively, the “Authority Agreements”) and the Official Statement and the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated hereby.

(b) The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “State”) and has all necessary power and authority to adopt the Authority Resolution, to enter into and perform its duties under the Authority Agreements and, when executed and delivered by the respective parties thereto, the Authority Agreements will each constitute legal, valid and binding obligation of the Authority enforceable in accordance with its respective terms.

(c) By all necessary official action, the Authority has duly authorized the preparation and delivery of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds and the Authority Agreements, and the consummation by it of all other transactions contemplated by the Authority Resolution, the Authority Agreements, the Preliminary Official Statement and the Official Statement. When executed and delivered by their respective parties, the Authority Agreements (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) At the time of the Authority’s acceptance hereof and at all times subsequent thereto up to and including the time of the Closing, the information and statements in the Preliminary Official Statement and Official Statement under the heading “THE AUTHORITY” do not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) As of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending with service of process accomplished against the Authority or, to the best knowledge of the Authority, pending or threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Authority, or the titles of its members or officers; (ii) in any way question or affect the validity or enforceability of Authority Agreements or the Bonds, or (iii) in any way question

or affect the Purchase Contract or the transactions contemplated by the Purchase Contract, the Official Statement, or any other agreement or instrument to which the Authority is a party relating to the Bonds.

(f) There is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution and delivery of this Purchase Contract or the consummation by the Authority of the other transactions contemplated by the Official Statement or the Authority Agreements that has not been obtained as of the date hereof.

(g) Any certificate signed by any official of the Authority authorized to do so will be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(h) Except as disclosed in the Official Statement, the Authority is not in default, and at no time has the Authority defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i) (1) Except as disclosed in the Official Statement, there has not been any materially adverse change in the financial condition of the Authority since June 30, 2014 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(2) If between the date of this Purchase Contract and the date which is 25 days following the End of the Underwriting Period (as defined below), any event will occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority will immediately notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. "End of the Underwriting Period" will mean the later of: (i) the Closing Date, and (ii) the date 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, provided that unless the Underwriter notifies the City and the Authority on or prior to the Closing Date that it retains, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public, the End of the Underwriting Period will be deemed to have occurred on the Closing Date.

(3) After the Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter reasonably objects in writing or which is disapproved by Underwriter's Counsel. If any event relating to or affecting the Authority occurs as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light

of the circumstances existing at the time it is delivered to a purchaser, the Authority will use its best efforts to assist the Underwriter in preparing (at the expense of the Authority for 25 days after the date of the Closing, and thereafter at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the Authority will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

(4) Except as disclosed in the Official Statement, the Authority has not previously failed to comply in all material respects with any undertakings under Rule 15c2-12 during the past five years.

(5) As of the time of acceptance hereof and as of the date of Closing, except as otherwise disclosed in the Official Statement, the Authority has complied with the filing requirements of Section 6500 et seq. of the California Government Code (the "JPA Act").

Section 6. Representations, Warranties and Covenants of the City. The City hereby represents, warrants and agrees with the Underwriter that:

(a) The city council (the "City Council") of the City has taken official action by a resolution adopted on January 13, 2015 (the "City Resolution") adopted by a majority of the members of the City Council at meetings duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of the Facility Lease, the Continuing Disclosure Agreement, the Facility Lease, the Site Lease and this Purchase Contract (collectively, the "City Agreements") and the Official Statement and the taking of any and all such action as may be required on the part of the City to carry out, give effect to and consummate the transactions contemplated hereby.

(b) The City is a general law city and municipal corporation, organized and existing under the laws of the State of California (the "State") and has all necessary power and authority to adopt the City Resolution, to enter into and perform its duties under the City Agreements and, when executed and delivered by the respective parties thereto, the City Agreements will each constitute legal, valid and binding obligation of the City enforceable in accordance with its respective terms.

(c) By all necessary official action, the City has duly adopted the City Resolution, has duly authorized the preparation and delivery of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the City Agreements, and the consummation by it of all other transactions contemplated by the City Resolution, the City Agreements, the Preliminary Official Statement and the Official Statement. When executed and delivered by their respective parties, the City Agreements (assuming due authorization,

execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the City, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The information contained in the Preliminary Official Statement and the Official Statement as of the date thereof did not, and on the Closing Date the Official Statement will 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.

(e) As of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending with service of process accomplished against the City or, to the best knowledge of the City, pending or threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City, or the titles of its members or officers; (ii) in any way question or affect the validity or enforceability of City Agreements or the Bonds, or (iii) in any way question or affect the Purchase Contract or the transactions contemplated by the Purchase Contract, the Official Statement, or any other agreement or instrument to which the City is a party relating to the Bonds.

(f) There is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the City required for the execution and delivery of this Purchase Contract or the consummation by the City of the other transactions contemplated by the Official Statement or the City Agreements that has not been obtained as of the date hereof.

(g) Any certificate signed by any official of the City authorized to do so will be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(h) Except as disclosed in the Official Statement, the City is not in default, and at no time has the City defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i) (1) Except as disclosed in the Official Statement, there has not been any materially adverse change in the financial condition of the City since June 30, 2014 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(2) If between the date of this Purchase Contract and the date which is 25 days following the End of the Underwriting Period, any event will occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated

therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City will immediately notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter.

(3) After the Closing, the City will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter reasonably objects in writing or which is disapproved by Underwriter's Counsel. If any event relating to or affecting the City occurs as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the City will use its best efforts to assist the Underwriter in preparing (at the expense of the City for 25 days after the date of the Closing, and thereafter at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the City will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

(j) Based on a review of its prior obligations under Rule 15c2-12, and except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, the City has not previously failed to comply in all material respects with any undertakings under Rule 15c2-12.

(k) The Bonds conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS"; the Trust Agreement conforms to the description thereof contained in the Official Statement in Appendix A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "THE REFINANCING PLAN" and the Continuing Disclosure Agreement conforms to the description thereof contained in the Official Statement in Appendix C – FORM OF CONTINUING DISCLOSURE AGREEMENT.

(l) As of the time of acceptance hereof the City does not have outstanding any indebtedness which is payable from the City's general fund except as disclosed in the Official Statement. Prior to the Closing Date, the City will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Underwriter.

(m) The City will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Trust Agreement and

the Facility Lease and not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(n) The City will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(o) The financial statements of, and other financial information regarding the City in the Official Statement fairly present the financial position and results of the operations of the City as of the dates and for the periods therein set forth and the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied. No consent is required from Badawi & Associates, Certified Public Accountants for the City to include its June 30, 2014 audited financial statements as Appendix B to the Official Statement.

Section 7. The Closing. (a) At 8:00 A.M., San Francisco time, on February 11, 2015, or on such earlier or later time or date as may be agreed upon by the Underwriter, the Authority and the City (the "Closing"), the Authority will deliver or cause to be delivered to the Underwriter the duly executed Bonds (delivered through the book-entry system of The Depository Trust Company). Prior to the Closing, the Authority will deliver, at the offices of Orrick Herrington & Sutcliffe, LLP ("Bond Counsel" and "Disclosure Counsel") in San Francisco, California, or such other place as are mutually agreed upon by the Underwriter and the Authority, the other documents described in this Purchase Contract. On the date of the Closing, the Underwriter will pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Contract in immediately available funds to the order of the Trustee.

(b) The Bonds will be issued in fully registered form and will be prepared and delivered as one Bond for each maturity registered in the name of a nominee of The Depository Trust Company, New York, New York ("DTC"). The form of the Bonds will be made available to the Underwriter at least one business day before the Closing for purposes of inspection. It is anticipated that CUSIP identification numbers will be inserted on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto will constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Contract.

Section 8. Conditions to Underwriter's Obligations. The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the Authority and the City contained herein and to be contained in the documents and instruments to be delivered on the date of the Closing, and upon the performance by the Authority and the City of

their respective obligations to be performed hereunder and under such documents and instruments to be delivered at or prior to the date of the Closing. The Underwriter's obligations under this Purchase Contract are and will also be subject to the issuance and delivery of the Bonds as well as the following conditions:

(a) The representations and warranties of the Authority and the City contained in this Purchase Contract will be true and correct in all material respects on the date of this Purchase Contract and on and as of the date of the Closing as if made on the date of the Closing;

(b) As of the date of the Closing, the Official Statement shall not have been amended, modified or supplemented, except in any case as may have been agreed to in writing by the Underwriter;

(c) (i) As of the date of the Closing, the Authority Resolution, the City Resolution, the Authority Agreements and the City Agreements will be in full force and effect, and will not have been amended, modified or supplemented, except as may have been agreed to by the City and Underwriter, (ii) the Authority will perform or have performed all of its obligations required under or specified in the Authority Resolution, the Authority Agreements and this Purchase Contract to be performed at or prior to the date of the Closing; and (iii) the City will perform or have performed all of its obligations required under or specified in the City Resolution, the City Agreements and this Purchase Contract to be performed at or prior to the date of the Closing;

(d) As of the date of the Closing, all necessary official action of the Authority relating to the Authority Agreements, the Authority Resolution and the Official Statement, and all necessary official action of the City relating to the City Agreements, the City Resolution, and the Official Statement, will have been taken and will be in full force and effect and will not have been amended, modified or supplemented in any material respect;

(e) At the time of the Closing, there has not occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the City, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds, or impairs the ability of the Underwriter to enforce contracts for the sale of the Bonds, on the terms and in the manner contemplated in the Official Statement;

(f) As of or prior to the date of the Closing, the Underwriter will have received each of the following documents:

(1) Certified copies of the Authority Resolution and the City Resolution.

(2) Duly executed copies of the Trust Agreement, the Facility Lease, the Site Lease, the Continuing Disclosure Certificate and this Purchase Contract.

(3) The Preliminary Official Statement and the Official Statement, with each supplement or amendment thereto, if any, duly executed on behalf of the Authority and the City, and the reports and audits referred to or appearing in the Official Statement.

(4) An approving opinion of Bond Counsel, dated as of the Closing, as to the validity of the Bonds and the exclusion of interest on the Bonds from federal gross income and State personal income taxes, addressed to the Authority substantially in the form attached as an appendix to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter.

(5) A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that:

(i) The Purchase Contract has been duly executed and delivered by the Authority and the City and is valid and binding upon the Authority and the City, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles;

(ii) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(iii) The statements contained in the Official Statement on the cover and under the headings "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS" and "TAX MATTERS," and in "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" and "APPENDIX C - FORM OF OPINION OF BOND COUNSEL," insofar as such statements purport to summarize certain provisions of the Trust Agreement, the Facility Lease or the Bonds, or the opinion of Bond Counsel regarding the tax-exempt status of the Bonds, are accurate in all material respects.

(6) Defeasance opinions of Bond Counsel, dated as of the Closing and addressed to the Underwriter concerning the defeasance of the 2002 Bonds, in form and substance acceptable to the Underwriter.

(7) An opinion or opinions of the City Attorney [Note: forms to be prepared by OHS], dated as of the Closing addressed to the Authority, the City and the Underwriter, in form and substance acceptable to the Underwriter, to the effect that:

(i) The City is a municipal corporation and general law city duly organized and validly existing under the laws and the Constitution of the State of California. The City Council is the governing body of the City.

(ii) The City Resolution was 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 Resolution is in full force and effect and has not been modified, amended or rescinded since the date of their adoption.

(iii) To the best of the City Attorney's knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court,

public board or body, is pending with service of process accomplished or threatened in any way against the City (A) affecting the existence of the City or the titles of its City Council members or its officers to their respective offices, (B) affecting the existence of the City, (C) seeking to restrain or to enjoin the issuance or sale of the Bonds, (D) in any way contesting or affecting the validity or enforceability of the City Resolution or the City Agreements, (E) in any way contesting the powers of the City to issue or sell the Bonds or its authority with respect to the City Resolution or the City Agreements, (F) in any way contesting or affecting any of the rights, powers, duties or obligations of the City with respect to the money or property pledged or to be pledged under the Trust Agreement, or the Facility Lease, or (G) in any way questioning the accuracy of the statements in the Official Statement.

(iv) The Authority is a joint exercise of powers authority organized and validly existing under the laws of the State of California. The board is the governing body of the Authority.

(v) The Authority Resolution was duly adopted at a meeting of the Board, 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 Authority Resolution is in full force and effect and has not been modified, amended or rescinded since the date of their adoption.

(vi) To the best of the City Attorney's knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending with service of process accomplished or threatened in any way against the Authority (A) affecting the existence of the Authority or the titles of its Board members or its officers to their respective offices, (B) affecting the existence of the Authority, (C) seeking to restrain or to enjoin the issuance or sale of the Bonds, (D) in any way contesting or affecting the validity or enforceability of the Authority Resolution or the Authority Agreements, (E) in any way contesting the powers of the Authority to issue or sell the Bonds or its authority with respect to the Authority Resolution or the Authority Agreements, (F) in any way contesting or affecting any of the rights, powers, duties or obligations of the Authority with respect to the money or property pledged or to be pledged under the Trust Agreement, or the Facility Lease, or (G) in any way questioning the accuracy of the statements in the Official Statement.

(vii) The execution and delivery by the Authority of the Authority Agreements, the Official Statement and the other instruments contemplated by any of such documents to which the Authority is a party, 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 or any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or

other instrument to which the Authority is a party or is otherwise subject or bound in a manner which would materially adversely affect the Authority's performance under the Authority Agreements.

(viii) 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 Authority of its obligations under the Authority Agreements have been obtained and are in full force and effect.

(8) An executed certificate of the Authority and the City, dated as of the date of the Preliminary Official Statement, in the form attached as Exhibit B.

(9) An executed closing certificate of the Authority, dated as of the Closing, in the form attached as Exhibit C.

(10) An executed closing certificate of the City, dated as of the Closing, in the form attached as Exhibit D.

(11) An opinion of Disclosure Counsel, dated the date of the Closing, in the form attached as Exhibit E.

(12) The opinion of counsel of the Trustee, dated as of the Closing, addressed to the Authority, the City and the Underwriter to the effect that:

(i) The Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America, having full powers and authority and being qualified to enter into, accept and administer the trust created under the Trust Agreement and to enter into the Trust Agreement.

(ii) The Trust Agreement has been duly authorized, executed and delivered by the Trustee, and, assuming due authorization, execution and delivery by the other parties thereto, the Trust Agreement constitutes a legal, valid and binding agreement of the Trustee enforceable in accordance with its terms, subject to laws relating in bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought.

(13) A certificate or certificates, dated as of the Closing, in form and substance acceptable to the Underwriter, of an authorized officer or officers of the Trustee to the effect that the Trustee has accepted the duties imposed by the Trust Agreement and is authorized to carry out such duties.

(14) A certificate or certificates, dated as of the Closing, in form and substance acceptable to the Underwriter, of an authorized officer or officers of the Trustee (2002

Bonds) concerning the defeasance, redemption and prepayment of certain of the 2002 Bonds and related obligations.

(15) A certificate or certificates, dated as of the Closing, in form and substance acceptable to the Underwriter, of an authorized officer of officers of Trustee (ABAG Bonds) concerning the redemption and prepayment of certain of the ABAG Bonds and related obligations.

(16) A Tax Certificate and Agreement duly signed on behalf of the Authority and the City.

(17) Evidence of required filings with the California Debt and Investment Advisory Commission.

(18) A copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system.

(19) [Evidence that the Bonds have been rated “__” (insured rating) by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (S&P), and “__” (underlying rating) by S&P, and that such ratings have not been revoked or downgraded.]

(20) [A policy of municipal bond insurance issued by _____ with respect to the Bonds.]

(21) A copy of a CLTA or ALTA title insurance policy in an amount equal to the principal amount of the Bonds, insuring the City’s leasehold interest in the Site, subject only to Permitted Encumbrances (as defined in the Facility Lease) or such other encumbrances approved in writing by the Underwriter.

(22) Certified copies of resolutions of the City, the Successor Agency to the Antioch Development Agency (the “Successor Agency”) and the Oversight Board of the Successor Agency approving that certain Reimbursement Agreement, dated as of _____ 1, 2015 (the “Reimbursement Agreement”), by and between City and the Successor Agency.

(23) An executed copy of the Reimbursement Agreement.

(24) [After consultation with the City and Bond Counsel, such additional certificates or other documents reasonably requested by the Underwriter and customarily delivered at closing for tax-exempt issues, necessary to verify the truth and accuracy of representations of the Authority and the City and satisfaction of conditions hereunder as of the date of the Closing.]

All of the opinions, letters, certificates, instruments and other documents mentioned in this Purchase Contract will be deemed to be in compliance with the provisions of this Purchase Contract if, but only if, they are in form and substance satisfactory to the Underwriter. If the Authority and the City are unable to satisfy the conditions to the obligations of the Underwriter

to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds will be terminated for any reason permitted by this Purchase Contract, this Purchase Contract will terminate and neither the Underwriter, the Authority nor the City will be under further obligations hereunder, except that the respective obligations of the Authority, the City and the Underwriter set forth in Section 11 of this Purchase Contract will continue in full force and effect.

Section 9. Conditions to Authority's and City's Obligations. The performance by the Authority and the City of their respective obligations under this Purchase Contract are conditioned upon: (i) the performance by the Underwriter of its obligations hereunder and (ii) receipt by the Authority and the City of opinions addressed to the Authority and the City, and receipt by the Underwriter of opinions addressed to the Underwriter, and the delivery of certificates being delivered on the date of the Closing by persons and entities other than the Authority and the City.

Section 10. Termination Events. The Underwriter shall have the right to terminate the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds by notifying the Authority and the City of its election to do so if, after the execution hereof and prior to the Closing, any of the following events occurs:

(1) the marketability of the Bonds or the market price thereof, in the reasonable judgment of the Underwriter, has been materially and adversely affected by any decision issued by a court of the United States (including the United States Tax Court) or of the State of California, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State of California, or by a tentative decision or announcement by any member of the House Ways and Means Committee, the Senate Finance Committee, or the Conference Committee with respect to contemplated legislation or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or either House of the Legislature of the State of California, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State of California by the Governor of the State of California in an executive communication, affecting the tax status of the Authority or the City, its property or income, its bonds (including the Bonds) or the interest thereon or any tax exemption granted or authorized by the Internal Revenue Code of 1986, as amended;

(2) the United States becomes engaged in hostilities that result in a declaration of war or a national emergency, or any other outbreak of hostilities occurs, or a local, national or international calamity or crisis occurs, financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable judgment of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds;

(3) there occurs a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, New York State or California State authorities;

(4) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission is issued or made to the effect that the issuance, offering or sale of the Bonds is or would be in violation of any provision of the Securities Act of 1933, as then in effect, or of the Securities Exchange Act of 1934, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(5) legislation is enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America is rendered, or a ruling or regulation by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter is made or proposed to the effect that the Bonds are not exempt from registration, qualification or other similar requirements of the Securities Act of 1933, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(6) in the reasonable judgment of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be materially and adversely affected because additional material restrictions not in force as of the date hereof is imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(7) the Comptroller of the Currency, The New York Stock Exchange, or other national securities exchange, or any governmental authority, imposes, 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, or financial responsibility requirements of the Underwriter;

(8) a general banking moratorium is established by federal, New York or State authorities;

(9) any legislation, ordinance, rule or regulation is introduced in or be enacted by any governmental body, department or agency in the State or a decision of a court of competent jurisdiction within the State is rendered, which, in the reasonable judgment of the Underwriter, after consultation with the Authority and the City, materially adversely affects the market price of the Bonds;

(10) any federal or California court, authority or regulatory body takes action materially and adversely affecting the collection of Revenues under the Trust Agreement;

(11) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the City's obligations [or any rating of the Bond Insurer];

(12) there shall have occurred any materially adverse change in the affairs or financial condition of the City; or

(13) an event occurs which in the reasonable judgment of the Underwriter requires a supplement or amendment to the Official Statement.

Section 11. Payment of Expenses. (a) The Underwriter will be under no obligation to pay, and the City will pay the following expenses incident to the performance of the Authority's and the City's obligations hereunder:

(i) the fees and disbursements of Bond Counsel;

(ii) the cost of printing and delivering the Bonds, the Preliminary Official Statement and the Official Statement (and any amendment or supplement prepared pursuant to Section 4 of this Purchase Contract);

(iii) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the Authority or the City; and

(iv) any other expenses and costs of the Authority and the City incident to the performance of their respective obligations in connection with the authorization, issuance and sale of the Bonds, including out of pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

The City shall also pay for any expenses (not included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Purchase Contract and the issuance of the Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous expenses of the Underwriter. The Authority and the City acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

(b) The Underwriter will pay all expenses incurred by it in connection with the public offering and distribution of the Bonds including, but not limited to:

(i) all advertising expenses in connection with the offering of the Bonds; and

(ii) all out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the Bonds, including fees and disbursement of counsel to the Underwriter, except as provided in (a) above or as otherwise agreed to by the Underwriter and the City.

If this Purchase Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the City to comply with the terms or to fulfill any of the conditions of this Purchase Contract, or if for any reason the City is unable to perform its obligations under this Purchase Contract, the City will reimburse the Underwriter for all out-of-pocket expenses

(including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Purchase Contract or the offering contemplated hereunder.

Section 12. Notices. Any notice or other communication to be given to the Authority or the City under this Purchase Contract may be given by delivering the same in writing to the Authority and the City at the addresses set forth on the first page of this Purchase Contract, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to RBC Capital Markets, Two Embarcadero Center, Suite 1200, San Francisco, California 94111.

Section 13. Survival of Representations, Warranties, Agreements. All of the Authority's and the City's representations, warranties and agreements contained in this Purchase Contract will remain operative and in full force and effect regardless of: (a) any investigations made by or on behalf of the Underwriter; or (b) delivery of and payment for the Bonds pursuant to this Purchase Contract. The agreements contained in this Section and in Section 11 will survive any termination of this Purchase Contract.

Section 14. Benefit; No Assignment. This Purchase Contract is made solely for the benefit of the Authority, the City and the Underwriter (including its successors and assigns), and no other person will acquire or have any right hereunder or by virtue hereof. The rights and obligations created by this Purchase Contract are not subject to assignment by the Underwriter, the Authority or the City without the prior written consent of the other parties hereto.

Section 15. Severability. In the event that any provision of this Purchase Contract is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 16. Counterparts. This Purchase Contract may be executed in any number of counterparts, all of which taken together will constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

Section 17. Governing Law. This Purchase Contract will be governed by the laws of the State of California.

Section 18. Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Purchase Contract.

Section 19. Effectiveness. This Purchase Contract will become effective upon the execution of the acceptance hereof by an authorized officer of the Authority and the City, and will be valid and enforceable as of the time of such acceptance.

Very truly yours,

RBC CAPITAL MARKETS, LLC

By: _____
Managing Director

Accepted:

CITY OF ANTIOCH

By: _____
[Name, Title]

Time of Execution: _____

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

By: _____
[Name, Title]

Time of Execution: _____

EXHIBIT A

\$ _____
CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

Lease Revenue Refunding Bonds
2014 Series A

MATURITY SCHEDULE

Principal Payment Date <u>(January 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>Price</u>
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†: Term Bonds

EXHIBIT B

\$ _____
CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

**Lease Revenue Refunding Bonds
2014 Series A**

15c2-12 CERTIFICATE

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the City of Antioch (the "City") and the City of Antioch Public Financing Authority (the "Authority"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the City and the Authority as follows:

(1) This Certificate is delivered in connection with the offering and sale of the bonds captioned above (the "Bonds") in order to enable the underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, setting forth information concerning the Bonds, the Authority and the City (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" means the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of Rule 15c2-12, and the information therein is accurate and complete except for the Permitted Omissions.

Dated:

CITY OF ANTIOCH

By: _____
Authorized Officer

CITY OF ANTIOCH PUBLIC
FINANCING AUTHORITY

By: _____
Authorized Officer

EXHIBIT C

**\$ _____
CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY**

**Lease Revenue Refunding Bonds
2014 Series A**

CLOSING CERTIFICATE OF THE AUTHORITY

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the City of Antioch Public Financing Authority (the "Authority"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the Authority as follows:

(i) The representations, warranties and covenants of the Authority contained in the Bond Purchase Agreement dated as of January __, 2015, among the Authority, the City of Antioch and RBC Capital Markets, LLC, as underwriter (the "Purchase Contract"), are true and correct and in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing.

(ii) The Authority Resolution is in full force and effect at the date of the Closing and has not been amended, modified or supplemented, except as agreed to by the Authority and the Underwriter.

(iii) The Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied on or prior to the date of the Closing.

(iv) Subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Authority, whether or not arising in the ordinary course of the operations of the Authority, as described in the Official Statement.

Capitalized terms used but not defined herein have the meanings given in the Purchase Contract.

Dated: _____, 2015

**CITY OF ANTIOCH PUBLIC FINANCING
AUTHORITY**

By: _____
Authorized Officer

EXHIBIT D

**§ _____
CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY
Lease Revenue Refunding Bonds
2014 Series A**

CLOSING CERTIFICATE OF THE CITY

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the City of Antioch (the "City"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the City as follows:

(i) The representations, warranties and covenants of the City contained in the Bond Purchase Agreement dated as of January __, 2015, among the City, the City of Antioch Public Financing Authority and RBC Capital Markets, LLC, as underwriter (the "Purchase Contract") are true and correct and in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing.

(ii) The City Resolution is in full force and effect at the date of the Closing and has not been amended, modified or supplemented, except as agreed to by the City and the Underwriter.

(iii) The City has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied on or prior to the date of the Closing.

(iv) Subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the City, whether or not arising in the ordinary course of operations, as described in the Official Statement.

Capitalized terms used but not defined herein have the meanings given in the Purchase Contract.

Dated: _____, 2015

CITY OF ANTIOCH

By: _____
Authorized Officer

EXHIBIT E

FORM OF OPINION OF DISCLOSURE COUNSEL

_____, 2015

[to be revised based on comment from OHS]

RBC Capital Markets
San Francisco, California

Re: CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY
Lease Revenue Refunding Bonds
2014 Series A

Dear Ladies and Gentlemen:

We have acted as Disclosure Counsel to the City of Antioch (the "City") for the preparation of Official Statement dated January __, 2015 (the "Official Statement") in connection with the sale and issuance of the above-captioned Bonds (the "Bonds"), pursuant to a Bond Purchase Agreement, dated January __, 2015 (the "Bond Purchase Agreement"), between the City, the City of Antioch Public Financing Authority (the "Authority"), and RBC Capital Markets. Capitalized terms not otherwise defined in this letter shall have the meanings set out in the Bond Purchase Agreement.

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. During the course of serving as Disclosure Counsel, we participated in conferences with representatives of the City, the Authority, the Underwriter, Underwriter's Counsel, and others, during which the contents of the Official Statement and related matters were discussed.

Based upon our participation in the above-mentioned conferences, and in reliance thereon and on other records and documents which we have examined, we advise you as a matter of fact and not opinion that no information came to the attention of the attorneys in our firm rendering legal services in connection with this matter which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any financial, statistical, economic or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, included therein, as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. We advise you that, other than reviewing the various certificates and opinions regarding the Official Statement delivered in connection with the issuance of the Bonds, we have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Official Statement as of the date hereof.

We are furnishing this letter to you pursuant to Section 8(f)(11) of the Bond Purchase Agreement solely for your benefit as the Underwriter and issuer of the Bonds. We have no attorney-client relationship with you, as Underwriter. Our engagement with respect to this matter has terminated as of the date hereof and we have no obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any purpose or by any person to whom it is not specifically addressed without our prior approval, except that reference thereto may be made in any list of closing documents pertaining to the issuance of the Bonds. This letter is not intended to be, and may not be, relied upon by the owners of the Bonds.

Very truly yours,

PRELIMINARY OFFICIAL STATEMENT, DATED JANUARY 19, 2015

NEW ISSUE — FULL BOOK-ENTRY ONLY**BOND RATING:** ____:____
(See “**RATING**” herein).

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “**TAX MATTERS**” herein.*

\$22,500,000*

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY
Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A

Dated: Date of Delivery**Due: April 1, as shown on the inside cover hereof**

The City of Antioch Public Financing Authority Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Bonds”) will be issued in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Ownership interests in the Bonds will be in denominations of \$5,000 or any integral multiple thereof. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers. Interest on the Bonds is payable semiannually on April 1 and October 1, commencing October 1, 2015 (the “Interest Payment Dates”). Principal of, premium, if any, and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as trustee (the “Trustee”) to DTC, which in turn will remit such principal, premium, if any, and interest to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See “**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**” herein.

The Bonds are being issued to refund certain outstanding bonds of the Authority, to prepay certain outstanding obligations of the City[, to fund a reserve fund for the Bonds] and to pay costs of issuance incurred in connection with the issuance, sale and delivery of the Bonds. See “**REFUNDING PLAN**” herein.

The Bonds are special, limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the City to the Authority pursuant to a Facility Lease, dated as of February 1, 2015 (the “Facility Lease”) pursuant to which the City will lease police facilities (the “Facilities”) from the Authority. See “**THE FACILITIES**” herein. The City has covenanted in the Facility Lease to take such action as may be necessary to include Base Rental Payments and Additional Payments due under the Facility Lease in its annual budgets, and to make necessary annual appropriations therefor. See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” herein. The Base Rental Payments are subject to abatement as described herein. See “**RISK FACTORS**” herein.

THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, AND THE INTEREST THEREON, ONLY FROM THE REVENUES DESCRIBED ABOVE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The Bonds are subject to redemption prior to maturity as described herein. See “**THE BONDS—Redemption**” herein.

Maturity Schedule located on inside front cover

THIS COVER PAGE CONTAINS INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney of the City of Antioch. Orrick, Herrington & Sutcliffe LLP will serve as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Hawkins Delafield & Wood LLP, Counsel to the Underwriter. It is expected that the Bonds will be delivered through the facilities of DTC on or about February 11, 2015, in New York, New York, against payment therefor.

Dated: _____, 2015

RBC CAPITAL MARKETS

MATURITY SCHEDULE*
(Base CUSIP[†] _____)

Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP [†]
-----------------------	---------------------	------------------	-------	--------------------

\$ _____ % Term Bond due April 1, 20__ Yield: ____% CUSIP[†] ____

\$ _____ % Term Bond due April 1, 20__ Yield: ____% CUSIP[†] ____

*Preliminary, subject to change.

† Copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only and have been assigned by an independent company not affiliated with the Authority. None of the City, the Authority or the Underwriter take any responsibility for the use or accuracy of such numbers.

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

Governing Board and Mayor and City Council

Wade Harper
Mayor

Lori Ogorchock
Mayor Pro Tem

Mary Helen Rocha
Council Member

Tony G. Tiscareno
Council Member

Monica E. Wilson
Council Member

Authority Staff/City Staff

Steven Duran
City Manager

Dawn Merchant
Finance Director

Lynn Tracy Nerland
City Attorney

Bond and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Trustee

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information contained in this Official Statement has been furnished by the City, the Authority and other sources which are deemed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale hereunder, shall under any circumstances create an implication that there has been no change in the affairs of the City, the Authority or any other matter described herein since the date hereof.

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 responsibility 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.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "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. Neither the Authority nor the City plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in the Act. The Bonds have not been registered or qualified under the securities laws of any state.

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OFFICIAL STATEMENT

\$22,500,000*

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used, but not otherwise defined, herein, shall have the meanings ascribed thereto in “**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—CERTAIN DEFINITIONS.**”

General

The purpose of this Official Statement, which includes the cover page, inside cover, table of contents and appendices hereto is to provide certain information concerning the issuance, sale and delivery by the City of Antioch Public Financing Authority (the “Authority”) of its Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Bonds”), in the aggregate principal amount of \$22,500,000*.

The Authority

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, by and between the City of Antioch (the “City”) and the Antioch Development Agency (now known as the Successor Agency to the Antioch Development Agency), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”).

Purpose of the Bonds

The Bonds are being issued to refund certain outstanding bonds of the Authority, to prepay certain outstanding obligations of the City[, to fund a reserve fund for the Bonds] and to pay the costs of issuance of the Bonds. See “**REFUNDING PLAN.**”

Authority for Issuance

The Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and a trust agreement dated as of February 1, 2015 (the “Trust Agreement”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as trustee (the “Trustee”).

Sources of Payment for the Bonds

In general, the City is required under the Facility Lease to pay semiannual lease payments (the “Base Rental Payments”) for the use and occupancy of the Facilities, which amounts are designed to be sufficient in both time and amount to pay, when due, the principal of, redemption premium (if any) and interest on the Bonds. The

* Preliminary, subject to change.

Facilities consist of the City's police headquarters and animal shelter located at 300 "L" Street in the City. In the Facility Lease, the City has covenanted that it will take such action as may be necessary to include all Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental Payments, however, is subject to abatement in the event of material damage or destruction of the Facilities or the taking of the Facilities in whole or in part. The obligation of the City to pay Base Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to make Base Rental Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Bonds Constitute Limited Obligations; Lease Not Debt

The Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the City, and amounts on deposit in certain funds and accounts held under the Trust Agreement. The Bonds do not constitute a debt or liability of the State of California or of any political subdivision thereof (including any member of the Authority). The Authority shall be obligated to pay the principal of the Bonds, and the interest thereon, only from the Revenues described above, and neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof (including any member of the Authority) is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the State of California or any political subdivision thereof (including any member of the Authority) to levy or pledge any form of taxation. The Authority has no taxing power.

Abatement

The obligation of the City under the Facility Lease to make Base Rental Payments is in consideration for the beneficial use and possession of the Facilities. The obligation of the City to make Base Rental Payments (other than to the extent that funds are available in the Revenue Fund [or in the Reserve Fund] or from the proceeds of rental interruption insurance, if available) may be abated in whole or in part if the City does not have full use and possession of the Facilities. See "**RISK FACTORS—Abatement.**"

[Reserve Fund] [References to Reserve Fund are included in the event there is a Reserve Facility]

[To further secure the payment of the principal of and interest on the Bonds, the Trust Agreement establishes the Reserve Fund to be held by the Trustee. The Reserve Fund will be initially funded with a Reserve Facility in the amount of \$_____. The Trust Agreement defines "Reserve Fund Requirement" to be the lesser of (i) 125% of the average annual debt service on all Outstanding Bonds, or (ii) maximum annual debt service on all Outstanding Bonds. See "**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Trust Agreement,**" and "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Reserve Fund**" herein.]

The City

The City of Antioch is located in Contra Costa County (the "County") on the south shore of the San Joaquin River. The City has an area of approximately 29 square miles and had a population of 106,455 as of January 1, 2014. See "**THE CITY**" and "**APPENDIX A—CITY OF ANTIOCH FINANCIAL AND DEMOGRAPHIC INFORMATION**" herein.

Description of the Bonds

The Bonds will be issued as fully-registered current interest bonds without coupons in denominations of \$5,000 principal amount each, or any integral multiple thereof, and will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. See "**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**" herein. Interest on the Bonds is payable semiannually each April 1 and October 1, commencing October 1, 2015. Principal of the Bonds is payable on April 1 in each year due, as set forth on the inside cover page hereof.

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See **“TAX MATTERS”** herein.

Continuing Disclosure

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds to annually provide certain financial information and operating data relating to the City (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events, if material. See **“CONTINUING DISCLOSURE”** and **“APPENDIX E—FORM OF CONTINUING DISCLOSURE AGREEMENT”** herein.

Summaries Not Definitive

Brief descriptions of the Bonds, the security and sources of payment for the Bonds, the Authority, the City and the Facilities are included in this Official Statement together with summaries of the Trust Agreement, the Site Lease and the Facility Lease. Such descriptions do not purport to be comprehensive or definitive. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in **“APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS,”** and if not therein, then in Trust Agreement, the Site Lease or the Facility Lease. All references herein to the Trust Agreement, the Site Lease and the Facility Lease are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the forms thereof, copies of all of which are available for inspection at the principal corporate trust office of the Trustee.

Other Information

Copies of documents referred to herein and information concerning the Bonds are available from the Finance Director, City of Antioch, P.O. Box 5007, Antioch, California 94531-5007 telephone (925) 779-7055. The City may impose a charge for copying, mailing and handling.

REFUNDING PLAN

The Authority will cause a portion of the proceeds from the sale of the Bonds, together with certain other available moneys, to be deposited into the redemption fund held under the Trust Agreement (the “Prior Trust Agreement”), dated as of March 1, 2002, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Prior Trustee”). The moneys deposited with the Prior Trustee will be invested in United States Treasury – State and Local Government Series, the principal of and interest on which will be in an amount sufficient to pay the interest on, and redemption price of, the Authority’s Lease Revenue Bonds (Municipal Facilities Project), Series 2002A and Series 2002B (the “2002 Bonds”) on their redemption date of [March 13, 2005].

In addition, the Authority will cause a portion of the proceeds from the sale of the Bonds, together with certain other available moneys, to be transferred to Wells Fargo Bank, National Association to refund the City’s portion of the Association of Bay Area Governments Lease Revenue Bonds, 2001 Series A (California Capital Projects) (the “ABAG Bonds”) issued by the Association of Bay Area Governments to finance or refinance the Lone Tree Golf Course clubhouse and certain other public capital improvements of the City. It is expected that the City’s portion of the ABAG Bonds will be redeemed on or about [March 13, 2015].

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Estimated Sources and Uses of Funds

Sources of Funds	
Principal Amount of Bonds	\$ _____
Reoffering [Premium/Discount]	_____
Uses of Funds	
Refund Prior Obligations	_____
Costs of Issuance Fund ⁽¹⁾	_____
Underwriter’s Discount	_____
Total Uses	\$ _____

⁽¹⁾ Costs of Issuance includes amounts to pay legal fees, rating agency fees, printing costs, title insurance premiums and other issuance costs.

THE BONDS

General

The Bonds will be dated the date of delivery and will be issued in fully registered form, without coupons, in the denominations of \$5,000 or any integral multiple thereof. Only such Bonds as shall bear thereon a certificate of authentication, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of the Trust Agreement.

The Bonds will be initially registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company, New York, New York (“DTC”), which has been appointed depository for the Bonds, and registered ownership may not thereafter be transferred except as provided in the Trust Agreement. See “**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**” herein.

Principal of and premium, if any, on the Bonds will be paid by the Trustee at maturity or redemption to DTC, which in turn will remit such principal and premium, if any, to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See “**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**” herein. Interest on the Bonds will be payable semiannually on April 1 and October 1, commencing October 1, 2015, to DTC in the same manner as described in the preceding sentence. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

Redemption *

Optional Redemption. The Bonds maturing on or before April 1, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on or after April 1, 20__ are subject to optional redemption prior to maturity on or after April 1, 20__ at the option of the Authority, on any date in whole or in part and among such maturities as are designated by the Authority to the Trustee, from funds derived by the Authority from any source at a redemption price equal to 100% of the principal amount of the Bonds called for redemption plus accrued but unpaid interest to the redemption date.

* Preliminary, subject to change.

Sinking Fund Redemption. The Bonds maturing on April 1, 20__ are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking fund payments in the following amounts, commencing on April 1, 20__ according to the following schedule:

**Schedule of Mandatory Sinking Fund Payments
Bonds Maturing April 1, 20__**

Redemption Date (April 1)	Principal Amount
--------------------------------------	-----------------------------

*Maturity

The Bonds maturing on April 1, 20__ are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking fund payments in the following amounts, commencing on April 1, 20__ according to the following schedule:

**Schedule of Mandatory Sinking Fund Payments
Bonds Maturing April 1, 20__**

Redemption Date (April 1)	Principal Amount
--------------------------------------	-----------------------------

*Maturity

Special Mandatory Redemption. The Bonds are subject to redemption on any date prior to their respective stated maturities, as a whole or in part by lot, from payments made by the City from funds received by the City due to a taking of the Facilities or portions thereof under the power of eminent domain, from the net proceeds of insurance received for material damage to or destruction of the Facilities or portions thereof under the circumstances and upon the conditions and terms prescribed in the Trust Agreement and Facility Lease, or from the proceeds of title insurance in the event of defective title to the Facilities as provided for in the Facility Lease, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date.

Procedure for and Notice of Redemption. The Trustee will cause notice of each redemption to be given to the Owner of any Bonds designated for redemption at the address which appears upon the registration books of the Trustee by mailing a copy of the redemption notice at least 30 but not more than 60 days prior to the redemption date. The failure of any Owner to receive such notice or any defect in such notice will not affect the validity of the redemption of any Bonds.

Selection of Bonds for Redemption. Whenever less than all of the Outstanding Bonds are to be redeemed, the Trustee shall select, in accordance with written directions from the Authority, the Bonds to be redeemed in part from the Outstanding Bonds so that the aggregate annual principal amount of and interest on Bonds which shall be payable after such redemption date shall be as nearly proportional as practicable to the aggregate annual principal

amount of and interest on Bonds Outstanding prior to such redemption date. Whenever less than all the Bonds of any one maturity are to be redeemed, the Trustee will select Bonds of such maturity for redemption by lot.

Cancellation of Notice. The Authority may, at its option, prior to the date fixed for redemption in any notice of redemption rescind and cancel such notice of redemption by Written Request to the Trustee and the Trustee shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

Effect of Notice of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of the Trust Agreement shall be canceled by the Trustee and shall be destroyed with a certificate of destruction furnished to the Authority upon its request and shall not be reissued.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligation

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES, CONSISTING PRIMARILY OF BASE RENTAL PAYMENTS TO BE MADE BY THE CITY AND FROM AMOUNTS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE TRUST AGREEMENT. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, AND THE INTEREST THEREON, ONLY FROM THE REVENUES DESCRIBED ABOVE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

Covenant to Appropriate Funds for Rental Payments

The City has covenanted in the Facility Lease to take such action as may be necessary to include all Base Rental Payments and Additional Payments due under the Facility Lease in its annual budgets and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental Payments, however, is subject to abatement in the event of material damage or destruction of the Facilities or the taking of the Facilities in whole or in part.

Action on Default

Should the City default under the Facility Lease, the Trustee may terminate the Facility Lease and recover certain damages from the City, or may retain the Facility Lease and hold the City liable for all Base Rental Payments thereunder as the same become due. Base Rental Payments may not be accelerated upon a default under the Facility Lease. See “**RISK FACTORS**” herein.

For a description of the events of default and permitted remedies of the Trustee contained in the Facility Lease and the Trust Agreement, see “**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Facility Lease—Defaults and Remedies**” and “**—Trust Agreement—Events of Default; Remedies of Bondholders**” herein.

Base Rental Payments

For the right to the use and occupancy of the Facilities, the Facility Lease requires the City to make Base Rental Payments from lawfully available funds. To secure the payment of the Base Rental Payments, the City will pay to the Trustee, for deposit into the Revenue Fund, on each March 25 and September 25, an amount sufficient to pay the principal of and interest on the Bonds due on the following April 1 and October 1, respectively.

Pursuant to the Trust Agreement, on or before each Interest Payment Date and each Principal Payment Date, the Trustee will transfer amounts in the Revenue Fund as are necessary to the Interest Account and the Principal Account to provide for the payment of the interest and principal in respect of the Bonds. See **“APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Trust Agreement—Establishment of Funds and Accounts; Flow of Funds”** herein.

Debt Service on the Bonds is set forth below under the heading **“DEBT SERVICE.”**

[Reserve Fund]

[Simultaneously with the delivery of the Bonds, the Authority will cause a Reserve Facility to be deposited into the Reserve Fund established under the Trust Agreement in an amount equal to the lesser of (i) 125% of the average annual debt service on all Outstanding Bonds, or (ii) maximum annual debt service on all Outstanding Bonds.]

Additional Payments

The Facility Lease requires the City to pay all amounts, costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Facility Lease, the Trust Agreement, the Authority’s interest in the Facilities and the lease of the Facilities to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Bonds, and the Facilities, including without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Authority to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in such Additional Payments amounts required to pay the principal of or interest on the Bonds.

Insurance

The Facility Lease requires the City to cause to be maintained casualty insurance insuring the Facilities against fire, lightning and all other risks covered by an extended coverage endorsement in an amount equal to the lesser of 100% of the replacement cost of the Facilities or 100% of the outstanding principal amount of the Bonds. The City may, subject to the restrictions contained in the Facility Lease, self-insure against such risks. The Facility Lease does not require that insurance be maintained for earthquake or flood risks.

The Facility Lease requires the City to cause to be maintained, throughout the term of the Facility Lease, rental interruption insurance to cover the Authority’s loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Facilities as a result of any of the hazards covered by the insurance described in the preceding paragraph, in an amount sufficient at all times to pay maximum annual Base Rental for any two year period.

The City is also required to obtain certain public liability and property damage insurance coverage in protection of the Authority and the City and worker’s compensation insurance.

See **“APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Facility Lease,”** for additional information regarding the insurance requirements contained in the Facility Lease.

Additional Bonds; Substitution; Release

The Authority may at any time issue Additional Bonds payable from the Revenues and secured by a pledge of and charge and lien upon the Revenues as provided in the Trust Agreement equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued under the Trust Agreement, subject to, among other things, the following specific conditions:

1. The Authority shall be in compliance with all agreements and covenants contained in the Trust Agreement and no Event of Default shall have occurred and be continuing.
2. The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Bonds shall be applied to the refunding or repayment of any Bonds then Outstanding, including the payment of costs and expenses of and incident to the authorization and sale of such Additional Bonds.
3. The aggregate principal amount of Bonds issued and at any time Outstanding under the Trust Agreement shall not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.
4. The Facility Lease shall have been amended, if necessary, so that the Base Rental Payments payable by the City thereunder in each fiscal year shall at least equal Debt Service, including Debt Service on the Additional Bonds, in each fiscal year.

(See “**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Trust Agreement**”).

In addition, the City and the Authority may substitute or release real property for all or part of, or may release a part of, the Facilities for purposes of the Site Lease and the Facility Lease, but only after the City has filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

1. Executed copies of the Site Lease and the Facility Lease or amendments thereto containing the amended description of the Facilities, including the legal description of any real property component of the Facilities as modified, if necessary.
2. A Written Certificate of the City, certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost or insured value of such facility to the City) of the Facilities that will constitute the Facilities after such substitution or release will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year. At the sole discretion of the City, in the alternative, in the event of a substitution only, the Written Certificate of the City will certify that the annual fair rental value of the new Facility is at least equal to that of the substituted Facility.
3. With respect to an addition or substitution of property, a leasehold owner’s title insurance policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing title insurance policy or policies resulting in title insurance with respect to the Facilities after such substitution in an amount at least equal to the aggregate principal amount of Bonds Outstanding; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such property subject only to such exceptions as do not substantially interfere with the City’s right to use and occupy such property and as will not result in an abatement of Base Rental Payments payable by the City under the Facility Lease.
4. A Written Certificate of the City stating that such substitution or release, as applicable, does not adversely affect the City’s use and occupancy of the Facilities.
5. With respect to the substitution of property, a Written Certificate of the City stating that the useful life of the property to be substituted is at least equal to the useful life of the property being released.

6. An opinion of bond counsel stating that any amendment executed in connection with such substitution or release, as the case may be, (i) is authorized or permitted under the Facility Lease; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (iii) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

The Facilities or portion thereof for which other real property is substituted, pursuant to the Facility Lease, shall be released from the Site Lease and the Facility Lease, and shall no longer be encumbered thereby or by the Trust Agreement at such time as the City shall have caused said substitution.

DEBT SERVICE

Set forth below are the annual principal, interest and total debt service requirements for the Bonds, assuming no redemptions:

Debt Service

Fiscal Year <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Total	\$	\$	\$
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THE FACILITIES

The Facilities consist of land and a two-story police facilities building consisting of approximately 67,000 square feet, a pistol range, sixteen holding cells, offices, and an evidence room, central dispatching, a 911-communications center, a sally port and an animal shelter. The Facilities were completed in 1992 and house the City's central police headquarters. It is constructed of a combination of light steel frame with metal decking and exterior brick and concrete masonry. It has been designed to accommodate the police facility needs for a population of over 100,000, consistent with long-term growth projections made at the time of its construction. The Facilities are located on a six-acre site at the northwest corner of Fourth and "L" Streets in the City, four blocks west of City Hall.

Subject to certain conditions contained in the Facility Lease, the City may remove or substitute facilities so long as the facilities at the time of substitution or release have an annual fair rental value at least equal to 100% of the maximum amount of annual Base Rental Payments (see “**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**”).

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating purchase of the Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations - Security for the Bonds

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

Although the Facility Lease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Facility Lease to pay the Base Rental Payments and Additional Payments from any source of legally available funds and the City has covenanted in the Facility Lease that it will take such action as may be necessary to include all rental payments due under the Facility Lease in its annual budgets and to make necessary annual appropriations for all such rental payments. The City is currently liable and will become liable on other obligations payable from general fund revenues.

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City’s revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Facility Lease.

Abatement

Base Rental Payments and Additional Payments are paid by the City in each rental period for and in consideration of the right to use and occupy the Facilities during each such period. Pursuant to the Facility Lease, during any period in which, by reason of material damage to, or destruction or condemnation of, the Facilities, or any defect in title to the Facilities, there is substantial interference with the City’s right to use and occupy any portion of the Facilities, rental payments due under the Facility Lease will be abated proportionately. Such abatement will continue for the period commencing on the date of such interference resulting from such damage, destruction, condemnation, or title defect, and ending, with respect to damage to or destruction of the Facilities, upon the substantial completion of the work of repair or replacement of the Facilities, or portion thereof, so damaged or destroyed.

In the event that such portion of the Facilities, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City’s rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from funds and accounts established under the Trust Agreement, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Facilities or prepayment of the Bonds, there could be insufficient funds to make payments to Owners in full.

In the event of any such substantial interference, the Facility Lease continues in full force and effect, and the City waives any right to terminate the Facility Lease by virtue of such substantial interference. The Trustee cannot terminate the Facility Lease in the event of such substantial interference. Abatement of Base Rental Payments and Additional Payments is not an event of default under the Facility Lease and the Trustee is not

permitted in such event to take any action or avail itself of any remedy against the City. See “**APPENDIX D — SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Facility Lease—Rental Abatement**” herein.

Seismic Considerations

The City is located in an area of significant seismic activity and, therefore, could sustain extensive damage to its facilities in a major earthquake, both from ground motion and possible liquefaction of underlying soils. Damage could include pavement and foundation displacement, distortions to pavement grades, breaks in utility, drainage and sewage lines, displacement or collapse of buildings, rupture of gas fuel lines, all or any of which could, in the worst case, necessitate the closing of one or more of the City’s facilities for extended periods of time.

In October 1989, an earthquake measuring 7.1 on the Richter scale and with an epicenter approximately 75 miles south of the City struck the San Francisco Bay Area. There was no material structural damage to the City’s facilities. The City’s contingency plans for such emergencies were implemented immediately. As a result, although the City’s facilities were closed for inspection, the facilities were reopened to the public within two hours.

In August of 2014, an earthquake measuring 6.0 on the Richter scale and with an epicenter approximately 33 miles north of the City struck the San Francisco Bay Area. There was no material structural damage to the City’s facilities.

The Facilities meet all seismic requirements applicable to police station facilities.

Limited Recourse on Default

If the City defaults on its obligations to make rental payments with respect to the Facilities, the Trustee may retain the Facility Lease and hold the City liable for all rental payments on an annual basis and will also have the right to re-enter and re-let the Facilities. In the event such re-letting occurs, the City would be liable for any resulting deficiency in rental payments (without acceleration). Alternatively, the Trustee may terminate the Facility Lease with respect to the Facilities and proceed against the City to recover damages pursuant to the Facility Lease.

Due to the governmental function of the Facilities, the Site Lease and the Facility Lease, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting of the Facilities. In any case, due to the specialized nature of the Facilities, no assurance can be given that the Trustee would be able to re-let the Facilities so as to provide rental income sufficient to make principal and interest payments on the Bonds in a timely manner, and the Trustee is not empowered to sell the fee interest in the Facilities for the benefit of the Owners of the Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such re-letting will not adversely affect the exclusion of any interest on the Bonds from federal or state income taxation.

No Acceleration Upon Default

If the City defaults on its obligation to make Base Rental Payments, there is no available remedy of acceleration of the total Base Rental Payments due over the term of the Facility Lease. The City will only be liable for Base Rental Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year’s rental payments.

Loss of Tax Exemption

As discussed under the heading “**TAX MATTERS,**” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the City in violation of its covenants in the Facility Lease or of the Authority in violation of its covenants in the Trust Agreement. Should such an event of taxability occur, the Bonds would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Trust Agreement.

Remedies and Bankruptcy

The rights of the Owners of the Bonds are subject to certain limitations on legal remedies against cities and other governmental entities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the Bonds may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors' rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose.

The City is authorized under California law to file for bankruptcy protection under Chapter 9 of the United States Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies such as the City. Third parties, however, cannot bring involuntary bankruptcy proceedings against the City. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the rights of the Owners of the Bonds may be materially and adversely affected as follows: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of Owners of the Bonds; and (iv) the possibility of the adoption of a plan (an "Adjustment Plan") for the adjustment of the City's various obligations over the objections of the Trustee or all of the Owners of the Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners of the Bonds if the bankruptcy court finds that such Adjustment Plan is "fair and equitable" and in the best interests of creditors. The adjustment of similar obligations is currently being litigated in federal court in connection with bankruptcy applications by the cities of San Bernardino and Stockton. The Adjustment Plans in these cities propose significant reductions in the amounts payable by the cities under lease revenue obligations substantially similar to the Bonds. The City can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any Adjustment Plan if it were to file for bankruptcy.

In addition, if the Facility Lease was determined to constitute a "true lease" by the bankruptcy court (rather than a financing lease providing for the extension of credit), the City could choose to reject the Facility Lease despite any provision therein that makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Facility Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount, and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Facility Lease and the City's obligations to make payments thereunder. The City may also be permitted to assign the Facility Lease to a third party, regardless of the terms of the transaction documents. In any event, the mere filing by the City for bankruptcy protection likely would have a material adverse effect on the marketability and market price of the Bonds.

Among other qualifications, the legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the Bonds, the Trust Agreement, the Facility Lease and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against joint powers authorities and cities in the State.

STATE OF CALIFORNIA BUDGET INFORMATION

State Budget

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2014-15

According to the State Constitution, the Governor of the State (the "Governor") is required to propose a budget to the State Legislature (the "Legislature") no later than January 10 of each year, and a final budget must be adopted by the vote of each house of the Legislature no later than June 15, although this deadline has been routinely breached in the past. The State budget becomes law upon the signature of the Governor, who may veto specific items of expenditure.

Prior to fiscal year 2010-11, the State budget had to be adopted by a two-thirds vote of each house of the Legislature. However, in November 2010, the voters of the State passed Proposition 25, which reduced the vote required to adopt a budget to a majority vote of each house and which provided that there would be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for members of the Legislature for the period during which the budget was presented late to the Governor.

The Governor signed the fiscal year 2014-15 State budget (the "2014-15 State Budget") on June 20, 2014. The 2014-15 State Budget represents a multiyear plan that is balanced and that continues to focus on paying down budgetary debt from prior years, setting aside reserves and implementing a funding plan for the State Teachers' Retirement System ("CalSTRS"). The 2014-15 State Budget provides for \$109.4 billion in revenues and transfers for fiscal year 2014-15 (which amount includes a \$3.9 billion prior year general fund balance from fiscal year 2013-14), \$108.0 billion in expenditures and a balance of \$450 million in the general fund traditional reserve and \$1.6 billion in a rainy day fund (the "Rainy Day Fund"). Revenues and expenditures for fiscal year 2013-14, as revised under the 2014-15 State Budget, were \$104.6 billion (which amount includes a \$2.4 billion prior year general fund balance from fiscal year 2012-13) and \$100.7 billion, respectively.

The 2014-15 State Budget projects that budgetary debt, which was approximately \$35 billion at the end of fiscal year 2010-11 and \$26 billion at the end of fiscal year 2013-14, will be eliminated by the end of fiscal year 2017-18. For fiscal year 2014-15, specifically, the 2014-15 State Budget dedicates to paying down more than \$10 billion of budgetary debt, including approximately \$5 billion to pay down the deferral of payments to schools.

Potential Impact of State of California Financial Condition on the City

There can be no assurances that the State will not significantly reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of its efforts to address the State financial difficulties. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control. There can be no assurances that State actions to respond to potential future State financial difficulties will not adversely affect the financial condition of the City.

Future State Budgets

No prediction can be made by the City as to whether the State will encounter budgetary problems in future fiscal years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as

required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures.

CONSTITUTIONAL AND STATUTORY LIMITATIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Article XIII A of the State Constitution

Article XIII A of the California Constitution, known as “Proposition 13,” was approved by the California voters in June of 1978. It limits the amount of ad valorem tax on real property to 1% of “full cash value,” as determined by the county assessor. Article XIII A defines “full cash value” to mean the county assessor’s valuation of real property as shown on the 1975–76 tax bill under “full cash value,” or thereafter, the appraised value of real property when “purchased, newly constructed or a change in ownership has occurred” (as such terms are used in Article XIII A) after the 1975 assessment. Furthermore, all real property valuation may be increased or decreased to reflect the inflation rate, as shown by the consumer price index or comparable data, in an amount not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors. Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on 1) indebtedness approved by the voters prior to July 1, 1978, 2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or 3) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% voting on the proposition, but only if certain accountability measures are included in the proposition.

The California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher or lower than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate persons with disabilities and for seismic upgrades to property. Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

If property values decline, the County of Contra Costa may review the assessed values of properties. In fiscal years 2009-10, 2010-11 [and 2011-12], the County Assessor proactively reviewed properties throughout the County, including Antioch, and reduced the assessed values on such properties. See “**APPENDIX A**”.

Article XIII B of the State Constitution

On October 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by California voters in 1988 and 1990, respectively, substantially modified Article XIII B. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living and population. The initial version of Article XIII B provided that the “base year” for establishing an appropriations limit was fiscal year 1978-79, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in fiscal year 1990-91 each appropriation limit must be recalculated using the actual fiscal

year 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitations of a local government under Article XIII B include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to all tax revenues plus the proceeds to an entity of government from (a) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (b) the investment of tax revenues, and (c) certain subventions received from the State. Article XIII B permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If any entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. Amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs. Appropriations for "qualified capital outlays" are excluded from the limits of Proposition 111.

Section 7900 et. seq. of the California Government Code defines certain terms used in Article XIII B and sets forth the methods for determining the appropriations limits for local jurisdictions. Relying on these definitions and Chapter 60, Statutes of 1990 effective August 1, 1990, which implemented Proposition 111. The City has estimated that its appropriations limit for "proceeds of taxes" for fiscal year 2014-15 is \$108,633,898. Estimated appropriations for fiscal year 2014-15 for the City subject to the limitation total \$44,755,865.

Articles XIII C and XIII D of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of a local agency to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of a local agency require a majority vote and taxes for specific purposes, even if deposited in the general fund, require a two-thirds vote. Further, any general purpose tax which the local agency imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election held prior to November 5, 1998. The voter approval requirements of Article XIII C reduce a local agency's flexibility to deal with fiscal problems by raising revenue through new or extended or increased taxes and no assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

Article XIII D contains several provisions making it generally more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property.

Article XIII D also contains several provisions affecting a "fee" or "charge," defined for purposes of Article XIII D to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) with respect to any parcel or person, exceed the proportional cost of the service attributable to the parcel, (iv) are for a service not actually used by, or immediately available to, the owner of the property in question, or (v) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of

each parcel of land affected by such fee or charge. The local agency must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the local agency may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services (or fees for electrical and gas service, which are not treated as “property related” for purposes of Article XIII D), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. The City has two enterprise funds that are self-supporting from fees and charges, which could, depending upon judicial interpretation of Proposition 218, ultimately be determined to be property related for purposes of Article XIII D. In the event that fees and charges cannot be appropriately increased, or are reduced pursuant to exercise of the initiative power (described in the following paragraph), the City may have to decide whether to support any deficiencies in these enterprise funds with moneys from the general fund or to curtail service, or both.

In addition to the provisions described above, Article XIII C removes prohibitions and limitations on the initiative power in matters of any “local tax, assessment, fee or charge.” Consequently, the voters of the City could, by future initiative, repeal, reduce or prohibit the future imposition or increase of any local tax, assessment, fee or charge. “Assessment,” “fee” and “charge,” are not defined in Article XIII C and it is not clear whether the definitions of these terms in Article XIII D (which are generally property-related as described above) would limit the scope of the initiative power set forth in Article XIII C. If the Article XIII D definitions are not held to limit the scope of Article XIII C initiative powers, then the Article XIII C initiative power could potentially apply to revenue sources that currently constitute a substantial portion of general fund revenues. No assurance can be given that the voters of the City will not, in the future, approve initiatives that repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

Statutory Limitations

On November 4, 1986, California voters adopted Proposition 62, an initiative statute that, among other things, requires (i) that any new or increased general purpose tax be approved by a two-thirds vote of the local governmental entity’s legislative body and by a majority vote of the voters, and (ii) that any new or increased special purpose tax be approved by a two-thirds vote of the voters.

In *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the “Santa Clara decision”), the California Supreme Court upheld a Court of Appeal decision invalidating a one-half cent countywide sales tax for transportation purposes levied by a local transportation authority. The California Supreme Court based its decision on the failure of the authority to obtain a two-thirds vote for the levy of a “special tax” as required by Proposition 62. The Santa Clara decision did not address the question of whether it should be applied retroactively. In *McBrearty v. City of Brawley*, 59 Cal. App. 4th 1441 (1997), the Court of Appeal, Fourth District, concluded that the Santa Clara decision is to be applied retroactively to require voter approval of taxes enacted after the adoption of Proposition 62 but before the Santa Clara decision.

Following the California Supreme Court’s decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra et. al.* In this case, the court held that the public agency’s continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 1A

The California Constitution and existing statutes give the Legislature authority over property taxes, sales taxes and the vehicle license fee (the “VLF”). The Legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State

costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State mandates a new local program or higher level of service. Due to the ongoing financial difficulties of the State in recent years, it has not provided reimbursements for many mandated costs. In other cases, the State has suspended mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

On November 3, 2004, the voters of the State approved Proposition 1A, which amended the California Constitution to, among other things, reduce the State Legislature's authority over local government revenue sources by placing restrictions on the State's access to local government's property, sales and vehicle license fee revenues. Proposition 1A generally prohibits the shift of property tax revenues from cities, counties and special districts, except to address a "severe state financial hardship," which must be approved by a two-thirds vote of both houses of the Legislature, and only then if, among other things, such amounts were agreed to be repaid with interest within three years. The measure also (a) protects the property tax backfill of sales tax revenues diverted to pay the State's economic recovery bonds, and the reinstatement of the sales tax revenues once such bonds are repaid, and (b) protects local agency vehicle license fee revenue (or a comparable amount of backfill payments from the State).

If the State reduces the VLF rate below its current level of 0.65 percent of the vehicle value, Proposition 1A requires the State to provide local governments with equal replacement revenues. Proposition 1A provides two significant exceptions to the above restrictions regarding sales and property taxes. First, the State may shift to schools and community colleges up to 8 percent of local government property tax revenues if the Governor proclaims that the shift is needed due to a severe State financial hardship, the legislature approves the shift with a two-thirds vote of both houses and certain other conditions are met. The State must repay local governments for the diversion of their property tax revenues, with interest, within three years. Second, Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. If the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A expands the definition of what constitutes a mandate to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had complete or partial financial responsibility. This provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

Proposition 1A restricts the State's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example the State could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the members of each house of the legislature (rather than a majority vote). As a result, Proposition 1A could result in fewer changes to local government revenues than otherwise would have been the case.

Proposition 22

Proposition 22 ("Proposition 22") which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. The City is unable to predict how Proposition 22 will be interpreted, or to what extent the measure will affect the revenues in the general fund of local agencies, although it could eventually provide greater stability in local agency revenues.

Proposition 26

On November 2, 2010, the voters of the State approved Proposition 26 (“Proposition 26”), revising certain provisions of Articles XIII A and XIII C of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two-thirds voter approval for taxes levied by local governments, and requires the State to obtain the approval of two-thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two-thirds vote. In addition, for State-imposed charges, any tax or fee adopted after January 1, 2010 with a majority vote which would have required a two-thirds vote if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a “tax” means a levy, charge or exaction of any kind imposed by a local government, except: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase, rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances, parking violations, etc.; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Article XIII D. Fees, charges and payments that are made pursuant to a voluntary contract that are not “imposed by a local government” are not considered taxes and are not covered by Proposition 26.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of property owners.

Further Initiatives

The laws and Constitutional provisions described above were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City, or the City’s ability to expend revenues. Neither the Authority nor the City can anticipate the nature or impact of such measures.

THE AUTHORITY

Organization and Membership

The Authority was formed pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and the Joint Exercise of Powers Agreement, dated as of April 27, 1993 (the “JPA Agreement”), by and between the City and the Antioch Development Agency (now known as the Successor Agency to the Antioch Development Agency) (the “Agency”). The Authority was formed by and between the City and the Agency to assist in the financing of public capital improvements.

The Authority functions as a public entity, separate and apart from the City and the Agency, and is administered by a five-member governing board consisting of the members of the City Council acting *ex officio*. The City Attorney serves as counsel to the Authority. The Authority has no employees and all staff work is performed by the City or consultants.

Powers

Under the JPA Agreement, the Authority is empowered to assist in the financing of public capital improvements through the issuance of bonds in accordance with the Act. To exercise its powers, the Authority is authorized, in its own name, to do all necessary acts, including but not limited to making and entering into contracts; employing agents and employees; and to sue or be sued in its own name.

THE CITY

Information with respect to the City, including financial information and certain economic and demographic information relating to the City is provided in “**APPENDIX A—CITY OF ANTIOCH FINANCIAL AND DEMOGRAPHIC INFORMATION**” attached hereto. A copy of the financial statements of the City for the fiscal year ended June 30, 2014 is attached hereto as Appendix B and should be read in its entirety.

RATING

Standard & Poor’s Ratings Services (“S&P”) has assigned its municipal bond rating of “__” to the Bonds. Such ratings reflect only the view of S&P, and an explanation of the significance of such ratings may be obtained from only S&P. The City and the Authority furnished to the rating agency certain information and materials concerning the Bonds and the City. Generally, the rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in its judgment circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds.

FINANCIAL STATEMENTS

The City’s financial statements for the fiscal year ended June 30, 2014, included in Appendix B hereto, have been audited by Badawi & Associates, independent auditors, as stated in their report appearing in Appendix B hereto. Badawi & Associates has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Badawi & Associates with respect to any event subsequent to its report dated December 8, 2014.

LITIGATION

At the time of delivery of and payment for the Bonds, officials of the City and Authority will certify that to the best of such officials’ knowledge there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served or threatened, against the Authority or City, respectively, or the titles of their officers to their respective offices or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Bonds or the payments of the Base Rental Payments or challenging the validity or enforceability of the Facility Lease or the Trust Agreement.

At all times, including the date of this Official Statement, there are certain other claims and disputes that arise in the normal course of the City’s activities. Such matters could, if determined adversely to the City, affect expenditures by the City, and in some cases, its revenues. City management and the City Attorney’s Office are of the opinion that no pending actions are likely to have a material adverse effect on the City’s ability to pay the Base Rental Payments when due under the Facility Lease.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in **APPENDIX F** hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, 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. For example, proposals made in 2014 included one by the then Chair of the House Ways and Means Committee that would subject interest on the Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and another by the Obama Administration that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the City have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the City or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the City and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Authority, the City or the Beneficial Owners to incur significant expense.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney. Certain matters will be passed upon for the Underwriter by Hawkins Delafield & Wood LLP. Orrick, Herrington & Sutcliffe LLP will serve as Disclosure Counsel. The proposed form of opinion of Bond Counsel is set forth in **APPENDIX F** hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

UNDERWRITING

The underwriter of the Bonds is RBC Capital Markets (the "Underwriter"). Pursuant to a Bond Purchase Agreement between the Authority, the City and the Underwriter, the Bonds are being purchased by the Underwriter at a purchase price equal to the principal amount of Bonds being issued [plus/less] a net original issue [premium/discount] of \$_____ and less an Underwriter's discount of \$_____. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase, if made, being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions.

The Underwriter may offer and sell Bonds to certain dealers and others at a price other than the offering price. The offering price may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of Bond Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than nine months following the end of the City’s fiscal year (currently ending June 30) (the “Annual Report”), commencing with the report for the fiscal year ending June 30, 2015, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and the notices of enumerated events will be filed [by the City or by the Trustee on behalf of the City] with the Municipal Securities Rulemaking Board through the Electronic Municipal Access (EMMA) System. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below under the caption “**APPENDIX E—FORM OF CONTINUING DISCLOSURE AGREEMENT.**” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

ADDITIONAL INFORMATION

References made herein to certain documents and reports are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or the Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority and the City.

CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY

By: _____
Chair

CITY OF ANTIOCH

By: _____
City Manager

APPENDIX A

CITY OF ANTIOCH FINANCIAL AND DEMOGRAPHIC INFORMATION

[To Come]

APPENDIX B

**CITY OF ANTIOCH CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE
FISCAL YEAR ENDED JUNE 30, 2014**

APPENDIX C

CITY OF ANTIOCH STATEMENT OF INVESTMENT POLICY

[To Come]

APPENDIX D

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following summary discussion of selected features of the Site Lease, dated as of February 1, 2015 (the “Site Lease”), the Facility Lease, dated as of February 1, 2015 (the “Facility Lease”), and the Trust Agreement, dated as of February 1, 2015 (the “Trust Agreement”), are made subject to all of the provisions of such documents and to the discussions of such documents contained elsewhere in this Official Statement. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Bonds are referred to the complete text of said documents, copies of which are available upon request from the Trustee or the City.

[To Come]

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

[To Come]

APPENDIX F
FORM OF LEGAL OPINION

[To Come]

APPENDIX G BOOK-ENTRY ONLY SYSTEM

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. The Authority and City take no responsibility for the accuracy or completeness thereof. The Authority and City cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. 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.

DTC will act as securities depository for the Bonds. The Bonds 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 Bond certificate for each maturity will be issued for the Bonds in the aggregate principal amount of each maturity, and will be deposited with DTC.

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 3.6 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 in such website is not incorporated by reference herein.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the City 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, 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.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee, or the Authority or City may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered in accordance with the provisions set forth in the Trust Agreement.

APPENDIX A

CITY OF ANTIOCH FINANCIAL AND DEMOGRAPHIC INFORMATION

General

The City of Antioch (the “City”) is located in eastern Contra Costa County (the “County”) and is a crossroads linking the San Francisco/East Bay region to Sacramento and the Central Valley. The City is a growing community with plentiful recreational and cultural facilities of Northern California and the Bay Area. It is located on the south shore of the San Joaquin River, north of Mount Diablo. Eastern Contra Costa County’s economy has historically been comprised of several major industrial complexes and agricultural businesses. In recent years, however, a more diversified employment base has emerged, including hospitals, car dealers and retail to serve the growing population. Predominantly a bedroom community, the City is expected to continue to grow due to the widening of State Route 4, which will be complete in 2015 and the advent of an “e-BART” station that is fully funded and scheduled for completion in 2018. The City covers an area of approximately 29 square miles and has a population of 106,455 as of January 1, 2014, as reported by the State Department of Finance. Developable land within the City remains that is suitable for housing, industrial, office and retail uses.

The City provides all municipal services except for fire protection and sewage treatment which are provided by the Contra Costa County Fire Protection District and a regional treatment plant operated by Delta Diablo, respectively.

City Management

The City operates under the Council-Manager form of government and has done so since 1872. The City Council decides matters of policy, while the City Manager directs the implementation of that policy, appoints department heads on the basis of experience, knowledge and ability, and conducts the daily business of the City. The Mayor and four council members are elected to four-year overlapping terms, with elections held every two years.

The current City Manager is Steven Duran, who has been with the City since January 2014. Prior to his employment with the City, Mr. Duran served as the City Manager for the City of Hercules from 2011 to 2014, the Community & Economic Development Agency Director for the City of Richmond from 2002 to 2011 and the Downtown Development & Implementation Manager for the San Jose Redevelopment Agency from 1998 to 2002. Mr. Duran brings over 15 years of experience in local government and holds an Associate of Science degree in Real Estate from Contra Costa College, a Bachelor of Science degree in Business Administration from California State University at Hayward, and a Master of Business Administration degree in Management from Golden Gate University.

The Finance Director oversees the management, safekeeping, and accounting of the City’s financial assets. The current Finance Director is Dawn Merchant, C.P.A., who has been with the City since 1999 and was appointed the Finance Director position in 2007. Ms. Merchant has 18 years of public financial experience including service with Maze & Associates LLP auditing government agencies. Ms. Merchant holds a Bachelor of Science degree in Business Administration from California State University, Sacramento.

Accounting Policies and Financial Reporting

The City institutes a Fiscal Year beginning July 1 and ending June 30 of each year (a “Fiscal Year”). The following financial information has been extracted from the City’s audited financial statements for Fiscal Year 2014 (the most recent audited financial statements), as provided by the City’s Finance Department. The most recent audited financial statements of the City are included in “APPENDIX B” hereto. See “APPENDIX B—CITY OF ANTIOCH CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014.”

The City's accounting records are organized and operated on a "fund" basis, which is the basic fiscal and accounting method in governmental accounting. The three broad fund categories include governmental, proprietary and fiduciary funds. The operations of different funds are accounted for with separate sets of self-balancing accounts with assets, liabilities, fund balance or net position, and revenues and expenses. The basis of accounting for all funds is more fully explained in the Notes to Basic Financial Statements contained in "APPENDIX B".

Budgetary Process

The City adopts an annual budget for all funds under its control. Major governmental funds include the General Fund, Housing and Community Development Special Revenue Fund, Gas Tax Special Revenue Fund and Housing Successor Special Revenue Fund. Major enterprise funds include Water Fund, Sewer Fund and Marina Fund. Annual appropriations for all funds lapse at the end of the year. Budgets are prepared on the same basis of accounting as the associated financial statements.

The budget process begins each January with the submittal of preliminary department budgets to the Finance Department. Department meetings are conducted throughout January and February and in March the City Manager approves the draft budget and workshops and presentations begin on the budget. Budget presentations continue through May and a public hearing is scheduled in June for adoption of the budget. The Fiscal Year 2014-15 budget was adopted on June 10, 2014.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds. Budgets for the General, Special Revenue and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States (GAAP). The Debt Service Funds are governed by the appropriate bond indentures. The Capital Projects Funds adopt a five year Capital Improvement Program each year coinciding with the budget and annual project budgets are incorporated into the annual budget document. Expenditures are controlled at the department level for all budgets within the City. Budget amendments which increase departmental appropriations must be approved by the City Council by majority vote. Changes within approved departmental budgets above \$50,000 are approved by the City Manager and Department Heads can approve changes under \$50,000. Encumbrances and project budgets outstanding at the end of the Fiscal Year are brought to Council for consideration to be re-appropriated into the new year.

Comparison of Budget to Actual Performance

The following table summarizes the City's adopted budgets for Fiscal Years 2009-10 through 2014-15, and sets forth actual revenues and expenditures for each Fiscal Year for purposes of comparison.

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CITY OF ANTIOCH
General Fund
Comparison of Budgeted and Actual
Revenues, Expenditures and Fund Balances
for Fiscal Years 2009-2010 through 2014-2015

	2009-2010		2010-2011		2011-2012		2012-2013		2013-14		2014-15
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
REVENUES:											
Taxes	\$26,403,168	\$26,674,472	\$25,713,218	\$26,025,840	\$25,725,241	\$26,174,328	\$26,719,024	\$26,906,812	\$28,882,304	\$29,425,088	\$35,426,141
Licenses & permits	914,040	856,569	799,552	797,729	985,493	1,096,177	1,489,541	1,654,916	1,293,474	1,302,768	1,157,500
Fines and penalties	215,000	164,803	100,000	102,170	79,000	73,216	34,605	38,400	45,419	67,615	35,100
Investment income and rentals	304,348	357,898	394,000	431,132	454,350	462,671	530,000	506,259	495,415	536,639	498,510
Revenue from other agencies	1,487,470	1,335,727	1,001,855	1,002,567	886,707	909,801	1,771,304	1,750,049	349,218	393,402	1,124,572
Current service charges	8,175,059	8,321,651	7,545,149	7,376,864	6,866,850	6,951,544	6,468,634	6,457,045	7,226,877	7,232,934	2,146,880
Special assessment revenue	-	-	-	-	-	-	-	-	-	-	-
Other	789,341	939,136	1,407,003	1,346,089	911,590	939,981	970,747	1,048,165	871,312	724,731	1,245,545
TOTAL REVENUES:	\$38,288,426	\$38,650,256	\$36,960,777	\$37,082,391	\$35,909,231	\$36,607,718	\$37,983,855	\$38,361,646	\$39,164,019	\$39,683,177	\$41,634,248
EXPENDITURES:											
Current:											
General government	7,445,765	6,968,092	6,267,091	6,070,536	5,581,090	5,693,013	5,315,767	5,328,117	5,930,417	5,584,813	1,029,716
Public works	5,781,684	5,102,632	5,392,636	5,147,120	5,030,279	4,990,012	6,122,908	5,702,997	6,724,668	5,898,150	6,381,551
Public safety	28,677,829	28,378,758	26,163,052	25,992,459	25,030,783	25,176,810	26,164,776	26,072,270	27,931,378	27,359,962	31,998,332
Parks and recreation	2,246	22,959	14,291	14,202	-	-	-	-	-	-	-
Community development	2,385,341	2,388,339	1,874,925	1,732,803	1,843,580	1,760,471	1,932,709	1,880,201	2,201,508	2,021,135	3,279,479
Capital outlay	-	-	-	-	-	-	-	-	-	-	214,000
Debt service:	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$44,290,619	\$42,860,780	\$39,711,995	\$38,957,120	\$37,485,732	\$37,620,306	\$39,536,160	\$38,983,585	\$42,787,971	\$40,864,060	\$42,903,078
REVENUES OVER (UNDER) EXPENDITURES	(6,002,193)	(4,210,524)	(2,751,218)	(1,874,729)	(1,576,501)	(1,012,588)	(1,552,305)	(621,939)	(3,623,952)	(1,180,883)	(1,268,830)
Transfers in	5,397,110	5,400,088	3,765,087	3,652,148	3,698,483	3,687,512	3,894,362	3,837,855	3,734,473	3,770,395	3,786,641
Transfers (out)	1,588,889	(1,578,911)	(1,063,980)	(739,372)	-1,124,609	(970,879)	(1,669,917)	(1,595,133)	(1,797,150)	(1,864,801)	(1,852,787)
Capital Lease	-	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	-	850,000	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$5,397,110	\$4,671,177	\$2,701,107	\$2,912,776	\$2,573,874	\$2,716,633	\$2,224,445	\$2,242,722	\$1,937,323	\$1,905,594	\$1,933,854
Net change in fund balances	(605,083)	460,653	(50,111)	1,038,047	997,373	1,704,045	672,140	1,620,783	(1,686,629)	724,711	665,024
FUND BALANCES:											
Beginning of year	5,891,439	5,286,356	5,747,009	5,747,009	6,785,056	6,785,056	8,489,101	8,489,101	10,109,884	10,109,884	\$10,834,595
End of year	\$5,286,356	\$5,747,009	\$5,696,898	\$6,785,056	\$7,782,429	\$8,489,101	\$9,161,241	\$10,109,884	\$8,423,255	\$10,834,595	\$11,499,619

Source: City of Antioch.

General Fund Financial Summary

The information contained in the following tables of audited revenues, expenditures and changes in fund balances, and assets, liabilities and fund equity is summarized from audited financial statements for Fiscal Years ending June 30, 2009 through June 30, 2014. The City's audited General Purpose Financial Statements for the Fiscal Year ended June 30, 2014 is attached as "**APPENDIX B—CITY OF ANTIOCH CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014**" hereto.

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CITY OF ANTIOCH
General Fund Revenue, Expenditures and Fund Balances
for Fiscal Years 2008-2009 through 2013-2014

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
REVENUES:						
Taxes	\$31,363,965	\$26,674,472	\$26,025,840	\$26,174,328	\$26,906,812	\$29,425,088
Licenses & permits	735,121	856,569	797,729	1,096,177	1,654,916	1,302,768
Fines and penalties	214,866	164,803	102,170	73,216	38,400	67,615
Investment income and rentals	519,576	357,898	431,132	462,671	506,259	536,639
Revenue from other agencies	591,147	1,335,727	1,002,567	909,801	1,750,049	393,402
Current service charges	9,568,469	8,321,651	7,376,864	6,951,544	6,457,045	7,232,934
Other	654,491	939,136	1,346,089	939,981	1,048,165	724,731
TOTAL REVENUES:	<u>\$43,647,635</u>	<u>\$38,650,256</u>	<u>\$37,082,391</u>	<u>\$36,607,718</u>	<u>\$38,361,646</u>	<u>39,683,177</u>
EXPENDITURES:						
Current:						
General government	8,973,882	6,968,092	6,070,536	5,693,013	5,328,117	5,584,813
Public works	5,776,452	5,102,632	5,147,120	4,990,012	5,702,997	5,898,150
Public safety	30,162,704	28,378,758	25,992,459	25,176,810	26,072,270	27,359,962
Parks and recreation	24,315	22,959	14,202	-	-	-
Community development	5,992,037	2,388,339	1,732,803	1,760,471	1,880,201	2,021,135
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>\$50,929,390</u>	<u>\$42,860,780</u>	<u>\$38,957,120</u>	<u>\$37,620,306</u>	<u>\$38,983,585</u>	<u>40,864,060</u>
REVENUES OVER (UNDER) EXPENDITURES	(7,281,755)	(4,210,524)	(1,874,729)	(1,012,588)	(621,939)	(1,180,883)
Transfers in	5,152,117	5,400,088	3,652,148	3,687,512	3,837,855	3,770,395
Transfers (out)	(1,990,204)	(1,578,911)	(739,372)	(970,879)	(1,595,133)	(1,864,801)
Capital Lease	-	-	-	-	-	-
Bond Proceeds	-	850,000	-	-	-	-
Total other financing sources (uses)	<u>\$3,161,913</u>	<u>\$4,671,177</u>	<u>\$2,912,776</u>	<u>\$2,716,633</u>	<u>\$2,242,722</u>	<u>1,905,594</u>
Net change in fund balances	(4,119,842)	460,653	1,038,047	1,704,045	1,620,783	724,711
FUND BALANCES:						
Beginning of year	<u>\$9,406,198</u>	<u>5,286,356</u>	<u>5,747,009</u>	<u>6,785,056</u>	<u>8,489,101</u>	<u>10,109,884</u>
End of year	<u>\$5,286,356</u>	<u>\$5,747,009</u>	<u>\$6,785,056</u>	<u>\$8,489,101</u>	<u>\$10,109,884</u>	<u>\$10,834,595</u>

Source: City of Antioch, Comprehensive Annual Financial Report.

CITY OF ANTIOCH
General Fund Comparative Balance Sheet
for Fiscal Years 2008-2009 through 2013-2014

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
ASSETS:						
Cash and investments	\$4,425,754	\$4,500,283	\$4,952,441	\$9,333,410	\$9,301,053	\$9,797,554
Receivables (net):						
Accounts	461,358	735,923	583,631	1,331,124	464,443	615,519
Taxes	1,887,968	1,921,419	2,138,656	2,195,320	2,051,570	2,727,781
Interest	440,007	267,349	249,106	261,299	164,639	138,137
Due from other funds	2,832,632	3,724,852	3,257,865	879,276	2,412,437	1,925,835
Prepaid items	205,373	238,658	32,773	58,717	89,992	204,058
Loans receivable	1,122,165	1,122,165	1,122,165	1,122,165	1,122,165	1,122,165
Total assets	\$11,375,257	\$12,510,649	\$12,336,637	\$15,181,311	\$15,606,299	\$16,531,049
LIABILITIES						
Accounts payable	\$1,499,891	\$1,277,947	\$915,131	\$1,362,248	\$1,246,802	\$1,284,950
Accrued payroll	778,051	728,688	706,905	995,432	852,908	1,025,462
Deposits	2,667,971	2,634,379	2,724,415	2,571,442	2,274,540	2,217,622
Unavailable revenue	1,122,165	2,122,626	1,205,130	1,763,088	1,122,165	-
Total liabilities	\$6,088,901	\$6,763,640	\$5,551,581	\$6,692,210	\$5,496,415	\$4,528,034
DEFERRED INFLOWS OF RESOURCES						
Unavailable sales tax receipts	-	-	-	-	-	46,255
Unavailable loan receipts	-	-	-	-	-	1,122,165
Total deferred inflows of resources	-	-	-	-	-	1,168,420
FUND BALANCES						
Nonspendable	-	-	34,393	60,337	91,612	205,758
Committed	-	-	101,500	94,030	601,640	1,497,275
Assigned	-	-	92,420	298,173	276,667	125,549
Unassigned	-	-	6,556,743	8,036,561	9,139,965	9,006,013
Total fund balances	\$5,286,356	\$5,757,009	\$6,785,056	\$8,489,101	\$10,109,884	\$10,834,595
Total liabilities, deferred inflows of resources and fund balances	\$11,375,257	\$12,510,649	\$12,336,637	\$15,181,311	\$15,606,299	\$16,531,049

Source: City of Antioch, Comprehensive Annual Financial Report.

Tax Receipts

Taxes and revenues received by the City include sales and use taxes, property taxes, business license taxes, transient occupancy taxes, permits revenues, intergovernmental revenues and others. Of such taxes, sales taxes and property taxes constitute the major sources of General Fund revenues.

The following table sets forth tax revenues received by the City, by source:

CITY OF ANTIOCH
General Fund Tax Revenue by Source
for Fiscal Years 2008-2009 through 2013-2014

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Property Tax	9,933	7,350	7,054	6,740	6,730	7,316
Sales and Use tax	9,909	9,476	9,340	10,476	11,074	12,486
Motor Vehicle in Lieu Tax	7,538	5,928	5,823	5,025	4,977	5,330
Transient Lodging Tax	169	79	59	84	81	95
Franchise Tax ⁽¹⁾	2,358	2,412	2,485	2,518	2,566	2,664
Business Tax	1,024	1,084	1,010	1,048	1,165	1,171
Property Transfer Tax	432	344	255	283	313	363
TOTAL	31,363	26,673	26,026	26,174	26,906	29,425

⁽¹⁾ Includes Franchise Tax deposited into General Fund.

Source: City of Antioch.

Sales Taxes

Sales tax receipts provide one of the largest tax revenue sources for the City, contributing 26% of the total General Fund revenues during Fiscal Year 2012-13 and 29% in Fiscal Year 2013-14. A sales tax is imposed on retail sales or consumption of personal property. The tax rate is established by the State Legislature. The statewide tax rate is currently 7.50%. An additional 1.00% is collected in Contra Costa County for transportation purposes. Additionally, in November 2013, voters passed “Restoring Antioch Services Sales Tax” (known as “Measure C”), which approved a half-cent sales tax effective April 1, 2014. Although this is a general tax measure, the current City Council has committed the funds to Public Safety and Code Enforcement. The State collects and administers the tax, and makes distributions on taxes within the City as follows:

CITY OF ANTIOCH
Sales Tax Rates

State (General Fund):	3.9375%
State (Fiscal Recovery Fund):	0.25
State (Local Revenue Fund):	1.5625
State (Local Public Safety Fund):	0.50
State (Education Protection Account):	0.25
Local:	
County transportation:	0.25
City and County Operations:	0.75
Local (City General Fund)	0.50
County (Transportation):	<u>1.00</u>
Total:	9.00

The allocation of 0.25 percent sales tax to the payment of economic recovery bonds became effective July 1, 2004, as part of the “triple flip” in the Governor’s 2004-05 Budget and pursuant to State Proposition 57, approved by the voters on March 2, 2003. Proposition 57 authorized the issuance of up to \$15 billion of economic recovery bonds secured by the 0.25% sales tax allocation. Prior to July 1, 2004, this sales tax was available to cities and counties for general purposes. Under the legislation implementing the “triple flip,” the lost sales tax is replaced by increased property tax revenues, equal to the lost sales tax revenues.

Senate Constitutional Amendment No. 4, approved by the voters as Proposition 1A in the November 2004 election, amended the State Constitution to, among other things, reduce the Legislature’s authority over local

government revenue sources by restricting the State from lowering the local sales tax rate or changing the allocation of local sales tax revenues without meeting certain conditions. See “**CONSTITUTIONAL AND STATUTORY LIMITATIONS AFFECTING CITY REVENUES AND APPROPRIATIONS—Proposition 1A**” in the forepart of this Official Statement.

The State’s actual administrative costs with respect to the portion of sales taxes allocable to the City are deducted before distribution and are determined on a quarterly basis.

A history of taxable sales in the City during calendar years 2008 through 2013 (first and second quarter) are shown below:

CITY OF ANTIOCH
Taxable Transactions by Type of Business
For Calendar Years 2008 through 2013
(Amounts in thousands)

Type of Business	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013*</u>
Motor Vehicle and Parts Dealers	\$148,915	\$109,620	\$103,855	\$128,820	\$143,712	\$79,702
Home Furnishings and Appliance Stores	15,365	14,811	15,342	17,871	19,544	9,553
Bldg. Matrl. and Garden Equip. and Supplies	#	62,050	54,660	#	#	#
Food and Beverage Stores	42,457	50,134	49,716	47,109	48,826	23,841
Gasoline Stations	102,078	75,723	84,379	110,574	113,217	56,335
Clothing and Clothing Accessories Stores	\$34,355	34,568	34,473	33,241	34,128	17,189
General Merchandise Stores	245,213	223,463	232,407	245,407	254,456	116,150
Food Services and Drinking Places	91,158	89,082	85,286	87,276	92,104	46,613
Other Retail Group	141,561	63,696	63,340	119,854	122,637	64,665
Total Retail and Food Services	\$821,103	\$723,147	\$723,459	\$790,153	\$828,624	\$414,048
All Other Outlets	109,942	80,563	83,084	84,235	131,204	58,508
Totals All Outlets	\$931,045	\$803,710	\$806,543	\$874,388	\$959,828	\$472,556

Notes:

Indicates sales omitted because their publication would result in the disclosure of confidential information.

*First two quarters of 2013 only.

Detail may not compute due to rounding.

Source: California State Board of Equalization.

Property Taxes

Property tax is currently the City’s other largest revenue source of the General Fund. It accounted for 28% of the General Fund revenue in Fiscal Year 2013 and 29% in Fiscal Year 2014. Property tax revenue grew in Fiscal Year 2014 by 8.1%, an increase of over \$947,000 from Fiscal Year 2013.

Assessed Valuation. The valuation of property in the City is established by the Contra Costa County Assessor, except for public utility property, which is assessed by the State Board of Equalization (the “SBE”). Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the

California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full value of the property. See “**CONSTITUTIONAL AND STATUTORY LIMITATIONS AFFECTING CITY REVENUES AND APPROPRIATIONS**” in the forepart of this Official Statement.

Two types of State-reimbursed exemptions affect the valuation of property. The first currently exempts 100% of the full value of business inventories from taxation. The second exemption currently provides a credit of \$7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. Revenue estimated to be lost to local taxing agencies due to the above exemptions has in the past been reimbursed from State sources. Reimbursement is based upon total taxes due upon such exemption values and therefore is not reduced by any estimated amount of actual delinquencies.

The following table sets forth assessed valuations for Fiscal Years 2007-08 through 2014-15.

CITY OF ANTIOCH
Assessed Valuations
for Fiscal Years 2007-08 through 2014-15

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2007-08	\$10,424,868,849	\$3,186,154	\$166,824,654	10,594,879,657	
2008-09	9,475,894,635	3,186,154	179,099,347	9,658,180,136	-8.84%
2009-10	7,369,971,866	3,186,154	186,635,464	7,559,793,484	-21.73%
2010-11	7,013,457,104	3,584,217	173,763,216	7,190,804,537	-4.88%
2011-12	6,510,513,217	3,584,217	163,375,715	6,677,473,149	-7.14%
2012-13	6,448,072,614	3,584,217	158,266,417	6,609,923,248	-1.01%
2013-14	6,933,832,844	3,584,217	157,653,132	7,095,070,193	7.34%
2014-15	8,211,483,861	4,207,773	143,687,619	8,359,379,253	17.82%

Source: California Municipal Statistics, Inc.

The following table sets forth assessed valuation of single family homes for Fiscal Year 2014-15.

CITY OF ANTIOCH
Per Parcel 2014-15 Assessed Valuation of Single Family Homes

	<u>No. of Parcels</u>	<u>2014-15 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	28,458	\$6,570,042,146	\$230,868	\$224,701

<u>2014-15 Assessed Valuation</u>	<u>No. of Parcels ⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	6	0.02%	0.02%	\$111,601	0.00%	0.00%
\$25,000 - \$49,999	434	1.525	1.546	18,831,407	0.287	0.288
\$50,000 - \$74,999	1,441	5.064	6.61	89,216,961	1.358	1.646
\$75,000 - \$99,999	1,165	4.094	10.703	101,787,316	1.549	3.196
\$100,000 - \$124,999	1,482	5.208	15.911	168,064,509	2.558	5.754
\$125,000 - \$149,999	2,005	7.045	22.957	275,764,048	4.197	9.951
\$150,000 - \$174,999	2,409	8.465	31.422	392,214,228	5.97	15.921
\$175,000 - \$199,999	2,704	9.502	40.923	506,884,093	7.715	23.636
\$200,000 - \$224,999	2,614	9.185	50.109	555,467,135	8.455	32.09
\$225,000 - \$249,999	2,589	9.098	59.207	613,785,412	9.342	41.432
\$250,000 - \$274,999	2,462	8.651	67.858	645,427,380	9.824	51.256
\$275,000 - \$299,999	2,002	7.035	74.893	573,853,995	8.734	59.991
\$300,000 - \$324,999	1,966	6.908	81.801	612,616,189	9.324	69.315
\$325,000 - \$349,999	1,363	4.79	86.591	458,775,510	6.983	76.298
\$350,000 - \$374,999	1,128	3.964	90.555	407,516,819	6.203	82.5
\$375,000 - \$399,999	855	3.004	93.559	331,163,048	5.041	87.541
\$400,000 - \$424,999	665	2.337	95.896	273,529,591	4.163	91.704
\$425,000 - \$449,999	462	1.623	97.519	201,397,406	3.065	94.77
\$450,000 - \$474,999	323	1.135	98.654	149,125,242	2.27	97.039
\$475,000 - \$499,999	191	0.671	99.325	92,917,496	1.414	98.454
\$500,000 and greater	<u>192</u>	<u>0.675</u>	100	<u>101,592,760</u>	<u>1.546</u>	100
Total	28,458	100.00%		\$6,570,042,146	100.00%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

The following table sets forth the assessed valuation and parcels by land use for Fiscal Year 2014-15.

CITY OF ANTIOCH
Assessed Valuation and Parcels by Land Use

	2014-15 <u>Assessed Valuation</u> ⁽¹⁾	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<u>Non-Residential:</u>				
Agricultural/Rural	\$33,828,116	0.41%	61	0.19%
Commercial/Office	727,357,612	8.86	486	1.48
Vacant Commercial	36,798,811	0.45	98	0.3
Industrial	208,885,009	2.54	122	0.37
Vacant Industrial	37,462,276	0.46	70	0.21
Recreational	25,022,108	0.3	7	0.02
Government/Social/Institutional	87,359,173	1.06	856	2.62
Miscellaneous	<u>7,820,925</u>	<u>0.1</u>	<u>65</u>	<u>0.2</u>
Subtotal Non-Residential	\$1,164,534,030	14.18%	1,765	5.39%
<u>Residential:</u>				
Single Family Residence	\$6,570,042,146	80.01%	28,458	86.94%
Condominium	100,884,514	1.23	1,165	3.56
Mobile Home	9,707,668	0.12	196	0.6
2-4 Residential Units	85,452,877	1.04	416	1.27
5+ Residential Units/Apartments	247,026,153	3.01	99	0.3
Vacant Residential	<u>33,836,473</u>	<u>0.41</u>	<u>635</u>	<u>1.94</u>
Subtotal Residential	\$7,046,949,831	85.82%	30,969	94.61%
Total	\$8,211,483,861	100.00%	32,734	100.00%

⁽¹⁾ Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Ad Valorem Property Taxes. Taxes are levied for each Fiscal Year on taxable real and personal property which is situated in the City as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured,” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property, the taxes on which are a lien on real property sufficient to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The following table sets forth the largest taxpayers located within the City in terms of their assessed value for Fiscal Year 2014-15.

**CITY OF ANTIOCH
Largest 2014-15 Taxpayers (Secured Roll)**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>Total</u> ⁽¹⁾
1	Sequoia Equities-Cross Pointe	Apartments	\$33,355,921	0.41%
2	The Macerich Partnership LP	Shopping Center	27,914,431	0.34
3	Runaway Bay LLC	Apartments	27,700,000	0.34
4	Gabriel H. Chiu, Trustee	Shopping Center	27,274,012	0.33
5	Camden Village LLC	Shopping Center	25,180,100	0.31
6	ESC Skepner LLC	Shopping Center	24,419,900	0.3
7	Bluerock Center Partners LLC	Medical Buildings	21,186,548	0.26
8	LBUBS 2004-C8 Wilbur Ave. Ltd.	Industrial	21,095,340	0.26
9	Costco Wholesale Corporation	Commercial	20,442,000	0.25
10	Lakeshore Anitoch	Apartments	18,668,352	0.23
11	Target Corporation	Shopping Center	17,832,632	0.22
12	Deer Creek Partnership	Apartments	17,500,877	0.21
13	Chiu Family LLC	Shopping Center	17,427,861	0.21
14	Lowe's HIW Inc.	Commercial	16,591,683	0.2
15	Dow Chemical Company	Industrial	16,511,345	0.2
16	Realty Income Properties 12	Health Club	15,728,082	0.19
17	Twin Creeks AFK LLC	Apartments	15,658,187	0.19
18	Wal-Mart Real Estate Business Trust	Shopping Center	15,450,502	0.19
19	DS Founders LLC	Commercial	15,200,000	0.19
20	Commons at Dallas Ranch LLC	Assisted Living Facility	<u>13,807,009</u>	<u>0.17</u>
			\$408,944,782	4.98%

⁽¹⁾ 2014-15 Local Secured Assessed Valuation: \$8,211,483,861
Source: California Municipal Statistics, Inc.

Tax Rates

The basic tax rate for all taxing entities within a particular tax code area is \$1 per \$100 of assessed valuation in accordance with Article XIII A of the State Constitution. To this may be added whatever tax rates are necessary to meet debt service on indebtedness approved by the voters.

Tax Levies, Collections and Delinquencies

Property taxes on the secured roll are due in two installments, on January 1st and June 1st of the Fiscal Year. If unpaid, such taxes become delinquent on December 10th and April 10th, respectively, and a 10 percent penalty attaches to any delinquent payment. On July 1, an additional 1½ percent per month is levied on delinquencies for five years. In addition, property on the secured roll with respect to which taxes are delinquent is sold to the State on or about June 30th five years after the delinquency occurs. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one percent per month to the time of redemption. 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 Tax Collector.

Property taxes on the unsecured roll are due as of the March 1st lien date and become delinquent, if unpaid, on August 31st. A six percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one percent per month begins to accrue beginning November 1st of the Fiscal Year.

Beginning in Fiscal Year 1978-79, Proposition 13 and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior voted debt, and prescribed how levies on countywide property values are to be shared with local taxing entities within each county.

The total tax levies and year-end delinquencies for Fiscal Years 2009-10 through 2013-14 are set forth in the following table.

CITY OF ANTIOCH Secured Tax Charges and Delinquencies

<u>Tax Year</u>	<u>Secured Tax Charge ⁽¹⁾</u>	<u>Amt. Del. 30-Jun</u>	<u>% Del. 30-Jun</u>
2009-10	\$7,931,311.40	\$212,294.21	2.68%
2010-11	7,556,810.67	129,777.26	1.72
2011-12	7,085,018.23	192,490.97	2.72
2012-13	6,887,582.86	66,790.20	0.97
2013-14	7,475,344.93	63,210.24	0.85

⁽¹⁾ 1% General Fund apportionment.

Source: California Municipal Statistics, Inc.

Teeter Plan

The City is located within Contra Costa County (the "County"), which follows the "Teeter Plan" (defined below) with respect to property tax collection and disbursement procedures. Under this plan, a county can implement an alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Section 4701 through 4717, inclusive) (the "Law"), commonly referred to as the "Teeter Plan." The Law has authorized the use of the Teeter Plan for over 60 years.

Under the Teeter Plan, taxing entities in the County may receive their total secured tax levies regardless of actual payments and delinquencies. The County establishes a delinquency reserve and assumes responsibility for all secured delinquencies. Thus, so long as the County maintains its policy of collecting assessments pursuant to said procedures and the City meets the Teeter Plan requirements, the City will receive 100% of the annual installments levied without regard to actual collections.

The Board of Supervisors of the County may discontinue the procedures under the Teeter Plan altogether, or with respect to any tax or assessment levying agency in the County, in which event the City would bear its share of delinquencies and share in any penalties and interest collected, if the rate of secured tax and assessment delinquency for that agency in any year exceeds 3% of the total of all taxes and assessment levied on the secured rolls for that agency. There is no assurance that the County Board of Supervisors will maintain its policy of apportioning assessments pursuant to the aforementioned procedures.

Long-Term Obligations

As of June 30, 2014, the City had total long-term obligations of \$18,142,322. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For the governmental activities, claims and judgments are generally liquidated by the General Fund, and a majority of compensated absences are generally liquidated by the General Fund.

Outstanding Long-Term Obligations June 30, 2014

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total</u>			
	<u>2013</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>	<u>2014</u>	<u>% Change</u>	
Lease Revenue Bonds	\$5,080,000	\$4,915,000	-3.25%	Water bonds	\$770,000	\$0	-100.00%	\$5,850,000	\$4,915,000	-15.98%
Unamortized Discount	(78,075)	(73,738)	-5.55%	Unamortized Discount	-	-	-	(78,075)	(73,738)	-5.55%
Capital Lease Payable	3,191,908	2,820,589	-11.63%	Loans Payable	3,152,388	3,001,182	-4.79%	-	-	-
Claims Liability	610,307	519,069	-14.95%	Long Term Payable	4,536,376	4,284,350	-5.55%	-	-	-
Compensated Absences	2,249,102	2,220,302	-1.28%	Compensated Absences	450,566	455,568	1.11%	2,698,668	2,675,870	-0.85%
Total:	11,053,242	10,401,222	-5.89%		8,909,330	7,741,100	-13.11%	8,470,593	7,517,132	-11.26%

Source: City of Antioch, Comprehensive Annual Financial Report.

Direct and Overlapping Bonded Debt

The statement of direct and overlapping debt (the "Debt Report") set forth below was prepared by California Municipal Statistics, Inc. as of December 1, 2014. The Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. The City takes no responsibility for its completeness or accuracy.

CITY OF ANTIOCH
Statement of Direct and Overlapping Debt
As of December 1, 2014

2014-15 Assessed Valuation: \$8,359,379,253

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 12/1/14</u>
Bay Area Rapid Transit District	1.49%	\$9,405,153
Contra Costa Community College District	5.23	23,841,478
Antioch Unified School District School Facilities Improvement District No. 1	75.278	47,265,275
Liberty Union High School District	2.355	1,148,534
Brentwood Union School District	4.297	1,894,749
East Bay Regional Park District	2.288	4,062,916
Antioch Area Community Facilities District No. 89-1	100	<u>22,750,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$110,368,105

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Contra Costa County General Fund Obligations	5.21%	\$14,289,501
Contra Costa County Pension Obligation Bonds	5.209	13,465,265
Contra Costa Community College District Certificates of Participation	5.23	36,610
Antioch Unified School District Certificates of Participation	83.247	14,351,783
Brentwood Union School District General Fund Obligations	4.297	79,153
City of Antioch General Fund Obligations	100	4,740,000⁽¹⁾
Contra Costa Fire Protection District Pension Obligation Bonds	11.278	<u>10,466,548</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$57,428,860
Less: Contra Costa County Obligations supported from revenue funds		<u>5,664,059</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$51,764,801

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		
Tax Allocation Bonds	100.00%	\$5,518,058
Lease Revenue Bonds	100	<u>21,980,000</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$27,498,058

GROSS COMBINED TOTAL DEBT	\$195,295,023⁽²⁾
NET COMBINED TOTAL DEBT	\$189,630,964

(1) Excludes refunding lease revenue bonds to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.32%
Total Direct Debt (\$4,740,000)	0.06%
Gross Combined Total Debt	2.34%
Net Combined Total Debt	2.27%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$585,789,554):

Total Overlapping Tax Increment Debt	4.69%
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Source: California Municipal Statistics, Inc.

Investment Policies and Procedures

Funds held by the City are invested in accordance with the City's Statement of Investment Policy (the "Investment Policy") prepared by the Finance Director/Treasurer as authorized by section 53601 of the Government code of California. A copy of the City's current Investment Policy is attached as "**APPENDIX C—CITY OF ANTIOCH STATEMENT OF INVESTMENT POLICY.**" The Investment Policy is submitted to the Antioch City Council annually.

The Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition of the portfolio will change over time as old investments mature, or are sold, and as new investments are made.

Invested funds are managed to insure preservation of capital through high quality investments, maintenance of liquidity and then yield. Further, operating funds may not be invested in any investment with a maturity greater than five years.

The City has never invested in derivatives or reverse repurchase agreements and such investments and instruments are not allowed by City policy.

The market value of the City's investment portfolio as of June 30, 2014 was as follows:

CITY OF ANTIOCH Market Value of Investments June 30, 2014

<u>Investment Type</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>	<u>Days to Maturity</u>
U.S. Government Securities	\$36,833,082	53.5%	1 to 2 Years
U.S. Government Agencies	10,402,306	15.1%	1 to 3 Years
Medium-Term Corporate Notes	13,859,237	20.1%	1 to 2 Years
Certificate of Deposit	<u>7,799,022</u>	<u>11.3%</u>	Less than 1 Year
TOTAL	\$68,893,647	100.0%	

Source: The City of Antioch.

The City believes that its funds are prudently invested and that the investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the City's expenditures and other scheduled withdrawals.

For additional information concerning the City investments, see "**APPENDIX B—CITY OF ANTIOCH CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014**" and "**APPENDIX C—CITY OF ANTIOCH STATEMENT OF INVESTMENT POLICY**" hereto.

Self-Insurance Program

The City participates in the Municipal Pooling Authority (MPA), a joint powers agency (risk-sharing pool) established to provide an independently managed self-insurance program for members. The purpose of MPA is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense.

The City contributes its pro rata share of anticipated losses to the pool administered by MPA. If actual losses among participants are greater than the anticipated losses, the City will be assessed retrospectively its pro rata share of the deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro rata share of the excess. The City's liabilities are reported when it is both probable that a loss has occurred and the amount of the loss can be reasonably estimated and includes incremental claim expenses. The claims and litigation

liabilities are reported in the governmental activities of the government-wide financial statements and include an amount for claims that have been incurred but not reported. Changes in the balances of the City's claims liabilities during the Fiscal Years ended June 30, 2011, 2012, 2013 and 2014 were as follows:

Fiscal Year ending June 30	Balance July 1	Deductibles and Changes in Estimates	Payments	Balance June 30
2010-11	\$646,530	\$289,536	\$(526,788)	\$409,279
2011-12	409,278	847,254	(592,447)	664,085
2012-13	664,085	481,110	(538,888)	610,307
2013-14	610,307	795,117	(886,355)	519,069

Source: City of Antioch.

There have been no significant reductions in any insurance coverage, nor have there been any insurance related settlements that exceeded insurance coverage during the past four Fiscal Years.

Pension Plans

General. The following information concerning the California Public Employees' Retirement System ("PERS") is excerpted from publicly available sources, which the City believes to be accurate. PERS is not obligated in any manner for payment of debt service on the Bonds, and the assets of PERS are not available for such payment. PERS should be contacted directly at CalPERS, Lincoln Plaza, 400 P Street Sacramento, California 95814 or (888) 225-7377 for other information, including information relating to its financial position and investments.

The City provides retirement benefits to its employees through contracts with PERS, a multiple-employer public sector employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to PERS members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments.

PERS maintains more than one pension plan (each, a "PERS Plan") for the City based on type of employee. The City has PERS Plans for "Safety Police Employees" and "Miscellaneous Employees". The City contributes to PERS amounts equal to the recommended rates for each PERS Plan multiplied by the payroll of those employees of the City who are eligible under PERS.

Actuarial Valuations. The staff actuaries at PERS prepare an actuarial valuation annually that covers a Fiscal Year ending approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuation delivered to the City in October 2014 covered PERS's Fiscal Year ended June 30, 2013). The actuarial valuations express the City's required contribution rates in percentages of payroll, which percentages the City must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution rate derived from the actuarial valuation as of June 30, 2013, that was prepared in October 2014, will affect such City's Fiscal Year 2015-16). PERS rules require the City to implement the actuary's recommended rates.

In calculating the annual actuarially recommended contribution rates, the PERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that PERS will fund under the PERS Plans, which includes two components, the normal cost and the UAAL. The normal cost represents the actuarial present value of benefits that PERS will fund under the PERS Plans that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAAL represents an

estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions such as, among others, the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL may be considered an estimate of the unfunded actuarial present value of the benefits that PERS will fund under the PERS Plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the City owes to PERS under its PERS Plans.

In each actuarial valuation, the PERS actuary estimates the actuarial value of the assets (the “Actuarial Value”) of the PERS Plans at the end of the Fiscal Year (which assumes, among other things, that the rate of return during that Fiscal Year equaled the assumed rate of return of 7.5%). The PERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies. As described below, these policies changed significantly in January 2013, affecting the Actuarial Value calculation for June 30, 2013 and beyond.

Actuarial Assumptions and Policies. In April 2013, the PERS Board adopted new policies aimed at changing the amortization and smoothing policies. Beginning with the June 30, 2013 valuations, PERS will no longer use an actuarial value of assets and will employ an amortization smoothing policy that will pay for all gains and losses over a fixed 30 year period with the increases and decreases in the rate spread directly over a 5-year period.

Further changes were adopted in February 2014 in an effort to reduce the expected volatility of returns. These changes include demographic assumptions that more closely align with actual experience. The new actuarial assumptions will be used to set the Fiscal Year 2016-17 contribution rates for public agency employers.

Due to significant market investment losses of approximately -24% in the PERS trust fund for Fiscal Year 2008-09, PERS implemented a 3-year phase-in of the 2008-09 investment loss because PERS expects three years will be a sufficient length of time for the economy to recover. This phased in approach will be achieved by temporarily relaxing the constraints on the smoothed value of assets around the actual market value. The corridor will be widened and then contracted as follows:

- Increase the corridor limits from 80%-120% of market value to 60% to 140% of market value to determine the actuarial value of assets for the June 30, 2009 valuation, which impacts the 2011-12 contribution rate.
- Reduce the corridor limits from 60%-140% of market value to 70% to 130% of market value to determine the actuarial value of assets for the June 30, 2010 valuation, which impacts the 2012-2013 contribution rate.
- Return to the 80%-120% of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter, which impacts contribution rates for Fiscal Years 2013-14 and beyond.
- Asset losses outside of the 80%-120% corridor described above will be amortized pursuant to a fixed 30-year amortization schedule.

The City’s safety plan has less than 100 active members. PERS requires such pension plans to join a larger risk pool (a “Risk Pool”) with other pension plans that have similar members receiving similar benefits (e.g. other plans for safety employees receiving a 3.0% at 55 benefits or 3.0% at 50 benefits). In a Risk Pool, assets and liabilities across employers are combined to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same Risk Pool. To equalize funding status across agencies in each Risk Pool, at the time the City joined the Risk Pool, a side fund was created to account for the difference between the funded status of the Risk Pool and the funded status of the City’s pension plan (a “Side Fund”). Risk Pools and Side Funds are subject to the Actuarial Assumptions and Policies described above.

PERS performs an actuarial analysis of the Risk Pool, and a separate valuation of the balance (positive or negative) of each Side Fund. Based on the actuarial report for the Risk Pool, PERS calculates the Risk Pool's "Required Base Employer Rate" as a percentage of payroll that the City must pay for those employees participating in the plan. The Required Base Employer Rate includes both a "normal cost" component and an "amortization base" component where the unfunded liability of the Risk Pool is amortized, as described under "Actuarial Valuations" above.

In addition, the City pays a contribution (a percentage of the payroll of participating employees) to the Risk Pool to amortize any negative balance in the City's Side Fund and/or if the City provides certain supplemental benefits to participating employees.

Miscellaneous Plan. As set forth in the PERS actuarial report dated October 2014, the unfunded accrued liability for the Miscellaneous Plan was \$42,718,114 as of June 30, 2013. The following table sets forth the schedule of funding progress for the Miscellaneous Plan:

<u>Valuation Date</u>	<u>Accrued Liabilities (AL)</u>	<u>Actuarial Value of Assets (AVA)*</u>	<u>Funded Ratio</u>		<u>Annual Covered Payroll</u>
			<u>AVA</u>	<u>MVA</u>	
			AVA	MVA	
6/30/09	\$120,714,384	\$97,456,257	80.7%	58.8%	\$15,984,932
6/30/10	124,265,203	101,190,100	81.4%	63.6%	13,473,039
6/30/11	129,429,446	105,248,476	81.3%	72.0%	11,380,100
6/30/12	134,895,892	107,226,991	79.5%	66.3%	10,741,015
6/30/13	139,659,447	96,941,333	69.4%	69.4%	11,703,846

*Beginning with the 6/30/13 valuation, Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

Source: June 30, 2013 Actuarial Valuation provided by CalPERS.

Safety Plans. As set forth in the PERS Actuarial Report dated October 2014, the unfunded accrued actuarial liability for the PERS Safety Risk Sharing Pool first tier and second tier plans was \$35,225,265 as of June 30, 2013.

The following table set forth the funding progress for the PERS Safety Risk Sharing Pool (the City was moved to a risk sharing pool effective with the 6/30/11 valuation):

<u>Valuation Date</u>	<u>Accrued Liabilities (AL)</u>	<u>Actuarial Value of Assets (AVA)*</u>	<u>Funded Ratio</u>		<u>Annual Covered Payroll</u>
			<u>AVA</u>	<u>MVA</u>	
6/30/09	\$ 93,154,520	\$75,898,795	81.5%	59.7%	\$12,284,277
6/30/10	99,099,170	80,923,199	81.7%	64.5%	11,014,417
6/30/11	108,171,871	77,808,741	n/a	71.9%	10,548,579
6/30/12	115,040,150	78,131,476	n/a	67.9%	9,936,555
6/30/13	128,001,706	92,776,441	n/a	72.5%	10,339,017

California State Pension Reform Legislation

In September 2012, the Governor signed a comprehensive pension reform package affecting state and local government employees. AB 340 (the "Legislation") implements lower defined-benefit formulas with higher retirement ages for new employees hired on or after January 1, 2013, and includes provisions to increase current employee contributions. Though the Legislation covers most public employees in state government, cities, counties, special districts, school districts, and community colleges, the following discussion relates only to the Legislation's impact on City employee retirement.

Key changes to retirement plans affecting the City include:

- New defined-benefit formulas that increase retirement ages for new public employees hired on or after January 1, 2013.
- For new employees, a cap on pensionable income of \$110,100, or \$132,120 (for employees not in Social Security). Annual increases on the cap would be limited to the Consumer Price Index for All Urban Consumers.
- A standard that employees pay at least 50 percent of normal costs.

Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit (“air time”).

If the Legislation is implemented fully, PERS estimates savings for local agency plans of approximately \$1.653 billion to \$2.355 billion over the next 30 years due primarily to increased employee contributions and, as the workforce turns over, lower benefit formulas that will gradually reduce normal costs. Savings specific to the City have not been quantified. OPEB costs are not addressed in the Legislation.

Provisions in the Legislation will not likely have a material effect on City contributions in the short term. However, additional employee contributions, limits on pensionable compensation, and higher retirement ages for new members will reduce the City’s UAAL and potentially City contribution levels in the long term.

Supplementary Retirement Plan

The City provides a police supplementary retirement plan. Employees are eligible to receive benefits under this plan if he or she meets the requirements under one of the three tiers of the plan. The fund is an agent multiple-employer defined benefit plan established under Section 401 (a) and tax-exempt under Section 501 (a) of the Internal Revenue Code Sections 53215-53224. The trust is maintained by Public Agency Retirement Services (PARS) and provides for retirement, survivor continuance, pre-retirement disability and pre-retirement death benefits based upon the tier the member qualifies within. Employee vesting is determined within each tier:

- Tier I – Designated eligible employee by Plan Administrator that has terminated from employment and applied for benefits under plan vest immediately.
- Tier II – Vest after five years of employment.
- Tier III – Employee vested if a full time Sworn Police Officer on or after September 1, 2007 and has terminated employment and concurrently retires under a regular, disability or industrial disability retirement under CalPERS prior to September 1, 2012.

These benefit provisions and all other requirements are established by State Statute and City ordinance. Copies of the Fund’s annual financial report may be obtained from PARS office: P.O. Box 12919, Newport Beach, CA 92658-2919. A separate report for the City’s plan within the fund is not available.

As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,008,000 and the City had a net pension obligation of \$535,461, which appears on the government-wide financial statements as a liability.

A schedule of funding history is presented below:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status		Annual Covered Payroll	Unfunded Liability as a % of Payroll
				AVA	MVA		
6/30/2009	\$ 1,026,000	\$ -	\$ 1,026,000	0.0%	0.0%	\$ 9,915,000	10.3%
6/30/2011	1,731,000	38,000	1,693,000	2.2%	0.0%	7,897,000	21.4%
6/30/2013	2,008,000	49,000	1,959,000	2.4%	2.4%	6,549,000	29.9%

Post-Employment Healthcare Benefits

The City of Antioch provides post-retirement medical benefits to all eligible employees hired before September 1, 2007 and their surviving spouses under the provisions of three formal City-sponsored plans (Miscellaneous Group, Management Group, and Police Group). For all employees who retire from service (either regular retirement or disability retirement), the City will pay a portion of their medical premiums based on their respective Memorandum of Understanding (MOU) currently in effect. The City's contributions are determined on an actuarially determined basis. The City has established a trust with CalPERS (CERBT), which is a Section 115 trust set up for the purpose of receiving employer contributions that will prefund health and other post-employment benefit costs for retirees and their beneficiaries. The City makes contributions based on a percentage of active employee payroll. There is no requirement by CalPERS to contribute any amount beyond the pay-as-you-go contributions. The cost of monthly insurance premiums may be shared between the retiree and the City. The cost sharing varies depending on: date of hire, dependent status, and plan selected. The City currently only contributes to the pay-as-you-go contribution, which has resulted in a net pension obligation recognized on the City's government-wide financial statements.

The following table, based on the City's actuarial valuation as of July 1, 2013, shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for each plan (in thousands):

	<u>Miscellaneous</u>	<u>Management</u>		<u>Police</u>	<u>Total</u>
Annual Required Contributions	\$ 721	\$ 426	\$	2,167	\$ 3,314
Interest on net OPEB obligation	(25)	(45)		131	61
Adjustment to annual required contributions	28	47		(139)	(64)
Annual OPEB Cost	724	428		2,159	3,311
Contributions Made	285	528		352	1,165
Increase in net OPEB obligation	(439)	100		(1,807)	(2,146)
Net OPEB Obligation - beginning of year	519	930		(2,724)	(1,275)
Net OPEB Obligation - end of year	\$ 80	\$ 1,030	\$	(4,531)	\$ (3,421)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset (obligation) for each plan for Fiscal Years 2010 through 2014 were as follows (in thousands):

Miscellaneous

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Contributed	OPEB Asset
6/30/2012	\$ 381	73%	\$ 903
6/30/2013	687	44%	519
6/30/2014	724	39%	80

Management

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Contributed	OPEB Asset
6/30/2012	\$ 359	151%	\$ 806
6/30/2013	422	129%	930
6/30/2014	429	123%	1,030

Police

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Contributed	OPEB Asset (Obligation)
6/30/2012	\$ 1,211	25%	\$ (1,054)
6/30/2013	2,017	17%	(2,724)
6/30/2014	2,158	16%	(4,531)

The three City sponsored plans are maintained in one CERBT account with CalPERS. As of July 1, 2013, the funded status of the plan was as follows:

Valuation Date:	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Status		Annual Covered Payroll	Unfunded Liability As A % of Payroll
				AVA	MVA		
7/1/2013	\$45,997	\$8,328	\$37,669	18.10%	18.10%	\$19,548	192.70%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions used include (a) a 4.79% investment rate of return; (b) projected salary increases at 3.25% per year; (c) inflation of 3.00% and (d) healthcare cost trend rates ranging between 4.50% and 8.5% between 2015 and 2024,

with annual increases of 4.64% from 2025 and thereafter for City contributions linked to a specific medical plan and annual increases of 4.50% from 2015 and thereafter for City contributions that are capped. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level percentage of projected payroll over 30 years on a closed basis. The remaining amortization period as of June 30, 2014 was 24 years for the plan.

Medical After Retirement Plan Account

Employees hired after September 1, 2007 are not eligible for post-employment medical benefits as defined in the previous plan. The City has created a medical after retirement program in which the City will contribute 1.5% of the employee’s base monthly salary into an account established for the employee to be used for future medical benefits. This plan is being administered by Operating Engineers Local 3. The City will match an additional amount of up to 1.0% of the employee contribution, for a total City contribution not to exceed 2.5%. Employees have the right to their individual plan upon separation of employment. As of June 30, 2014, there were 49 participants in the plan. During Fiscal Year 2013-14, the City contributed \$55,474 towards employee accounts.

Deferred Compensation Plan

The City currently does not contribute to deferred compensation plans for employees. However, as of January 11, 2015, the City will reinstate contributions for certain designated employees as follows: Executive Management – five percent (5%) of pay; all other Management – two percent (2%) of pay; Confidential employees - \$50 per month, with the possibility of another \$25 per month on a matching basis.

Employer-Employee Relations

The City has 285 regular employee positions funded which are represented by seven bargaining units. The City contracts with IEDA as the Chief Labor Negotiator, working with the Administrative Services Director and Human Resources Analyst to conduct negotiations with each employee unit. The following table lists the existing bargaining units and the respective date for which their contract with the City expires.

**CITY OF ANTIOCH
Bargaining Units**

<u>Bargain Units</u>	<u>Contract Expires</u>
Management	09/30/2016
Confidential	09/30/2016
Public Employees Union Local 1	03/31/2015
Operating Engineers Local 3	09/30/2014
Treatment Plant Employees Association	08/31/2018
Police Officers Association	08/31/2016
Police Sworn Managers	02/28/2017

Source: City of Antioch.

Redevelopment Dissolution

The State of California Department of Finance completed its review of the Due Diligence Review of Other Funds and Accounts of the former Antioch Development Agency required under the Dissolution Act. In May 2013, the City was ordered to return \$803,883 in funds to the Successor Agency for disallowed transfers from the former Antioch Development Agency to the City which occurred after January 1, 2011, but prior to the redevelopment dissolution date of February 1, 2012. The City and Successor Agency are continuing to challenge the determination made, and as such, the City has only returned \$34,925 of the funds to the Successor Agency as of June 30, 2014, with \$768,958 remaining under dispute. The funds in dispute are currently being held by the City of Antioch’s Marina Enterprise Fund. While the City’s Marina Fund is currently solvent, should the Marina Fund have to ultimately remit the funds in dispute, the City’s General Fund may have to backfill the funds at a future date to the Marina Fund to maintain solvency of the Fund.

Population

According to the State Department of Finance, the population of the City was 105,272 as of January 1, 2013. The population as of January 1, 2014 is 106,455, which represents an increase of 1,183.

The City's growth is expected to continue in the future, in accordance with guidelines established by the City's General Plan, with population reaching approximately 117,500 by the year 2025.

The following table shows a comparison of the population of the City, the County and the State of California for the years indicated.

The following table presents population data for the City, the County and the State.

POPULATION

<u>Year</u>	<u>City of Antioch</u>	<u>County of Contra Costa</u>	<u>State of California</u>
2010	102,372	1,049,025	37,253,956
2011	103,055	1,056,306	37,427,946
2012	103,950	1,066,597	37,668,804
2013	105,272	1,076,429	37,984,138
2014	106,455	1,087,008	38,340,074

Source: State of California, Department of Finance.

Per Capita Personal Income

Per capita personal income is generally defined as the total personal income of the residents of an area divided by the population of the area. Per capita personal income is often used as an indicator of consumers' purchasing power and of the economic well-being of the residents of an area. The County has historically enjoyed a higher per capita personal income than either the State or the nation.

Per capita personal income for the County, State, and the nation from 2009-2013 is shown below.

PER CAPITA PERSONAL INCOME⁽¹⁾

<u>Year</u>	<u>County of Contra Costa</u>	<u>State of California</u>	<u>United States</u>
2009	\$54,568	\$41,587	\$39,379
2010	55,118	42,282	40,144
2011	58,816	44,749	42,332
2012	62,860	47,505	44,200
2013	63,403	48,434	44,765

⁽¹⁾ Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2013 reflect county population estimates available as of March 2014.
Source: U.S. Bureau of Economic Analysis.

Employment

The following table summarizes the major employers in the City.

CITY OF ANTIOCH PRINCIPAL EMPLOYERS

Employer	2014			2013			2012		
	Employees ⁽¹⁾	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Kaiser Permanente	2,169	1	4.31%	2,240	1	4.04%	2,151	1	4.35%
Antioch Unified School District	1,699	2	3.38%	1,867	2	3.37%	1,629	2	3.29%
Sutter Delta Medical Center ⁽²⁾	1,200	3	2.39%	1,200	3	2.17%	1,200	3	2.42%
Contra Costa Social Services	525	4	1.04%	593	4	1.07%	593	4	1.20%
Wal-Mart	277	6	0.55%	321	5	0.58%	291	5	0.59%
Target	325	5	0.65%	250	6	0.45%	286	6	0.58%
Costco	270	7	0.54%	250	6	0.45%	265	8	0.54%
City of Antioch	243	8	0.48%	243	7	0.44%	272	7	0.55%
Antioch Auto Center	240	9	0.48%	238	8	0.43%	223	9	0.45%
Safeway	143	10	0.28%	139	9	0.25%	144	10	0.07%
Long's Drugs (corporate)	-		0.00%	-		0.00%	-		0.00%
Mervyn's	-		0.00%	-		0.00%	-		0.00%

⁽¹⁾ As of September 17, 2014.

⁽²⁾ Includes contract employees.

Source: City of Antioch, Economic Development Department.

The following table summarizes historical employment and unemployment in the County.

CONTRA COSTA COUNTY Civilian Labor Force, Employment and Unemployment Annual Averages

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> ⁽³⁾
Civilian Labor Force ⁽¹⁾						
Employment	471,700	465,900	474,300	487,800	499,100	507,050
Unemployment	<u>53,400</u>	<u>58,300</u>	<u>54,800</u>	<u>48,000</u>	<u>39,800</u>	<u>34,030</u>
Total	525,100	524,200	529,100	535,800	538,900	541,080
Unemployment Rate ⁽²⁾	10.2%	11.1%	10.4%	9.0%	7.4%	6.3%

⁽¹⁾ Not seasonally adjusted.

⁽²⁾ The unemployment rate is calculated rounding up to the nearest hundredth.

⁽³⁾ Based on October 2014 figures.

Source: California Employment Development Department, Labor Market Information Division.

The following table summarizes historical employment and unemployment in the City.

CITY OF ANTIOCH
Civilian Labor Force, Employment and Unemployment
Annual Averages

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> ⁽³⁾
Civilian Labor Force ⁽¹⁾						
Employment	43,600	43,100	43,800	45,100	46,100	47,700
Unemployment	<u>5,700</u>	<u>6,200</u>	<u>5,800</u>	<u>5,100</u>	<u>4,200</u>	<u>3,300</u>
Total	49,300	49,200	49,600	50,200	50,300	51,000
Unemployment Rate ⁽²⁾	11.5%	12.6%	11.7%	10.1%	8.4%	6.5%

⁽¹⁾ Not seasonally adjusted.

⁽²⁾ The unemployment rate is calculated rounding up to the nearest hundredth.

⁽³⁾ Based on October 2014 figures.

Source: California Employment Development Department, Labor Market Information Division.

Housing

According to the U.S. Census Bureau, the median value of an owner-occupied home in the City is approximately \$251,900 compared to \$433,800 in the County.

The following tables illustrate Building Permit information for the City:

CITY OF ANTIOCH
Annual Building Permits Issued

<u>Type</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential						
Multi-Family (units)	8	0	0	0	0	0
Single-Family Residence	120	97	119	259	230	82
Commercial	1	3	2	3	1	5
Total	129	100	121	262	231	87

Source: City of Antioch.

CITY OF ANTIOCH
Building Permit Aggregate Valuation (\$000's)

<u>Type</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential						
Multi-Family	\$ 800	-	-	-	-	-
Single-Family	33,591	28,506	36,309	82,720	74,271	25,118
Commercial	12,327	3,220	765	3,382	1,235	11,775
Total	\$46,718	\$31,726	\$37,074	\$86,102	\$75,506	\$36,893

Detail may not compute due to rounding.

Source: City of Antioch.

Community Facilities

Prewett Park is the City's largest recreation facility with year round use. Some of the amenities of the Park include the water park with multiple swimming pools and slides, a skate park and picnic areas. There is a large community hall, multi-purpose athletic court, multi-purpose class rooms and a technology center.

The City also has numerous other park sites which include neighborhood parks, playground equipment, tennis courts, picnic areas, trails and a sports complex. The City also has a golf course with a banquet facility and offers a variety of programs and activities through its Senior Center for citizens aged 50 and over.

Recreation

The mild climate and abundance of natural waterways make the City the center of one of California's most popular outdoor recreation areas. The City is known as the "Gateway to the Delta," an immense region formed by the Sacramento and San Joaquin Rivers, which provides more than 1,000 miles of navigable waterways.

Numerous cultural and recreational choices are available to the residents of the City. The Nick Rodriguez Community Center and Theater, located in downtown, provides many special interest classes through the City's Parks & Recreation Department. In addition, the City owns and operates the Lone Tree Golf Course and Event Center, the Prewett Water Park and the Prewett Community Center. Antioch is served by the Contra Costa Library system, with one full branch downtown and a satellite at the Prewett Community Center.

Hospitals

Sutter Delta Medical Center and Kaiser Permanente provide extensive medical services to residents and collectively contribute to over 5% of the City's total employment. In addition, health professionals in various disciplines maintain offices within the City and its surrounding areas.

Education

The City is served by the Antioch Unified School District (AUSD). The District has fourteen elementary schools, four middle schools, two comprehensive high schools, one medical magnet high school, various academies located within the two existing comprehensive high school campuses and six alternative education schools. While all schools are located within the City boundary, the school district also serves portions of the surrounding communities. In addition to these schools, the City also offers Adult School and four other colleges and trade schools for the citizens to utilize for higher educational learning opportunities.

Transportation

California State Highway 4, connecting San Francisco-Oakland with Stockton and Central Valley points, bisects the City. Connecting with this freeway east of the City is State Highway 160, running north to Sacramento, across the Nejedly Bridge, offering access to Solano County and the Sacramento area.

The City is served by a network of commuter transportation options including daily Amtrak passenger service with a depot in historic Rivertown area. The Bay Area Rapid Transit (BART) system provides bus and rail connections throughout the Bay Area. Tri Delta Transit bus service travels throughout East County.

Commercial and private air service is available 15 miles west at Buchanan Field. Five other major airports serve the area: Oakland, San Francisco, Sacramento, San Jose International Airport and Stockton Metropolitan Airport.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the City of Antioch, California (the “City”), and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) and as dissemination agent (the “Dissemination Agent”) in connection with the issuance by the City of Antioch Public Financing Authority (the “Authority”) of \$_____ Lease Revenue Refunding Bonds (Municipal Facilities Project), Series 2015A (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of February 1, 2015, between the Authority and the Trustee (the “Trust Agreement”). Pursuant to the Facility Lease, dated as of February 1, 2015 (the “Facility Lease”), the City has covenanted to comply with its obligations hereunder and to assume all obligations for Continuing Disclosure with respect to the Bonds. The City, the Trustee and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City, the Trustee and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Finance Director of the City or his or her designee, or such other officer or employee as the City shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean the Trustee, or any successor Dissemination Agent which may be designated in writing by the City and which has filed with the Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission and any successor agency thereto.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City’s Fiscal Year (presently June 30), commencing with the Annual Report for the Fiscal Year ending June 30, 2015, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if such audited financial statements are 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(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the City shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent); provided, however, that the City may distribute the Annual Report itself after providing written notice to the Trustee and the Dissemination Agent. If by such date, the Dissemination Agent 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 first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice, in electronic format unless otherwise designated by the SEC, to the Repository in substantially the form attached as Exhibit A hereto.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository; and

(ii) to the extent the City has provided the Annual Report to the Dissemination Agent, file a report with the City and (if the Dissemination Agent is not

the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the Repository.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following:

1. The audited financial statements for the prior 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. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the City, the Annual Report shall also include the following:

2. Outstanding indebtedness of the City, to the extent not already included in item 1, above.

3. Tabular or numerical information of the types contained in the Official Statement relating to the Bonds, in the following tables or discussed in the following sub-captions under the caption “APPENDIX A – CITY OF ANTIOCH FINANCIAL AND DEMOGRAPHIC INFORMATION”, to the extent not already included in items 1 and 2, above:

a. Tables entitled “General Fund Revenue, Expenditures and Fund Balances” and “General Fund Comparative Balance Sheet”;

b. Table entitled “General Fund Tax Revenue by Source”;

c. Table entitled “Assessed Valuations”;

d. Table entitled “Largest Taxpayers (Secured Roll)”;

e. Transient Occupancy Taxes; and

f. Table entitled “Market Value of Investments”.

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 have been filed with the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph (a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax

status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Holders;
3. Optional, contingent or unscheduled Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Trustee shall within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that City promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (e).

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a) of the Disclosure Agreement, or determines that knowledge of a Listed Event described in Section 5(b) of the Disclosure Agreement would be material under applicable federal securities laws, the City shall instruct the Trustee to file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB within ten business days of occurrence. If the Trustee has been instructed by the City to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the Repository in electronic format, accompanied by such identifying information as is prescribed by the Repository, with a copy to the City. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) and (b)(3) 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 pursuant to the Trust Agreement.

(f) The Trustee may conclusively rely on an opinion of counsel that the City's instructions to the Trustee under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. Each party's obligations under this Disclosure Agreement shall terminate (a) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) if, in the opinion of nationally recognized bond counsel, the City ceases to be an "obligated person" (within the meaning of the Rule) with respect to the Bonds or the Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. 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 Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the City pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the City provided such amendment does not impose any greater duties, nor risk of liability, on the Trustee or the Dissemination Agent, as the case may be), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to certain portions of the sections relating to the provision of annual reports, or the content of annual reports or the list of significant events, such amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the

amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. 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 Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City, the Trustee or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City, to the extent permitted by law, 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 or the Trustee's negligence or willful misconduct. The Dissemination Agent shall receive reasonable compensation for its services rendered under this Disclosure Agreement. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the City: City of Antioch
P.O. Box 5007
Antioch, CA 94531-5007
Attention: Finance Director
Telephone: (925) 779-6135
Fax: (925) 779-7054

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3100
San Francisco, CA 94111
Attention: Corporate Trust Department
Telephone: (415) 263-2420
Fax: (415) 399-1647

To the
Dissemination
Agent: The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3100
San Francisco, CA 94111
Attention: Corporate Trust Department
Telephone: (415) 263-2420
Fax: (415) 399-1647

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2015

CITY OF ANTIOCH, CALIFORNIA

By _____
City Manager

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee and Dissemination
Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated
Person: City of Antioch, California

Name of Issue: City of Antioch Public Financing Authority
Lease Revenue Refunding Bonds (Municipal
Facilities Project), Series 2015A

Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the City of Antioch has not provided an Annual Report with respect to the above-named Bonds as required by Section 8.09 of the Facility Lease, dated as of _____ 1, 2015, between the City of Antioch Public Financing Authority and the City. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee and Dissemination Agent

cc: City of Antioch



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2015

TO: Honorable Mayor and Members of the City Council

SUBMITTED BY: Nancy Kaiser, Parks and Recreation Director *Nancy Kaiser*

SUBJECT: **Parks and Recreation Commission Term Assignments**

RECOMMENDED ACTION

It is recommended that the Mayor assign and the City Council approve the term assignments for Commissioners Lori Cook and Beverly Knight who were appointed to the Parks and Recreation Commission on November 25, 2014:

- One term expiring March 2016
- One term expiring April 2018

STRATEGIC PURPOSE

Long Term Goal L: City Administration. Provide exemplary City administration.

- **Strategy L-7:** Coordinate City Boards and Commissions administrative requirements.

FISCAL IMPACT

Administering the Commission is a budgeted function of the Department.

DISCUSSION

On November 25, 2014 the City Council approved the appointment of Beverly Knight and Lori Cook to the two partial-term vacancies on the Parks and Recreation Commission. The vacancies have different expiration dates: one term expires March 2016, and the second term expires April 2018. Ms. Knight and Ms. Cook were not assigned to terms when their appointments were approved.

The Commission guidelines indicate that each commissioner be assigned to a term in order to facilitate the duties of the Commission and meet the needs of the community.



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2015

TO: Honorable Mayor and Members of the City Council

SUBMITTED BY: Diane Aguinaga, Police Lieutenant *DA*

APPROVED BY: Allan Cantando, Chief of Police *AC* *CS AC*

SUBJECT: APPOINTMENT TO THE ANTIOCH POLICE CRIME PREVENTION COMMISSION – ONE (1) VACANCY

RECOMMENDED ACTION

It is recommended that the City Council and Mayor receive and file the applications for the Crime Prevention Commission, and approve and appoint for the one (1) vacancy which will expire February 2019.

STRATEGIC PURPOSE

This action meets Long Term Goal L – City Administration; addressing Strategy L-7: Coordinate City Boards and Commissions administrative requirements.

FISCAL IMPACT

There is no fiscal impact. The existing budget incorporates into existing operations.

DISCUSSION

The Antioch Police Crime Prevention Commission makes recommendations to the City Council relative to crime prevention and reports on programs. Commissioners are involved in public presentations, coordination of various Neighborhood Watch groups, and special community events such as National Night Out. The commission consists of 7 members, who each serve a 4 year term. **Applicants must not be a full-time police officer.** The commission meets on the third Monday evening of the month barring holidays at which time the meeting will be held the following Wednesday.

Currently there is one (1) vacancy on the Antioch Police Crime Prevention Commission due to the resignation of commission member Gregory Hayes.

As a result of advertising, 3 applicants were interviewed for the vacancy:

Hilda Parham
Alicia Okoh
Dorothy Ellis

The appointment will be seated at the regularly scheduled Antioch Police Crime Prevention Commission meeting on February 18, 2015 for a term of four (4) years.

ALTERNATIVE

The Council could keep the position vacant and continue the recruitment for additional applications. This alternative is not recommended.

ATTACHMENTS

A. Applications of the listed applicants.

RECEIVED

OCT 22 2014

CITY OF ANTIOCH
CITY CLERK

APPLICATION DEADLINE: 5:00 p.m. Thursday, October 23, 2014
APPLICATION FOR COMMUNITY SERVICE
POLICE CRIME PREVENTION COMMISSION - Commissioner

Print your name: Hilda Parham

Address: Feather Way, Antioch

ZIP Code: 94531 Phone(H): None Work: None Cell:

E-mail address:

Employer: Retired

Address: N/A City : N/A

Occupation: Retired

Years lived in the City of Antioch: 21 years

List the three (3) main reasons for your interest on this appointment:

1. Antioch was a much nicer town when I moved here in 1993 and I have been much dismayed to see how common crime has become. I am interested in doing anything I can to turn the tide in favor of good people who wish to live in a peaceful town.
2. My family invested in this town to be our forever hometown when we moved here. When my oldest son married, he and his wife bought their home here. His oldest daughter is at Dallas Ranch Middle School. I have watched his lose of faith in Antioch with much dismay. He and his family no longer use the neighborhood shopping center or it's theater because of drug dealing and other crimes they have seen there. His little girl has been exposed to the fighting at her school. He is worried he has made a serious mistake in sticking with Antioch. I want to show him how to make changes happen. I want to show him that there is nothing magic to success. It just requires people to learn, to do and to stay with it.
3. I have had the experience of seeing how a few hard working people can change things for the better many times in my life. Since I have actively started to support Antioch I have met many of those sorts of good people here. They have given me much hope for a good outcome. I want to be a part of that momentum!

Have you attended any meetings of this commission? Yes

Have you had any previous city community service on this commission?

No (If yes, please explain)

What skills/Knowledge do you have that would be beneficial in serving on the Police Crime Prevention Commission?

I am fluent, speaking, reading, and writing in both English and Spanish. Spanish is my first language.

I am fluent, speaking, reading, and writing in both English and Spanish. Spanish is my first language.

I am a very good public speaker and can hold the close attention of any size group. I work well with groups.

I care. I am committed to helping Antioch become excellent!

Please indicate any addition information or comments you wish to make that would be helpful in reviewing your applications:

I am well read, well traveled, and have experience in dealing with all kinds of people. I am hands on and lead by example. I am also a good communicator. Energy and hope are contagious. When people feel supported and see good things happening they are empowered. I know I can be effective in this position.

The Commission meets on the third Monday of the month in the Antioch Police Department's Community Room (300 "L" Street) at 7:00 p.m., barring holidays in which case meetings will be held the following Wednesday.

Can you attend the meetings at the designated time? Yes

PLEASE ATTACH YOUR RESUME (REQUIRED TO BE CONSIDERED FOR APPOINTMENT). PLEASE NOTE THIS COMPLETED APPLICATION IS AVAILABLE FOR PUBLIC

REVIEW.

The top three/four candidates will undergo a background check by the Antioch Police Department prior to appointment.

Deliver or mail to:

Antioch City Clerk

200 "H" Street

P.O. Box 5007
Antioch, CA 94531-5007

Signature: *Sedra M. Parkes* Date: 10/22/2014

Hilda Parham

Feather Way
Antioch, Ca. 94531

Education: El Centro City College, Dallas, Texas
San Francisco State, San Francisco, California

Experience

- A) Writing: Business/Marketing Presentations
- B) Fashion Institute of Design and Merchandising -San Francisco CA 2005-2007
Marketing/PR, public speaker – Speaker’s Bureau
Fashion, Politics, Motivation
Resigned to care for Dementia Patient Family Member
- C) Cigna HealthCare –Oakland CA 1996–2004
Insurance/Financial (Agent/Life-Health)
Enrollment/Education/PR
Retired
- D) Via The Stork – Retail –Brentwood CA 2003-2005
High-end children’s full service boutique
Assistant Manager
Owner sold shop
- E) Briarwood Medical Group -Thousand Oaks CA 1991-1992
Utilization Review Coordination
Billing/Problem Shooting/Reception Front Office
Moved to No Cal
- F) Medical Management Associates Newbury Park CA 1987-1991
Account Executive for Extended Medical Group
Utilization Review Coordination
Billing/Problem Shooting
Resigned Prep for move to No. Cal.
- G) Alberto Jose Odio, MD Family Practice Simi Valley CA 1980-1987
Utilization Review Coordination
Billing/Trouble Shooting/Front Office
Left for Better Opportunity
- H) The Hartford Insurance Group San Francisco CA 1970-1976
Premium Accounting/Coding/Policy Production/Secretary

Agency Service Coordination

Skills:

Bilingual – Spanish/English

Extensive Sales Training

Public Speaking Professional English/Spanish & Simultaneous

Project Coordination

Promotional/Education/Writing

Medical Terminology, ICD9, CPT

In Depth Insurance Knowledge with emphasis on Employee Benefits

Expert Computer Skills

Quick Learning Ability

Event Planning

Floral Design

Wedding Coordination

Research

Excellent Work Ethic



RECEIVED

OCT 23 2014

CITY OF ANTIOCH
CITY CLERK

APPLICATION DEADLINE: 5:00 p.m. Thursday, October 23, 2014

APPLICATION FOR COMMUNITY SERVICE

POLICE CRIME PREVENTION COMMISSION - Commissioner

Print your name: Alicia Okoh

Address: Woodside Way City: Antioch

ZIP Code 94531 Phone (H) _____ (W) _____ (C) _____

E-mail address: _____

Employer: Santa Clara County DFCS

Address: Julian Street City: San Jose

Occupation: Consultant

Years lived in the City of Antioch: 11 years

List the three (3) main reasons for your interest on this appointment:

1. I enjoy serving my community and want to get involved.
2. Crime prevention is very important to me as this community continues to grow.
3. I have some great ideas about how we can implement new ideas.

Have you attended any meetings of this commission? Yes.

Have you had any previous city community service on this commission? (If yes, please explain) No.

What skills/Knowledge do you have that would be beneficial in serving on the Police Crime Prevention Commission? I have been a Social Worker for more than 13 years and have worked to develop policies and procedures to work on reducing violence in many communities. I am also a team player and enjoy working to solve issues within my community. I practice cultural humility as well.

Please indicate any addition information or comments you wish to make that would be helpful in reviewing your applications:

I am very interested in serving on this commission. I truly think that it is important to have a very diverse group of individuals working to better our community. I love the city of Antioch and want to help improve the crime & violence & help to prevent as well. I am also interested in coming up with things that can be done to help ~~reason~~ youth and children not start down a lifestyle of crime & violence.

The Commission meets on the third Monday of the month in the Antioch Police Department's Community Room (300 "L" Street) at 7:00 p.m., barring holidays in which case meetings will be held the following Wednesday.

Can you attend the meetings at the designated time? Yes.

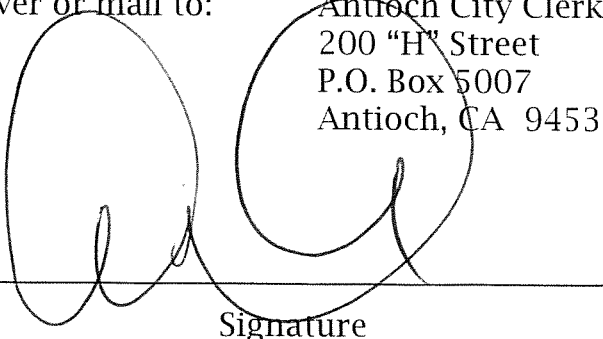
PLEASE ATTACH YOUR RESUME (REQUIRED TO BE CONSIDERED FOR APPOINTMENT).

PLEASE NOTE THIS COMPLETED APPLICATION IS AVAILABLE FOR PUBLIC REVIEW.

The top three/four candidates will undergo a background check by the Antioch Police Department prior to appointment.

Deliver or mail to:

Antioch City Clerk
200 "H" Street
P.O. Box 5007
Antioch, CA 94531-5007


Signature

10/7/14
Date

ALICIA OKOH, MPH, MSW

Woodside Way • Antioch, Ca 94531

EDUCATION

University of Michigan, Ann Arbor, MI
School of Public Health
Department of Health Behavior and Health Education
Masters in Public Health, December 2001
School of Social Work
Department of Nonprofit Management
Masters in Social Work, December 2001

Spelman College, Atlanta, GA
Department of Psychology
Bachelor of Arts, May 1999

PROFESSIONAL EXPERIENCE

- Mar. 2012 – present **Santa Clara County DFCS, Contractor** San Jose, Ca
Community Engagement Specialist, CAPP Program
- Providing consultation services to the county to assist in federal grant
 - Engaging the community around service priorities
 - Conducting evaluation and program development
- July 2007 – Oct. 2011 **Catholic Charities CYO** San Francisco, Ca
Clinical Program Manager, St. Joseph's Family Center
- Provided overall management of rental subsidy program for previously homeless families
 - Supervised case managers and administrative program assistants
 - Provided individual, family and couples counseling to clients
- Nov. 2004 – June 2007 **Catholic Charities CYO** San Francisco, Ca
Program Manager, Richmond Hills Family Center
- Provided support and supervision to case managers, resident assistants and children's program staff in Transitional Housing Program
 - Managed client environment on a day-to-day basis
 - Responded to program needs as necessary
- Jan. 2006 – June 2007 **Community Violence Solutions** San Pablo, Ca
School-based Therapist, Community Day Schools
- Provided individual, family and group psychotherapy for adolescents and their families
 - Prepared detailed progress notes and other consultation materials as needed by Medi-Cal EPSDT requirements
 - Acted as liaison and community support person for teachers and other support personnel
- Mar. 2005 – Nov. 2005 **Families First, Inc** Pleasant Hill, Ca
Teacher, Rose Manning Youth Shelter
- Developed curriculum and classroom instruction for K-12 NPS
 - Provided consultation and educational evaluation of children in school

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Woodside Way • Antioch, Ca 94531 •

- Collaborated with community members, parents and social service agencies for care of children

Apr. 2004 – present

Adebanke Community and Cultural Services, Inc Antioch, CA
Co-founder

- Organization and development of nonprofit organization
- Grant writing and fundraising for organization
- Providing consultation services to local nonprofits providing services to current and former foster youth
- Overall operation of residential treatment facility for pregnant and parenting foster youth (Apr.06 – Jan. 09)

Jan. 2003 – Oct. 2004

Tiburcio Vasquez Health Center, Inc Hayward, CA
Health Educator/Supervisor, Tennyson Health Center

- Oversaw and supervised day-to-day clinic operations
- Provided health education to students and community members
- Acted as a liaison to school officials and local community partners
- Facilitated youth empowerment programs
- Assisted in the facilitation of parent support groups
- Provided culturally appropriate individual and group psychotherapy for adolescents

Feb 2002 - Jan. 2003

Unity Care Group, Inc San Jose, CA
Program Manager

- Provided supervision for facility managers and staff of five licensed group home facilities
- Conducted individual and group counseling for clients
- Acted as community liaison with local social service agencies

Summer 2001, 2000

Medical University of Southern Africa Pretoria, SOUTH AFRICA
International Health Consultant

- Presented information about HIV/AIDS to university students, faculty/staff members, school-aged children, and local community groups
- Developed culturally relevant HIV/AIDS curriculum and materials
- Constructed evaluation instrument, conducted survey, analyzed data and presented extensive report

Jan 2001 – Dec 2001

Graduate Student Instructor Ann Arbor, MI
Developmental Psychology Department

- Taught student section of Developmental Psychology Course
- Provided valuable information and exercises for students
- Developed lesson plans and syllabus for course
- Evaluated students' progress in course

Jan 2001 – Dec 2001

Friends of Parkside Detroit, MI
Program Coordinator, Health Promotions

- Assumed management duties as coordinator of department

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Woodside Way • Antioch, Ca 94531

- Implemented community-wide health related programs
- Designed and implemented fundraising activities

Feb 2001 – Dec 2001

Michigan Department of Family Services Brighton, MI
Consultant

- Collaborated with W.J. Maxey Training School, Adrian Training School and Arbor Heights Family Services to provide individual and group substance abuse counseling for adjudicated youth
- Conducted interviews for substance abuse grant among adjudicated youth
- Performed analysis and wrote extensive report on collected data

Summer 2000

Adventist Development Relief Agency Ile-Ife, NIGERIA
International Health Educator

- Conducted national health survey among secondary school students
- Evaluated effectiveness of community-based health initiatives
- Developed and conducted health awareness workshops

Sep 1999 – May 2000

Prevention Research Center Ann Arbor, MI
Research Assistant

- Analyzed, researched, and wrote thorough report on cardiovascular prevention practices among African American men in the Detroit metropolitan area
- Developed a community-based participatory research database of current articles submitted by faculty and staff members
- Compiled data for survey among local non-profit organizations and transcribed information from interviews

Oct 1999 – May 2000

Institute for Social Research Ann Arbor, MI
Program Assistant

- Conducted face-to-face and phone interviews with participants of national health survey
- Extrapolated quantitative data
- Recruited potential study participants

SKILLS / CERTIFICATES

- Associate Clinical Social Worker --- BBS# 14948, have completed all 3,000 hours
- California Teaching Credential, Dec. 2002
- SPSS, SAS, Microsoft Packages
- Excellent communication, writing and project management skills
- Ability to work with diverse populations

HONORS/ ACTIVITIES

Alumnae, EMERGE California 2009 – 2010

ALICIA OKOH, MPH, MSW

Woodside Way • Antioch, Ca 94531 •

Charter member, Transition Age Youth Executive Leadership Program, CompassPoint Nonprofit Services, 2008

Alameda County CASA Volunteer, 2004 – 2006

Member, East Palo Alto Teen Home Board of Directors, 2002 – 2005

Vice-President, South Bay Association of Black Social Workers, 2003 - 2004

Volunteer, Planned Parenthood Mar Monte, 2001- 2004

Member, American Public Health Association

Delegate, UN World Conference on Racism, 2001

Student Achievement Award, School of Social Work, 2001

Delegate, Michigan Student Assembly, 2000-2001

Moody Scholar to South Africa, 2000

International Institute Overseas Achievement Award, 2000

References available upon request



APPLICATION DEADLINE EXTENDED: 5:00 p.m. Thursday, November 13, 2014

APPLICATION FOR COMMUNITY SERVICE

POLICE CRIME PREVENTION COMMISSION - Commissioner

PRINT YOUR NAME Dorothy A. Ellis

ADDRESS Kaiser Way CITY Antioch

ZIP CODE 94531 PHONE (H) _____ (W) _____

E-MAIL ADDRESS _____

EMPLOYER City & County of San Francisco Juvenile Probation Department

ADDRESS 375 Woodside Ave. S.F., CA. 94127 CITY San Francisco

OCCUPATION Deputy Probation Officer

YEARS LIVE IN THE CITY OF ANTIOCH 12 years

LIST THE THREE (3) MAIN REASONS FOR YOUR INTEREST IN THIS APPOINTMENT:

I want to make a difference by assisting Police Crime Prevention Commission in developing new and innovative ways to deter crime in the Antioch Community.

I want to help make Antioch Community a safer place to live

I want to serve my community in which I live and I have the desire to effect change.

HAVE YOU ATTENDED ANY MEETINGS OF THIS COMMISSION? no

HAVE YOU HAD ANY PREVIOUS CITY COMMUNITY SERVICE ON THIS COMMISSION?

(If yes, please explain) No

WHAT SKILLS/KNOWLEDGE DO YOU HAVE THAT WOULD BE HELPFUL IN SERVING ON

THE COMMISSION FOR WHICH YOU ARE APPLYING? I will bring 16 years of experience as a Juvenile Probation Officer and working with our community partners in the Criminal

Justice system. I am fair and impartial in my decision making. I can look at a problem from all sides to achieve the best outcome or solution. I am hardworking, team player,

and peoples person. I am an effective communicator and Leader. I have use these skills as a member of the School Site Council at Deer Valley High School, PTA Board, and Delta's

Gem program for at risk girls.

PLEASE INDICATE ANY FURTHER INFORMATION OR COMMENTS YOU WISH TO MAKE THAT WOULD BE HELPFUL IN REVIEWING YOUR APPLICATION.

Currently I am a member of Delta Sigma Theta Sorority, Inc. Contra Costa Alumnae Chapter serving as the Parliamentarian. I am a member of First Baptist Church and the Vice-President of our local 8444 Probation Officer Association.

I strongly believe that if I am selected as the new commissioner I will be an asset to the Commission. I would be bring a wealth of knowledge and experience to the Commission with the desire to learn new things. Most importantly I want to be an instrument of Change for my community.

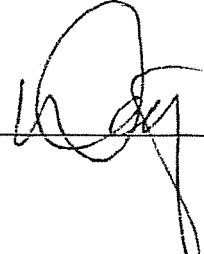
PLEASE READ THE ATTACHED GENERAL INFORMATION REGARDING BOARDS AND COMMISSION SO YOU ARE AWARE OF THE DUTIES, TIME AND FREQUENCY OF MEETINGS. CAN YOU ATTEND MEETINGS AT THE DESIGNATED TIME? _____

PLEASE ATTACH YOUR RESUME (REQUIRED TO BE CONSIDERED FOR APPOINTMENT).

PLEASE NOTE THIS COMPLETED APPLICATION IS AVAILABLE FOR PUBLIC REVIEW.

THE TOP THREE/FOUR CANDIDATES WILL UNDERGO A BACKGROUND CHECK BY THE ANTIOCH POLICE DEPARTMENT PRIOR TO APPOINTMENT.

DELIVER OR MAIL TO: Antioch City Clerk
200 "H" Street
P.O. Box 5007
Antioch, CA 94531-5007



Signature

11/13/14
Date

Kaiser Way
Antioch, CA. 94531 mail

Dorothy A. Ellis

- Objective** Police Crime Prevention Commissioner
- Experience**
- 1998–present San Francisco Juvenile Probation Department
Woodside Ave. S.F., CA. 94127
- Deputy Probation Officer**
- Placement Officer,
 - I supervise children who have been removed from their home by the Courts and placed at an Out of State group home facility.
 - I also supervise the placement programs in which my clients reside. I'm responsible for locating new placement in our county.
- 1996–1998 Marin County Juvenile Hall San Rafael, CA.
- Probation Counselor**
- Supervised minors committed to Juvenile Hall.
 - Responsible for writing behavior report for the Courts.
 - Implemented new programs for detainees.
- 1994–1996 Alameda County Probation Oakland, CA.
- Volunteer Probation Officer/Mentor**
- Coordinated meets with Court ordered Adults for our Drug Diversion Program. This program gave first time drug convicted felons an opportunity to have their records expunged if they completed the program.
 - Court liaison for these clients and wrote progress reports for the Court.
- 1996–1998 CSU Hayward Hayward, Ca.
- University Union Board of Director's Chair and Board Member**
- Responsible for expansion of the University Union.
 - Developed new food programs and University student programs.
 - Developed strategies to fund the Unions expansion.
- Education**
- 1992–1994 City College Of S.F. San Francisco, CA.
- AA General Education.
 - Graduated with Honors.
- 1994-1996 Cal State Hayward University Hayward, CA.
- BS Criminal Justice with Option in Correction. Two Minors in Political Science and Sociology.

2000-2002 Cal State Hayward University Hayward, CA.

- Master in Public Administration with an emphasis in Public Management.

Interests

Volunteering in my community with the hopes of improving it, Law, reading, and traveling.



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2015
TO: Honorable Mayor and Members of the City Council
SUBMITTED BY: Tony Morefield, Police Lieutenant Managing Animal Services *DM*
APPROVED BY: Allan Cantando, Police Chief *AC*
SUBJECT: Animal Services Update

RECOMMENDED ACTION

Receive oral report regarding staff's efforts regarding the implementation of the ban on feeding feral cats except on one's own private property.

STRATEGIC PURPOSE

Staff's efforts regarding this issue are prioritized in the City's Strategic Plan as follows:

Strategy B-1: Deploy limited resources effectively to provide animal control services.

- Enforce applicable laws and ordinances.

Strategy B-2: Increase animal neutering and adoptions.

- Continue and increase outreach to rescue groups and adoption groups.
- Develop and implement a plan to increase neutering of feral cats and decrease this population.
- Increase public's awareness regarding spaying and neutering animals.

FISCAL IMPACT

There is no direct fiscal impact associated with the consideration of this report: Animal Services operations would continue routine operations as funded in their regular budget.

DISCUSSION

- **BACKGROUND INFORMATION**

On April 8, 2014 after hearing arguments on both sides of the issue, the Council adopted a revision to Title 6, Chapter 1, of the Antioch Municipal Code regarding Animals to (among other items) state:

"It is unlawful for a person owning an animal to do any of the following. A violation of this section is also a public nuisance, under § 1-2.01(D): . . .
(K) Harbor or feed a feral cat except on one's own property;"

This proposal was presented to Council by Police Lieutenant Robin Kelley and Animal Services Supervisor Monika Helgemo. The Council considered this proposal along with some very passionate arguments against and ultimately decided to approve the changes to the ordinance (as enumerated above). In an effort to implement this revised ordinance while still taking into account the efforts of some of our local Feral Cat Advocate groups, the Council further directed staff to meet with these groups over a six (6) month period to discuss ways that they (the advocate groups) could continue their Trap Neuter Release (TNR) programs under the provisions of the new ordinance. Staff has been meeting with these groups on a semi-regular basis since that time.

- **ANALYSIS**

Following are the summary/highlights of Staff's meetings with Feral Cat Advocate Groups:

1. General. At Council's direction, Staff has been meeting with the various Feral Cat Advocate Groups to discuss ways that they could continue their TNR programs under the newly adopted ordinance. These meetings went from June to November of 2014.
2. Meeting May 15, 2014. These remarks have been prepared after reviewing Lt. Kelley's notes and through direct conversations with her:
 - o Attendance: Lt. Robin Kelley (Manager of Animal Services), Monika Helgemo (Supervisor of Animal Services), Cynthia Karstey (UC Davis Shelter Medicine Program), Barbara Soblarro (FOAS), Susan Smith (HARP), and Susan Winkelbourer (HARP).
 - o Lt. Kelley opened the meeting with introductions. Per Susan Smith's request, Lt. Kelley clarified that these meetings were designed to find out if the different rescue groups, and staff would be able to put together a plan within the confines of the ordinance: **UNLAWFUL ACTS 6-1.501(k)** "feeding of feral cats except on one's own property", that would be acceptable to the rescue groups, City Staff and City Council.
 - o A number of topics were further discussed at the meeting to include:
 - Discontinuing surrender fees during the next few months in order to see if that made a difference.

- Relocating the feral cats was suggested, but argued that it would not be an option due to various theories that this would be inhumane and ultimately ineffective.
 - Signage also came up, but it could not be agreed upon as to where those signs should be located.
 - As to continuing to feed on public property, some locations were discussed that would not include public lands, but there was some disagreement as to whether or not these locations would be acceptable. It was further claimed that the real problem with feeding on public lands were the "rogue feeders," who were those people outside of the Feral Cat Advocate Groups who were continuing to feed the cats.
 - Cleanliness issues were brought up to include cat feces, and garbage related to feeding cats (i.e. cat food cans, empty bags of dry cat food), and cardboard boxes used to put food in. Smith agreed to clean it up and stated this is all from "rogue feeders."
 - There was disagreement as to how many cats remained in the Over Flow Parking Lot, Humphrey's Restaurant, and "Skunk Hill" areas. It was argued there were between 50 and 100.
 - The next meeting was scheduled for June 25th at 1:00 pm.
3. Meeting June 25, 2014. These remarks have been prepared after reviewing Lt. Kelley's notes and through direct conversations with her:
- Attendance: Lt. Robin Kelley (Manager of Animal Services), Monika Helgemo (Supervisor of Animal Services), Rick Stirrat (DASH), Barbara Stirrat (DASH), Barbara Soblvarro (FOAS) Susan Smith (HARP), Julie Linford (Outcast Cat Help), and Lisa Kirk (HALO).
 - Lt. Kelley opened the meeting with introductions. Once again Lt. Kelley clarified that these meetings were designed to find out if the different rescue groups, and staff would be able to put together a plan within the confines of the ordinance: **UNLAWFUL ACTS** 6-1.501(k) "feeding of feral cats except on one own's property," that would be acceptable to the rescue groups, City Staff and City Council.
 - Further topics discussed:
 - A discussion of the discontinued surrender fees where it was pointed out that 6 to 10 cats were surrendered by owners in the last month.
 - The topic of relocating cats came up again, but there was large disagreement on this issue.
 - The group was shown the Draft of the signs that might be able to be placed around the area. The cost was around \$400.00 for 6. Rick Stirrat stated that his group, DASH, would pay for them. It was brought up that we needed cameras that had running tape, so we could catch and cite the people that were dumping the cats.
 - It was pointed out that feeding was still occurring on public lands which was further argued as to who was responsible. Some discussion

continued with regard to some local business owners being agreeable to feeding feral cats on their property.

- At the end of this meeting, the collective was still not able to come up with a way to work together within the constraints of the AMC Code **UNLAWFUL ACTS 6-1.501(k)** "feeding of feral cats except on one's own property," the Advocate groups citing: cats cannot be relocated, the "R" in TNR can only be "Release" and not "Relocate," barns were not an option, and rescues have very limited funds and space.
 - The Next meeting was scheduled for July 30th at 1:00 pm.
4. Meeting July 30, 2014. Due to an illness, Lt. Kelley went off of work and was replaced in her position by Lt. Tony Morefield. Because of this transition, the various Advocate groups were not reminded of the July meeting and only Barbara Soblarro (FOAS) was in attendance. The meeting was subsequently cancelled.
5. Meeting September 22, 2014. This was my (Lt. Morefield's) first opportunity to meet with the groups.
- Attendance: Tony Tiscareno (City Councilman), Allan Cantando (Chief of Police), Tony Morefield (Manager of Animal Services), Rick Stirrat (DASH), Lisa Kirk (HALO), Susan Smith (HARP), Sharon Bennett (HARP), Barbara Sobalvarro (FOAS), and Julie Linford (Outcast Cat Help)
 - Following brief introductions of all parties in attendance, Chief Cantando began with a review of the notes from the previous meeting. He outlined that the involved groups were directed to conduct their TNR programs within the confines of the existing City Ordinance [AMC 6-1.501(k)]. After some brief discussion, all of the groups represented agreed that they **could not** work within the confines of the City Ordinance as it was written. There was some confusion as to the wording of the ordinance so this point was clarified.
 - Further topics discussed:
 - A video highlighting a TNR program in Foster City called, "Project Bay Cat," was viewed. The stated goal of this program was to reduce their feral cat population through TNR and feeding the animals at designated stations throughout the (public) waterfront. However, this group was only able to claim a reduction in their feral cat colony of 65% over a **ten year** period. **[With an initial estimated population of 175 feral cats, that averages a population reduction of only 11.4 animals per year.]** At the end of the video, all of the advocate groups represented at the

meeting unanimously agreed that this was the model they would like to follow for the City of Antioch.

- Signage was brought up again, and it was complained that this had not happened, but it was also acknowledged that there were no agreed upon locations for the signs.
 - The feeding stations that remained on public lands were discussed. This brought about disagreement in the room with all of the groups arguing different reasons why the feeding stations needed to remain in their current (public property) locations. It was expressed that they could continue their TNR programs, but that it would have to stay within the parameters of the ordinance, in essence stating that any feeding stations on public property would have to be moved.
 - The conversation then turned to the issue of citations being issued for violating the City Ordinance. Everyone was reminded that there was no moratorium on the ordinance and that they were all to stay within the confines of the existing policy. It was agreed that any future warning citations would state the word, "WARNING," on the citation itself so there would be no further confusion.
 - The final point of the meeting was to establish the need for any additional meetings between Staff and the Feral Cat Advocate groups regarding any of the issues discussed. All were in agreement that the TNR program should be continued until November 21st and that a final meeting with Staff would be held around that time in November, before any reports/updates were brought before Council.
6. Meeting November 20, 2014. This was our last scheduled meeting and meant to be a final check-in with the groups to see what progress had been made with their TNR under the confines of the ordinance.
- Attendance: Tony Morefield (Manager of Animal Services), Monika Helgemo (Supervisor of Animal Services), Barbara Soblarro (FOAS), Susan Smith (HARP), Julie Linford (Outcast Cat Help), Karen Kops (HARP), and Zandra Raphael (FOAS).
 - I began the meeting by reviewing my notes from our previous meeting on September 22nd. For clarification, I copied the City Ordinance [AMC 6-1.501(k)] to the agenda which was handed out at the outset of the meeting.
 - Further topics discussed:
 - Final comments on the success or failure of TNR under the existing ordinance. Staff argued that the Feral Cat Advocate Groups had not

worked strictly within the confines of the ordinance since its adoption. Some of the groups complained that the ordinance was cruel and could not be adhered to. Julie Linford (Outcast Cat Help) presented her report on TNR (attached) which claimed partial success under the ordinance.

- The topic of signage was brought up again, which is still on the table for the City to consider.
- Alternatives to releasing feral cats back into the downtown and waterfront areas were briefly discussed with no agreement by the groups.
- Each group weighed in on their dissatisfaction with Staff through this process and their overall disapproval of the city ordinance.
- I closed the meeting by informing them I would be drafting a report on our discussions for Council. Per her request, I agreed to include Julie Linford's report (as attached).

7. Concluding Comments. Summary of Staff's argument in support of (Title 6, Chapter 1, Animals, of the Antioch Municipal Code).

Per Councils' direction, Staff has been meeting with the various Feral Cat Advocate Groups over several months to see if they could work together to continue TNR programs within the confines of the city ordinance. I believe the spirit of these meetings was to promote understanding and cooperation between these advocate groups and Staff as they worked to reduce the feral cat populations in the downtown and waterfront areas of Antioch. Though well-intentioned, this directive has only proven to further confuse and complicate this matter as members of these feral cat organizations have continued to feed on public lands with a mistaken belief that the ordinance was being suspended while these meetings went on. Furthermore, it has become clear to Staff that these advocate groups do not agree with the ordinance nor are they wanting or willing to conform to it. Permanent cat feeding stations have been erected (and subsequently removed); the regular feeding of feral cats continues in City parking lots, on our streets, and on other City lands; the blight of feeding cats is evident all over the downtown and waterfront areas; and, ultimately, the feral cat problem in Antioch persists.

• **ALTERNATIVES**

Staff has a simple remedy for the feral cat issue in our City: continue regular Animal Control operations, removal of all cat feeding stations in the downtown and waterfront areas, and strict enforcement of the ordinance.

The representatives of these various organizations are extremely passionate about their cause. Though we appreciate their zeal for animals that are in an unfortunate situation, we can see no purpose or benefit from continuing to meet with them on this topic. Staff would like to encourage these advocate groups to continue their impassioned work with TNR, but within the strict confines of the ordinance.

ATTACHMENTS

- A. Lieutenant Robin Kelley's Council Report (Exhibit 1)
- B. Julie Linford's (Outcast Cat Help) report on TNR (Exhibit 2)

**STAFF REPORT TO THE CITY COUNCIL
FOR CONSIDERATION AT THE MEETING OF MARCH 25, 2014**

Prepared by: Robin Kelley, Police Lieutenant managing Animal Services
Monika Helgemo, Supervisor of Animal Services

Reviewed by: Allan Cantando, Police Chief

Date: March 18, 2014

Subject: Adoption of a Revised Title 6, Chapter 1, of the Antioch Municipal Code regarding Animals

RECOMMENDATION

It is recommended that the City Council approve a:

1. Motion to read the ordinance by title only; and
2. Motion to introduce an ordinance amending in its entirety Title 6, Chapter 1, Animals, of the Antioch Municipal Code.

BACKGROUND INFORMATION

Animal control issues are a continuing problem in the City. The intake of animals at the Shelter is trending higher and higher each year. Over 50% of the calls for service that are handled by Animal Control Officers are for dangerous animals (i.e. aggressive/biting/fractious). Over the last year, the number of high profile animal cases has highlighted the need for a well defined and updated ordinance. With the exception of a few minor changes over the years, most of the Animal Municipal Code has not been updated since the early 1980s. At the City Council's request, the Police Department, Animal Control Supervisor and City Attorney's Office have revised the existing ordinance.

DISCUSSION

Following are the highlights of the proposed changes made to the animal ordinance:

1. **General.** The chapter was reorganized from a single list of sections into eight articles, organized by subject. The ordinance was updated consistent with state law, and references to state law are included in parenthesis where useful.
2. **Clarifications.** Certain existing sections were expanded or clarified, such as:
 - the right to enter private property was clarified at section 6-1.202.

- a list of potential City remedies for violation is consolidated and outlined at section 6-1.204.
 - the right to appeal decisions to the Board of Administrative Appeals was clarified at section 6-1.203.
 - the permit procedure for keeping certain animals or bees was clarified at section 6-1.601.
3. Unlawful Acts. The list of Unlawful Acts was expanded and consolidated at section 6-1.501. It now includes the following prohibitions and requirements:
- It is unlawful for a person to keep more than 5 cats without a permit.
 - Reduces the number of complaints from the public regarding uncontrolled cats that are trespassing, defecating or otherwise being a nuisance on neighboring properties.
 - Creates more parity between the allowed number of cats and dogs per property.
 - It is unlawful to feed feral cats off one's own property.
 - Reduces the number of complaints from the public regarding uncontrolled cats that are trespassing, defecating or otherwise being a nuisance to or on neighboring properties.
 - Decreases the number of wildlife, rodents, vermin and other pests that are eating food from feeding stations.
 - It is unlawful to allow a dog to bark unabated.
 - Updates and clearly defines what a barking dog is.
 - It is unlawful to keep a rooster without a permit.
 - Prohibits any person from keeping a rooster without a permit.
 - Allows a person to have only one rooster with a permit.
 - Reduces the number of complaints from the public regarding uncontrolled roosters that are being noisy, defecating or otherwise being a nuisance to or on neighboring properties.
4. Redeeming impounded animals. The requirements for redeeming an impounded animal were added and are set forth at section 6-1.705. It now includes the following fees and requirements:
- Requires that an impounded animal must be micro-chipped before release to the owner.
 - The microchip serves as a permanent form of identification
 - Decreases the number of unclaimed animals at the Shelter
 - Reduces the time an animal with a possible owner is boarded at the Shelter
 - Requires the animal owner to pay a fee for implantation according to the City's Master Fee Schedule (Currently \$22.00)
 - Requires that a dog or cat, impounded for the 2nd time, must be spayed or neutered before release to the owner.

- Diminishes the animal's desire to stray from home.
- Eliminates the animal's ability to reproduce while at large.
- Provides a deterrent for repeat violators of an animal being at large.
- Reduces the number of unwanted animals that cause over-crowding at the Shelter.
- Requires the owner to pay the spay/neuter surgery fees to the local Antioch veterinarian of their choice before an animal is released to the owner.

5. Multiple pets or kennel permit. New permits for multiple pets or kennels were added to section 6-1.303. The multiple pets permit replaces the former dog fancier permit. The following changes and requirements have been added to the process of obtaining a permit:

- Now prohibits any applicant that has a revoked dog license from obtaining a permit.
- Now prohibits any applicant that has been convicted for a violation of any law regulating animals within 3 years from obtaining a permit.
- Animal Control will now notify adjacent property owners and tenants within 300 feet of the applicant's property.
- Adjacent property owners and tenants will now be given the opportunity, within 10 days of notification, to provide Animal Control with any written/verbal comments regarding any animal nuisances (i.e. trespassing, noise, defecation.)
- The applicant may now appeal the Animal Control Supervisor's decision to deny a permit.
- Limits on the Number of Pets:

At the City Council meeting on January 12, 2014, some members of the public objected to the proposed limit on the number of pets at a home. Specifically, there were objections to the limit of 5 cats, 10 fowl, 10 rabbits and 15 animals total. Staff has reviewed those limitations and now recommends no overall limit on animals and that the limit on fowl and rabbits provide that a permit can be sought for more than that number, just like the limit on 3 dogs or 5 cats.

There are strong public policy reasons to limit the number of animals without a permit, particularly in primarily suburban areas, both to avoid the creation of public nuisances and to ensure that pets have adequate food, water, shelter, veterinary care and that they are not kept in overcrowded and unsanitary conditions.

As to the potential for public nuisances, a large number of animals in a house or a small lot can create odor issues for neighbors. Unless all of the animals are kept inside, there may also be issues regarding urine and feces left uncollected on the property or on neighboring properties which create public nuisances. Multiple pets at one home can also lead to animals getting loose and potentially causing property damage or personal injury to Antioch residents.

For example, in 2013, Antioch Animal Services responded to a call for service regarding 6 Rottweiler mixes that were breaking through a common fence into a neighboring yard. Once they had broken through, the dogs attacked and severely injured the neighbor's dog causing hundreds of dollars in medical costs. As well, there was property damage and violations of defecation laws.

Each year Antioch Animal Services responds to at least one call for service with regard to animal cruelty. Too many pets at one home can create overcrowding and unsanitary conditions with inadequate food, water and veterinary care. These types of cases tax our resources and are very difficult to deal with.

For example, in 2010, Antioch Animal Services responded to a call for service from American Medical Response (AMR) regarding a residence with multiple cats inside. Upon arrival, Animal Services discovered over 100 cats inside the house. Most of the cats were in bad health. Several were found deceased behind the tenants washer and dryer. The house was filled with a foul odor due to excessive amounts of urine and feces. The tenant was taken to the hospital and the cats were impounded by Animal Services. The boarding and medical costs to treat, care for and re-home these cats cost the City several thousands of dollars. **See attachment B.**

This is not to say that large numbers of pets at one home will always lead to public nuisances or animal cruelty, which is why the proposed ordinance allows a resident to seek a multiple pet permit. Section 6-1.303 sets forth information that an application needs to show (including adequate facilities, no recent convictions or citations for violations related to animals and current rabies immunization for all dogs). The permit application allows an Animal Control Officer to inspect the premises to make sure that the conditions are not a public nuisance or causing cruelty to animals.

Therefore, the proposed restriction on the number of pets, but with a permit process to allow additional pets, is a rational approach to protect the public health, welfare and safety of Antioch residents and to protect animals from being kept in overcrowded and unsanitary conditions. This is why many jurisdictions have limits on the number of pets in one household, including all of our neighboring jurisdictions in the County.

Those opposed to the ordinance have pointed to one Pennsylvania case (Commonwealth v. Creighton, 639 A. 2d 1296 (1994)) to support their argument that the pet limit is illegal. That is not a completely accurate reference. First, a Pennsylvania court has no authority over California and was interpreting Pennsylvania laws not California laws. Second, this Pennsylvania Court simply said that it did not have enough information in the record to understand the public health, safety and welfare concerns for the pet limit and sent the case back to the trial court "to make findings and, if necessary, hold additional hearings to determine the goals which this ordinance seeks to advance, whether those goals are legitimate governmental goals and whether, if the goals are legitimate, the means used to achieve them are reasonable." No one has indicated what finally occurred to the extent that it would even be applicable in this situation. As discussed above, there are legitimate public health, welfare and safety goals to limit large numbers of pets in one home both to avoid the creation of public nuisances and to ensure that pets have adequate food, water, shelter, veterinary care and that they are not kept in overcrowded and unsanitary conditions. Having a permit process with standards, as the City proposes, allows for that limit to be exceeded in appropriate situations and is a reasonable means of achieving the City's public health, welfare and safety goals.

6. Potentially dangerous and vicious animals. The provisions regulating potentially dangerous and vicious animals were updated and include more remedies. These are found at Article 8, beginning at section 6-1.801. (As a reminder, under state law, the City is not permitted to ban any type of dog based upon the breed. Food and Agriculture Code section 31683.) The following updates and additions have been made to the Dangerous Animal Ordinance:
- Aligns the City ordinance more closely with that of California State Law.
 - Updates the ordinance to now include remedy for animal attacks and maulings that take place on private property.
 - Now includes the requirements for keeping an animal after it has been declared potentially dangerous or vicious.
 - Now includes the process of how to appeal a determination of a potentially dangerous animals or vicious animal.
 - Continues to comply with the State prohibition of breed specific legislation (Food and Agriculture Code section 31683.)
7. The Feeding of Free Roaming Abandoned and Feral Cats. The rise of the free roaming stray and feral cat population is a dilemma that is not unique to the City of Antioch. In fact, the Humane Society of the United States estimates that there are as many as 50 million feral cats in the United States. Throughout the state of California, as well as the rest of the nation, the rampant number of free roaming stray and feral cats is a cause for great concern. However, the way in which each municipality handles the situation is based on the individual needs and idiosyncrasies of their area. It is important for Council to look not only at what is right for the stray and feral cats in the area, but it is also equally important to temper those findings with the following concerns:
- Other Animals (both domestic and wild in the area):
 - The cats downtown intermingle (and eat) alongside native wild animals that include, but are not limited to, opossums, raccoons and skunks. Many diseases can be transmitted between cats and wildlife. However the ones of most concern are zoonotic diseases which can also be spread to from animals to humans. The most serious of which is rabies.
 - The cats in the downtown area are located in a place where local citizenry enjoy walking their dogs and, by law, are required to keep them both licensed and on a leash. The cats in the area may carry fleas and diseases, and have the potential to bite or scratch dog walkers and other passersby.
 - The cats in the downtown area located right next to the Dow Wetlands Preserve which includes the Salt Marsh Harvest Mouse which is an endangered species, as well as, the Black Shouldered Kites and Northern Harrier which are both threatened species. Additionally, more than 130 species of birds live or pass through the preserve.
 - Public Health and Zoonotic Diseases (disease that can be passed between animals and humans):
 - *Salmonellosis (Salmonella):* A bacterial disease associated with various animals (including cats), that is spread through cat feces.

- *Bartonellosis (Cat Scratch Fever)*: A bacterial disease transmitted through cat scratches and bites.
 - *Cryptosporidium (Cryptosporidiosis)*: A parasitic disease transmitted through cat diarrhea.
 - *Ringworm*: A fungal disease transmitted through contact with an infected cat's skin or hair.
 - *Toxoplasma (Toxoplasmosis)*: A parasitic disease transmitted through contaminated cat feces.
 - *Rabies*: A deadly viral disease associated with various animals (including cats), that is spread through cat scratches and bites.
 - People who are more likely to contract diseases from cats include infants, children younger than 5 years old, pregnant woman, the elderly and those with compromised immune systems.
- Feral Cat Feeding Stations and the Redevelopment of the Downtown Area: Feeding stations for feral cats not only attract wildlife (predominately opossums, raccoons, skunks), but also result in excessive and unmanaged feces, urine, spraying/markings, as well as allergies for those allergic to cat hair and/or dander.
 - Feral Cat Feeding Stations that have attracted feral cats and other wildlife to the area of Prospects High School raise a potential health risk to students through zoonotic diseases, allergies and flea infestations and the cats have the potential to bite or scratch students and staff.
 - Existing and future restaurants, stores and companies may be concerned about locating in the downtown area. The foul odor of feces and urine may deter them from establishing their business downtown.
 - Landmarks/Historic Buildings (e.g. the Hard House, The Lynn House, El Campanil Theatre, Railroad and Marina) that make the Antioch Rivertown area unique are overwhelmed with the growing population of feral cats which could result in decreased appeal and property value.
 - City Buildings (including the Police Department, City Hall and the Corp Yard) have seen an increase of defecation and urine smell, howling and loud noise from mating and fighting, as well as, fractious and aggressive cats protecting their territory.
 - Visible cat defecation and urine odor may also hamper the efforts of the City to obtain a Ferry Boat at the Marina and other riverfront areas.
 - Other Quandaries of TNR – Trap/Neuter/Release or Trap/Neuter/Re-Abandonment:
 - Feral and free roaming cats have shorter life spans than those living indoors.
 - Feral cats are subject to animal cruelty (e.g. being poisoned, shot and otherwise tortured)
 - Feral and free roaming cats are subject to being hit by cars, suffering from flea/tick/worm infestations or dying of infectious disease.
 - Encourages the abandonment of cats which is illegal instead of surrendering them to animal shelters or rescue organizations.
 - Fecal matter from feral and free roaming cats can make significant contributions to pollution and contamination of streams, rivers and coastal waters.
 - TNR may be illegal. Deliberate release or abandonment of domestic animals (including cats) is prohibited under California State Penal Code 597s

- Further opposition and concern regarding TNR and the Feeding of Stray and Feral Cats:

- **Contra Costa Health Services:**

"The feeding of wild or feral animals in public spaces – including local, state and national parks – is poor policy for a variety of health, safety and ecologic reasons. In particular, the practice of feeding feral cats in public areas creates significant human disease risks: Visitors to a site where feral cats are being fed may have more frequent contact with feral cats and wildlife, and so be at increased risk for scratches, bites, and infectious diseases. Enacting a ban on the feeding of feral cats would help to protect the health of community members who wish to enjoy the City of Antioch's parks and other public places."
See Attachment D.

- **The American Association of Wildlife Veterinarians:**

"The American Association of Wildlife Veterinarians supports the actions by governmental wildlife agencies, public health agencies, and public and private organizations to ban or eliminate feral cat colonies in a humane manner on public lands managed for natural resources and discourage feral cat colonies on private lands."

- **Lindsay Wildlife Museum:**

"Cats kill over four million birds in the U. S. every day. Despite being well fed, cats will still hunt. Collar bells don't work...Outdoor cats are exposed to more diseases, need more medical care and have shorter life spans than indoor cats. Cars kill millions of cats each year...20 percent of the animals treated in our wildlife hospital have been caught by a cat...It is not a good idea to feed mammals, either intentionally or unintentionally. Artificial diets are usually unhealthy for mammals and they may become sick if fed an improper diet. Leaving food out for mammals will attract more to the area. This will increase the chance of them becoming nuisances and crowded conditions may spread diseases more easily and rapidly through a population. Animals will become too accustomed to people if they are receiving a handout. Some mammals can become aggressive if they expect to get food from people."

- **People for the Ethical Treatment of Animals (PETA):**

"Sadly, our experience with trap, spay-and-neuter, and release programs and "managed" feral cat colonies has led us to question whether or not these programs are truly in the cats' best interests. We receive countless reports of incidents in which cats—"managed" or not—suffer and die horrible deaths because they must fend for themselves outdoors. Having witnessed firsthand the gruesome things that can happen to feral cats, we cannot in good conscience advocate trapping and releasing as a humane way to deal with overpopulation."

- **National Association of State Public Health Veterinarians, Inc.:**

"(National Association of State Public Health Veterinarians, Inc) acknowledges there are potential human public health risks associated with free-roaming/unowned/feral cats. There is no evidence that colony management programs will reduce diseases such as bartonellosis, larval migrans, toxoplasmosis, and vector-borne zoonotic diseases. Rabies will also continue to be a risk, as such colonies are not closed...(National Association of State Public Health Veterinarians, Inc) is concerned that managed cat colonies may foster irresponsible cat ownership and will promote the free-roaming of owned cats."

- **The American Veterinary Medical Association (AVMA):**

"The AVMA opposes placement of managed cat colonies on public lands or in any area that could threaten at-risk wildlife or in areas that may pose a zoonotic risk to the public."

- **County of Los Angeles Departments of Public Health and Animal Care and Control:**

"The accumulation of fecal matter also poses a potential risk of disease. Infectious agents in animal feces may be acquired as a result of direct contact with the animal, its feces or contaminated surfaces, or ingestion of food, dirt or sand contaminated with feces. The parasitic diseases include toxoplasmosis, cryptosporidiosis, giardiasis, roundworm, and hookworm. With many of these diseases, certain groups are at higher risk of serious disease or complications; these include the very young and the elderly, and persons with immune system weakness caused by medication, cancer treatment, HIV, and pregnancy."

- **This statement has been endorsed by the following organizations:**

Albany Audubon Society, Alabama Ornithological Society, Atlanta Audubon Society, Bird Conservation Network - Illinois, Carolina Bird Club, Columbus Audubon Society, Florida Ornithological Society, Georgia Wildlife Federation, Ocmulgee Audubon Society, Oconee Rivers Audubon, Ogeechee Audubon Society and Tennessee Ornithological Society:

"Supports the passage and enforcement of local and state ordinances prohibiting the public feeding of free-ranging cats, especially on public lands, and prohibiting the release of pet or feral cats into the wild."

- **This statement has been endorsed by Paul Schorr, Vice President of the Mt. Diablo Audubon Society and the American Bird Conservancy:**

"Domestic cats (Felis catus) can provide excellent companionship and make wonderful pets. But when allowed to roam outdoors, this non-native, invasive species threatens the welfare of birds and other wildlife and endangers the integrity of the ecosystems into which domestic cats are introduced. Domestic cats are recognized as a threat to global biodiversity. Cats have contributed to the extinction of 33 species across the world and continue to adversely impact a

wide variety of species, including those that are threatened or endangered. The ecological dangers are so critical that the International Union for the Conservation of Nature (IUCN) now lists domestic cats as one of the world's worst non-native invasive species. In the U.S., free-roaming domestic cats kill an estimated 1.4-3.7 billion birds and 6.9-20.7 billion mammals. The sheer quantity of cat-caused mortality is staggering. For perspective, consider that 1.4 billion is equivalent to the entire human population of China, the most populous country in the world. As the number of cats continues to grow and owners continue to allow their pets to roam, harmful impacts will surely increase." See Attachment C.

- **U.S. Fish and Wildlife Services:**

"One solution some people feel will help this problem is a program called Trap Neuter Return (TNR). In the program, individuals capture stray or feral cats, take them to a veterinarian, have them neutered, and then return them back to where the cat was found. It was thought that this would help curb the population so that there would be fewer feral cats killing birds and other wildlife. However, after many years of these programs and subsequent studies to determine their success, most cat populations stayed the same, increased or decreased only slightly. There was no "success" story. Furthermore, this solution does not speak directly to the problem of feral cats killing wildlife. Neutering cats does not take away their instinct to kill. Therefore, even if TNR were to have success by controlling feral cat populations, it would have no immediate effect on the problem of our nation's wildlife being killed."

- **USA Today article by Elizabeth Weise quoting the Global Alliance for Rabies Control and the Federal Centers for Disease Control and Prevention:**

"Efforts to care for abandoned cats could mean more humans will be exposed to rabies, researchers at the federal Centers for Disease Control and Prevention say. For 30 years, the main domestic animal linked to human exposure to rabies in the United States has been the cat. In the past 10 years, the number of feral cat colonies has exploded as animal-rights groups fight to end the capturing and killing of strays. Those two trends could be on a collision course, says Charles Rupprecht, director of research for the Global Alliance for Rabies Control, who was senior author of the CDC study. Dogs were the primary domestic carrier of rabies until the 1970s, when roundups of strays and vaccination programs eradicated canine rabies. That hasn't happened with cats. "We didn't think it was OK to have (stray) dogs, but we think it's OK to create artificial cat colonies where they're exposed to wildlife that can transmit rabies," Rupprecht says. Approximately 300 rabid cats are reported each year in the United States, says Jesse Blanton, a CDC epidemiologist. The CDC estimates that 16% of people in the United States who undergo rabies treatment are exposed to the deadly virus from cats. They must be treated with a series of shots."

Opposing and supporting views to the proposed Ordinance

While preparing this report, staff received numerous phone calls and e-mails advocating and in opposition of this ordinance.

8. TNR Spay/Neuter Costs

• **TNR Spay/Neuter Clinic Cost**

Using the formula created by feral cat expert, Dr. Julie K. Levy, (Maddie's Professor of Shelter Medicine; Maddie's Shelter Medicine Program) the City of Antioch has approximately 17,519 feral cats living here (Human Population-105,117 divided by 6).

For the City of Antioch to set up a fully fledged and well maintained TNR (Trap/Neuter/Release) program it would require a budget of \$324,601.89 (Not including purchase/construction/remolding of building or an Animal Services truck to utilize when trapping). The following itemized budget is based on spaying and neutering 60 cats a week, having a Veterinarian working 2 days a week, and a Vet Tech for 30 hours a week. Each cat would receive a basic exam, microchip, rabies vaccination and FVRCP vaccination. At the end of the year approx. 3,120 cats would be spayed/neutered (60 a week x 52 weeks in a year for a total of 3,120). This is not including treatment of fleas, ear mites, wound care, upper respiratory infections, or any other medical treatment needed at the time of surgery.

\$30,000.00	Vet Equipment <i>[figures based on the City of Berkeley which recently set up a clinic]</i>
\$ 7,500.00	Medical Supplies <i>[figures based on the City of Berkeley which recently set up a clinic]</i>
\$31,200.00	Micro Chips
\$ 9,360.00	Rabies Vaccinations <i>[approx. \$3.00 each]</i>
\$ 9,360.00	Feline Vaccinations <i>[approx. \$3.00 each]</i>
\$69,888.00	Veterinarian <i>[This cost is for one Vet for two days a week, basing it on spaying/neutering 30 cats a day, for total of 3,640 a year.]</i>
\$16,640.00	Registered Vet Tech <i>[This cost is for one part time RVT for two days a week, basing it on \$20.00 an hour for 8 hours a day.]</i>
\$18,720.00	Vet Tech <i>[This cost is for one part time Tech for 30 hours a week, basing it on \$12.00 an hour.]</i>
\$15,600.00	Receptionist <i>[This cost is for one part time Receptionist 30 hours a week, basing it on \$10.00 an hour.]</i>
\$93,126.85	Animal Control Officer full time
\$23,207.04	Animal Care Attendant full time
	<i>[Both ACO and ACA positions are needed for the trapping, transporting, data entry, after care and cleaning of the cats].</i>

Start up cost is approximately \$324,601.89 for the 1st year.

It also should be noted that the Animal Shelter is now at full capacity and capital improvements to the building would also be required. The above quoted figures do not reflect these additional costs related to housing these cats or the cost of a truck to utilize for transportation.

The introduction of a municipal cat licensing ordinance might help to off-set some of the cost.

- **Outsourcing Spay/Neuter Surgeries for TNR**

For the City to run a TNR (Trap/Neuter/Release) program using an outside veterinarian solely for the Spay/Neuter surgeries, it would require a budget of \$157,533.89 as well as the current prices for spay/neuter surgeries of feral cats at a local veterinarian. These costs are itemized below.

\$10,000.00	Supplies, traps, carriers, bank of cages for recovery, etc.
\$31,200.00	Micro Chips
\$93,126.85	Animal Control Officer full time
\$23,207.04	Animal Care Attendant full time
	<i>[Both ACO and ACA positions are needed for the trapping, transporting, data entry, after care and cleaning of the cats].</i>

In addition to the above costs, it would also require fees to be paid to an outside veterinarian. The current fees for spay/neuter surgeries for feral cats are itemized below and are based on 3120 surgeries (1560 females/1560 males) a year (the same number in the clinic totals). These prices were quoted in the year 2014 for "feral cat" surgeries. The price of an outside veterinarian is always subject to change.

Antioch Vet Hospital/Clinic:

Spay:	\$224.00=	\$349,440.00
Neuter:	\$130.00=	<u>\$202,800.00</u>
		\$552,240.00

Abbey Vet Hospital:

Spay:	\$88.00=	\$137,280.00
Neuter:	\$58.00=	<u>\$ 90,480.00</u>
		\$227,760.00

Ark Pet Hospital:

Spay:	\$255.00=	\$397,800.00
Neuter:	\$200.00=	<u>\$312,000.00</u>
		\$709,800.00

Companion Pet Hospital:

Spay:	\$227.00=	\$354,120.00
Neuter:	\$134.00=	<u>\$209,040.00</u>
		\$563,160.00

East Hills Vet Hospital:

Spay:	\$176.00=	\$274,560.00
Neuter:	\$119.75=	<u>\$186,810.00</u>
		\$461,370.00

Tail Wag Inn:

Spay:	\$114.00=	\$177,840.00
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FISCAL IMPACT

There is no direct fiscal impact associated with the adoption of the proposed ordinance. However, the proposed updates to the ordinance hope to not only deter animal law violations, but also encourage the fiscal responsibility of animal owners, particularly when animals are impounded. The enforcement of the monetary fines and penalties (as well as those within the regular Master Fee Schedule) may help Animal Services recover more of its costs.

OPTIONS

The Council may choose not to adopt the ordinance and direct staff to prepare different amendments to the Animal ordinance.

ATTACHMENTS

- A: Revised Ordinance
- B: Photos
- C: Letter from Dr. Brown
- D: Letter from Contra Costa Health Services

01-16-14 draft

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ANTIOCH AMENDING IN ITS ENTIRETY CHAPTER 1, ANIMALS, OF TITLE 6, SANITATION AND HEALTH

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

SECTION 1. Chapter 1, Animals, of Title 6 (Sanitation and Health) is amended in its entirety to read as follows:

"Chapter 1, Animals

CHAPTER 1: ANIMALS

- Article 1: Purpose and Definitions
- Article 2: Authority; Entry on Private Property; Procedures; Violations; Remedies
- Article 3: Dog Licensing
- Article 4: Rabies and Animal Bites
- Article 5: Animals: Prohibitions and Requirements
- Article 6: Number and Types of Animals
- Article 7: Impounding and Disposition of Animals
- Article 8: Potentially Dangerous and Vicious Animals

ARTICLE 1: PURPOSE AND DEFINITIONS

- §6-1.101 Purpose
- §6-1.102 Definitions

§ 6-1.101 PURPOSE.

The purpose of this chapter is to provide standards to safeguard property and the public welfare by regulating and controlling animals and providing for the impoundment and caring for certain animals. (Citations to California Codes in this chapter are for reference.)

§ 6-1.102 DEFINITIONS.

In this chapter, the following definitions apply unless the context requires a different meaning.

ANIMAL. A mammal, avian, reptile, arachnid or fish.

ANIMAL CONTROL or ANIMAL CONTROL SERVICES. The City's Animal Control Division of the Police Department.

ANIMAL CONTROL SUPERVISOR. The City's Animal Control Supervisor or his or her designee. (See Section 6-1.201.)

ANIMAL SERVICES. The Antioch Animal Services Center or any other facility designated by action of the Council for the purpose of impounding and caring for animals found in violation of this chapter, or surrendered to the city by their owners.

AT LARGE. An animal that is: 1) not secured or enclosed on the owner's property; or 2) not under restraint by a substantial leash no longer than 6 feet and within the care, custody and physical control of a competent person authorized to be at that location. An at-large animal does not include a cat.

BARKING DOG. A dog that barks, bays, cries, howls or makes any noise for an extended period of time to the disturbance of any person at any time of day or night, regardless of whether the dog is physically situated in or on private property. An extended period of time consists of incessant barking for 30 minutes or more in any 24-hour period, or intermittent barking for 60 minutes or more during any 24-hour period. A dog shall not be deemed a "barking dog" if at the time the dog is barking: (1) a person is trespassing or threatening to trespass on private property where the dog is situated; or (2) the dog is being teased or provoked.

CAT. A member of the feline species customarily confined or cultivated as a pet.

CHIEF OF POLICE or CHIEF. The City's Chief of Police or his or her designee. (See Section 6-1.201.)

DOG. A member of the canine species customarily confined or cultivated as a pet.

EUTHANASIA. The humane destruction of an animal by a method that involves instantaneous unconsciousness and immediate death, or by a method that involved anesthesia produced by an agent that causes the painless loss of consciousness and death during the loss of consciousness.

FERAL CAT. A cat that is born in or has reverted to the wild, and is not domesticated or tamed.

HORSE. An animal of the genus equus, including, but not limited to, horses, mules, donkeys, and burros.

IMPOUNDED. Taken into the custody of Animal Services. (Food & Ag. Code §31607.)

KENNEL PERMIT. A discretionary permit issued by the City to permit more than 10 dogs in any single dwelling unit or business or to allow dogs to be kept for commercial purposes. See Section 6-1.303(A)(2).

MULTIPLE PET PERMIT. A discretionary permit issued by the City to allow more than 3 dogs at a single dwelling unit or business unit pursuant to Section 6-1.303(A)(1) or more than 5 cats pursuant to Section 6-1.601 and Section 6-1.303(A)(1).

OWNER. A person owning, keeping, or having custody of one or more animals (not including Animal Control Services).

PERSON. An individual, domestic or foreign corporation, partnership, association of any kind, trust, fraternal society, or cooperative.

PET. An animal kept for pleasure rather than utility.

PET SHOP. A premises devoted to the commercial trade or selling of animals for use as pets.

POTENTIALLY DANGEROUS DOG OR ANIMAL. Any of the following, as determined by the City:

(1) a dog or other animal which, when unprovoked, on two separate occasions within the prior 36-month period, engages in any behavior that requires a defensive action by a person or another animal to prevent bodily injury when the person and the dog are: off the property of the dog's owner; or on the property of the dog's owner by invitation or with implied permission. (Food & Ag. Code §31602);

(2) a dog or animal which, when unprovoked, bites a person causing a less severe injury than as defined here as a SEVERE INJURY (Food & Ag. Code §§31602, 31064); or

(3) a dog or animal which, when unprovoked, has bitten, inflicted injury or otherwise caused injury attacking a domestic animal. (Food & Ag. Code §31602.)

PREMISES. A property owned, leased, or rented by a person.

PUBLIC NUISANCE. An animal which engages in behavior specified as defined as a public nuisance under Section 6-1.501, this Chapter 1, elsewhere in the Municipal Code, or state law.

SEVERE INJURY. A physical injury to a human being that results in muscle tears or disfiguring lacerations or requires multiple sutures or corrective or cosmetic surgery. (Food & Ag. Code §31604.)

VETERINARY HOSPITAL. An establishment maintained and operated by a licensed veterinarian for surgery, diagnosis and treatment of animal diseases and injuries.

VICIOUS DOG OR ANIMAL. Any of the following, as determined by the City:

(1) a dog or animal seized under Penal Code section 599aa and upon the sustaining of a conviction of the owner under Penal Code section 597.5;

(2) a dog or animal which, when unprovoked, in an aggressive manner inflicts severe injury on or kills a person or a domestic animal;

(3) a dog or animal previously determined to be and currently listed as a potentially dangerous dog or animal which, after its owner has been notified of this determination: continues the behavior described as a potentially dangerous dog or animal; or is not kept indoors or secured on the owner's property. Here, "secured" means contained within a fence or structure suitable to prevent the entry of young children and to confine a vicious dog or animal, designed to prevent the animal from escaping. (Food & Ag. Code §§31603, 31641, 31642 or 31643.)

WILD ANIMAL. An animal that can normally be found in a wild state or is defined as a wild animal under state law. This includes but is not limited to a live raccoon, skunk, fox, opossum, gopher or undomesticated rabbit, rodent or snake.

ARTICLE 2: AUTHORITY; ENTRY ON PRIVATE PROPERTY; PROCEDURES; VIOLATIONS; REMEDIES

§6-1.201	Authority.
§6-1.202	Entry on private property.
§6-2.203	Procedures.
§6-1.204	Violations; Remedies.
§6-1.205	Future Ownership of Animals after Violation

§ 6-1.201 AUTHORITY.

This chapter shall be enforced, administered, and directed by the Chief of Police or his or her designated representative. The following are also authorized to enforce this chapter: the Animal Control Supervisor or representative, the Code Enforcement Officer or representative, and all City police officers.

§ 6-1.202 ENTRY ON PRIVATE PROPERTY.

(A) Entry on private property. The Animal Control Supervisor may enter on private property to investigate or enforce a possible violation of this chapter under any of the following circumstances:

- (1) with the written or verbal consent of the property owner or adult person in possession of the property; or
- (2) in an emergency situation when immediate action is required without time to seek a warrant. Examples of an emergency situation include circumstances posing an immediate threat to public health or safety or a situation requiring swift

action to save life, property or evidence. (See *Broden v. Marin Humane Society* (1999) 70 Cal. App. 4th 1212, 83 Cal. Rptr. 2d 235.)

(B) Warrant. The Animal Control Supervisor must obtain a warrant issued by the court before entering private property when there is no consent and no emergency under subsection (A) above. (Code of Civ. Proc. §§1822.50 through 1822.57).

6-1.203 PROCEDURES.

(A) General. A person aggrieved by a decision made under this chapter may appeal that decision to the Board of Administrative Appeals, under Sections 1-4.01 through 1-4.04, or to a hearing officer appointed by the City Manager in a case where a quorum of the Board cannot be convened in a timely manner. However, these procedures do not apply to criminal penalties (§6-1.201 (B)(1)), civil injunctions (§6-1.201 (B)(2)), administration citations (§6-1.201 (B)(3)) or public nuisance abatement (§6-1.201 (B)(4)), each of which is subject to its own procedures.

(B) Examples. Examples of matters that are subject to appeal include:
(1) determination of unlawful act under Section 6-1.501 or other section of this chapter;
(2) denial or revocation of a permit under Article 6 of this chapter; (3) designation as potentially dangerous animal or vicious animal, or conditions related to continued ownership.

(C) Notice, hearing, decision. The notice, hearing and decision procedures are those set forth in Section 1-4.03 and procedures that the Board of Administrative Appeals may adopt.

§ 6-1.204 VIOLATIONS; REMEDIES.

(A) Violations. It is unlawful for a person to violate this Chapter 1, or to fail to comply with a requirement of this Chapter 1. Each day the violation continues is a separate offense.

(B) Remedies Generally. The City may enforce this Chapter 1 by any one or more of the following methods, at the City's discretion:

(1) Criminal penalties. A violation of this Chapter 1 is a misdemeanor, unless the citing officer determines to cite the violation as an infraction based upon the circumstances. Anyone authorized to enforce this Chapter under Section 6-1.201 may investigate complaints and may issue a criminal citation if he or she observes a violation committed in his or her presence. (See Title 1, Chapter 2, of the Antioch Municipal Code regarding penalties.) (Food & Ag. Code §31401.)

(2) Civil injunction and penalties, under Section 1-2.04.

(3) Administrative citations and penalties, under Title 1, Chapter 5 of the Antioch Municipal Code.

- (4) Public nuisance abatement, under Antioch Municipal Code Section 5-1.301 and following and Government Code sections 38773 or other lawful authority.
- (5) Impoundment and/or Quarantine.
- (6) Mandatory surrender of animal.
- (7) Conditions imposed as a condition of permits, or for animals declared to be potentially dangerous or vicious under Section 6-1.803.
- (8) Remedies provided by state law.

(C) State law. When more stringent than the provisions of this chapter, the provisions of the Health and Safety Code, the Penal Code, the Food and Agriculture Code and the California Code of Regulations relating to animal health, control, care, and rabies control shall apply.

§ 6-1.205 FUTURE OWNERSHIP OF ANIMALS AFTER CRIMINAL VIOLATION

A person convicted of violating or permitting violations of this chapter or related state law is prohibited from keeping or harboring within the City an animal of the type, species, group or family to which the conviction applies (including the animal initially causing the violation or nuisance) for a period of three years from the date of the subsequent conviction. (See also Section 6-1.805, Actions after determination: Vicious.)

ARTICLE 3: DOG LICENSING

- §6-1.301 Ownership.
- §6-1.302 Dog licenses required.
- §6-1.303 Multiple pet or kennel permit.
- §6-1.304 License fee.
- §6-1.305 License fee exemptions.
- §6-1.306 Lost tags; Duplication fees.
- §6-1.307 License tags; Display
- §6-1.308 License tags not to be removed without permission from owner; Counterfeit tags.
- §6-1.309 License record keeping.
- §6-1.310 Disposition of fees and fines.

§ 6-1.301 OWNERSHIP.

A person who obtains a dog license under this chapter is, for the purposes of this chapter, the legal owner of the animal described in the license file. That person, and anyone defined as an owner under Section 6-1.102, is responsible for the animal.

§ 6-1.302 DOG LICENSE REQUIRED.

Each owner of a dog which is over the age of four months and which is kept in the City shall obtain an annual license for the dog, beginning with date of the (mandatory) rabies vaccination of the dog and expiring one year later. The owner shall obtain the license within 30 days after the day on which the dog, if over the age of four months, is first owned. The Animal Control Supervisor will issue a license after application and payment of the required fee.

A dog owner may, with proof of multi-year rabies vaccination, choose to renew a license for one, two or three years, with final expiration coincident with the expiration of the rabies vaccination. (Food & Ag. Code §30801.) A person who acquires a licensed dog must transfer ownership within 30 days, and shall include written notice to Animal Control of the name and address of the former owner.

§ 6-1.303 MULTIPLE PET OR KENNEL PERMIT.

(A) Permit required.

(1) Multiple pet permit. No more than 3 dogs over six months of age may be kept, harbored, possessed or maintained for more than 30 days in a single dwelling or business unit without a multiple pet permit.

(2) Kennel permit. ~~No more than 10 dogs over six months of age, and n~~No dogs for commercial purposes may be kept, harbored, possessed or maintained in any single dwelling or business unit without a kennel permit. *Commercial purposes* includes but is not limited to: boarding, training, or wholesaling of animals; but does not include the sale of individual animals to private owners.

(3) Exemptions.

(a) A veterinary hospital is not required to obtain a multiple pet permit or kennel permit unless the hospital also offers boarding or breeding services separately from hospital services.

(b) A person holding dog fancier permit on the effective date of this chapter need not obtain a multiple pet permit until the end of the term of the dog fancier permit.

(4) Wearing license tag. A dog for which a license is required under a multiple pet or kennel permit, which is removed for more than one day from the permitted premises, shall wear its current, valid license tag unless performing in the capacity of hunting, working, obedience, tracking or showing.

(B) Application.

- (1) The application for a multiple pet permit or a kennel permit shall include a written application to the Animal Control Supervisor accompanied by an application fee.
- (2) The Animal Control Supervisor may promulgate regulations governing the application and issuance of permits, consistent with this section.
- (3) An application for a multiple pet permit or kennel permit shall list each dog to be included and show:
 - (a) Facilities exist at the location to adequately secure, feed, house and maintain the animals;
 - (b) Possession and maintenance of the animals at the location has not resulted in, and is not likely to result in the animals being subjected to neglect, suffering, cruelty or abuse;
 - (c) Within the prior three years, neither the applicant, the owner, nor the possessor of the animals has: had a city or county permit or license revoked; been issued an administrative citation or found civilly liable for a violation of this chapter or any law regulating animals; or been convicted for a violation of this division or any law regulating animals;
 - (d) All dogs maintained under a multiple pet permit shall be confined on the premises and shall be enclosed in a secure shelter during the hours of darkness, except when they are shown, exercised, tried, worked, hunted, or trained under the owner's control;
 - (e) A current rabies immunization certificate issued by a veterinarian for each dog listed.

The required showing may be made by declaration under penalty of perjury.

(C) Decision.

- (1) Inspection; Notification. Before approving an application, the Animal Control Supervisor shall inspect the premises and notify adjacent property owners and tenants within 300 feet of the proposed use for multiple pets or a kennel. Adjacent property owners and tenants will be given at least 10 calendar days to provide written or verbal comments regarding any complaints, noise or odor.
- (2) Decision. The Animal Control Supervisor shall notify neighbors that a permit application has been filed, under subsection (C)(1) above, and allow them 10 days to provide comments to the Supervisor. After the 10 calendar days, the Supervisor shall determine whether the application will be approved (subject to conditions) or denied, and shall notify the applicant in writing of the decision.
- (3) Approval and conditions. The Animal Control Supervisor may approve the permit subject to reasonable conditions.

(4) Term of permit; Renewal. The permit is valid for one year. A multiple pet permit or kennel permit shall be renewed without review upon the filing of a complete application and payment of the necessary fees, unless the City has received or lodged any complaint concerning the permitted location within the last year.

(D) Fees. Multiple pet permit fees, kennel permit fees, application fees, and late permit fees are established by resolution of the City Council. The fees for the initial application and any application after complaints are received or lodged shall include the cost of inspecting the premises.

Late fees are payable upon the failure to obtain a multiple pet permit or a kennel permit within sixty days of keeping, harboring, possessing or maintaining animals in excess of those specified in subsection (A), or upon the failure to pay a renewal permit fee within 60 days after it is due.

(E) Breeding limitation. A person holding a multiple pet or kennel permit may allow the parturition and rearing of no more than one litter per bitch registered by a nationally recognized dog registering body in any one calendar year.

§ 6-1.304 PERMIT FEE.

(A) The permit fee is established by resolution of the City Council. Permit fees are nonrefundable.

(B) An added late fee shall be charged for late licensing.

(C) The owner of a dog which has been permitted for the current year in any other political subdivision of the state, or in any other state which has the same licensing requirements, may have the permit validated for use in the City for the remainder of the year, for a fee set in the master fee resolution.

(D) A dog redeemed or adopted in the City, but residing outside the City, is not required to pay a license fee to the City.

§ 6-1.305 LICENSE FEE EXEMPTIONS.

(A) Assistance dog. A dog being raised, trained and used as a guide dog, signal dog or service dog shall be licensed without a fee while so owned and used, but is not exempt from registration or from any required vaccinations. (Food & Ag. Code §30850.)

Whenever a person applies for an assistance dog identification tag, the person shall sign an affidavit stating as follows:

"By affixing my signature to this affidavit, I hereby declare I fully understand that Section 365.7 of the Penal Code prohibits any person to knowingly and fraudulently represent himself or herself, through verbal or written notice, to be the owner or trainer of any canine licensed as, to be qualified as, or identified as, a guide dog, signal dog, or service dog, as defined in subdivisions (d), (e), and

(f), respectively, of Section 365.5 of the Penal Code and paragraph (6) of subdivision (b) of Section 54.1 of the Civil Code, and that a violation of Section 365.7 of the Penal Code is a misdemeanor, punishable by imprisonment in a county jail not exceeding six months, by a fine not exceeding one thousand dollars (\$1,000), or by both that imprisonment and fine."

Upon the death or retirement of an assistance dog, the owner or person in possession of the assistance dog identification tag shall immediately return the tag to Animal Control.

(B) Law enforcement. A dog used by a governmental agency for law enforcement purposes shall be licensed without a fee, but is not exempt from registration or from any required vaccinations. Verification shall be presented upon request.

§ 6-1.306 LOST TAGS; DUPLICATION FEES.

If a license is lost, Animal Services may issue a new license after payment of the required fee, stated in the master fee resolution.

§ 6-1.307 LICENSE TAGS; DISPLAY.

The license tag shall be attached securely to collar or harness upon the dog for which issued at all times the dog is within the City and not confined indoors. The owner shall show the license tag at any time upon request by the Animal Control Supervisor or other enforcement officers.

§ 6-1.308 LICENSE TAGS NOT TO BE REMOVED WITHOUT PERMISSION FROM OWNER; COUNTERFEIT TAGS.

No person shall remove a license tag from a dog without the permission of the owner, expressed or implied. No person shall counterfeit or imitate a dog license tag or make any unauthorized substitution of license tags.

§ 6-1.309 LICENSE RECORD KEEPING.

The City shall keep a permanent record of all animals registered under this chapter until the City is notified that the animal has been removed from the City or has been lost or stolen or has died. The person registering the animal remains liable for the acts of the registered animal until notice is given to the Animal Control Supervisor of the sale or transfer of the animal, the removal of such animal from the City, or the death or loss of such animal. (Food & Ag. Code §30502.) If an Animal Control Supervisor determines an animal to be potentially dangerous or vicious under Sections 6-1.803, he or she shall include the potentially dangerous or vicious designation in the registration records of the dog. (Food & Ag. Code §31641.)

§6-1.310 DISPOSITION OF FINES AND FEES.

Fees for the issuance of dog license tags, and the fines collected, shall be used in the following order of precedence: (1) to pay fees for the issuance of dog license

tags; (2) to pay fees, salaries, costs and expenses for the enforcement of this Chapter. (Food & Ag. Code §30652.)

ARTICLE 4: RABIES AND ANIMAL BITES

- § 6-1.401 Rabies vaccination required.
- § 6-1.402 Rabies reports.
- § 6-1.403 Biting report; Impoundment and quarantine of animal.

§ 6-1.401 RABIES VACCINATION REQUIRED.

(A) Each dog owner shall procure a rabies vaccination by a licensed veterinarian upon the dog attaining the age of four months, and at intervals not later than the expiration date on the vaccination certificate. The veterinarian shall issue a certificate to the owner showing the following:

- (1) The veterinarian's name and business address;
- (2) The name and description of the dog;
- (3) The date of the vaccination; and
- (4) The expiration date of the vaccination.

Each dog owner shall show a copy of the vaccination certificate upon the request of an Animal Control Supervisor or other enforcement officer.

(B) The veterinarian may issue an exemption if a rabies vaccination would be detrimental to the health of the dog.

(C) The certificate of vaccination is required before the City will issue a dog license under Section 6-1.302.

§ 6-1.402 RABIES REPORTS.

(A) Rabies is declared to be a reportable disease. Each veterinarian practicing within the City, and every person providing professional medical treatment for an animal bite by a species subject to rabies, shall immediately notify Animal Services or the Police Department.

(B) Every veterinarian practicing within the City shall provide Animal Services with a copy of every rabies immunization certificate which is issued.

§ 6-1.403 BITING REPORT; IMPOUNDMENT AND QUARANTINE OF ANIMAL.

(A) Owner reporting and quarantine instructions. The owner of an animal which bites or scratches (with skin broken) a person shall immediately (1) notify Animal Services or the Police Department, giving the name and address of the person bitten or scratched, if known, and (2) obey any quarantine instructions given by the responding officer. Failure to obey the quarantine instructions is cause for the impoundment of the animal for the quarantine period.

It is also the duty of every physician or other medical practitioner to report to the Animal Shelter or Police Department the names and addresses of persons treated for bites inflicted by animals, together with other information as will be helpful in rabies control.

(B) Quarantine requirement. Each animal in violation of the Rabies Control Act (Cal. Health and Safety Code Sections 121575-121710), or of the rabies control provisions of this chapter, shall be quarantined or impounded, and is subject to destruction in some humane manner. Such animals are also subject to other disposition as provided by this chapter.

(1) General. Each animal that has bitten a person or is suspected of having been exposed to rabies shall be securely quarantined at the discretion of the Animal Control Supervisor and at the owner's expense. Upon demand by the Animal Control Supervisor, the owner shall immediately surrender the animal.

(2) Location of quarantine. At the discretion of the Animal Control Supervisor, the quarantine may be on the premises of the owner, at the Animal Shelter or at a veterinary hospital of the owner's choice. In the case of a stray animals or an animal whose owner is not known, the quarantine shall be at the Animal Shelter.

(3) Time period. The animal shall be quarantined for a period of 10 days.

(4) Release; Fees. The animal shall not be released from quarantine except by written permission of the Animal Control Supervisor. The owner may reclaim the animal if the animal is adjudged free from rabies. Before the release, the owner shall pay board fees if applicable and comply with licensing provisions. (See Section 6-1.302.)

(5) Rabies diagnosis. When an animal under quarantine has been diagnosed as being rabid, or is suspected by a licensed veterinarian as being rabid, and dies while under observation, the Animal Control Supervisor shall immediately send the animal's head to the appropriate health department for pathological examination, and shall notify the proper public health officer of reports of contacts and the diagnosis made of the suspected animal.

(C) Self-defense. No person shall kill, or cause to be killed, any rabid animal, any animal suspected of having been exposed to rabies, or any animal biting a human, unless in self-defense or the defense of others, except as provided in this section, nor remove the animal from the City without written permission from the Animal Control Supervisor.

ARTICLE 5: ANIMALS: PROHIBITIONS AND REQUIREMENTS

- § 6-1.501 Unlawful acts.
- § 6-1.502 Animal care.
- § 6-1.503 Dogs to be leashed in public places.
- § 6-1.504 Striking animal with a motor vehicle.
- § 6-1.505 Animals not to be sold as pets or novelties; No prizes.
- § 6-1.506 Disposal of carcasses.

§ 6-1.501 UNLAWFUL ACTS. It is unlawful for a person owning an animal to do any of the following. A violation of this section is also a public nuisance, under Section 1-2.01(D):

- (A) Abandon the animal, except to surrender it to the Animal Shelter or Animal Control Supervisor; (Penal Code §597s.)
- (B) Fail to license a dog over the age of four months, or allow a dog to leave its premises when the dog does not have a current license affixed to its collar; (Food & Ag. Code §30951.)
- (C) Allow an animal to be at large (or to be at a public park, playground or school unless under leash restraint); (See Definition of "at large" at §6-1.102.)
- (D) Allow a dog to enter on private property without the consent of the person in possession of the property or to damage or destroy a lawn, tree, shrub, or other planting or any other improvement or thing of value on the property;
- (E) Allow an animal to defecate on public property or private property of another without immediately cleaning up. The owner of each animal is responsible for the immediate removal of any excreta deposited by the animal anywhere but the owner's own property, and the sanitary disposal of the removal;
- (F) Fail to clean up excreta on one's own property within a reasonable period of time;
- (G) Allow a barking dog or another animal-related noise that continues for 30 minutes or more in any 24-hour period or intermittently for 60 minutes or more during any 24-hour period causing disturbance to any person regardless of whether the animal is physically situated on private property; (See Definitions at §6-1.102.)
- (H) Allow a female dog to roam at large or remain accessible to other roaming dogs while the dog is in heat or breeding condition; (Food & Ag. Code §30954.)

(I) Allow an animal to be tethered or leashed on any street or other public place unattended, except temporary tethering or leashing (or tying in an appropriate and safe place) as the owner enters a store or public place for a specific purpose. In no case shall the temporary tethering exceed 15 minutes; (Hlth. & Saf. Code §122335; Penal Code §597t.)

(J) Tether, fasten, chain, tie or restrain a dog to a dog house, tree, fence or other stationary object for any longer than three hours in a 24-hour period, except: (1) to a running line, pulley, or trolley system (without a choke or pinch collar); (2) as required by a camping or recreational area; or (3) other exception permitted under Health and Safety Code section 122335;

(K) Harbor or feed a feral cat except on one's own property;

(L) Beat, cruelly ill-treat, torment, tease, overload, overwork, or otherwise abuse an animal, nor cause, instigate, or permit any dogfight, cockfight, or combat between animals or animals and humans, excluding police canines. No parent may allow his minor child to so treat any animal; (Penal Code §597.)

(M) Own, keep or train a dog with the intent that the dog engage in an exhibition of fighting; or cause a dog to fight with or injure another dog, for amusement or gain; or permit either of those actions on premises under his or her control. (Penal Code section 597.5.)

(N) Expose any known poisonous substance, whether mixed with food or not, so that the substance is liable to be eaten by an animal (except for a person to expose on his own property common rat poison mixed only with vegetable substances for the sole purpose of combating rat infestation);

(O) Permit an animal to engage in conduct that would constitute a public nuisance;

(P) Refuse to obey the conditions of a lawfully imposed quarantine;

(Q) Refuse to display an animal to the Animal Control Supervisor upon his or her request;

(R) Interfere with, obstruct, or hinder an Animal Control Supervisor or health officer in the discharge of the officer's duties under this chapter or state laws related to animal care and control;

(S) Violate this chapter or any state law regarding animals.

§ 6-1.502 ANIMAL CARE.

(A) Food, water, shelter, veterinary care. No owner shall fail to provide his or her animal(s) with: adequate feed and water; proper, clean, and sanitary shelter and protection from the weather; and veterinary care when needed to prevent suffering. (Penal Code §§597.1, 597f.)

In this section, "adequate feed" means the provision at regular intervals, not to exceed 24 hours, of a quantity of wholesome foodstuff, served in a sanitary container, suitable for the species and age, and sufficient to maintain a reasonable level of nutrition in each animal involved. "Adequate water" means constant access to a supply of clean, fresh, potable water, provided in a sanitary manner, or provided at regular intervals for the species, never to exceed 24 hours at any interval.

(B) Overcrowding; sanitation. No person shall keep an animal overcrowd in any crate, box, or other receptacle, or fail to provide sanitation for the animal in the crate, box, or other receptacle.

(C) Confinement in vehicle.

(1) No person shall leave an animal confined in a motor or other vehicle without adequate ventilation that would deleteriously affect the ambient temperature immediately surrounding the animal. If an animal is so confined, the Animal Control Supervisor, or any other enforcing authority, may enter the vehicle by whatever reasonable force is necessary to release the animal, without any liability upon the City or the enforcing authority for resulting damages. An animal in or on a vehicle is deemed to be upon the property of the vehicle's operator. (Penal Code §597.7.)

(2) No person shall transport an animal on a public street in a vehicle unless the animal is totally enclosed within the vehicle, within a secured container carried on the vehicle, or securely cross-tethered to the vehicle in such a way as to prevent the animal from falling out of or off the vehicle, and to prevent injury to the animal.

§ 6-1.504 STRIKING ANIMAL WITH A MOTOR VEHICLE.

Any person who, as the operator of a motor vehicle, strikes a non-wild, domesticated animal shall stop at once and render such assistance as may be possible and shall attempt to locate the animal's owner and inform him or her of the collision. If the owner cannot be ascertained and located, the operator shall immediately report the location of the injured animal to the Animal Shelter or to an appropriate law enforcement agency.

§ 6-1.505 ANIMALS NOT TO BE SOLD AS PETS OR NOVELTIES; NO PRIZES.

(A) No sale as pet or novelty; No prize. No person shall sell, offer for sale, barter, give away, or publicly display a dog, cat or other animal (including but not limited to baby chicks, ducklings, or other fowl) as pets or novelties. (See Penal Code §597.3.) No person shall give away a live animal as a prize for or as an inducement to enter: a

contest, game, or competition; a place of amusement; or business agreement to attract trade. (Penal Code §599.)

- (B) Exception. This section shall not be construed to prohibit:
- (1) the sale or display of natural chicks or ducklings in proper brooder facilities by hatcheries or stores engaged in the business of selling them to be raised for domestic consumption or commercial purposes; or
 - (2) the sale or display in humane display facilities of a dog, cat or other animal by a pet store engaged in the business of selling them, or animal shelter engaged in placing the animal as a pet; or
 - (3) the sale or gift of a pet or its offspring by the owner as a family pet, from the owner's private property.

§ 6-1.506 DISPOSAL OF CARCASSES.

A person possessing a dead animal shall take the responsibility of disposing of it in a safe and sanitary manner that does not pollute drinking water. Upon the receipt of information that the body of an animal has not been properly disposed of in accordance with this section, the Animal Control Supervisor shall dispose of the body, and charge the costs to the owner, if known.

ARTICLE 6: NUMBER AND TYPES OF ANIMALS

- § 6-1.601 Permit procedures.
- § 6-1.602 Keeping animals and bees.
- § 6-1.603 No livestock within City limits; Horse stables.

§ 6-1.601 PERMIT PROCEDURES. Whenever a permit is required under this Article 6, the permit procedures in Section 6-1.303 apply. In addition to other requirements, the Animal Control Supervisor must first determine that the keeping of an animal, bird or bees is not likely to result in harm to the creature, create a public nuisance or health hazard, or cause an unreasonable disturbance to the neighborhood due to odors, noise or the creature's behavior.

§ 6-1.602 KEEPING ANIMALS AND BEES.

~~The total number of fowl or animals specified in subsections (A), (B), (C), (D) and (F) of this section may not exceed 15 for each household.~~

(A) Number of dogs. It is unlawful for a person to keep more than three dogs that are required to be licensed at any residence in the City, without first obtaining a multiple pet or kennel permit under Section 6-1.303.

(B) Number of cats. It is unlawful for a person to keep more than five cats without a permit issued under Section 6-1.601.

(C) Number of fowl. It is unlawful for a person to keep or maintain more than ten ~~each of total~~ ducks, geese, chickens or other fowl, without a permit issued under Section 6-1.601. No person may keep a rooster without a permit under Section 6-1.601.

Fowl shall be kept in enclosures located a minimum of 20 feet from any dwelling, church, or school (except with permission on school premises). Such enclosures shall be maintained in a clean manner.

(D) Rabbits. It is unlawful for a person to keep or maintain Not more than 10 ten domesticated adult rabbits ~~may be kept~~ on any parcel within the City, without a permit issued under Section 6-1.601. ~~and their e~~Cages and runs shall be kept clean.

(E) Bees. Bees may only be kept in an agricultural or open space zoning district and with a permit from the Animal Control Supervisor. (See Section 6-1.601.)

(F) 3/4 acre requirement. It is unlawful for a person to keep or maintain a horse, mule, cow, sheep, goat, pig, or wild animal, except dogs and cats and other household pets, except in an enclosed area for the animal of not less than three-fourths of an acre, and then only with a permit. (See Section 6-1.601.)

(G) Racing pigeons. A member of a recognized racing pigeon club may keep an unlimited number of banded racing pigeons or fancy birds upon obtaining a permit from the Animal Control Supervisor. (See Section 6-1.601.) The keeping of such birds is subject to the following minimum conditions:

- (1) Aviaries shall be of sound construction and properly maintained to conform with the surrounding area.
- (2) The location is subject to inspection by the Animal Control Supervisor at reasonable times.
- (3) Aviaries shall be cleaned regularly, maintained in a sanitary condition, and kept free of organic materials which may cause offensive odors or allow the propagation of flies and other insects.
- (4) Feed shall be stored in containers which protect against rodents and insects.
- (5) The cage size and specifications shall conform to the rules and regulations of the racing pigeon organization.

§ 6-1.603 NO LIVESTOCK WITHIN THE CITY LIMITS; HORSE STABLES.

No person shall stable, keep, pasture or maintain horses or bovine animals within the City, unless expressly allowed to do so by the zoning ordinance. This section does not apply to a circus, carnival, or show permitted to operate in the City.

Each person who stables, keeps, pastures, or maintains a horse within the City shall keep the stable or enclosure clean and free from manure, mud, and everything of a foul and unclean nature.

ARTICLE 7: IMPOUNDING AND DISPOSITION OF ANIMALS

- § 6-1.701 Stray animals.
- § 6-1.702 Impounding animals found running at large
- § 6-1.703 Disposition of impounded animals.
- § 6-1.704 Redemption.
- § 6-1.705 Sterilization.
- § 6-1.706 Surrender of animals.

§ 6-1.701 STRAY ANIMALS

A person who picks up a stray or lost animal shall report it to Animal Services within eight hours, and shall release the animal to the enforcing authority upon demand.

§ 6-1.702 IMPOUNDING ANIMALS FOUND RUNNING AT LARGE

(A) The Animal Control Supervisor may seize and impound an animal found at large or in violation of this chapter. (Food & Ag. Code §31101.) A seized animal will be impounded at the Animal Shelter and confined there in a humane manner.

(B) When a dog is found at large, and its ownership is known to the Animal Control Supervisor, the dog need not be impounded. The Animal Control Supervisor, at his or her discretion, may return the animal to its owner and cite the dog owner under Section 6-1.501.

§ 6-1.703 DISPOSITION OF IMPOUNDED ANIMALS

(A) The City will keep an impounded dog or cat for:

- (1) if licensed, bears owner identification or is known to the Animal Control Supervisor, for at least 10 days that the shelter is open;
- (2) if the dog or cat is unlicensed and bears no identification, for at least 4 days that the shelter is open. (Food & Ag. Code §31108.)

(B) Upon delivering the animal to Animal Services, the Animal Control Supervisor shall send a written notice of impoundment by email or mail to the licensed or registered owner of the animal, if known, at the address as shown on the records of the Animal Services. The Animal Control Supervisor shall scan the animal for a microchip that identifies the owner. (Food & Ag. Code §31108(c).) The notice shall state that the animal has been impounded and shall give the location of impoundment. The notice shall also state that if the animal is not claimed within the period specified in the notice, the animal will be disposed of by placing it in another suitable home or by euthanizing the animal.

(C) The owner may recover the dog, cat, or other animal picked up and impounded under this chapter only upon payment of the charges and costs of redemption of impounded animals. (See Section 6-1.705 below.) The owner is liable for the costs whether or not the owner redeems the animal.

The owner's refusal or failure to pay the fees and charges, after due notification, constitutes his or her abandonment of the animal.

(D) A licensed dog not redeemed by the owner within 10 days after mailing or emailing the notice shall be disposed of as though the dog was an unlicensed dog when impounded. If the Animal Control Supervisor determines that the animal will not be claimed, represents a health hazard to the other animals maintained at the shelter, is of a wild nature, or is severely injured, he or she may order the animal to be placed in a suitable home or euthanized.

(Food & Ag. §31108.)

§ 6-1.704 REDEMPTION.

(A) The owner may redeem an animal taken up and impounded under this chapter at any time before the actual disposal of the animal, by presenting suitable evidence of ownership. (Food & Ag. Code § 31108.5.) No animal will be released until the owner has:

- (1) paid redemption fees and any fees and penalties authorized by this chapter. The fees may include, but are not limited to: impound fee; boarding (care and feeding); microchip fee; dog license; vaccination; veterinary fees, if injured; investigation; spaying or neutering; special tag and investigation if determined to be potentially dangerous or vicious;
- (2) signed a declaration of ownership, made under penalty of perjury, to justify the release of the animal declaring ownership. However, the Animal Control Supervisor may refuse to release the animal if there is reasonable cause to believe that the information contained in the declaration is untrue or incorrect and, in that case, may require additional evidence of ownership as the Animal Control Supervisor may determine; and
- (3) paid the fine specified under Food and Agriculture Code section 30804.7 for any nonspayed or unneutered dog that is impounded.

(B) No dog shall be released from impoundment until the dog has been licensed or registered. No dog or cat shall be released from impoundment until the animal has been implanted with a microchip identification and, after the second impoundment, until the animal has been spayed or neutered.

(C) The Animal Control Supervisor, at his or her discretion, may refuse to permit the redemption of any animal impounded under this chapter, or any other county, state, or municipal law, until the need for the retention of such animal no longer exists. The City shall bear the cost of the continued retention, after any request of redemption and tendering of all other costs and fees by the owner.

§ 6-1.705 STERILIZATION.

No unclaimed dog or cat shall be released for adoption without:

- (1) being sterilized; or

(2) a written agreement from the adopter guaranteeing that the animal will be sterilized and a sterilization deposit made. The sterilization fee deposit is established by resolution of the Council. If the animal is not sterilized within 14 business days after the date of purchase, the sterilization deposit collected at the time of adoption will be considered abandoned and the money applied to the General Animal Control Fund for use as the City may determine. (Food & Ag. Code §30503.)

§ 6-1.706 SURRENDER OF ANIMALS.

(A) For disposal. At the request of a person not operating a commercial establishment for the sale and/or care of animals, the Animal Control Supervisor shall accept and dispose of any small animal, such as a dog, cat, bird, or rabbit, lawfully in the possession of the person.

(B) For adoption. An owner may surrender an animal to the Animal Control Supervisor for placement for adoption. It is understood that no guarantee of placement will be made, and euthanasia will be at the discretion of the Animal Control Supervisor. A surrender fee is established by resolution of the Council.

ARTICLE 8: POTENTIALLY DANGEROUS AND VICIOUS ANIMALS

§ 6-1.801 Purpose; Definitions.

§ 6-1.802 Seizure and impoundment.

§ 6-1.803 Determination of potentially dangerous or vicious dog or animal.

§ 6-1.804 Actions after determination: potentially dangerous.

§ 6-1.805 Actions after determination: vicious.

§ 6-1.806 Inspections.

§ 6-1.801 PURPOSE; DEFINITIONS.

(A) Purpose. The purpose of this article 8 is to reduce the risk of serious attacks or bites by dogs or other animals. This article sets forth the procedures for finding an animal potentially dangerous or vicious and subject the animal to appropriate controls and enforcement actions. (Hlth. and Saf. Code §§ 31601 and following; Food & Ag. Code §§31601-31683.)

(B) Definitions. In this Article 8:

POTENTIALLY DANGEROUS DOG OR ANIMAL. Any of the following, as determined by the City:

(1) a dog or other animal which, when unprovoked, on two separate occasions within the prior 36-month period, engages in any behavior that requires a defensive action by a person or another animal to prevent bodily injury when the person and the dog are: off the property of the dog's owner; or on the property of the dog's owner by invitation or with implied permission. (Food & Ag. Code §31602);

(2) a dog or animal which, when unprovoked, bites a person causing a less severe injury than as defined here as a SEVERE INJURY (Food & Ag. Code §§31602, 31064); or

(3) a dog or animal which, when unprovoked, has bitten, inflicted injury or otherwise caused injury attacking a domestic animal. (Food & Ag. Code §31602.)

SECURE ENCLOSURE. A kennel, pen or structure with secure sides and a secure, attached top. The kennel or pen shall be constructed in a manner so that it cannot be broken down by any action of the confined animal. All structures used for confinement of a vicious animal must be locked with a key or combination lock of sufficient strength to ensure confinement of the animal. The structures must be erected on a secure bottom or floor constructed of concrete or other material sufficient to prevent the animal from digging free. A vicious animal enclosed in a house, apartment, building or similar structure is allowed only where the windows and doors of the structure are secured to prevent the animal from exiting without the assistance of the owner or other person in control. (See also Food & Ag. Code §31605.)

SEVERE INJURY. A physical injury to a human being that results in muscle tears or disfiguring lacerations or requires multiple sutures or corrective or cosmetic surgery. (Food & Ag. Code §31604.)

VICIOUS DOG OR ANIMAL. Any of the following, as determined by the City:

(1) a dog or animal seized under Penal Code section 599aa and upon the sustaining of a conviction of the owner under Penal Code section 597.5;

(2) a dog or animal which, when unprovoked, in an aggressive manner inflicts severe injury on or kills a person or a domestic animal;

(3) a dog or animal previously determined to be and currently listed as a potentially dangerous dog or animal which, after its owner has been notified of this determination: continues the behavior described as a potentially dangerous dog or animal; or is not kept indoors or secured on the owner's property. Here, "secured" means contained within a fence or structure suitable to prevent the entry of young children and to confine a potentially dangerous or vicious dog or animal, designed to prevent the animal from escaping. (Food & Ag. Code §§31603, 31641, 31642 or 31643.)

Other definitions in Section 6-1.102 also apply unless the context indicates or requires a different meaning.

6-1.802 SEIZURE AND IMPOUNDMENT.

If upon investigation the Animal Control Supervisor or law enforcement officer determines that probable cause exists to believe a dog or animal poses an immediate threat to public safety, then the Animal Control Supervisor or law enforcement officer may seize and impound the animal pending the opportunity for hearing under this section. (Food & Ag. Code §31625.) The animal's owner is liable to the City for the fees and costs of keeping the animal if it is determined to be potentially dangerous or vicious. At the Supervisor's discretion, the animal may be quarantined on the owner's property in an approved enclosure. (Food & Ag. Code §31605 regarding enclosure. See also Definitions at §6-1.801(B).) (See Section 6-1.705(A) regarding fees and costs.)

6-1.803 DETERMINATION OF POTENTIALLY DANGEROUS OR VICIOUS DOG OR ANIMAL.

(A) Determination. In making a determination regarding whether the animal is potentially dangerous or vicious, the Animal Control Supervisor shall take into account the severity of the injury, the number of attacks, and the circumstances. No dog or animal may be declared potentially dangerous or vicious if:

- (1) the injury or damage was sustained by a person who, at the time, was committing a willful trespass or other tort upon the owner's premises, or was teasing, tormenting, abusing or assaulting it, or was committing or attempting to commit a crime.
- (2) if it was protecting or defending a person within the immediate vicinity of the dog or animal from an unjustified attack or assault.
- (3) any other exception applies under Food & Agriculture Code §31626.

(B) Notice to owner; Appeal.

(1) The Animal Control Supervisor or law enforcement officer shall attempt to notify the animal owner of the animal in writing of the impoundment and of the determination that the dog or animal is determined to be potentially dangerous or vicious. The notification shall include any requirements to be imposed upon the restraint and enclosure of the animal, or if the animal is proposed to be euthanized.

The City may also notify the property owner, police department, fire department, post office and any utility companies of the determination and any requirements.

(2) The notice shall also contain information that the officer's determination may be appealed to the Board of Administrative Appeals, within the time specified in Municipal Code Title 1, Chapter 4, Appeals. The procedures and appeal period shall comply with Food and Agriculture Code sections 31621 through 31625.

(3) The Board of Administrative Appeals may decide all issues for or against the owner of the animal, even if the owner does not appear at the hearing. (Food & Ag. Code §31623.)

(4) The decision of the Board of Administrative Appeals may be appealed to the superior court under Food and Agriculture Code section 31622.

(C) Permit. If not euthanized, an animal designated potentially dangerous or vicious may only be owned, kept or maintained upon issuance of a potentially dangerous or vicious animal permit. The Animal Control Supervisor shall impose conditions upon the ownership and custody of the dog or animal that protect the public health, safety and welfare. (See Section 6-1.804.) The animal owner shall notify the Animal Control Supervisor within two working days if the animal dies or is sold, transferred or permanently removed from the City. (Food & Ag. Code §31643.) The owner is responsible for notifying the subsequent owner of the potentially dangerous or vicious designation.

(D) Violation of conditions. If a determination is made that the owner of the potentially dangerous or vicious animal has violated the conditions of a potentially dangerous or vicious dog permit, the permit is immediately revoked and the animal may be euthanized at the discretion of Animal Control.

6-1.804 ACTIONS AFTER DETERMINATION: POTENTIALLY DANGEROUS.

(A) If the Animal Control Supervisor determines an animal to be potentially dangerous, he or she shall include the potentially dangerous designation in the dog's registration records (Food & Ag. Code §31641), and may order any of the following actions, or a combination of them:

- (1) Prior to release, at the owner's expense and as approved by the City:
 - (a) Have the animal micro-chipped for permanent identification, and identification numbers registered with Home Again Pet Recovery;
 - (b) Have the animal spayed or neutered;
 - (c) Reimburse the City for the cost of keeping the animal, if applicable;
 - (d) Pay a fine, up to \$500 (Food & Ag. Code §31662.);
 - (e) Have current rabies vaccination and dog license;
 - (f) Obtain liability insurance;
 - (g) For security:
 - post a "BEWARE OF DOG" sign at each entry gate to rear and side yards;
 - at the premises, have exit gates and/or doors (including those into the residence and garage) which are self-closing, self-latching and in good working order;
 - install a security screen door on the front door entrance;
 - (h) Sign City's terms and conditions declaration.

- (2) Within 30 days of release:
(a) Satisfactorily complete a basic obedience/aggressive dog training course and provide proof of completion to the Animal Control Supervisor;
- (3) At all times:
(a) Authorize Animal Services to inspect and approve the area(s) of confinement;
(b) When in public, the dog shall wear a humane muzzle, a dog harness and shall be restrained by a lease no longer than six feet and be under the control of a competent adult who is physically able to restrain the animal. The leash must be capable of restraining four times the weight of the animal. The animal shall not be leashed or tethered at any time to inanimate objects such as trees, posts, or buildings. The muzzling device for the animal must be constructed so that it is impossible for the animal to remove it without human assistance;
(c) The dog shall not be allowed loose in the front yard. An adult must be present and supervising the dog when it is loose in the side or rear yard;
(d) When unsupervised in the side or rear yard, the dog must be in a secure enclosure with the gate locked;
(e) The owner must immediately contact Animal Services if the dog escapes and owner's premises or bites a human or animal;
(f) Notify any caregiver or custodian of the terms and conditions;
(g) Have the a animal wear the special red tag indicating the dog is potentially dangerous (or vicious);
(h) Transportation of the animal shall only be in a locked animal carrier equivalent in construction quality to those used by commercial air carriers. The animal shall not be left unattended or loose in or about any motor vehicle;
(h) Comply with all applicable animal care and control laws.
- (4) Notice of changes. The owner must notify the City before any change in location of the animal, or new ownership, at least seven days before the change. If a new location is in the City, it is subject to the inspection and prior approval of the Animal Control Supervisor. If the new location is outside the City, the Animal Control Supervisor shall notify the animal control department or police department of that City.
- (5) Any other appropriate action.

(B) The animal shall be removed from the list of potentially dangerous animals if there are no additional instances of the behavior within a 36-month period. (Food & Ag. Code §31644.)

§6-1.805 ACTIONS AFTER DETERMINATION: VICIOUS.

- (A) Actions. If the Animal Control Supervisor determines an animal to be vicious, he or she may order any of the following actions, or a combination of them:
- (1) Any action set forth for a potentially dangerous animal, under Section 6-1.804 above, except that the fine is up to \$1,000; (Food & Ag. Code §31662.)
 - (2) Order the owner to surrender it to the Animal Services Officer for euthanizing; (Food & Ag. Code §31645.)
 - (5) Order that the owner may not own or possess any dog or other animal for a 36-month period; (Food & Ag. Code §31646.)
- (B) Findings. Before allowing a person to keep a vicious animal, the Animal Control Supervisor must make all of the following findings:
- (1) Allowing the person to keep the animal will not result in any detriment or danger to the peace, health or safety of the people in the vicinity of where the animal will be kept;
 - (2) Possession and maintenance of the animal at the location has not resulted in and is not likely to result in the animal being subjected to neglect, suffering, cruelty or abuse;
 - (3) The location is kept clean and sanitary, and the animal is provided with adequate food, water, ventilation, shelter and care at all times.
 - (4) Possession of the animal at the location does not violate any law, code or regulation; and
 - (5) The animal will not be kept at any other location than that specified in the order.
- (C) Euthanizing dangerous dog or animal.
- (1) A dog or animal determined to be vicious may be euthanized by the Animal Control Department when it is found that the release of the animal would create a significant threat to public health, safety and welfare, and: (a) when the time for filing an appeal with the Board of Administrative Appeals has lapsed; or (b) if an appeal is filed, when the Board determined to rule against the appeal; or (c) if the owner has not met the conditions imposed on releasing a vicious animal within 14 days.
 - (2) If there is a violation of this chapter, or a violation of any nonappealable order under this chapter after release of the animal that is observed by the Animal Services Officer, or sworn to in a written affidavit from a complaining party, the Animal Services Officer shall issue an order for the owner or possessor of the vicious animal to surrender the vicious animal to the Animal Control Supervisor for euthanizing. This order is subject to the appeal provisions set forth in Title 1, Chapter 4 of the Antioch Municipal Code.

§6-1.806 INSPECTIONS.

The Animal Control Supervisor may make whatever inspections deemed necessary to ensure compliance with this chapter, the orders or conditions, and any order of the Board of Administrative Appeals."

SECTION 2. CEQA.

This ordinance is not a project within the meaning of Section 15378 of the State CEQA (California Environmental Quality Act) Guidelines, because it has no potential for resulting in physical change in the environment, directly or ultimately. In the event that this Ordinance is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guideline section 15061 (b) (3) because it can be seen with certainty to have no possibility of a significant effect on the environment.

SECTION 3. Severability.

If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 4. Effective Date.

This Ordinance shall be effective thirty (30) days from and after the date of its adoption.

SECTION 5. Publication; Certification.

The City Clerk shall certify to the adoption of this Ordinance and cause same to be published in accordance with State law.

I do hereby certify that the foregoing ordinance was introduced by the City Council of the City of Antioch on December 10, 2013 and passed and adopted by the City Council of the City of Antioch at a regular meeting held on the ___ day of _____, 20___, by the foregoing vote:

AYES: COUNCIL MEMBERS: _____

NOES: COUNCIL MEMBERS: _____

ABSENT: COUNCIL MEMBERS: _____

ABSTAIN: COUNCIL MEMBERS: _____

Wade Harper, Mayor of the City of Antioch

ATTEST:

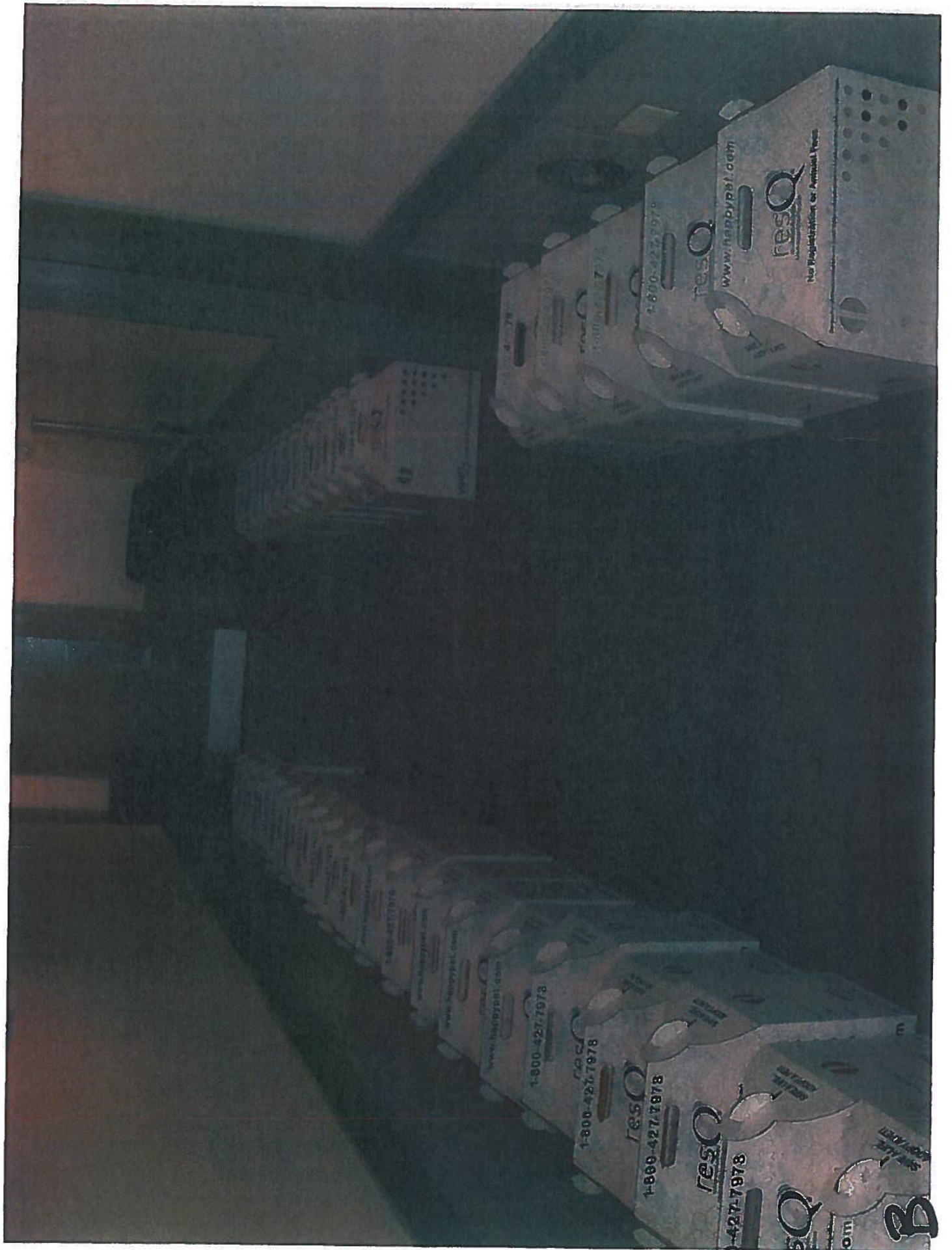
Arne Simonsen, City Clerk of the City of Antioch







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EAST HILLS VETERINARY HOSPITAL

2325 Buchanan Road
Antioch, California 94509
Telephone (925) 754-7960

February 6, 2014

To Whom It May Concern:

In my opinion, feeding feral cats on public property in Antioch creates an unhealthy situation. Wildlife such as skunks and raccoons are attracted to the cat food and sometimes eat side by side with the feral cats. Skunks are one of the primary carriers of rabies in California, and raccoons can carry rabies as well.

Supplementing the food supply indirectly increases the feral cat population. The growing population of unvaccinated cats increases the risk of disease in the cats as well as the risk of a rabies outbreak.

Feral cats will hunt rodents, lizards, and birds on their own if they are not fed commercial cat food. Even if public feeding stations were approved in certain locations, supplementing the feral cat population with cat food contributes to the overall population growth, which becomes unsustainable without continued supplementation.

In my opinion, the feral cat population on public property in Antioch can only be limited by decreasing or stopping food supplementation and by performing spay and neuter procedures on the cats that are allowed to stay there. A vaccination program would also improve the health of the feral cats. In my opinion, trap/neuter/release will never eliminate the feral cat population in Antioch. However, it may help control the overall number of cats on public property.

Sincerely,

A handwritten signature in black ink that reads "Dean R. Brown, D.V.M." with a stylized flourish at the end.

Dean R. Brown, D.V.M.
Consulting Veterinarian for
Antioch Animal Services

WILLIAM B. WALKER, M.D.
HEALTH SERVICES DIRECTOR

WENDEL BRUNNER, M.D.
DIRECTOR OF PUBLIC HEALTH



CONTRA COSTA
PUBLIC HEALTH
597 CENTER AVENUE, SUITE 200
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PH (925) 313-6712
FAX (925) 313-6721
WENDEL.BRUNNER@HSD.CCCOUNTY.US

February 27, 2014

City of Antioch City Council
City Hall
Antioch, CA 94509



Dear Mayor and City Council Members:

We are writing to express our support for a proposed ordinance that would ban the feeding of feral cats on public property in the City of Antioch. The feeding of wild or feral animals in public spaces – including local, state and national parks – is poor policy for a variety of health, safety and ecologic reasons. In particular, the practice of feeding feral cats in public areas creates significant human disease risks: visitors to a site where feral cats are being fed may have more frequent contact with feral cats and wildlife, and so be at increased risk for scratches, bites, and infectious diseases. Enacting a ban on the feeding of feral cats would help to protect the health of community members who wish to enjoy the City of Antioch's parks and other public spaces.

Providing food to a free-living cat colony enables the population size and density of that colony to increase. At higher densities, cats more frequently interact with other cats, thereby facilitating the transmission of diseases within the colony. Meanwhile, wildlife species such as raccoons, skunks, rats, mice, and pigeons are attracted by the presence of cat food and may mix relatively freely with the feral cat colony while becoming increasingly acclimated to humans.

At high densities, feral cats themselves pose important health risks to people. Cat bites are more likely to occur when large numbers of feral cats share a public space with human visitors, who might easily mistake a feral cat for a tame one, or believe that a particular cat needs "help." Children are at particular risk. Cat bites not only cause significant direct trauma but also are very likely to become infected. A recent study in the Journal of Hand Surgery showed that one in three people bitten on the hand by a cat end up being hospitalized for complications relating to the bite.

Rabies is a fatal viral disease transmitted to humans through animal bites. Cats may contract rabies from the wild animals in which it circulates and pass it on to people. In the United States, cats are the domestic animal most frequently found to have rabies. A person who is bitten by a cat that cannot be located should reasonably seek post-exposure rabies treatment to protect against infection, incurring the associated anxiety and medical costs.

Other infectious diseases that may be transmitted through direct contact with feral cats include cat scratch disease, plague, and tularemia. Parasitic diseases that may be contracted through contact with cat feces include toxoplasmosis, ascariasis, and hookworm infection. These diseases are not common, but their effects can be devastating, particularly to children.



Wild animals attracted to cat feeding stations also pose disease risks to people. Rabies circulates widely in California skunks. Raccoons transmit a roundworm in their feces that causes permanent disabilities in humans, particularly children. Rodents are associated with a number of infections.

In addition to all of the communicable disease risks outlined above, the abundant presence of feral cats, cat waste, and wildlife, including rodents, in Antioch's public areas can have indirect human health effects, by discouraging exercise and recreation.

We believe that reducing the disease risks associated with the presence of high-density feral cat colonies in public spaces is important to protecting the health of our Contra Costa community. Please approve the ordinance to ban the feeding of feral cats on public property in the City of Antioch.

Sincerely,



Wendel Brunner MD
Director of Public Health

cc: City Manager Steven Duran
Antioch Animal Control
Supervisor Piepho
Supervisor Glover





November 20, 2014

Overview: The City of Antioch had a chronic community cat problem in the downtown area spanning from the marina to 4th Street and east to F Street. We identified 13 colonies in this area managed by Homeless Animal Response Program's (HARP's) Trap-Neuter-Return (TNR) program. Historically, efforts to TNR downtown met challenges such as an unchecked population of cats dumped in the area, rogue feeders and a lack of resources needed to control the population of community cats and the associated nuisance complaints. This report represents changes to this TNR program necessary for improvement and to address concerns expressed by the City of Antioch.

- **Shrinking Population**
 - In January of 2014, the estimated combined population of the Rivertown Cats was 150.
 - Over the course of the past 11 months, there has been a move toward population stabilization through a multi-organizational aggressive trapping and spay/neuter effort.
 - 138 Rivertown Cats have been either TNRd (102), rescued for adoption (29), or humanely euthanized (7).
 - The population of Rivertown Cats is shrinking and will continue to do so through natural attrition.
 - Colony volunteers and the public are alert for new cats or kittens and any missed in earlier trapping efforts.
- **Closure of Public Property Colony Sites**
 - Of the 13 identified colonies in the Rivertown Cats area, 7 are on public property.
 - 5 of the 7 public property feeding areas were shut down to comply with the revised City of Antioch Animal Ordinance.
- **Protecting Birds**
 - Our feeding stations concentrate the cats near their feeding areas which encourages them away from the most sensitive bird habitat - Dow Wetlands
- **Debris Reduction**
 - Feeding stations reduce debris
 - Volunteers clean-up debris regardless of origin or content
- **Wildlife**
 - Feeding stations are 18" off of the ground to deter the wildlife from utilizing them



- Volunteers have been instructed not to put food in the feeding stations at night.
- Safety
 - All cats are vaccinated against rabies to protect the public and other animals interacting with the cats.
 - We have instructed all our volunteers to carry a cell phone with them when feeding so that they can report problems to the APD immediately.
- Volunteers
 - HARP currently manages approximately 7 volunteers who tirelessly work to provide food and water for these cats every day, rain or shine.
 - Volunteers are trained on proper colony management
- Education
 - Rivertown Cats Facebook page being used to educate and inform people of our program.
 - A door-to-door campaign to educate local businesses on the management of this issue and who to contact regarding problems.



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2015
TO: Honorable Mayor and Members of the City Council
SUBMITTED BY: Lynn Tracy Nerland, City Attorney *LTN*
SUBJECT: Card Room Ordinance

RECOMMENDED ACTION

It is recommended that the City Council consider the attached revisions to the Card Room Ordinance and, if desired, to:

1. Make a motion to read the ordinance by title only; and
2. Make a motion to introduce the proposed Ordinance to amend sections 5-4.02, 5-4.03, 5-4.07 and 5-4.14 of the Antioch Municipal Code regarding the number of card rooms in Antioch and procedures for Card Room Licenses.

STRATEGIC PURPOSE

This action addresses the following long term goal and strategy:

Long Term Goal L: City Administration. Provide exemplary City administration.

Strategy L-4: Implement City Council policies and direction.

FISCAL IMPACT

Theoretically, a City-imposed limit on the number of card rooms in Antioch (beyond the State's current moratorium) could decrease potential revenues from future additional card rooms. On the other hand, some might argue that a possible increase in revenue, particularly given the currently low business license tax, could be offset by increased policing needs generated by additional card rooms.

DISCUSSION

At the November 13, 2014 Council meeting, the City Council consensus was to direct the City Attorney to prepare amendments to the Card Room Ordinance to:

1. Limit the number of card rooms in Antioch to 2, which is the current limit under the State's moratorium on card rooms, which is currently in place through 2020; and
2. Require an applicant desiring to operate a card room in Antioch to obtain a State Card Room License first before the City Council considers an application for a City Card Room License.

8

Agenda Item #

In addition, staff is recommending two additional minor amendments: 1) Section 5-4.07 be amended to address the failure to pay rates and taxes, as well as fees; and Section 5-4.14 be amended to clarify the requirements for an operations plan to be approved by the Chief of Police. The attached redline proposed ordinance (Attachment A) shows these revisions to the existing Ordinance No. 2051-C-S, which was last amended in 2011.

Background

In 1997, the California Legislature enacted the Gambling Control Act to provide more comprehensive oversight of California's gambling industry including card rooms. The Act created a bifurcated system involving the Division of Gambling Control within the Attorney General's Office and the five-member California Gambling Control Commission appointed by the Governor. Further information regarding State card room regulations and the card room industry in Antioch can be found in the staff report to the City Council meeting on November 12, 2013 (agenda item 3 – <http://www.ci.antioch.ca.us/CityGov/agendas/CityCouncil/2013/agendas/111213/111213.pdf>)

Pursuant to California Business and Professions Code section 19961.1, any amendment to a city ordinance relating to gambling must be submitted to the Attorney General's Office for review before the ordinance is adopted. The ordinance was last amended in 2011 to transfer the application review, investigative, and appeals procedures for card room work/dealer permits from the City to the State and to make other modifications to the procedures for card room licenses and permits. However, the City retained the authority to issue a local card room establishment license along with any needed State license. The amendments proposed in Attachment A, including those directed by the City Council on November 13, 2014, are being reviewed by the Attorney General's Office. Adoption of the ordinance will not be scheduled until the Attorney General's Office approves the proposed amendments.

Options

A letter was sent December 10, 2014 to the City Council requesting other revisions to the City's Card Room Ordinance (Attachment B). Some of the suggestions are already addressed in the City's existing ordinance at some level:

1. Pursuant to Section 5-4.14(B), only 4 tables are allowed at a card room unless the City Council allows 2 additional tables.
2. Electronic sweepstakes games are already addressed in a separate City Ordinance that was adopted in 2012 and codified in Chapter 11 of Title 5 of the Antioch Municipal Code.
3. Pursuant to Section 5-4.14(F), card rooms can only allow games permitted by state law to be played in card rooms.
4. A card room requires a use permit first (Section 5-4.02(A) (3)) and is limited to the following zoning districts: C-2 (Neighborhood/Community Commercial District), C-3

(Regional Commercial District) and TRC (Rivertown Retail District) with the further caveat that no more than one card room license shall be issued for the downtown area (Section 5-4.02). The Planning Commission first considers a use permit, with an appeal to the City Council.

5. No transfer of an existing card room license can be authorized by the City until a use permit is obtained (Section 5-4.02(A)(3)). In addition, "no license shall be issued for a card room other than in an established place of business of sufficient size and volume that the already established business is the major business of the place rather than the business of operating such card room." (Section 5-4.05)
6. Any transfer of a card room license requires the approval of the City Council (Section 5-4.08(A)).
7. An application for a card room license is submitted under oath; i.e. under penalty of perjury (Section 5-4.03 (B)).
8. All financially interested persons must be included in the application for a card room license (Section 5-4.03(B)(1)).
9. Card rooms are open to Police Department inspection at all hours of operation and at other times subject to law (Section 5-4.14(D)).
10. The card room's operation plan is subject to the approval of the Chief of Police (Section 5-14(M)).

The City Council can consider whether it is a priority to address the other issues raised in the letter.

City Council Resolution No. 2013/65

The City Council resolution approving the issuance of a local Card Room License to Applicant Anthony Keslinke for a card room as ancillary to a full-service restaurant at 408 O Street with no more than 6 card tables, subject to conditions, is Attachment C to the staff report. This License gives the applicant until November 2016 to obtain a State card room license for this location.

ATTACHMENTS

- A. Proposed Ordinance
- B. Letter dated December 10, 2014
- C. Resolution No. 2013/65

ORDINANCE NO. ~~2051-C-S~~

AN ORDINANCE OF THE CITY OF ANTIOCH
 AMENDING SECTIONS 5-4.02, ~~AND 5-4.03, 5-4.07 AND 5-4.14~~ OF THE ANTIOCH
 MUNICIPAL CODE ~~BY REPEALING AND RE-ENACTING CHAPTER 4 OF TITLE 5~~
 TO
~~TRANSFER THE APPLICATION PROCEDURES FOR~~
~~CARD ROOM WORK PERMITS TO THE CALIFORNIA GAMBLING CONTROL~~
~~COMMISSION AND MAKING OTHER AMENDMENTS TO REGARDING THE~~
NUMBER OF CARD ROOMS IN ANTIOCH AND PROCEDURES FOR CARD ROOM
LICENSES AND PERMITS

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

§ 5-4.01 DEFINITIONS.

For the purpose of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

ACT. California Business and Professions Code, Division 8, Chapter 5, known as The Gambling Control Act.

CARD ROOM. Any room, enclosure, or space furnished with a table or tables used, or intended to be used, as a card table for the playing of cards and similar games, the use of which table is available to the public, or any portion of the public.

CARD ROOM EMPLOYEE. Any natural person employed in the operation of a card room, including, without limitation, dealers, floor personnel, security employees, countroom personnel, cage personnel, collection personnel, surveillance personnel, data-processing personnel, maintenance personnel (but not personnel involved only in maintenance of the exterior of the premises), waiters and waitresses, and secretaries, or any other natural person whose employment duties require or authorize access to card rooms.

COMMISSION. The California Gambling Control Commission.

LICENSE. Any license issued by the Commission pursuant to the Act and regulations adopted pursuant to the Act authorizing the holder to operate a card room operation or be employed in the operation of a card room in a supervisory capacity.

WORK PERMIT. Any card, certificate, or permit issued by the Commission, authorizing the holder to be employed as a card room employee.

§ 5-4.02 NUMBER OF LOCATION AND LICENSES LIMITED

(A) It is hereby found and determined that the public health, safety, and welfare require

that the number and location of licensed card rooms in the city be limited, and the following regulations are required to fulfill such objectives:

(1) The total number of licensed card rooms permitted in the city shall be five~~two~~, unless otherwise limited by the Act or subsequent state law. ~~Licensed card rooms in existence on March 26, 1985, may be allowed to continue in operation. However, no card room license shall be issued which would cause the number of card rooms to exceed five. This restriction shall not apply to transfers of a license at an existing licensed location.~~

(2) When, pursuant to the provisions of this section, a card room license can be granted, it shall be granted or denied in the numerical order in which the application was made, all applications being subject to the provisions of this chapter.

(3) No card room license shall be granted, nor shall the transfer of the location of an existing card room license be authorized, until a use permit has first been obtained. A use permit may be granted if the proposed location will be desirable to the public convenience or welfare and will be in harmony with the zoning provisions, the General Plan, and any specific plan and if the location is proper in relation to adjacent uses.

(4) No more than one card room license shall be issued for the downtown area. The downtown area is described as that territory bounded by the San Joaquin River to Sixth Street and L to A Streets. The Council finds that in the past an undue concentration of card rooms in the downtown area has helped lead to blighting conditions.

§ 5-4.03 LICENSE APPLICATION.

(A) *Application to Commission; requirements.* Every person making an application for a card room license shall submit an application under oath to the Commission for review and consideration, pursuant to the procedures and fee schedule in the Act and regulations set by the Commission. The City Council shall not consider an application for a City Card Room License until the Commission has granted a card room license to the applicant for the requested location.

(B) *Application to City; requirements.* Every person making an application for a card room license shall submit an application, under oath, to the Chief of Police, which shall include the following:

(1) The true names and addresses of the applicant and of all persons financially interested in the business. **PERSONS FINANCIALLY INTERESTED** shall include all persons who share in the profits of the business in any form;

(2) The criminal record, if any, of any of the persons named in the application;

(3) The fingerprints and photographs of the applicant and of all persons financially interested in the business;

- (4) Any other information required by the Chief of Police; and
- (5) Any application fee and/or deposit required under the Master Fee Schedule.

§ 5-4.04 LICENSE; DENIAL.

(A) *Denial by Commission; grounds.* The Commission, upon the receipt of the application, shall either grant or deny the application. Denial may be upon one or more of the grounds in the act and/or regulations set by the Commission.

(B) *Denial by the Council; grounds.* The Council, upon the receipt of the report of the Chief of Police, shall either grant or deny the application. Denial may be upon one or more of the following grounds:

(1) That the applicant or any person financially interested in the business has been convicted of a felony;

(2) That, in the opinion of the Council, the applicant or any person financially interested in the business is not of good moral character;

(3) That any of the information furnished or required in the application was false or omitted with the intent to conceal the facts; and

(4) That, in the opinion of the Council, the proposed location for the card room would be incompatible with the uses being made of the property in the immediate vicinity and injurious to the health, safety, or morals of the people of the city.

(C) *Denial; effect.* Denial of the application shall cause the applicant to lose his place on the numerical ranking list. If the applicant desires future consideration, he shall file a new application, which shall be placed at the bottom of the numerical ranking of applicants.

§ 5-4.05 LICENSE; ISSUANCE TO ESTABLISHED BUSINESSES ONLY.

In addition to the other requirements contained in this chapter, no license shall be issued for a card room other than in an established place of business of sufficient size and volume that the already established business is the major business of the place rather than the business of operating such card room.

§ 5-4.06 LICENSE FEE.

(A) Every person conducting, using, and/or maintaining on premises owned, used, or leased by him any card room or card tables which may be used by patrons of the premises shall pay a license fee in the amount established in the Master Fee Resolution and the fee schedule in the Act and regulations set forth by the Commission.

(B) The license fees for card tables shall be in addition to any other license fees or taxes imposed upon the established business therein.

§ 5-4.07 FAILURE TO PAY FEES; REVOCATION OF LICENSES.

If any person conducting a card room shall fail to pay the fees specified by § 5-4.06 of this article or other fees, rates or taxes pursuant to the Antioch Municipal Code or Master Fee Schedule following notice from the Finance Department that such fees or taxes are delinquent, the Director of Financial Services shall so notify the Chief of Police. The Chief of Police shall notify the licensee of the intention of the Chief of Police to revoke the card room license for failure to pay the fees, rates or taxes. If such fees, rates or taxes are not then paid within 10 calendar days after such notice, the Chief of Police shall revoke such license. During the 10 calendar day time period, the licensee may have the opportunity to present to the Chief of Police evidence that the amount of fees, rates or taxes being assessed is incorrect. The Chief of Police may order the adjustment of the fees, rates -or taxes being imposed. If payment is made prior to revocation, a 50% penalty shall be added to the fees, rates and taxes due and owing. The remedy of revocation shall be in addition to the civil or criminal remedies available to the city.

§ 5-4.08 LICENSE NONTRANSFERABLE; EXCEPTIONS.

(A) Except as provided in § 5-4.08 of this chapter, no card room license shall be assignable or transferable, except that such license may be transferable to the purchaser of that established business where the license is used and operated; however, the transferee, before operating the card room, shall obtain permission for the card room license transfer from the Council in the same manner as for an original issuance, the Chief of Police forwarding his report and recommendation to the Council prior to action being taken. The approval or disapproval of any card room license transfer permitted by this section shall be within the sole discretion of the Council based on the criteria established by this chapter. If a request for a transfer has not been made within 60 days after the business sale takes place, the card room license may be distributed to another person.

(B) In the event the existing business to which the card room license is necessarily attached reverts to the former card room license holder because of the nonpayment of the purchase price or by reason of contract, operation of law, or otherwise, the card room license may be transferred to the former card room license holder subject to Council approval as specified for all transfers. In all other cases, the license shall automatically expire. The provisions of this section shall be broadly construed so as to give effect to the intent thereof.

§ 5-4.09 SUSPENSION AND REVOCATION OF LICENSE.

(A) The Council may suspend or revoke a card room license on any of the grounds set forth in § 5-4.04 of this chapter, on the ground that the card room business has become the main business of the establishment, or on the ground that the licensee has violated a provision of this chapter. If a card room license is not used by the operation of card tables on the premises to which the card room license is attached for a period of six consecutive months, the card room license shall automatically expire.

(B) However, a card room license may be moved from one established business location to another by the licensee provided the new location has been first approved by the Council within six months after card room activity has ceased at the premises to which the card room license was last attached. The Council may grant an additional six months for a business relocation upon a showing of hardship by the licensee.

§ 5-4.10 CARD ROOM WORK PERMIT REQUIRED.

No person shall work as a card room employee without first obtaining a work permit from the Commission, nor shall any licensee of a card room employ any person as a card room employee who does not possess a valid work permit.

§ 5-4.11 CARD ROOM WORK PERMIT APPLICATION; FEE.

An applicant for a card room work permit shall submit his or her application to the Commission for review and consideration, pursuant to the procedures and fee schedule in the act and regulations set by the Commission.

§ 5-4.12 CARD ROOM WORK PERMIT NONTRANSFERABLE.

No card room work permit shall be assignable or transferable.

§ 5-4.13 CARD ROOM WORK PERMIT; SUSPENSION AND REVOCATION.

The Chief of Police may temporarily suspend a work permit on the ground that the permittee has violated any provision of this chapter or the Act, pending action by the Commission.

§ 5-4.14 RULES AND REGULATIONS.

No person, either as a licensee or employee, shall maintain, operate, or permit any act within a card room in violation of any of the following regulations:

(A) Not more than one card room shall be located at one business location

(B) Four card tables shall be automatically allowed per card room. The Council, in its discretion, may allow up to six card tables per card room.

(C) The number of players permitted at one card table shall be as prescribed by state law.

(D) Card rooms shall be open to police inspection during all hours of operation.

(E) Each card table, during the time of play at such table, shall have assigned to it a person holding a valid work permit. Such person shall be in charge of, supervise, and conduct the game strictly in accordance with the laws of the state and the provisions of this chapter.

(F) Only game authorized by state law to be played shall be permitted to be played in any card room.

(G) Only table stakes shall be permitted.

(H) No person under the age of 21 shall be permitted at any card table, or participate in any game, or remain in a card room.

(I) No intoxicated person shall be permitted in any card room.

(J) The licensee shall post in every card room, in letters plainly visible throughout the room, signs stating the hourly rate or cost per hand charged for the use of the tables in such card room and each other of the regulations set forth in this section as the Chief of Police may require.

(K) Each card room shall adopt a schedule of the hours of operation, after the schedule has been approved by the Chief of Police. Such approved schedule of hours shall be clearly posted at the gambling establishment so as to give law enforcement and patrons adequate notice of the hours of operation. Unless otherwise restricted, a card room may be allowed to operate 24 hours each day.

(L) (1) No player in any licensed Antioch card room shall be permitted to wager or raise a wager by more than the following amounts:

(a) \$200 for individual bets in Blackjack or California games that feature a rotating player-dealer position, except for games described in division (c) which shall have higher limits;

(b) \$200 for individual bets in Limit Poker games;

(c) \$500 for individual bets in No Limit and Double Hand Poker games; and

(d) \$50 for individual bets in any other card room game permitted by California law.

(2) Any licensed card room may increase their current wagering limits as stated above, provided, however, that no card room may increase its wager limit in any amount for any game until it has received prior approval from the Chief of Police. During hours

of operation, card rooms shall clearly post the wagering limit rules at the tables where the games are offered, to provide patrons adequate notice of those rules.

(M) Each card room shall be responsible and liable for its patrons' safety and security in and around the card room. Each card room shall adopt an operations plan, including security guards, video surveillance, and other measures to provide for the safety and security of patrons, after the plan has been approved by the Chief of Police.

§ 5-4.15 CONDUCTING UNLICENSED CARD ROOMS UNLAWFUL.

No person shall play, deal, carry on, open, or cause to be opened, conduct, or bet at or against any game not prohibited by the laws of the state with cards, dice, or any device for money, checks, credit, or other representative of value, except when played in a card room licensed pursuant to the provisions of this chapter.

§ 5-4.16 GAMES PROHIBITED BY STATE LAWS UNLAWFUL.

The provisions of this chapter shall not be construed to permit the licensing of any card room for the playing of any game prohibited by the laws of the state.

§ 5-4.17 EXEMPTIONS.

Any nonprofit society, club, or fraternal, labor, or other organization, having adopted bylaws and duly elected directors and members, may be excluded from compliance with the provisions of this chapter by applying to the Council and if the Council finds that the tables are for the exclusive use of the members of the organization and that no charge is made for the use of card room facilities.

SECTION 2. CEQA. This Ordinance is not a project subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378. In the event that this Ordinance is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guideline section 15061(b)(3) because it can be seen with certainty that there is no possibility that it may have a significant effect on the environment.

SECTION 3. Severability. Should any provision of this Ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

SECTION 4. Effective Date. This Ordinance shall take effect thirty (30) days after adoption as provided by Government Code Section 36937.

SECTION 5. Publication; Certification. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published according to law.

* * * * *

I HEREBY CERTIFY that the foregoing ordinance was introduced at a regular meeting of the City Council of the City of Antioch held on the ~~October 11, 2011~~ _____ and passed and adopted at a regular meeting thereof, held on ~~25th day of October 2011~~ _____, by the following vote:

AYES: ~~Council Members Kalinowski, Harper, Rocha and Agopian~~

NOES:

ABSENT:

RECUSED: ~~Mayor Davis~~

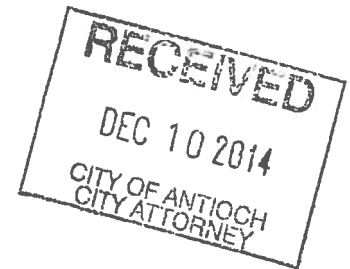
/s/ Wade Harper
MAYOR PRO TEM OF THE CITY OF ANTIOCH

ATTEST:

/s/ L. Jolene Martin

CITY CLERK OF THE CITY OF ANTIOCH

Mayor Wade Harper
Mayor Pro Tem Mary Rocha
Councilmember Monica Wilson
Councilmember Tony Tiscareno
Council Member Lori Ogorchock
Antioch City Hall
Third & "H" Streets
Antioch, CA 94509



Steven Duran
City Manager
Lynn Tracy Nerland
City Attorney
Antioch City Hall
Third & "H" Streets
Antioch, CA 94509

December 10, 2014

Dear Members of the Council, City Manager Duran & City Attorney Nerland:

We wish to thank you for your consideration of the ways we may strengthen our City's gambling laws.

Money spent gambling is not spent in local restaurants, on school clothes or on families. As Chief Cantando explained at the City Council meeting, gambling businesses can negatively impact police services and our community, including associated crime, robberies, fights and theft. This is something other communities struggle with. We should learn from those other cities.

Rather than have each Councilmember announce in advance every possible option without knowing what other cities do, we must consider the best practices from other cities in order to give the Council several options. We think the Council and public would be best served by bringing back to the Council several options for strengthening our card room ordinance.

We want to ensure there is effective licensing and regulation of gambling in our community, subject to the will of the voters. We also have to limit and regulate gambling businesses so that gambling does not evolve over time from small card rooms with restaurants and poker games to full scale gambling businesses – all without meaningful public input.

This means requiring voter approval for the expansion of gambling, controlling where and how gambling is permitted and improving our licensing process and police oversight.

1. The Voters should be asked about new licenses and any expansion of gambling.

The people should vote on any new gambling licenses.

Right now, we have one operating licensed card room, the 19th Hole. We also have one license issued but not in operation and not transferable. From this point on, the public should be asked to approve any new license at a General Election, except for sales or transfers of the 19th Hole.

The San Ramon Card Room Ordinance requires a vote of the people to approve any new city gambling license. (B1-54). In San Jose, the first sentence of their card room ordinance says: "There shall be no expansion of card room gambling in the city without first obtaining the majority approval of the voters of the city." In Milpitas and Richmond, the cities put gambling approvals on the ballot in 2010 and 2014. This is a decision for the entire community.

In Milpitas, the voters just rejected a new card room license by a vote of 75% to 25%. The casino backers outspent their opposition by 10-1 and still lost in a landslide. In Richmond, the voters rejected a casino by a vote of 60% to 40%. Each time, there was widespread and vocal local opposition from the citizens.

In Richmond and Milpitas, the council candidates that were anti-gambling were also elected to the council. Plainly, the voters want to be asked about more gambling. They don't want their councilmembers to approve gambling without the public voting.

We should let the community vote at a General Election on any new license, except for the card room now in operation. This means the 19th Hole can continue and be sold or transferred to new owners subject to Council approval and without an election. But any new license (other than a transfer of the 19th Hole) must require a public vote. This vote requirement must include any new license related to Kelly's since there is no transferable license for Kelly's.

The voters of Antioch should have the same right as voters in San Jose, San Ramon, Milpitas, Richmond and elsewhere to approve new licenses for any card rooms.

2. We also need to consider what games are allowed and how many tables.

- A. # of Tables. We should ask the voters if we ever want to expand gambling and allow more than 6 tables in a card room.

As Chief Cantando stated, less gambling and fewer card rooms is better for the police and police services, and for the community.

The first section of the San Jose card room ordinance requires a vote of the people to raise the limit on tables in one card room.

- B. Electronic Games. There have been newspaper stories about electronic sweepstakes games where people essentially play slot machines. Our ordinance should make clear that in card rooms and elsewhere we do not allow electronic games, electronic sweepstakes machines or slot machines. Most other cities do this already.
- C. Poker v. Other Games. Historically, our card rooms have been places where people play poker. We should keep the character of those games and not allow card rooms to become Blackjack or Pai Gow parlors.

This is what happened in Livermore, where, because the local ordinance was silent, one of the card rooms took out all the poker tables, expanded to 24 hours, and now just has casino games, busing in gamblers from Oakland and San Jose.

Poker is primarily a social game and a game of skill. White and blue-collar workers, self-employed people and retired people all play recreational poker. The players play against each other and the winnings go to other players.

Casino games like Blackjack or Pai Gow Poker are different. These “gambling” games attract people who want to gamble, a different element.

Before we have a situation like Livermore where all the poker tables are removed and we have mini casinos, the ordinance should require the majority of tables to be poker tables.

3. Our next concern is the location of Gambling.

While we appreciate the use permit process, we don’t believe decisions that impact underage gambling and urban blight should be made on a case-by-case basis, especially when present zoning allows gambling in most commercial parts of the City and throughout Rivertown.

- A. We don’t want to allow areas where gambling businesses and adult businesses congregate. This happened in Marina California where there are two card rooms, attached bars and adult businesses all together on the same street.
- B. We need to keep gambling away from young people. We should keep it away from schools, churches and other places where young people congregate. This is an important principle. We don’t want to leave this to individual use permits.

The City of American Canyon in their card room ordinance prohibits card rooms within 1,000 feet of schools, hospitals, recovery or treatment centers, parks and playgrounds, libraries and churches.

- C. We don’t want two card rooms side by side “at two addresses” with a common lobby and only a glass wall between them. This happened in Citrus Heights and would evade our limit on gambling tables.

- D. The Council should have to approve any relocation of an existing card room. Most cities require this.
4. Next is the process by which someone gets a gambling license, whether it is a buyer of the 19th Hole or someone else.
- A. If a card room business is transferred, the new owner has to apply for a new license from the City.
 - B. We don't want to license any applicant for a card room owner unless they first get a state gambling license and have a state background investigation.
 - C. We should modernize the City's license process to include applications and disclosures under penalty of perjury, as they do in other cities.
 - D. The Ordinance should require licensing any person that receives any money based on the profits of the card room (not just the named legal owners).
 - E. The Ordinance should require licensing banking companies that hire people to "bank" the casino games and increase the action in the casino games. Under State Law, they have to be licensed. These businesses deal in large sums of money. We should know who they are and they should be licensed in the City.

For example, the City of Hayward has detailed requirements for local licensing.

5. Finally, the Ordinance should give the Police Department all the tools it requires.

Other ordinances provide that:

- The Police can inspect anywhere on site and can look at and take copies of financial records;
- The Police have access to surveillance video and can make copies of it; and
- The Police can require that all the tables be on the ground floor and be visible from the door.

The Antioch Police should have the same enforcement tools as other Police Departments.

Because of the unique community impacts caused by gambling, it is important that our local laws be improved before we are caught short and in a reactive position. Protecting the public means bringing our ordinance up to date before the unexpected happens. We stand ready to work with you and to support your efforts on this important matter.

Sincerely,



Barbara Cowan,
Antioch Resident



Barbara Guadagni,
Antioch Resident



Bill Cook,
Antioch Resident



Frank Landrum,
Antioch Resident



Hans Ho,
Antioch Resident



John Luis,
Antioch Resident



Lori Cook,
Antioch Resident



Martha Parsons,
Antioch Resident

Nancy Kelly

Nancy Kelly,
Antioch Resident

Peggy McKee

Peggy McKee,
Antioch Resident

Richard Azadoorian

Richard Azadoorian,
Antioch Resident

Richard Guadagni

Richard Guadagni,
Antioch Resident

Velma Wilson

Velma Wilson,
Antioch Resident

Angela Lacy

Angela Lacy,
Antioch Resident

Darron Reese

Darron Reese,
Antioch Resident

Donald P. Freitas

Donald P. Freitas,
Antioch Resident

Lamar Thorpe

Lamar Thorpe,
Antioch Resident

Maria Healy

Maria Healy,
Antioch Resident

Marie Livingston

Marie Livingston,
Antioch Resident

Martin Fernandez

Martin Fernandez,
Antioch Resident

Maurice Baskin

Maurice Baskin,
Antioch Resident

Synthia Walker

Synthia Walker,
Antioch Resident

Tina Price

Tina Price,
Antioch Resident

Shaun Lawson

Shaun Lawson,
Antioch Resident

Craig Harmon

Craig Harmon,
Antioch Resident

LaTanya Harmon

LaTanya Harmon,
Antioch Resident

Patrice Guillory

Patrice Guillory,
Antioch Resident

Handwritten signature of Paul Jackson in cursive.

Paul Jackson,
Antioch Resident

Handwritten signature of Salena Lawson in cursive.

Salena Lawson,
Antioch Resident

Handwritten signature of Brian Kalinowski in cursive.

Brian Kalinowski,
Antioch Resident

RESOLUTION NO. 2013/65

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANTIOCH
APPROVING THE ISSUANCE TO ANTHONY KESLINKE A LOCAL CARD ROOM
LICENSE AS ANCILLARY TO A FULL-SERVICE RESTAURANT AT 408 O STREET
WITH NO MORE THAN 6 CARD TABLES
AND SUBJECT TO CONDITIONS OF APPROVAL PURSUANT TO
TITLE 5, CHAPTER 4 OF THE ANTIOCH MUNICIPAL CODE AND
APPROVING A PARKING LOT LEASE**

WHEREAS, Title 5, Chapter 4 of the Antioch Municipal Code (the "Code") and the California Gambling Control Act (Business and Professions Code Division 8, Chapter 5, Article 13) govern the establishment and regulation of card rooms within the City of Antioch; and

WHEREAS, Section 5-4.02, subsection (A) of the Code provides that there shall be no more than five (5) licensed card rooms permitted in the City; and

WHEREAS, in 2011 the California Legislature adopted AB 241, which was signed into law by the Governor and extended until the year 2020 a state-wide moratorium on the issuance of State card room licenses; and

WHEREAS, there is currently only one (1) licensed and operating card room located in the City of Antioch, which card room is known as "The 19th Hole"; and

WHEREAS, the City Council is authorized to consider an application for a local card room license pursuant to Section 5-4.04, subsection (B) of the Code, and shall either grant or deny the application according to the standards set forth in that subsection; and

WHEREAS, Anthony Keslinke (the "Applicant") submitted an application for a local license to operate a card room at 408 "O" Street in the City of Antioch (the "Property") and the Applicant has represented to the City that he intends to submit an application to the California Gambling Control Commission (the "Commission") for a State license to operate a card room on the Property; and

WHEREAS, a card room known as "Kelly's Card Room" had been operated on the Property until approximately January 2012 under a previous owner and pursuant to validly-issued state and City licenses; and

WHEREAS, the previous owner of Kelly's was the subject of several proceedings before the Commission, including an Accusation and Petition to Revoke Probation, which resulted in a decision by the Commission to revoke the State-issued license; however, that decision has been stayed by the Commission pending the City's decision on this current application for a local license pursuant to Section 5-4.04 of the Code; and

WHEREAS, the previous owner's City-issued local card room license has expired under the terms of Section 5-4.09, subsection (A) of the Code; and

WHEREAS, the Applicant applied for and obtained Use Permit UP-13-02 to operate a card room in conjunction with a restaurant and bar on the Property. UP-13-02 was approved by the Antioch Planning Commission on August 21, 2013. The Planning Commission's approval included a requirement that the Applicant provide for adequate parking for the use by making arrangements for shared parking with the City of Antioch; and

WHEREAS, the Applicant has requested that the City Council approve a lease with the City at APN 066-124-002 including a portion of the West Fifth Street right-of-way, pursuant to which the Applicant will satisfy the parking conditions for the card room; and

WHEREAS, the City Council conducted a duly-noticed public meeting on November 12, 2013 during which it heard and considered the Applicant's request for a City-issued card room license in light of the staff report and other documentary and testamentary evidence provided at and prior to the meeting;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ANTIOCH:

1. Grant of Local License. The City Council hereby approves a local card room license to Applicant Anthony Keslinke for a card room as ancillary to a full-service restaurant at 408 O Street with no more than 6 card tables, subject to the conditions set forth on the attached Exhibit A – "Kelly's Card Room 2013 Local Card Room License and Conditions."

2. Findings. In approving the Card Room License to Anthony Keslinke for 408 O Street, the City Council makes the following findings based on the evidence presented to it, including the report from the Chief of Police, the staff report presented to the City Council and all other documentary and testamentary evidence presented to the City Council in these proceedings:

- a. Neither the Applicant nor any person financially interested in the card room, as defined in Subsection (B)(2) of Section 5-4.03 of the Code, or in the bar and restaurant at Kelly's has been convicted of a felony;
- b. The Applicant and other person(s) financially interested in the card room, as defined in Subsection (B)(2) of Section 5-4.03 of the Code, or in the bar and restaurant at Kelly's are of good moral character;
- c. None of the information submitted in the application was false, nor was there information omitted with the intent to conceal the facts;
- d. The proposed location for the card room is compatible with the uses of the property in the immediate vicinity of the Property, and the location of the card room would not be injurious to the health, safety or morals of the people of the City; and
- e. In accordance with Section 5-4.05 of the Code, the card room will be established and may operate only in an established place of business of sufficient size and volume that the already established business is the major business of the place rather than the

business of operating such card room. The already established business at the Property is a restaurant and bar, and the conditions related to the operation of the restaurant and bar as set forth in Exhibit A are intended by the City Council to ensure compliance with Section 5-4.05 of the Code.

3. Approval of Lease. The City Council hereby approves in substantial form the Parking Lot Lease attached hereto as Exhibit B, and authorizes and directs the City Manager to execute the Parking Lot Lease upon the satisfactory conclusion of negotiations with the Applicant.

4. CEQA. The Planning Commission determined that the card room project, including the use permit, license and parking lot lease, is categorically exempt from further environmental analysis under Section 15332 of the State CEQA Guidelines (infill development), and a Notice of Exemption was prepared and filed on September 23, 2013.

5. Local License Effective Only if State License Issued. In the Card Room License to Anthony Keslinke for 408 O Street, the City Council finds and determines that the local license shall go into effect if and only if the State Gambling Control Commission approves a permanent State Card Room License in favor of the Applicant within 36 months from the City Council's approval of this Local Card Room License and issues all necessary approvals, licenses and/or permits as required by applicable State laws and regulations. The Local Card Room License will cease to be effective, and will automatically be revoked and null and void, if Anthony Keslinke does not acquire a permanent State Card Room License within 36 months from the City Council's approval of this Local Card Room License.

6. Failure to Comply with Conditions Grounds for Revocation. As set forth more specifically in the Conditions attached to this Resolution, the City Council finds that the adherence by the Applicant to each and every one of the conditions of approval is of paramount importance to the City and to the promotion and protection of the general health, safety and welfare of the public. Accordingly, the City Council has included in those Conditions provisions for the revocation of this License upon a showing of failure by the Licensee to comply with the conditions set forth in this Resolution and the attached Conditions.

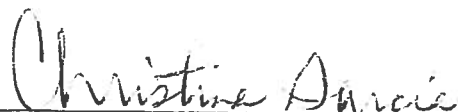
* * * * *

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Antioch at a regular meeting thereof, held on the 12th day of November 2013, by the following vote:

AYES: Council Members Wilson, Rocha, Tiscareno, Agopian and Mayor Harper.

NOES: None.

ABSENT: None.



ARNE SIMONSEN
CITY CLERK OF THE CITY OF ANTIOCH

Exhibit A

**Kelly's
2013 Local Card Room License and Conditions**

The following operational requirements and conditions have been established by the City Council of the City of Antioch in accordance with the authority granted in Title 5, Chapter 4 of the Antioch Municipal Code (the "Code") and the California Gambling Control Act (Business and Professions Code Division 8, Chapter 5, the "State Law"). The Applicant, Anthony Keslinke, agrees that each and every one of the provisions and conditions set forth in this Resolution and this Exhibit A and is done so specifically pursuant to the authority cited above and generally pursuant to the City's police power as conferred by Article XI, Section 7 of the California Constitution.

These operational requirements and conditions apply to the business known as "Kelly's" located at 408 "O" Street, Antioch, California. The license shall not apply to any other location without the approval of the City Council.

Conditions of Approval

1. Conditions to Card Room License becoming Effective. Local Card Room License for Kelly's at 408 O Street, Antioch is not and shall not become effective until all of the following conditions are met:
 - a. The State has issued a temporary or permanent Card Room License to Applicant Anthony Keslinke and Applicant has purchased Kelly's from the prior owner, both within 36 months from the City Council's approval of this License.
 - b. Applicant submits the list of Key Employees (as that term is defined in the California Gambling Control Act) of the Card Room, including the key personnel for the other operations at Kelly's as applicable, and they each obtain a license from the State.
 - c. Applicant enters into the Parking Lot Lease with the City of Antioch for APN 066-124-002 at O and Fifth Streets, Antioch, with such agreement recorded.
 - d. The restaurant at Kelly's is operating fully under the conditions below for at least 30 days.
 - e. The Local Card Room License will cease to be effective, and will automatically be revoked and null and void, if Anthony Keslinke does not acquire a permanent State Card Room License within 36 months from the City Council's approval of this Local Card Room License.

2. Operational Standards

- a. Card room must be incidental to the restaurant and bar use, as reasonably determined by the Community Development Director based on documentary evidence and/or physical observation, and in accordance with Antioch Municipal Code Section 5-4.05, which provides: "In addition to the other requirements contained in this chapter, no license shall be issued for a card room other than in an established place of business of sufficient size and volume that the already established business is the major business of the place rather than the business of operating such card room."
 - i. At all times there shall be restaurant seating capacity for no less than 50, exclusive of seating at the bar or card room.
 - ii. Kitchen, restaurant dining room and bar shall occupy at least 55% of the square footage of the building.
 - iii. Hot food service, which does not include just microwaved food or meals, shall be available to patrons at all times that the bar or card room is open;
 - iv. The restaurant must offer sit-down, table served meal service at least twice a day, seven days a week with full menu options as approved by the Director of Community Development.
- b. The card room shall be responsible and liable for its patrons' safety and security in and around the card room. The card room shall adopt and implement an "Operations, Security and Surveillance Plan" (the "Plan") as set forth in the Planning Commission's approval of UP-13-02 to provide for the safety and security of patrons, after the plan has been approved by the Chief of Police, in the Chief's sole and reasonable discretion. The Chief shall review the Plan no less than once every year, upon written application by the Applicant for such review, which application must be submitted by the Applicant no later than the anniversary date of this License approval. Applicant shall comply at all times with every provision of the adopted Operations, Security and Surveillance Plan, which at a minimum shall include:
 - i. One (1) State-licensed, uniformed and armed guard shall be present at all times that the card room is in operation and will patrol the inside of the card room and the parking areas. An additional State-licensed, uniformed and armed guard shall be present from 6:00 p.m. to 6:00 a.m. or until close of business, whichever occurs earlier, and whenever there are three (3) or more active table games in operation, or a tournament or special event with more than 30 players.
 - ii. The name of the Security Company, proof of liability insurance including a copy of all exceptions, their State license number, the guard registration numbers and training records for the employed guards.
 - iii. Digital security cameras shall be installed inside, covering all areas of the business, the rear, front and leased parking areas. Said cameras shall record onsite activities. Recordings shall be kept on hand for no less than 30 days and be made available to the City of Antioch upon demand.

- iv. Metal detector wands will be available at all times to the security personnel and as required by the Police Chief for wandng patrons.
 - v. A dress code for patrons.
 - vi. An identified security station located at the entrance to the card room.
 - vii. Prior to commencing operations, Applicant shall submit and obtain approval from the Chief of Police and City Engineer for an outdoor lighting plan to ensure that all areas of the parking lot, leased parking lot and building are illuminated.
 - viii. Notwithstanding the yearly review set forth in condition of approval above, the Chief of Police may at any time upon a showing of need require revisions to the Plan to protect the safety of the card room's patron and the general public.
- c. For the first 12 months of operation of the Card Room, Applicant Anthony Keslinke shall be required to be physically present at the card room site no less than one (1) day per week, for no less than five (5) hours per day during regular operating hours for a minimum of 45 weeks per year. Applicant must have at least one Key Employee present at the Card Room at all times when it is open who has permanent or interim Key Employee license status.
 - d. No live entertainment and no amplified music, unless a special event permit is obtained in advance from the City.
 - e. No one under the age of 21 shall be allowed in the card room or bar at any time and no one under the age of 21 shall be allowed in the restaurant after 10:00 p.m.
 - e. After 9:00 p.m. and until closing, all patrons of the business shall be verified using a license scanner/reader to ensure patrons are of lawful age and not using altered or false identification. The scanner database shall be retained for no less than 30 days and shall be made available to the Antioch Police Department upon demand. Applicant shall provide a procedure, approved by the Police Chief, from checking the identification of those already in the business at 10:00 p.m.
 - f. No adult entertainment as defined in section 9-5.203 of the Antioch Municipal Code. This is to include, but not limited to, "go-go" dancers, exotic dancers, strippers, lingerie shows, etc.
 - g. All activities shall be conducted entirely inside the building. Loitering is prohibited. Business shall post conspicuous signs stating "No loitering, no open containers, no drinking, no littering" on the building, parking lot and City's parking lot.

- h. No intoxicated person shall be permitted in the card room. All alcohol beverage servers must attend and successfully complete a Responsible Beverage Server Course which is sponsored by ABC within 6 months of employment.

3. Gambling Standards

- a. The Applicant, every Key Employee and every person financially interested in the card room and every Card Room Employee as defined in Sections 5-4.01 and 5-4.03(B)(1) of the Antioch Municipal Code shall obtain the required State License and Work Permit and comply at all times with all applicable provisions of Title 5, Chapter 4 of the Code.
- b. Card room shall only be open when the restaurant is open. The Police Chief retains the absolute discretion to limit the hours of the card room.
- c. The number of card tables allowed under this License is 6.
- d. The number of players permitted at one card table shall be as prescribed by State law.
- e. The card room shall be open to police inspection during all hours of operation.
- f. Each card table, during the time of play at such table, shall have assigned to it a person holding a valid work permit. Such person shall be in charge of, supervise, and conduct the game strictly in accordance with the laws of the State and the provisions of Title 5, Chapter 4 of the Antioch Municipal Code.
- g. Only games authorized by State law to be played shall be permitted to be played in any card room.
- h. No player shall be permitted to wager or raise a wager by more than the following amounts:
 - i. \$200 for individual bets in Blackjack or California games that feature a rotating player-dealer position, except for games described in division (c) which shall have higher limits;
 - ii. \$200 for individual bets in Limit Poker games;
 - iii. \$500 for individual bets in No Limit and Double Hand Poker games; and
 - iv. \$50 for individual bets in any other card room game permitted by California law.
- i. Only table stakes shall be permitted.
- j. No person under the age of 21 shall be permitted at any card table, or participate in any game, or enter the card room.

- k. The Applicant shall post in every card room, in letters plainly visible throughout the room, signs stating the hourly rate or cost per hand charged for the use of the tables in such card room and each other of the regulations set forth in this section as the Chief of Police may require.
 - l. During hours of operation, the card room shall clearly post the wagering limit rules at the tables where the games are offered, to provide patrons adequate notice of those rules.
 - m. No computer gaming or internet access business, as defined in the Antioch Municipal Code as it may be amended, shall operate at the business (not in the card room, restaurant or bar).
 - n. All Agreements with third-party bankers and any person receiving payments directly or indirectly related to revenues or profits of the Card Room (e.g. proposition players) shall be approved in advance by the State Gambling Control Commission with the agreement and approval letter sent promptly to the Police Chief.
4. Site Standards
- a. Applicant shall comply with all applicable provisions of the Antioch Municipal Code, including but not limited to stormwater management and discharge control (Title 6, Chapter 9) building, electrical and plumbing code requirements and fire code regulations (Title 8).
 - b. Unless otherwise approved by the Police Chief, all windows providing a line of sight into any area where card tables are located shall be clear glass so as to allow viewing of gaming activities by Public Safety personnel from outside of the building housing the card room; and the outside doors shall also be clear glass with an unobstructed to allow Public Safety personnel to view inside.
 - c. Parking Requirements: Applicant shall comply at all times with parking requirements and regulations imposed pursuant to UP-13-02, including but not limited to the requirement to enter into a Parking Lot Lease Agreement with the City of Antioch for the use of the City's lot at APN 066-124-002. Prior to commencing operations, Applicant shall submit a modified parking plan that includes striping, signage and landscaping for the Applicant's on-site parking and the City's parking lot to be approved by the Community Development Director and City Engineer. Actions shall be taken and signs posted to allow the Police Department to enforce the Antioch Municipal Code and other laws in the parking lots.
 - d. In addition to the requirements above, Applicant shall make available to patrons of the card room and the restaurant and bar valet parking starting at 6:00 p.m. until closing on Friday and Saturday, every day preceding a federal holiday, and every day when Applicant has a special event or tournament. The required licensed, armed security guard may also act as a valet, unless prohibited by the Police Chief in his absolute discretion. Vehicles parked by the valet service attendants may be parked on site at the Property or

in the City's parking lot; at no time shall vehicles be parked or stored in the public right of way. Signs shall be posted to notify customers about the valet parking.

- e. Applicant shall identify and cordon off according to plans and with materials approved by the Community Development Director a designated and suitable location outside the building for smokers to engage in legal smoking activities. Such area shall be taken into consideration in the Security and Surveillance Plan.
- f. Applicant shall remove or caused to be removed any and all graffiti found on the Property within 48 hours of discovery or report of such graffiti.
- g. Applicant shall maintain the perimeter fencing and shall include an additional deterrent to prevent people from climbing over it such as razor wire.
- h. The site shall be kept clean of all debris (boxes, junk, garbage, etc) at all times.
- i. All requirements of the Contra Costa County Fire Protection District shall be satisfied. At no time shall the posted occupancy limit be exceeded.
- j. All other codes and regulations of the City of Antioch Municipal Code shall be complied with.
- k. Prior to commencing operations, Applicant shall submit and obtain approval from the Chief of Police and City Engineer for an outdoor lighting plan ensure that all areas of the parking lot, leased parking lot and building are illuminated.

5. Miscellaneous Provisions

- a. In accordance with Section 5-4.09 of the Code, the City Council may suspend or revoke a card room license on any of the grounds set forth in Section 5-4.04 of the Code, on the ground that the card room business has become the main business of the establishment, or on the ground that the Applicant has violated a provision of Chapter 5-4. For purposes of this License, any of the following occurrences is deemed evidence that (i) the applicant or any person financially interested in the business is not of good moral character, or (ii) the proposed location for the card room is incompatible with the uses being made of the property in the immediate vicinity and injurious to the health, safety, or morals of the people of the city:
 - i. The Applicant's State license is suspended or revoked for any reason by the Commission or other regulatory agency with jurisdiction over the card room;
 - ii. Any law enforcement or regulatory agency for any reason closes the card room for any period of time, except a building code violation that is resolved within 90 days;
 - iii. The card room is operating as a public nuisance;

- iv. The card room is operating in violation to any condition of approval, including but not limited to any requirement of the Operations, Security and Surveillance Plan, or any local, state or federal ordinance or statute or law;
 - v. The Applicant is no longer the sole owner of the business, including being the sole owner of the Card Room, restaurant and bar or fails to submit evidence annually of his continuing ownership interest to the City.
 - vi. The Applicant or any Key Employee or anyone having an ownership interest in the card room, restaurant or bar is arrested for any felony, or a misdemeanor relating to loan sharking, drugs, embezzlement, extortion, theft, prostitution, money laundering, robbery or weapons violations.
- b. Applicant must pay a business license tax based on gross receipts pursuant to Chapter 1 of Title 3 of the Code, as it may be amended from time-to-time, as well as any regulatory fee established by the Police Department in the City's Master Fee Schedule.
- c. Applicant acknowledges the provisions of Section 5-4.08 of the Code with respect to the non-transferability of this License. The License is personal to Anthony Keslinke and he will annually submit to the Police Chief a statement under penalty of perjury indicating his sole ownership of the business, including being the sole owner of the Card Room, restaurant and bar. Should anyone else become financially interested in the business (Card Room, restaurant or bar) including any corporate or limited liability company, then a new Card Room application must be submitted and the City retains the discretion to grant or deny it.
- d. If the Antioch Police Department determines that the conditions of approval of the license or use permit are not met or the use has become a public nuisance or otherwise a threat to the public health, safety or welfare, the Police Chief may shut down the business and it will not be reopened until the Police Chief determines that all issues have been resolved. The Applicant shall be responsible for the costs of such Police response. Failure to pay such costs shall be grounds for immediate revocation of the Card Room license.
- e. The Applicant releases the City of Antioch from any claims related to this card room license or use permit and shall defend, indemnify and hold harmless the City, its agents, officers and employees from any claim, action or proceeding to challenge, set aside or void the license or any approval granted by the City. Applicant shall enter into an agreement to effectuate this condition of approval as required by the City Attorney, which shall include advance deposit for reasonably anticipated staff, legal and other costs for two months that may be incurred by the City. For 18 months following the commencement of the operations at the Card Room, Applicant shall also be responsible for election costs, including staff costs, if a referendum (if applicable) or initiative petition is presented related to this card room license or use permit.

If a referendum or initiative is filed, then the City Council will consider placing it on a consolidated ballot in accordance with the California Elections Code provisions, but the Applicant acknowledges the City Council's sole and absolute discretion to determine the

timing of the election and whether to place the referendum or initiative on a consolidated ballot.

- f. Applicant and Key Employees must report to the Police Chief any reasonably known violation of the conditions of approval for this license or the use permit within 5 business days.
- g. Applicant and Key Employees must report to the Police Chief within 5 business days any notices, advisories, notices of violation, warning letters, accusations, gaming activity approvals or denials or any other action directed to them or Kelly's Card Room by the Attorney General, California Gambling Control Commission, any other state or federal agency or the District Attorney's Office.
- h. Upon the Police Chief's request, within 5 days of submitting financial reports or statements to the Attorney General or Gambling Control Commission, Applicant shall provide copies to the Police Chief.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City Attorney's Office
City of Antioch
P.O. Box 5007
Antioch, CA 94531-50017

PARKING LOT LEASE

This Parking Lot Lease (the "**Lease**") is entered into as of _____, 2013, by and between the CITY OF ANTIOCH, a general law city ("**Landlord**"), and ANTHONY KESLINKE, an individual ("**Tenant**"), who agree as follows:

1. **Lease.** Landlord leases to Tenant and Tenant leases from Landlord a portion of the real property located a O and Fifth Streets, in Antioch, California 94531 (APN 066-124-002) and a portion of the west Fifth Street right-of-way, which portion consists of the paved automobile parking area generally depicted and outlined in blue on attached Exhibit "A" (the "**Premises**") for parking of patrons and employees of Tenant's nearby restaurant, bar and card room at 408 O Street, Antioch, California ("**Kelly's**").

2. **Term.**

(a) The term (the "**Term**") of this Lease shall be for a period of five (5) years, commencing at 12:01 A.M. thirty days after the State Gambling Control Commission grants Tenant a temporary or permanent license to operate a Card Room at 408 O Street (the "**Commencement Date**"), and ending at 12:01 A.M. five (5) years later (the "**Expiration Date**"), or on such earlier date upon which the Term may expire or be cancelled or terminated pursuant to any of the provisions of this Lease. If Tenant does not obtain the necessary approvals from the State Gambling Control Commission by November 12, 2013, then he will have no City License to operate the Card Room at 408 O Street and this Lease shall be void unless the parties mutually amend the lease to extend it.

(b) Extension of Term. If Tenant desires an extension of the Term, Tenant shall provide written notice to Landlord no earlier than one hundred twenty (120) days and no later than sixty (60) days prior to the Expiration Date. Landlord, at its election in its sole discretion, may grant Tenant an extension of the Term and, upon such election, shall provide written notice (the "**Landlord Notice**") to Tenant, at least thirty (30) days prior to the Expiration Date, of the term, rent and other provisions under which Landlord

is willing to extend the Term. Within fifteen (15) days following Tenant's receipt of the Landlord Notice, Tenant may give Landlord written notice (the "Acceptance Notice") of acceptance of the terms of the extension set forth in the Landlord Notice, in which case the Term will be extended on the terms provided in the Landlord Notice and Landlord and Tenant shall enter into a separate written amendment to this Lease executed by Landlord and Tenant. If Tenant fails to so give an Acceptance Notice, this Lease shall terminate upon the Expiration Date.

(c) Holding Over. Tenant agrees to surrender the Premises to Landlord in accordance with the terms of this Lease on the Expiration Date. If Tenant remains in possession of the Premises after the expiration of the Term without Landlord's express written consent, Tenant's continued possession of the Premises shall be on the basis of a tenancy at sufferance. In addition, Tenant shall defend, indemnify and hold Landlord harmless from and against all claims, liability, damages, costs or expenses, including reasonable attorneys' fees and the costs of defending the same, incurred by Landlord and arising directly or indirectly from Tenant's failure to timely surrender the Premises, including: (i) any rent payable by or any loss, costs or damages, including lost profits, claimed by any prospective tenant of the Premises or any portion thereof, and (ii) Landlord's damages as a result of such prospective tenant's rescinding or refusing to enter into the prospective lease of the Premises or any portion thereof, because of Tenant's holding over.

(d) Termination. Landlord has the right to terminate the Lease with 12 months of advance notice to Tenant. Tenant has no right to terminate the Lease during the first 24 months of its Term, and then needs to provide 12 months advance notice of its intent to terminate the Lease.

3. Use; Compliance with Laws.

(a) The Premises are to be used by Tenant for the purpose of shared automobile parking by patrons and employees of Kelly's and for no other purpose: only 25 spaces from 6 a.m. to 6 p.m. Monday through Friday and the entire approximately 40 spaces available at other times. In connection with its use of the Premises, Tenant may make minor modifications to the Premises in order to accommodate access to the Premises by Tenant's patrons and customers if approved in advance in writing by the City's Public Works Director/City Engineer.

(b) Tenant agrees that its use of the Premises will at all times be in compliance with all applicable laws, rules and regulations of all governmental authorities having jurisdiction over the Premises.

(c) Environmental Compliance. Tenant represents, warrants and covenants to Landlord that Tenant shall at no time use, or permit the Premises to be used by anyone under Tenant's control, in violation of any federal, state or local law, ordinance or regulation relating to the environmental conditions on, under or about the Premises, including, but not limited to, air quality, soil and surface and subsurface water conditions.

Tenant shall assume sole and full responsibility and cost to remedy any such violations caused by Tenant or anyone under Tenant's control that may affect the Premises so long as the violations are not directly caused by Landlord and/or its successors and assigns. Tenant further represents, warrants and covenants to Landlord that Tenant shall at no time, generate, store or dispose of or allow or permit any third party under Tenant's control to use, generate, store or dispose of on, under or about the Premises, or transport to or from the Premises, any hazardous wastes, toxic substances or related materials ("Hazardous Materials") except for those Hazardous Materials which are customarily found in households (such as aerosol cans containing insecticides, toner for copies, paints, paint remover, and cigarettes). Tenant represents, warrants and covenants that it shall provide Landlord with written notification immediately upon (i) the discovery or notice by Tenant, its successors, assigns, licensees, invitees, employees or agents or any other third party, that any representation or warranty of Tenant under this paragraph is inaccurate, incomplete, or untrue in any way, or (ii) any failure to fully and completely perform any covenant of Tenant under this paragraph.

(d) No Warranties. Tenant agrees that it takes the Premises "AS-IS". Tenant expressly waives all implied warranties including implied warranties of merchantability and fitness, if any. Tenant understands and acknowledges that the Premises may be subject to earthquake, fire, floods, erosion, high water table, dangerous underground soil and water conditions and similar occurrences that may alter its condition or affect its suitability for any proposed use. Landlord shall have no responsibility or liability with respect to any such occurrence. Tenant represents and warrants that it is acting, and will act only, upon information obtained by it directly from its own inspection of the Premises.

(e) Tenant shall permit Landlord's employees and contractors to enter upon the Property at reasonable times and upon reasonable notice, for the purpose of inspecting the same.

4. **Rent.** Tenant shall pay an annual rent in no more than quarterly installments in advance for the use of the Premises during the entire Term in addition to all (i) taxes (including but not limited to possessory interest taxes), assessments (whether general, special, ordinary or extraordinary) of every kind imposed or which relate in any way to the Premises and Tenant's use of the Premises, and (ii) costs and expenses incurred by Tenant to use the Premises for parking purposes, including, without limitation, fire protection, telephone service, heating, air conditioning, sewer service, waste removal and other utilities and services supplied to or consumed in or upon the Premises during the Term. The rent for the first year shall be \$15,000, which is due in full upon execution of this Agreement and is nonrefundable. Rent for the subsequent years shall increase by \$2500 each year with the payment due on the Commencement Date or one year after the execution of this Agreement, whichever occurs first.

5. **Shared Use.**

(a) Tenant, at its sole cost and expense, agrees promptly to install signage at the Premises alerting Tenant's customers and employees at Kelly's that they are parking their vehicles at their own risk and that parking is for customer convenience only and is offered only temporarily. The signage shall also indicate that identified spaces are reserved for the City of Antioch from 6 a.m. to 6 p.m. Monday through Friday and any cars in those spaces at such times will be towed by Tenant. Tenant, at its sole cost and expense, agrees to maintain all such signage in good condition and repair.

(b) Tenant shall ensure that by 5:00 a.m. each morning Monday through Friday that the City identified spaces are available and to make arrangements with a tow company to have cars towed that may be parking in those spaces if Tenant can't identify the vehicle owner or the owner is unwilling or unable to move the vehicle. Any towing or related costs shall be borne by Tenant or the vehicle owners.

6. **Lighting.** During the Term, Tenant shall install lighting to the City's standard induction lighting and keep the Premises well lighted during all evening/night hours of operation of Kelly's.

7. **Security Guard Services.** Tenant shall employ security guard services in connection with Kelly's and such services will also be provided to the Premises such that there will be monitoring and patrolling of the Premises on a regular basis when the card room at Kelly's is operating pursuant to the Security and Operations Plan to be presented to the Police Chief annually for approval.

8. **Valet Parking.** Tenant shall make available valet parking to patrons of Kelly's starting at 6:00 p.m. until closing and Friday and Saturday, every day preceding a federal holiday, and every day when Applicant has a special event or tournament. Vehicles parked by the valet service attendants may be parked on-site at Kelly's, at 408 O Street, Antioch, California or the Premises. At no time shall vehicles be parked or stored in the public right of way.

9. **Landscaping.** Tenant shall install and maintain landscaping including plants on both sides of the entry driveway to the Premises and the front of the Shared Parking Lot, as approved by the Public Works Director/City Engineer and Community Development Director. Height of landscaping shall not exceed 30 inches as required by Antioch Municipal Code section 9-5.1602.

10. **Maintenance.** Tenant agrees that it will, at its sole cost and expense: (a) maintain the Premises in a clean and litter-free condition, (b) maintain in good condition the existing and required landscaping located on the Premises, (c) maintain the surfacing on the Premises, fencing, signage and the lighting; and (d) promptly (within 48 hours of discovery or reporting) remove any graffiti from the Premises. During the Term, Tenant shall arrange and pay for trash removal from the Premises. Each morning, Tenant shall inspect the Premises and remove all garbage and litter.

Prior to the Commencement Date, Premises shall be slurry sealed and striped at Tenant's expense, including the western portion of the Fifth Street right-of-way. Tenant shall also provide striping and red zones on O Street, as approved by the City Engineer. Tenant will arrange for the work to be done by a licensed, bonded and insured contractor paying prevailing wages. Tenant or his contractor shall obtain an encroachment permit from the City before commencing this work and will do all work to City standards.

Signage regarding the parking hours, valet service and parking enforcement shall be installed and maintained by Tenant. The signage shall include appropriate Municipal Code citations to allow enforcement.

11. **Insurance.** Tenant shall maintain during the term of this Lease insurance against claims or injuries to persons or damages to property arising from or in connection with Tenant's operation and use of the premises. The cost of such insurance shall be borne by the Tenant. Tenant shall maintain insurance as follows:

A. General Liability, in the amount of \$2,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this location or the general aggregate limit shall be twice the occurrence limit.

The General Liability policy is to contain, or be endorsed to contain, the following provisions:

i. The City of Antioch, its officers, officials, agents, employees and volunteers are to be covered as additional insureds by endorsement as respects to liability arising out of premises owned, occupied or used by the Tenant. The coverage shall contain no special limitations on the scope of protection afforded to the City of Antioch, its officers, officials, agents, employees or volunteers.

ii. The Tenant's insurance coverage shall be primary insurance with regard to the City of Antioch, its officers, officials, agents, employees and volunteers. Any insurance maintained by the City of Antioch, its officers, officials, agents, employees and volunteers shall be excess of Tenant's insurance and shall not contribute to it.

iii. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, or cancelled, or reduced in coverage or in limits except after thirty (30) days prior written notice by mail has been given to the Landlord.

B. **Property Insurance.** The Tenant will also maintain property insurance covering personal property on the Premises with the exception of any City trailer, truck or vehicles parked on the Premises.

C. Worker's Compensation Insurance & Employer's Liability. Tenant shall also maintain Workers' Compensation Insurance as required by state law. Tenant shall also maintain \$1,000,000 in Employer's Liability Insurance.

D. General Requirements.

i. Any deductibles or self-insured retentions must be declared to and approved by the Landlord. At the option of the Landlord, the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to the Landlord, or the Tenant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses as approved by the City Attorney.

ii. Coverage shall state that the Tenant's insurance shall apply separate to each insured against which claim is made or suit is brought, except with respect to the limits of the insurer's liability.

iii. Insurance is to be placed with insurers with a Best's rating of no less than A:VII.

iv. USER shall furnish to the Landlord certificates of insurance and endorsements as required by this clause.

12. **Indemnification**. Tenant agrees to indemnify, protect, defend and hold Landlord harmless from and against any and all claims, losses, liabilities, actions, judgments, costs and expenses (including attorneys' fees and costs) (collectively, "Claims") due to injury to or death of, or damage to the property arising out of or in any way connected to Tenant's use, maintenance and repair of Premises or performance of this Agreement. Negligent or criminal acts by members of the public at the Premises shall not be deemed to be the liability or responsibility of Landlord. The indemnity provision of this section shall survive the expiration or cancellation of this Lease.

13. **Utilities**. Landlord shall pay for all water and electricity at the Premises, unless due to negligence of the Tenant. Tenant shall pay, before delinquency, for all other utilities or services of any kind supplied to the Premises.

14. **Tenant's Property**. All trade fixtures, equipment and personal property of Tenant, if any, located at the Premises will remain the property of Tenant during the Term and may be removed by Tenant at any time. Upon expiration or termination of the Lease, these trade fixtures, equipment and personal property shall be removed from the Premises, unless Tenant is directed otherwise by the Director of Public Works. Tenant, at Tenant's cost and expense, must promptly repair all damage to the Premises occasioned by the removal of its trade fixtures, equipment and personal property.

15. **Default**. Upon the occurrence of a default by Tenant under this Lease, Landlord shall have the rights and remedies set forth in this Lease, in addition to any and all other

rights and remedies available to Landlord at law or in equity, including without limit those provided under California Civil Code Sections 1951.2 and 1951.4, as amended or recodified from time to time. Tenant will not be considered to be in default under this Lease unless (a) in the case of any obligation requiring the payment of money by Tenant to Landlord, Tenant fails to make such payment within the time specified in this Lease or otherwise within five (5) days following written notice from Landlord and (b) in the case of any other alleged default, Tenant fails to cure such default within thirty (30) days following written notice from Landlord, provided that if the nature of the alleged default is such that it cannot reasonably be cured within thirty (30) days, Tenant shall have a reasonable time in which to cure such alleged breach or default.

16. **Surrender of Premises.** Upon the expiration or other termination of the Term, Tenant agrees to surrender possession of the Premises to Landlord in the same condition in which Tenant received the Premises, ordinary wear and tear and damage by casualty or the elements excepted, except as indicated in Section 14 above.

17. **Notices.** Except as otherwise provided, all notices required or permitted to be given under this Lease must be in writing and addressed to the parties at their respective notice addresses set forth below. Notices must be given by personal delivery (including by commercial delivery service) or by first-class mail, postage prepaid. Notices will be deemed effectively given, in the case of personal delivery, upon receipt (or if receipt is refused, upon attempted delivery), and in the case of mailing, three (3) business days following deposit into the custody of the United States Postal Service. The notice addresses of the parties are as follows:

If to Landlord: City of Antioch
 PO Box 5007
 Antioch, California 94531
 Attention: City Manager

If to Tenant: Anthony Keslinke
 Kelly's Card Room
 2006 A Street
 Antioch, California 94509

18. **General.**

(a) The titles to the sections of this Lease are for convenience of reference only and are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease. Any exhibits attached to this Lease are, however, a part of this Lease. This Lease shall be governed by and construed in accordance with the laws of the State of California, without regard to any otherwise governing principles of conflicts of law. In construing this Lease, none of the parties to it shall have any term or provision construed against it solely by reason of its having drafted the same.

(b) Any provision of this Lease that is invalid, illegal or unenforceable shall be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating, diminishing or rendering unenforceable the rights and obligations of the parties under the remaining provisions of this Lease.

(c) No term or provision of this Lease may be amended or modified, except by an instrument in writing signed by the parties to this Lease.

(d) This Lease and all exhibits attached to it constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements (whether written or oral) with respect to that subject matter, except for land use approvals and licenses granted by the City regarding the operations of Kelly's.

(e) This Lease may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(f) If either party hereto brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in such action, on trial or appeal, shall be entitled to reasonable attorneys' fees to be paid by the losing party as fixed by the court.

(g) Tenant shall at all times keep the Premises free from any liens arising out of any work performed or allegedly performed, materials furnished or allegedly furnished or obligations incurred, by or for Tenant. Tenant agrees to indemnify and hold Landlord harmless from and against any and all claims for mechanics', materialmen's or other liens in connection with any Improvements, repairs or any work performed or allegedly performed, materials furnished allegedly furnished or obligations incurred or allegedly incurred, by or for Tenant.

(h) Tenant shall not assign this Lease without the prior written consent of the City Manager. Any such assignment without consent shall be void and, at the option of Landlord, may terminate the Lease.

(i) No member, official or employee of Landlord shall be personally liable in the event of any default or breach of this Lease.

(j) Tenant agrees that its use of Property or this Agreement shall not entitle Tenant to any relocation benefits pursuant to federal, state or local law and waives any such claim against Landlord.

Executed as of the date first set forth above.

CITY OF ANTIOCH

ANTHONY KESLINKE

By: _____
James M. Jakel
City Manager

By: _____

Attest:

Arne Simonsen, City Clerk

Approved as to Form:

By: _____
Lynn Tracy Nerland, City Attorney

(signatures to be notartized)

Attachments:

EXHIBIT "A"

Depiction of the Premises

[To Be Attached]