

**SPECIAL & REGULAR MEETINGS OF THE SONOMA CITY COUNCIL
&
CONCURRENT REGULAR MEETING OF SONOMA CITY COUNCIL AS THE
SUCCESSOR AGENCY TO THE DISSOLVED SONOMA COMMUNITY
DEVELOPMENT AGENCY**



**Community Meeting Room, 177 First Street West
Wednesday, September 5, 2012
5:00 p.m. Closed Session (Special Meeting)
6:00 p.m. Regular Session**

AGENDA

City Council
Joanne Sanders, Mayor
Ken Brown, Mayor Pro Tem
Steve Barbose
Laurie Gallian
Tom Rouse

Be Courteous - **TURN OFF** your cell phones and pagers while the meeting is in session.

5:00 P.M. – SPECIAL MEETING - CLOSED SESSION AGENDA

1. CALL TO ORDER

The Mayor will open the meeting and take public testimony on closed session items only. The Council will then recess into closed session.

2. CLOSED SESSION

- A: PUBLIC EMPLOYEE PERFORMANCE EVALUATION**, pursuant to Government Code §54957. Title: City Manager.
- B: CONFERENCE WITH REAL PROPERTY NEGOTIATORS**, pursuant to Government Code §54956.8. Property: Sebastiani Theater, 476 First Street East, Sonoma. Agency Negotiators: Councilmember Barbose, City Attorney Walter & City Manager Kelly. Negotiating Parties: Sebastiani Building Investors, Inc. Under Negotiation: Price and terms of lease.
- C: CONFERENCE WITH LABOR NEGOTIATORS**. Agency representatives: City Manager & City Attorney. Employee Organization: City of Sonoma Employees' Association (SEIU 1020). Pursuant to Government Code §54957.6.

6:00 P.M. – REGULAR MEETING AGENDA

RECONVENE, CALL TO ORDER & PLEDGE OF ALLEGIANCE
ROLL CALL (Rouse, Brown, Gallian, Barbose, Sanders)
REPORT ON CLOSED SESSION

1. COMMENTS FROM THE PUBLIC

At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the City Council at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Council consideration. Upon being acknowledged by the Mayor, please step to the podium and speak into the microphone. Begin by stating and spelling your name.

2. COUNCILMEMBERS' COMMENTS AND ANNOUNCEMENTS

Item 2A: Councilmembers' Comments and Announcements

3. CITY MANAGER COMMENTS AND ANNOUNCEMENTS INCLUDING ANNOUNCEMENTS FROM SUCCESSOR AGENCY STAFF

4. PRESENTATIONS

Item 4A: Proclamation Declaring September 5, 2012 Gary & Marcia Nelson Day

5. CONSENT CALENDAR/AGENDA ORDER – CITY COUNCIL

All items listed on the Consent Calendar are considered to be routine and will be acted upon by a single motion. There will be no separate discussion of these items unless members of the Council, staff, or public request specific items to be removed for separate action. At this time Council may decide to change the order of the agenda.

Item 5A: Waive Further Reading and Authorize Introduction and/or Adoption of Ordinances by Title Only. (Standard procedural action - no backup information provided)

Item 5B: Approval of the Minutes of the July 16, August 15 and August 20, 2012 Meetings.
Staff Recommendation: Approve the minutes.

Item 5C: Request by Vintage Festival for City-subsidized Use of the Sonoma Valley Veterans' Memorial Building on September 29, 2012.
Staff Recommendation: Approve the request subject to applicant's compliance with the City's standard insurance requirements.

Item 5D: Request by Sonoma/Petaluma State Historic Parks Association for City-subsidized Use of the Sonoma Valley Veterans' Memorial Building on October 14, 2012.
Staff Recommendation: Approve the request subject to applicant's compliance with the City's standard insurance requirements.

Item 5E: Adoption of a Resolution Establishing a Diversion Fee for Participation in the Sonoma Valley Youth and Family Services Diversion Program.
Staff Recommendation: Adopt the resolution establishing a \$150 diversion fee for participation in the Sonoma Valley Youth and Family Services Program.

6. CONSENT CALENDAR/AGENDA ORDER – CITY COUNCIL AS SUCCESSOR AGENCY

All items listed on the Consent Calendar are considered to be routine and will be acted upon by a single motion. There will be no separate discussion of these items unless members of the Council, staff, or public request specific items to be removed for separate action. At this time Council may decide to change the order of the agenda.

Item 6A: Approval of the Portions of the Minutes of the July 16, August 15 and August 20, 2012 City Council / Successor Agency Meetings Pertaining to the Successor Agency.
Staff Recommendation: Approve the minutes.

7. PUBLIC HEARING – NONE SCHEDULED

8. REGULAR CALENDAR – CITY COUNCIL

(Matters requiring discussion and/or action by the Council)

Item 8A: Discussion, Consideration and Possible Adoption of a Resolution Authorizing the Issuance of Bonds to Refund Certain Pension Obligations, Approving the Form of and Authorizing the Execution and Delivery of a Trust Agreement, and Authorizing Judicial Validation Proceedings Relating to the Issuance of Such Bonds. (Assistant City Manager)

Staff Recommendation: Adopt the resolution authorizing the issuance of bonds not to exceed \$3.25 million to refund certain pension side fund obligations.

Item 8B: Discussion, Consideration and Possible Actions by the City Council and the Sonoma Public Financing Authority to Adopt Resolutions Authorizing the Installment Sale Refinancing of the 2001 Revenue Bonds, Series A, for Water System Improvements. (Assistant City Manager)

Staff Recommendation: Adopt resolutions authorizing the refinancing of the 2001 Revenue Bonds Bond with proceeds from sale fund payoff of existing Bonds, in order to realize savings in debt service.

Item 8C: Review and Overview of the City’s Living Wage Ordinance, requested by Mayor Sanders.

Staff Recommendation: Council discretion.

Item 8D: Receive, Discuss and Consider Status Report from Sonoma Valley Health & Recreation Association Regarding Community Swimming Pool Project.

(City Manager)

Staff Recommendation: Receive report.

Item 8E: Discussion, Consideration and Possible Action on a Request for a Resolution in Support of Senate Joint Resolution 33 Which Proposes a Constitutional Amendment to Repeal Citizens United vs. Federal Election Commission Supreme Court Decision and End Corporate Personhood, requested by Mayor Pro Tem Brown.

(City Manager)

Staff Recommendation: Council discretion.

9. REGULAR CALENDAR – CITY COUNCIL AS THE SUCCESSOR AGENCY

(Matters requiring discussion and/or action by the Council)

10. COUNCILMEMBERS’ REPORTS AND FINAL REMARKS

Item 10A: Reports Regarding Committee Activities.

Item 10B: Final Councilmembers’ Remarks.

11. COMMENTS FROM THE PUBLIC

12. ADJOURNMENT

I do hereby certify that a copy of the foregoing agenda was posted on the City Hall bulletin board on August 31, 2012. ROBIN EVANS, DEPUTY CITY CLERK

Copies of all staff reports and documents subject to disclosure that relate to any item of business referred to on the agenda are normally available for public inspection the Wednesday before each regularly scheduled meeting at City Hall, located at No. 1 The Plaza, Sonoma CA. Any documents subject to disclosure that are provided to all, or a majority of all, of the members of the City Council regarding any item on this agenda after the agenda has been distributed will be made available for inspection at the City Clerk's office, No. 1 The Plaza, Sonoma CA during regular business hours.

If you challenge the action of the City Council in court, you may be limited to raising only those issues you or someone else raised at the public hearing described on the agenda, or in written correspondence delivered to the City Clerk, at or prior to the public hearing.

In accordance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk (707) 933-2216. Notification 48-hours before the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.



**City of Sonoma
City Council**
Agenda Item Summary

City Council Agenda Item: 4A

Meeting Date: 09/05/2012

Department

Administration

Staff Contact

Gay Johann, City Clerk

Agenda Item Title

Proclamation Declaring September 5, 2012 Gary & Marcia Nelson Day

Summary

Mayor Sanders will present a proclamation recognizing Gary & Marcia Nelson for their dedication and contributions to the community.

Recommended Council Action

Mayor Sanders to present the proclamation to Mr. & Mrs. Nelson.

Alternative Actions

Council discretion

Financial Impact

n/a

Environmental Review

- Environmental Impact Report
- Negative Declaration
- Exempt
- Not Applicable

Status

- Approved/Certified
- No Action Required
- Action Requested

Attachments:

1. Proclamation
-

City of Sonoma



Proclamation

GARY AND MARCIA NELSON DAY

Whereas, Gary and Marcia Nelson are the founders and major shareholders of the Nelson Family of Companies headquartered in Sonoma; and

WHEREAS, the success of Nelson Family of Companies-- recognized as a "Best Place to Work" in the Bay Area—is the direct result of the vision that Gary and Marcia Nelson had to build a company with a lasting legacy for future generations; and

WHEREAS, not only have Gary and Marcia raised a family and managed a successful business; they have given tirelessly of their time, energy, and resources toward the betterment of the community in which they live; and

WHEREAS, they established the Community Care Endowment Fund to ensure emergency care services are available to all individuals in Sonoma Valley; and

WHEREAS, they have been strong supporters of the Boys and Girls Club Valley of the Moon, Field of Dreams, Sonoma Valley Mentoring Alliance, Sonoma Charter School and Hanna Boys Center in addition to other worthwhile causes; and

WHEREAS, at the May 10, 2012 groundbreaking ceremony for the new Sonoma Valley Hospital Emergency Care Center Gary and Marcia, longstanding champions of the ER, pledged a \$3 million charitable gift specifically for the new Emergency Center; and

WHEREAS, in announcing the donation, Gary explained that thirty years ago they rushed their infant son Justin to the Sonoma Valley Hospital Emergency Room barely breathing and blue. He stated that the quick access to medical care saved the life of their son and for that they would be eternally grateful; and

WHEREAS, the Nelsons feel that the Emergency Room is a critical and essential service to all; providing services to every single resident and visitor in the time of need, from the poorest to the most wealthy. They want to ensure that when a health crisis takes place in our valley that a state-of-the-art ER with the equipment and staff required to save the lives of our friends and families is available; and

WHEREAS, rare indeed is the impressive dedication shown by individuals for the benefit of others which Gary and Marcia Nelson have displayed throughout their lives and such dedication should be extolled.

NOW, THEREFORE, BE IT RESOLVED that I, Joanne Sanders, Mayor of the City of Sonoma, do hereby recognize and thank Gary and Marcia Nelson for all they have done for this community and declare September 5, 2012

GARY AND MARCIA NELSON DAY

In the City of Sonoma and ask that all citizens will join me in expressing our gratitude to them for all that they do for our community.

IN WITNESS WHEREOF I have hereunto set my hand and cause the Seal of the City of Sonoma to be affixed this 5th day of September 2012.

Joanne Sanders, Mayor





City of Sonoma
City Council
Agenda Item Summary

City Council Agenda Item: 5B

Meeting Date: 09/05/2012

Department

Administration

Staff Contact

Gay Johann, City Clerk

Agenda Item Title

Approval of the Minutes of the July 16, August 15 and August 20, 2012 Meetings.

Summary

The minutes have been prepared for Council review and approval.

Recommended Council Action

Approve the minutes.

Alternative Actions

Correct or amend the minutes prior to approval.

Financial Impact

N/A

Environmental Review

- Environmental Impact Report
- Negative Declaration
- Exempt
- Not Applicable

Status

- Approved/Certified
- No Action Required
- Action Requested

Attachments:

Minutes

DRAFT MINUTES

SPECIAL & REGULAR MEETINGS OF THE SONOMA CITY COUNCIL & CONCURRENT REGULAR MEETING OF SONOMA CITY COUNCIL AS THE SUCCESSOR AGENCY TO THE DISSOLVED SONOMA COMMUNITY DEVELOPMENT AGENCY

Community Meeting Room, 177 First Street West

Monday, July 16, 2012

5:00 p.m. Closed Session (Special Meeting)

6:00 p.m. Regular Session

MINUTES



City Council

Joanne Sanders, Mayor
Ken Brown, Mayor Pro Tem
Steve Barbose
Laurie Gallian
Tom Rouse

5:00 P.M. – SPECIAL MEETING - CLOSED SESSION

1. CALL TO ORDER

At 5:00 p.m., Mayor Sanders called the meeting to order. No one from the public was present to provide public testimony on closed session items. The Council recessed into closed session with all members present. City Manager Kelly and City Attorney Walter were also present.

2. CLOSED SESSION

A: PUBLIC EMPLOYEE PERFORMANCE EVALUATION, pursuant to Government Code §54957. Title: City Manager.

B: CONFERENCE WITH LABOR NEGOTIATORS. Agency representatives: City Manager & City Attorney. Employee Organization: City of Sonoma Employees' Association (SEIU 1020). Pursuant to Government Code §54957.6.

6:00 P.M. – REGULAR MEETING

The City Council reconvened in open session and Mayor Sanders called the meeting to order at 6:05 p.m. Patrick Carter, of Sonoma County Waste Management Agency, led the Pledge of Allegiance.

PRESENT: Mayor Sanders and Councilmembers Barbose, Brown, Gallian, and Rouse

ABSENT: None

ALSO PRESENT: City Manager Kelly, City Clerk Johann, City Attorney Walter, Planning Director Goodison, Public Works Director Bates, Stormwater Coordinator Atkins.

REPORT ON CLOSED SESSION - Mayor Sanders stated that no reportable action had been taken while in Closed Session.

1. COMMENTS FROM THE PUBLIC

Herb Golenpaul stated that he recently had to replace his water heater and questioned why a \$250 Building Permit was necessary. He also inquired how the average citizen could find out if specific features in their home met current code requirements.

2. COUNCILMEMBERS' COMMENTS AND ANNOUNCEMENTS

Item 2A: Councilmembers' Comments and Announcements

Clm. Brown praised the Sonoma Valley Rotary for cleaning up the vacant site at the corner of MacArthur and Broadway.

Clm. Gallian thanked the Community Center and the Sonoma Valley Firefighters Association for a wonderful 4th of July celebration. She reported attendance at the Napa-to-Sonoma Wine Country Half Marathon reception and the Schell-Vista Fire Department's annual chicken BBQ.

Clm. Rouse stated that the Broadway Under the Stars production at Jack London State Park was terrific and he encouraged all to take in a performance.

Clm. Barbose reported attendance at the Healdsburg Water Carnival, a fundraising event for Sonoma County Regional Parks.

Mayor Sanders complimented the entries in the 4th of July parade and stated they demonstrated great community spirit. She reported having received complaints from constituents regarding public intoxication at the fireworks display and loud noise emanating from the Marathon culmination in the Plaza on Sunday morning. She announced that she would not run for a third term. Mayor Sanders stated that she had thoroughly enjoyed her time on the Council and it had been an honor to serve; however, she wanted to be more active in her business and with her family.

3. CITY MANAGER COMMENTS AND ANNOUNCEMENTS INCLUDING ANNOUNCEMENTS FROM SUCCESSOR AGENCY STAFF

City Manager Kelly announced that the July meeting of the Oversight Board had been cancelled and that staff would be studying the implications of recently adopted legislation, AB 1484. The next meeting of the Board would be in August. She also announced that the Economic Development Steering Committee had changed its meetings to the third Wednesday of the month.

4. PRESENTATIONS – None Scheduled

5. CONSENT CALENDAR/AGENDA ORDER – CITY COUNCIL

Item 5A: Waive Further reading and Authorize Introduction and/or Adoption of Ordinances by Title Only.

Item 5B: Approval of the Minutes of the June 25 and July 2, 2012 Meetings.

Item 5C: Approval of City co-sponsorship and Water Conservation funding for Dri-Water pilot project for Cittaslow Pollinator Pal Sunflower Project.

Clm. Gallian removed Item 5C. It was moved by Clm. Gallian, seconded by Clm. Brown, to approve the items remaining on the Consent Calendar. The motion carried unanimously.

Item 5C: Approval of City co-sponsorship and Water Conservation funding for Dri-Water pilot project for Cittaslow Pollinator Pal Sunflower Project.

Clm. Gallian inquired about the project. Public Works Director Bates explained that as part of the Cittaslow USA Pollinator Pals project, Cittaslow Sonoma Valley would be planting 18 wine barrels of sunflowers in the City of Sonoma with a total of 60 barrels planted in Sonoma Valley. Each barrel would have three 5-gallon pots of blooming sunflowers inside during the months of August - September. As part of learning about new products and technology, the City Water Conservation Program is proposing to team with Cittaslow and as a pilot, use a product called Dri-Water for irrigating the planters. The City would co-sponsor the project and provide sufficient tubes of Dri-water for the 18 barrels within the City. The cost would be approximately \$475.00, and the funding for the pilot project would come from the Water Conservation Fund.

The public comment period opened and closed with none received.

It was moved by Clm. Rouse, seconded by Clm. Gallian, to approve City co-sponsorship of the program and the use of Water Conservation funds for the Dri-Water project. The motion carried unanimously.

6. CONSENT CALENDAR/AGENDA ORDER – CITY COUNCIL AS SUCCESSOR AGENCY

Item 6A: Approval of the portions of the Minutes of the June 25 and July 2, 2012 City Council / Successor Agency Meetings pertaining to the Successor Agency.

It was moved by Clm. Rouse, seconded by Clm. Gallian, to approve the consent calendar. The motion carried unanimously.

7. PUBLIC HEARING – None Scheduled.

8. REGULAR CALENDAR – CITY COUNCIL

Item 8A: Discussion, consideration and possible action on parameters of a draft ordinance for a countywide Single Use Carryout Bag Ban being considered by the Sonoma County Waste Management Agency.

Henry Mikus reported that the Sonoma County Waste Management Agency (SCWMA) had previously received conceptual support of a countywide bag ban from the ten members of SCWMA and had followed up by preparing a draft ordinance. He said agency staff were meeting with individual cities again to obtain input on the proposed draft ordinance.

Patrick Carter presented a power point presentation providing background information and reporting on the stakeholder meetings that had been held. He reported that at least fifty California jurisdictions had already passed similar ordinances banning plastic bags and imposing a fee for the purchase of paper bags. Carter pointed out that the ban would not apply to the plastic bags used by customers in the produce or meat departments. He explained the differences between a regional ordinance adopted by SCWMA and a model ordinance adopted by individual jurisdictions.

Mayor Sanders invited comments from the public. Herb Golenpaul stated stores should have to pay customers that reuse their paper bags.

Clm. Barbose and Mayor Sanders stated that the section of the ordinance relating to recordkeeping and inspection seemed overly onerous and should be toned down. Clm. Gallian stated that the paper bag price should be ten cents and the price should be uniform throughout the County.

Councilmembers reached unanimous consensus to go with the regional ordinance method and thanked Mikus and Carter for the presentation.

Item 8B: Discussion and consideration of the Draft Phase II Stormwater Permit and Authorization for City Manager to Sign Comment Letters.

Stormwater Coordinator Atkins provided historical background regarding the City's stormwater permitting and reported that the State Water Resources Control Board had issued a revised draft Phase II Stormwater Permit. She summarized the impacts of the revisions being proposed and noted they would significantly increase personnel and consultant costs for the City.

Clm. Barbose stated that Ms. Atkins and another person had made a lengthier presentation for the North Bay Watershed Association and that all had agreed it represented regulation gone amuck.

Mayor Sanders invited comments from the public. David Cook supported the authorization of staff to send comment letters. Herb Golenpaul inquired what would happen if the City did not comply. Atkins responded that there would be fines and the City would be open to third party litigation.

It was moved by Clm. Gallian, seconded by Clm. Rouse, to authorize the City Manager to sign comment letters and to specify in red ink the unfunded mandates. The motion carried unanimously.

Item 8C: Discussion, consideration and possible action on the potential use of a City-owned property located at Fifth Street West/West MacArthur Street as a dog park, requested by Mayor Sanders.

Planning Director Goodison reported that earlier this year, Mayor Sanders held a preliminary discussion with Bob Edwards of the Sonoma Valley Dog Owners and Guardians (SVD OG) about the feasibility of making use of a vacant City-owned property located at the northeast corner of Fifth Street West and West MacArthur Street as a dog park. The one-half acre lot comprised of two parcels was donated to the City by the Cuneo family as an unrestricted gift. It had a General Plan land use designation of "Park", was undeveloped and featured a natural drainage swale. Neighboring properties on the north and east were zoned residential.

Clm. Rouse inquired how the drainage swale would affect the future development of the lot. Goodison stated that residential development would most likely require removal of the swale; however, if developed as a park the swale could remain. Clm. Barbose confirmed that the swale discharge ended up in Fryer Creek.

Mayor Sanders invited comments from the public. Bob Edwards stated his appreciation of the Mayor agendizing this idea and expressed concerns relating to the drainage swale that cut through the parcel, traffic at the busy intersection and the impact of a dog park on surrounding neighbors. He said the Dog Park Association would need to know what it would cost to develop the parcel before they decided to take the project on.

Judi Shapiro stated that a larger dog park would benefit residents and visitors alike. Herb Golenpaul questioned if the donors had placed restrictions on the gifted property. He pointed out that five hundred thirty people lived across the street from the location and suggested that before they do something for dogs, the Council do something for the people. David Cook supported further exploration of development of the site as a dog park or a people park.

Councilmembers reached majority consensus to direct staff to determine the current value of the property, conduct further exploration of the use of the Cuneo site, and to come up with other possible sites for a dog park.

Item 8D: Discussion, consideration and possible action regarding formation of a City Donation and Sponsorship Program similar to that of the City of American Canyon, requested by Mayor Sanders.

City Clerk Johann reported that Mayor Sanders placed this item on the agenda to find out if other Councilmembers were interested in the formation of a City Donation and Sponsorship Program similar to the program created by the City of American Canyon in 2011. American Canyon's goal in creating the program was to encourage donations and sponsorship to help fund City events and programs as an alternative to downsizing or eliminating programs or services as a result of the economic downturn. Their City Council adopted a Donation and Sponsorship Policy, authorized production of a brochure listing the varied opportunities available to community benefactors. Their Parks and Recreation Department assumed administration of the program.

Johann stated that American Canyon reported having received \$1,500 in cash contributions in 2011 and \$750 to date this year as a result of their Donation and Sponsorship Policy. In communications received from American Canyon staff and Councilmembers, they had indicated their belief that the program would be more successful if they could dedicate more staff time and outreach to the community.

Mayor Sanders stated that she learned of American Canyon's program when the City sent a letter and brochure to her American Canyon office.

Clm. Rouse said it was an interesting idea but pointed out that Council has heard repeatedly about staff having to do more work with less people. He inquired if the City had a mechanism in place allowing individuals to make donations. City Manager Kelly responded that in the past people had donated benches and trees and had donated to the tree fund and skate park. She pointed out the ability to adopt a section of the bike path and the recent group of volunteers who stepped up to clean the cemetery.

Mayor Sanders invited comments from the public. Herb Golenpaul stated that people would donate when they wanted to and he saw no need for a special program. David Cook stated he liked the idea as long as it did not cost a lot of money.

Clm. Brown stated he liked the idea and could envision a partnership with one of the local newspapers for development of a brochure.

Clm. Rouse said he was not in favor of the idea but would support enhancement of the City's website to include information about potential donation opportunities. Clm. Barbose agreed.

Clm. Gallian stated she supported the idea of asking the Alcalde if it was something they would like to take on. She stated that potential donors were being solicited by nonprofit groups all the time and suggested exploring the subject in the future when we were not in a fiscal crisis.

City Manager Kelly suggested that all current opportunities could be placed in one spot.

Mayor Sanders acknowledged that there were not three in support of the idea but announced that she and Clm. Brown would continue to look into the possibility of creating such a program.

Item 8E: Discussion, consideration and possible action on a City Council appointment to the Sonoma Tourism Improvement District Corporation Board of Directors, requested by Mayor Pro Tem Brown and Councilmember Gallian.

City Manager Kelly reported that Mayor Pro Tem Brown and Councilmember Gallian requested discussion, consideration and possible action on a City Council appointment to the Sonoma Tourism Improvement District Corporation (STIDC) Board. She stated that the agreement between the City and STIDC stated: "The City Council may, in its sole and unfettered discretion, at any time during the term of this Agreement appoint one member to the Organization's board of directors as a voting or non-voting member of the board. The member may be a councilmember, city manager, or a designee appointed by the City Council to serve on the board. If the City Council is denied the right provided in this paragraph, the City may terminate this Agreement immediately."

City Manager Kelly reported that the STIDC Board had elected officers as follows: President Norm Krug, Vice President Dan Parks, Treasurer David Dolquist, and Secretary Bill Blum. Other Board members were Byron Jones and Wendy Stewart. She added that the City Attorney had determined that if the Council were to make an appointment it would be a voting (vs. non-voting) member of the board.

Clm. Brown inquired about the potential for a conflict of interest if a Councilmember were appointed. City Attorney Walter stated that there would not be a financial conflict because the appointee would serve without compensation and that it would really be a policy decision by the City Council. Clm. Rouse stated he felt the scenario would create a conflict.

Discussion ensued regarding the potential conflict and the limits that would be placed on communication if a Councilmember were to be appointed to the Board. Clm. Barbose asked City Manager Kelly if she could handle the additional responsibility. She responded that it was important for the City to be in on it on the ground floor and if appointed she would keep the Councilmembers informed regarding Board actions.

Mayor Sanders invited comments from the public. Bill Blum said the Board would be happy to have Ms. Kelly as the City's representative. He pointed out that she attended most of the Visitor Bureau Board meetings and was familiar with their marketing program.

Bob Edwards stated that he opposed formation of the District but now that it was formed, it was imperative that the City Council take every measure to ensure its success. He stated that Clm. Brown should be appointed. David Cook stated that having the City Manager on the Board was a good idea. Dan Parks also stated that the Board would be happy to have Ms. Kelly. Herb Golenpaul stated that Clm. Brown was the man for the job.

Clm. Rouse stated he did not feel the Council should make an appointment at this time. Mayor Sanders agreed and took a straw poll to see if there were three that felt that way. There were not. It was moved by Clm. Gallian, seconded by Clm. Barbose, to appoint the City Manager to the STIDC Board. The motion carried four to one, Clm. Rouse dissented.

Item 8F: Discussion, consideration and possible action regarding designation of the voting delegate and alternate for the 2012 League of California Cities Annual Conference.

City Manager Kelly reported that the League of California Cities 2012 Annual Conference would be held September 5-7, 2012 in San Diego. An important part of the Annual Conference was the Annual Business Meeting scheduled for noon on Friday September 7. At that meeting, representatives (delegates) from each city consider and take action on resolutions that establish League policy. In order for the City of Sonoma to cast a vote at the September 7 Annual Business Meeting, the City Council must designate a Voting Delegate and up to two Alternates. The deadline to provide these designations to the League is August 15.

Councilmembers briefly discussed attendance at the conference and reached a majority consensus not to send anyone.

9. REGULAR CALENDAR – CITY COUNCIL AS THE SUCCESSOR AGENCY

There were no items.

10. COUNCILMEMBERS' REPORTS AND FINAL REMARKS

Item 10A: Reports Regarding Committee Activities.

Clm. Barbose reported attendance at the North Bay Watershed Association meeting.

Clm. Gallian reported attendance at the Sonoma County Transportation Agency meeting.

Mayor Sanders reported attendance at the Library Advisory Committee meeting. She said the library would be revising their fee schedules, adding ebooks in September and would be recruiting for a new Librarian to replace the retiring Stephan Buffy.

Item 10B: Final Councilmembers' Remarks.

Clm. Brown reminded all that the City was hosting the August 9, 2012 meeting of the Mayors' and Councilmembers' Association of Sonoma County. He also announced the City Party would be held on July 31, 2012.

Mayor Sanders stated that there were a noticeable number of dogs in the Plaza during the last two events (July 4 and Hit the Road Jack) and she would like to see additional foot patrol in the future.

11. COMMENTS FROM THE PUBLIC

There were no comments from the public.

12. ADJOURNMENT

The meeting was adjourned at 8:43 p.m.

I HEREBY CERTIFY that the foregoing minutes were duly and regularly adopted at a regular meeting of the Sonoma City Council on the day of 2012.

Gay Johann, MMC
City Clerk

SONOMA CITY COUNCIL
Special Meeting

Wednesday, August 15, 2012
4:00 p.m.

Community Meeting Room, 177 First Street West

City Council
Joanne Sanders, Mayor
Ken Brown, Mayor Pro Tem
Steve Barbose
Laurie Gallian
Tom Rouse



Minutes

1. CALL TO ORDER

At 4:00 p.m. Mayor Sanders called the meeting to order. No one from the public was present to provide public testimony on the closed session item. The Council recessed into closed session with all members except Clm. Rouse present. City Manager Kelly, Assistant City Manager Giovanatto, Attorney Walter, Attorney Moran, and Mark Ferguson were also present.

2. CLOSED SESSION

Item 2A: CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION. Wendy Mitchell vs. City of Sonoma; Dean A. Bonfigli; Heidi C. Bonfigli; Brett Bonfigli and DOES 1 through 50. Pursuant to Government Code 54956.9(a).

3. ANNOUNCEMENT REGARDING ACTION TAKEN IN CLOSED SESSION

At 4:40 p.m. the Council reconvened in open session and Mayor Sanders announced that no reportable action had been taken.

4. ADJOURNMENT

The meeting was adjourned at 4:41 p.m.

I HEREBY CERTIFY that the foregoing minutes were duly and regularly adopted at a regular meeting of the Sonoma City Council on the _____ day of _____ 2012.

Gay Johann, MMC
City Clerk

**SPECIAL & REGULAR MEETINGS OF THE SONOMA CITY COUNCIL
&
CONCURRENT REGULAR MEETING OF SONOMA CITY COUNCIL AS THE
SUCCESSOR AGENCY TO THE DISSOLVED SONOMA COMMUNITY
DEVELOPMENT AGENCY**



Community Meeting Room, 177 First Street West

Monday, August 20, 2012

5:00 p.m. Study Session (Special Meeting)

6:00 p.m. Regular Session

MINUTES

City Council

Joanne Sanders, Mayor

Ken Brown, Mayor Pro Tem

Steve Barbose

Laurie Gallian

Tom Rouse

STUDY SESSION

Item SS1: Presentation and Study Session on Sonoma Clean Power - Community Choice Aggregation

First District Supervisor Valerie Brown stated that Sonoma County was one of a few counties committed to reducing greenhouse gas emissions. She stated that the purpose of the study session was to bring the Council up to speed with the Sonoma Clean Power, Community Choice Aggregation (CCA) program and provide an opportunity for Councilmembers to weigh in on the subject.

Clm. Gallian stated that her husband was employed by PG&E and that she had requested a ruling from the Fair Political Practices Commission regarding her participation in this subject. She said the ruling had not been received so out of an abundance of caution, she would recuse herself. Clm. Gallian stepped down from the dais and left the room.

Cordel Stillman and Steve Shupe, Sonoma County Water Agency, presented a power point presentation providing background information, proposed benefits, and future steps for creation of the Sonoma Clean Power program.

Bob Williamson, member of the CCA Steering Committee, stated that Council should focus on truth in advertising. He stated that citizens should be made aware that there would be reductions in Green House Gas emissions but not in Sonoma County.

Woody Hastings, Climate Protection Campaign, expressed his support for the program stating that it would provide a choice to Sonoma's constituents.

Ann Hancock, Climate Protection Campaign, stated that they would be actively compiling lists of program participants and supporters.

Tom Conlon expressed his support for the program.

RECESS: The meeting recessed 6:05 to 6:10 p.m.

REGULAR MEETING

The City Council reconvened and Mayor Sanders called the meeting to order at 6:10 p.m. Clm. Brown led the Pledge of Allegiance.

PRESENT: Mayor Sanders and Councilmembers Barbose, Brown, Gallian, and Rouse
ABSENT: None

ALSO PRESENT: City Manager Kelly, Assistant City Manager Giovanatto, City Clerk Johann, City Attorney Walter, Police Chief Sackett, Public Works Director Bates.

1. COMMENTS FROM THE PUBLIC

David Cook welcomed anyone who wished to discuss his campaign for City Council to contact him.

Elizabeth Kane announced the upcoming events surrounding the 200th Buena Vista Winery anniversary and formal signing of the Tokaj Sister City Agreement.

Ed Kenney spoke regarding issues related to the Sonoma Valley Hospital Board of Directors.

Madolyn Agrimonti, Sonoma Valley Hospital Boardmember, corrected statements made by Mr. Kenney.

2. COUNCILMEMBERS' COMMENTS AND ANNOUNCEMENTS

Item 2A: Councilmembers' Comments and Announcements

Clm. Brown announced upcoming Amistad Award event at Robledo Winery and reported that the City Council candidates would be on his morning radio show.

Clm. Rouse congratulated the Sonoma Valley Education Foundation for another successful Red & White Ball.

Clm. Barbose congratulated Clm. Gallian for receiving an Amistad Award. He stated that he was troubled by CALFire's recent fundraiser for Muscular Dystrophy Association (MDA). Noting that none of the City's nonprofit groups were allowed to do so, he stated he did not like that they were out in the streets stopping traffic to collect donations. Clm. Barbose made it clear that he supported MDA and CalFire but did not like the message being sent that they were not subject to the same rules that apply to others.

Clm. Gallian dedicated the meeting in the memory of Joan Huguenard. She thanked Bill Kizer, Respect Our Loved Ones (ROLO) founder, for leading the recent cleanup of Mountain Cemetery.

Mayor Sanders stated that she had heard from concerned neighboring property owners regarding the Planning Commission's recent approval of a Use Permit to allow a school at the site. She announced the appeal deadline and said she would be following up on that issue.

3. CITY MANAGER COMMENTS AND ANNOUNCEMENTS INCLUDING ANNOUNCEMENTS FROM SUCCESSOR AGENCY STAFF

City Manager Kelly announced that the Sonoma Tourism Improvement District Board approved contracts with Sonoma Valley Visitor Bureau at its first meeting. She also announced upcoming meetings of the Cemetery Subcommittee and Oversight Board and that the next City Council meeting would be on Wednesday, September 5, 2012 due to the Monday holiday.

4. PRESENTATIONS

Item 4A: Proclamation Recognizing National Health Center Week

Mayor Sanders presented a proclamation recognizing National Health Center Week to Cheryl Johnson, CEO of Sonoma Valley Community Health Center.

5. CONSENT CALENDAR/AGENDA ORDER – CITY COUNCIL

Item 5A: Waive Further reading and Authorize Introduction and/or Adoption of Ordinances by Title Only.

Item 5B: Approval of the Minutes of the July 16, 2012 Meeting. (Removed from Consent and carried over to the next meeting)

Item 5C: Request by Valley of the Moon Lions Club for City-subsidized use of the Sonoma Valley Veterans Memorial Building on February 23, 2013. Approved subject to applicant's compliance with the City's standard insurance requirements.

Item 5D: Approval of contract with the County of Sonoma for services related to municipal elections and authorization for the City Manager to execute the agreement on behalf of the City. Approved and authorized the City Manager to execute on behalf of the City.

Item 5E: Adopt a Resolution Appointing Council Committee to Select Labor Negotiator. (Res. No. 32-2012)

Item 5F: Adoption of Plans and Specifications and Award of Contract to Quality Painting & Maintenance, lowest responsible bidder, for the 2 MG Water Tank Improvements Project in the amount of \$84,000.

Item 5G: Adoption of Plans and Specifications and Award of Contract to Coastside Concrete, lowest responsible bidder, for the Maxwell Village Water Services Replacement in the amount of \$69,000.00.

Item 5H: Request by Children's Medical Aid Foundation for City-subsidized use of the Sonoma Valley Veterans Memorial Building on September 15, 2012. Approved subject to applicant's compliance with the City's standard insurance requirements.

Item 5I: Resolution Establishing an Appropriations Limit for FY 2012-13 Pursuant to Article XIII B of the California Constitution as Amended by Proposition 111. (Res. No. 33-2012)

Item 5J: Adoption of Plans and Specifications and Award of Contract to Valley Slurry Seal Company, lowest responsible bidder, for the 2012 Citywide Slurry Seal Project in the amount of \$79,500.00.

Item 5K: Approve the Notice of Completion for the Este Madera Road Rehabilitation Project Constructed by Mascon Inc./Argonaut Constructors Joint Venture and Direct the City Clerk to File the Document.

Item 5L: Adopt a resolution setting a policy to continue following all provisions of the Brown Act notwithstanding the 3-year suspension adopted by State Legislature. (Res. No. 34-2012)

Item 5M: Approve Application for Temporary Use of City Streets for the 2012 Valley of the Moon Vintage Festival Parade, Blessing of the Grapes, Water Fight and Foot Race. Approved subject to conditions recommended by staff.

Clm. Barbose removed Item 5B and carried the minutes over to the next meeting. Clm. Gallian confirmed with the City Attorney that she could vote on Item 5D even though she is a candidate in the November election.

The public comment period opened and closed with none received. It was moved by Clm. Barbose, seconded by Clm. Gallian, to approve the Consent Calendar except for Item 5B. The motion carried unanimously.

6. CONSENT CALENDAR/AGENDA ORDER – CITY COUNCIL AS SUCCESSOR AGENCY

Item 6A: Approval of the portions of the Minutes of the July 16, 2012 City Council / Successor Agency Meeting pertaining to the Successor Agency.

Item 6B: Discussion, Consideration and Possible Action on Adoption of the Third Recognized Obligation Payment Schedule [ROPS] for the period January 1, 2013 through June 30, 2013.

The public comment period was opened and closed with none received. It was moved by Clm. Gallian, seconded by Clm. Rouse, to approve the consent calendar. The motion carried unanimously.

7. PUBLIC HEARING

Item 7A: Public Hearing to consider establishing a diversion fee for participation in the Sonoma Valley Youth and Family Services Diversion Program (SVYFS), and discussion, consideration and possible action adopting resolution implementing fee.

Police Chief Sackett reported that Sonoma Valley Youth and Family Services Program provided diversion services to juvenile offenders who commit first-time or minor criminal offenses. The program, which began in 1997, provides services to families that live within the boundaries of the Sonoma Valley Unified School District and is administered through the City Prosecutor's Office. Sackett stated that during budget discussions staff began to think about a way to offset some of the costs of the program and were now suggesting establishment of a fee for participation in the program.

City Prosecutor Bob Smith and Assistant City Prosecutor Cynthia Ashmore further described the program and how it benefited participants and the community at large. Chief Sackett explained how the proposed \$150 fee had been calculated and that those currently in the school district's reduced and free lunch program would be eligible for a reduction or waiver of the fee.

Mayor Sanders opened the public hearing. David Cook stated that the diversion program was important and he supported the \$150 fee. Seeing there were no additional public comments, Mayor Sanders closed the public hearing.

It was moved by Clm. Barbose, seconded by Clm. Rouse, to adopt the resolution entitled Resolution of the City Council of the City of Sonoma Establishing a New User Fee for Participation in the Youth and Family Services Diversion Program, setting the fee at \$150. The motion carried unanimously. (Res. No. 35-2012)

8. REGULAR CALENDAR – CITY COUNCIL

Item 8A: Discussion regarding law enforcement issues associated with the Annual 4th of July Celebration and Fireworks show, requested by Mayor Sanders.

Mayor Sanders stated that because of concerns related to her by constituents, she requested a discussion of the law enforcement related issues and challenges associated the annual 4th of July Celebration and Fireworks show. She stated that, in addition to the poor behavior demonstrated by some, she had concerns about pedestrian safety and the flow of traffic.

Chief Sackett stated that for future years, he felt the need to increase the staffing level for both the parade and fireworks show in order to provide adequate coverage and he was recommending one additional motorcycle unit for the parade and at least 2 additional motorcycle units for the fireworks show. In addition, he recommended use of the jail transportation van, which would allow the department to make multiple arrests without having to transport arrestees to Santa Rosa. He estimated the additional resources, available from the Sheriff's department would cost in excess of \$3,000. Chief Sackett added that, in light of some of the issues experienced this year, the City Council might want to review the City's policy on alcohol possession and consumption.

Clm. Rouse inquired if the Chief was seeing an increase in the number of incidents or an increase in the number of people. Chief Sackett responded that the crowd had been much larger this year.

In response to a question posed by Clm. Gallian Chief Sackett explained that, with the exception of regulations for public parks, there were no prohibitions on public alcohol consumption and possession.

Clm. Rouse suggested the use of volunteers to collect donations to help offset the additional law enforcement costs. City Manager Kelly responded that the volunteer firefighters struggled to collect enough to cover the cost of the fireworks.

Mayor Sanders stated that some had suggested the use of crossing guards to assist pedestrians in making their way across congested streets and the use of specified parking areas with shuttles running back and forth. Chief Sackett stated that crossing guards had been used but the issue lies with the huge volume of vehicles trying to leave downtown at one time. Mayor Sanders asked what could be done to increase safety. Sackett suggested an increase in patrol efforts early on and trying to education the public on safety and awareness issues. Mayor Sanders suggested public safety messages and event-related information could be placed on the City website.

Mayor Sanders invited comments from the public. Deirdre Sheerin stated that many would be willing to assist if they knew there was a need and nonprofit groups would be a good way to get the word out.

David Cook thought that partnerships with nonprofit groups was a good idea.

Tony Castrone stated that the Community Center would do anything they could to help with making the event safer and better.

Bill Kizer offered the services of Respect Our Loved Ones (ROLO) to help with clean up.

Mayor Sanders asked if staff had received enough direction. Chief Sackett stated that it appeared he had support for increasing staff and use of the bus in future years. He said his department would work with the Fire Department and the Community Center to provide more information to the public. Mayor Sanders stated that the Council should consider devoting money towards the communication effort and that it should be well thought out. She added that she would be in favor of reviewing the City's alcohol policy. Clm. Rouse stated that it was just a small minority that was causing the problems and he agreed that a communication plan was a good idea. City Manager Kelly stated that staff could put a budget estimate together during budget preparation.

Item 8B: Discussion, consideration and possible action to appoint a City representative to the County Library Joint Powers Agreement Committee.

City Manager Kelly reported that at the August 9, 2012 Mayors' and Councilmembers' Board of Directors meeting, a discussion was held regarding the Sonoma County Library Joint Powers Agreement (JPA). County Supervisors Brown and McGuire were in attendance. Supervisor McGuire suggested creation of an ad hoc committee with Mayors' and Councilmembers' Board representation to consider revisions to the JPA. Following discussion, which included the desire for each jurisdiction to be represented on such a committee, the Mayors' and Councilmembers' Board provided direction to request that each City Council appoint an individual to serve on a subcommittee to consider revision of the Library JPA agreement. The City-appointed representative could be a Councilmember, City staff member, or other individual as designated by each individual Council. The committee would be made up of 11 members: 9, representing one from each city; 1 from the County; and 1 from the Library Commission. The goal was to have each appointment reported to the County Administrator by September 20, 2012.

Mayor Sanders stated that Supervisor McGuire also spoke about the Director position. City Manager Kelly added that he had suggested an examination of the Director appointment process.

Mayor Sanders invited comments from the public. David Cook commended Councilmembers and staff for their involvement in many other committees and boards.

It was moved by Clm. Gallian, seconded by Clm. Rouse, to appoint the City Manager as the representative and the Assistant City Manager as the alternate. The motion carried unanimously.

Item 8C: Discussion, consideration and possible action on a request for a letter of support for SB 214 (Wolk) regarding Infrastructure Financing Districts, requested by Councilmember Gallian.

City Manager Kelly reported Councilmember Gallian was requesting Council consideration of a letter of support for SB 214. She explained that Senate Bill 214 was authored by Senator Lois Wolk, who now represents the City of Sonoma. The bill would amend provisions of infrastructure financing district (IFD) law to allow the creation of IFDs without a vote of the people and with provisions to extend bonding from 30 to 40 years. The financing could be used by a city for a variety of public works projects without impacting school districts' share of property taxes or the State general fund. With the loss of redevelopment, revision to the IFD law could be one new tool to assist cities with infrastructure financing options.

CIm. Gallian stated that she felt this legislation would provide an important tool for use in the future financing of infrastructure projects. CIm. Barbose inquired where the money would come from. The City Manager responded that the City would pledge property tax funds for repayment.

Mayor Sanders invited comments from the public. David Cook stated he was against the Council supporting the legislation because the issue of public financing should be taken to the voters for approval.

CIm. Barbose stated he had serious concerns that would need to be addressed before utilizing the process but he had no problem supporting the legislation. It was moved by CIm. Barbose, seconded by CIm. Gallian, to send a letter of support. CIm. Brown stated he did not like voting on something if he was not behind it. Mayor Sanders stated she would not support it either because she did not like the part that said it would not be taken to the voters. The motion failed two to three; Councilmembers Rouse, Brown and Sanders dissented.

9. REGULAR CALENDAR – CITY COUNCIL AS THE SUCCESSOR AGENCY

There were no items.

10. COUNCILMEMBERS' REPORTS AND FINAL REMARKS

Item 10A: Reports Regarding Committee Activities.

CIm. Barbose reported that the Solid Waste Advisory Group had been advised that County staff received direction from the Board of Supervisors to move forward with a restructuring plan for waste management.

CIm. Gallian reported that the Regional Climate Protection Authority did not meet but had sponsored the Biochar Conference. The Water Advisory Committee received a presentation regarding Cotati's use of messaging on their water bills.

CIm. Brown reported that Sonoma Valley Citizens Advisory Committee continued the discussion regarding Hanna Boys Center to their next meeting.

Mayor Sanders reported that the library fee increases had been approved and that the library would be purchasing many more ebooks. She stated she was surprised and disappointed when

she showed up for the Economic Development Steering Committee (EDSC) and found Clm. Gallian there weighing in on issues. She added that it was not her choice to Brown Act with Clm. Gallian regarding the MOU being discussed.

Item 10B: Final Councilmembers' Remarks.

Clm. Brown reported that the Planning Commission would be conducting a public meeting regarding the Chateau Sonoma hotel proposal. He said he received a lot of positive feedback from attendees at the Mayors and Councilmembers meeting hosted by Sonoma and that some had said it was the best meeting ever.

Clm. Gallian stated she had attended the EDSC meeting as a member of the public and had no intention of taking the Mayor's place as the appointed representative.

11. COMMENTS FROM THE PUBLIC

There were no comments from the public.

12. PUBLIC COMMENTS REGARDING CLOSED SESSION

There were no comments from the public and the Mayor announced that the City Council would convene in closed session at 8:45 p.m. All members were present. Also present was City Manager Kelly and City Attorney Walter.

13. CLOSED SESSION

Item 13A: CONFERENCE WITH LABOR NEGOTIATORS. Agency representatives: City Manager & City Attorney. Employee Organization: City of Sonoma Employees' Association (SEIU 1020). Pursuant to Government Code §54957.6.

14. RECONVENE IN OPEN SESSION & REPORT ON CLOSED SESSION

At 9:00 p.m. the Council reconvened in open session and Mayor Sanders announced that no reportable action had been taken.

15. ADJOURNMENT

The meeting was adjourned at 9:00 p.m. in memory of Joan Huguenard.

I HEREBY CERTIFY that the foregoing minutes were duly and regularly adopted at a regular meeting of the Sonoma City Council on the _____ day of _____ 2012.

Gay Johann, MMC
City Clerk



City of Sonoma
City Council
Agenda Item Summary

City Council Agenda Item: 5C

Meeting Date: 09/05/2012

Department

Administration

Staff Contact

Gay Johann, City Clerk

Agenda Item Title

Request by Vintage Festival for City-subsidized use of the Sonoma Valley Veterans Memorial Building on September 29, 2012.

Summary

In 1991 the City entered into a Development and Use Agreement with Sonoma County to undertake a major renovation of the Sonoma Valley Veterans Memorial Building. The agreement also provided that the City would pay the County \$10,000 annually to offset operational expenses and in return the City would be allowed use of the facility up to twenty times per fiscal year. Through the years, the City developed a program whereby many, if not all, the City's allocated days were assigned to local students and non-profit or charitable organizations. In June 2010, the City Council approved a three-year extension of the agreement.

Vintage Festival requested City-subsidized use of the Veteran's Building on September 29, 2012.

If both requests appearing on the September 5, 2012 agenda are approved, the City will have four rent-subsidized days remaining for the fiscal year ending June 30, 2013.

Recommended Council Action

Approve the request subject to applicant's compliance with the City's standard insurance requirements.

Alternative Actions

- 1) Delay action pending receipt of additional information.
 - 2) Deny the request.
-

Financial Impact

The City pays \$10,000 annually to the County in return for the use of the Veteran's Building for twenty days throughout the year. The value of each City-subsidized day provided to an outside organization is \$500.

Environmental Review

- Environmental Impact Report
- Negative Declaration
- Exempt
- Not Applicable

Status

- Approved/Certified
 - No Action Required
 - Action Requested
-

Attachments:

Request from Dean Zellers

cc: Dean Zellers, via email

Gay Johann

From: Dean Zellers <dean@zellersins.com>
Sent: Tuesday, August 21, 2012 3:47 PM
To: Gay Johann
Subject: Request for Vets Hall Parking lot, vintage fest 2012

Hello gay, can you please place Vintage Festival on the colander to apply and ask for the availability of a "free day" on sept 29th 2012 from 5pm till 10:00 pm. I have reserved the location with the county of Sonoma and it is available.

I will be the contact person.
thanks for your time and courtesies, dean

Zellers Insurance

DEAN C.ZELLERS

18911 SONOMA HIGHWAY

SONOMA, CA. 95476

707-996-5282 OFFICE

707-996-5616 FAX

707-337-9119 CELL



City of Sonoma
City Council
Agenda Item Summary

City Council Agenda Item: 5D

Meeting Date: 09/05/2012

Department

Administration

Staff Contact

Gay Johann, City Clerk

Agenda Item Title

Request by Sonoma/Petaluma State Historic Parks Association for City-subsidized use of the Sonoma Valley Veterans Memorial Building on October 14, 2012.

Summary

In 1991, the City entered into a Development and Use Agreement with Sonoma County to undertake a major renovation of the Sonoma Valley Veterans Memorial Building. The agreement also provided that the City would pay the County \$10,000 annually to offset operational expenses and in return the City would be allowed use of the facility up to twenty times per fiscal year. Through the years, the City developed a program whereby many, if not all, the City's allocated days were assigned to local students and non-profit or charitable organizations. In June 2010, the City Council approved a three-year extension of the agreement.

The Sonoma/Petaluma State Historic Parks Association requested City-subsidized use of the Veteran's Building on October 14, 2012.

If both requests appearing on the September 5, 2012 agenda are approved, the City will have four rent-subsidized days remaining for the fiscal year ending June 30, 2013.

Recommended Council Action

Approve the request subject to applicant's compliance with the City's standard insurance requirements.

Alternative Actions

- 1) Delay action pending receipt of additional information.
 - 2) Deny the request.
-

Financial Impact

The City pays \$10,000 annually to the County in return for the use of the Veteran's Building for twenty days throughout the year. The value of each City-subsidized day provided to an outside organization is \$500.

Environmental Review

- Environmental Impact Report
- Negative Declaration
- Exempt
- Not Applicable

Status

- Approved/Certified
 - No Action Required
 - Action Requested
-

Attachments:

Request from Jennifer Hanson

cc: Jennifer Hanson, via email

Jennifer Hanson
363 Third Street West
Sonoma, CA 95476

August 22, 2012

City Council
City Hall
No.1 The Plaza
Sonoma, CA 95476

Dear City Council Members,

We are applying for a rental subsidy from the City of Sonoma for the Sonoma Veteran's Memorial Hall Dining Room. We have secured the date of October 14, 2012 from 3PM to 8PM with the Sonoma Veteran's Memorial Hall for the Sonoma/Petaluma State Historic Parks Volunteer Appreciation event. The event is sponsored by our non-profit organization, the Sonoma/Petaluma State Historic Parks Association. This year, we need to move the event out of our park to a more accessible location.

Our volunteers are an essential element in the park operation of California State Parks. Through their involvement, we are able to expand and enhance our programs and special events as well as enrich our visitor's park experiences. Our volunteers are community members who give their time and energy in many ways supporting State Parks. They lead tours for visitors, garden and maintain park grounds, patrol on bicycle for public safety, clean and catalog artifacts and exhibits, take care of our park animals, teach crafts, do special projects and help at special events.

Once a year, we have an event to honor their contributions.. With your help, we can remain in Sonoma and provide refreshments for our volunteers.

Thank you for your time and consideration,

Jennifer Hanson
Sonoma/Petaluma State Historic Parks Volunteer Coordinator
(707)762- 4871



City of Sonoma
City Council
Agenda Item Summary

City Council Agenda Item: 5E

Meeting Date: 09/05/2012

Department

Police

Staff Contact

Chief Bret Sackett

Agenda Item Title

Adoption of a resolution establishing a diversion fee for participation in the Sonoma Valley Youth and Family Services Diversion Program.

Summary

The City Council conducted a public hearing on August 20, 2012 and provided direction regarding establishment of a fee for participation in diversion service offered to juvenile offenders who commit first-time or minor criminal offenses by the Sonoma Valley Youth and Family Services Program. The program is administered by through the City Prosecutor's Office and serves families that live within the boundaries of the Sonoma Valley Unified School District.

The diversion program is funded through the City's General Fund, which has been impacted due to the loss of redevelopment. The diversion fee was proposed to help offset the cost of the Youth and Family Services (YFS) Diversion contract with the City Prosecutor's Office, which is approximately \$65,000 annually. Over the past four years, the program has served, on average, 128 youth per year. As such, the cost per offender is approximately \$508. The proposed fee of \$150 per case is considerably less than the actual cost to administer the program.

Recommended Council Action

Adopt the resolution establishing a \$150 diversion fee for participation in the Sonoma Valley Youth and Family Services Program.

Alternative Actions

N/A

Financial Impact

Based on the average participation rate of 128 per year, the \$150 fee would generate \$19,200 in cost recovery revenue. Any revenue received would be shared on a proportional basis between the City and the Sheriff's Office since the program is funded equally by both parties.

Environmental Review

- Environmental Impact Report
- Negative Declaration
- Exempt
- Not Applicable

Status

- Approved/Certified
 - No Action Required
 - Action Requested
-

Attachments:

Resolution

cc: City Prosecutor

CITY OF SONOMA

RESOLUTION NO. ___ - 2012

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA ESTABLISHING A NEW USER FEE FOR PARTICIPATION IN THE YOUTH AND FAMILY SERVICES DIVERSION PROGRAM

WHEREAS, under the City of Sonoma's police powers granted to it by California Constitution, Article XI, Section 7, the City of Sonoma has the power to engage in regulatory activities for which it may charge a fee for reimbursement of its costs, and

WHEREAS, the City of Sonoma charges fees for services and for reimbursement of regulatory activities, and

WHEREAS, the Youth and Family Services offered through the City Prosecutor's office have recently been expanded and it is appropriate to charge a modest fee for participation in the diversion program to help offset the cost to the City; and

WHEREAS, the nature of the services provided by the Youth and Family Services Diversion Program generally consist of the following: (a) Case review and file preparation, (b) Meeting with offending youth and their family, (c) Referral to appropriate program provider or community service, (d) Weekly monitoring of youth during contract period, (e) Final review and case closure, which are more particularly described in the Staff Report and other materials submitted to the City Council at the Council meeting at which this Resolution was adopted; and

WHEREAS, the data that has been assembled, studied and presented to the City Council and upon which this Resolution is based show that the reasonable costs of the Youth and Family Services Diversion Program ("Program") are anticipated to equal approximately \$65,000 on an annual basis, and that given the anticipated number of persons and families that take advantage of this Program, the per-person fee that would need to be imposed to cover said costs is \$508; and

WHEREAS, the City Council of the City of Sonoma held a duly noticed Public Hearing to provide an opportunity for public input and review of the proposed fee.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SONOMA RESOLVES AS FOLLOWS:

1. A Youth and Family Services Program Diversion Fee is hereby established in the amount of \$150. Said fee shall be imposed upon and charged to each person who enrolls in the Program on and after the effective date of this Resolution. Said fee shall be paid at a time and under terms and conditions specified in administrative policies and/or regulations which the City Prosecutor (program administrator) is hereby charged with promulgating as soon as is practicable.
2. Diversion program fees as established above may be waived, reduced, or deferred due to proof of indigence or reduced ability to pay at the discretion of the City Prosecutor, Chief of Police, or program manager and in accordance with the administrative policies and/or regulations described above. Proof of eligibility for a waiver or reduction of the fee may be satisfied by submittal of certification issued by a school or school district indicating that the program participant has qualified for participation in the Free or Reduced Price School Lunch Program. Those students who receive a waiver or

reduction of the participation fee will be required to perform additional community service of a nature and amount determined by the program's coordinator.

3. The fee imposed hereby does not exceed the reasonable cost of providing the services for which the fee is charged or the estimated amount required to provide the service for which the fee or charge is levied.

PASSED AND ADOPTED as a resolution of the City Council of the City of Sonoma at their regular meeting held on the 20th day of August 2012 by the following vote:

Ayes:

Noes:

Absent:

Joanne Sanders, Mayor

ATTEST:

Gay Johann, City Clerk



City of Sonoma
City Council/Successor Agency
Agenda Item Summary

City Council Agenda Item: 6A

Meeting Date: 09/05/2012

Department

Administration

Staff Contact

Gay Johann, City Clerk

Agenda Item Title

Approval of the portions of the Minutes of the July 16, August 15 and August 20, 2012 City Council / Successor Agency Meetings pertaining to the Successor Agency.

Summary

The minutes have been prepared for Council review and approval.

Recommended Council Action

Approve the minutes.

Alternative Actions

Correct or amend the minutes prior to approval.

Financial Impact

N/A

Environmental Review

- Environmental Impact Report
- Negative Declaration
- Exempt
- Not Applicable

Status

- Approved/Certified
- No Action Required
- Action Requested

Attachments:

See Agenda Item 5B for the minutes



City of Sonoma
City Council
Agenda Item Summary

City Council Agenda Item: 8A

Meeting Date: 09/05/2012

Department

Administration

Staff Contact

Carol E. Giovanatto, Assistant City Manager

Agenda Item Title

DISCUSSION, CONSIDERATION AND POSSIBLE ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS TO REFUND CERTAIN PENSION OBLIGATIONS, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, AND AUTHORIZING JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH BONDS

Summary

On May 7, 2012 Staff presented a report on the proposed issuance of a Pension Obligation Bond. Following the presentation, Council directed staff to initiate the process to solicit proposals for the issuance of Pension Obligation Bonds to assist in reducing CalPERS costs. Staff issued a Request for Proposal [RFP] to four financial advisors; three of which submitted responses. Staff is requesting Council authorization to award the contract to Stinson Securities as Bond Underwriters and begin the process to issue Pension Obligation Bonds that would provide cost savings of approximately \$381,950 or 9.71% in reduced retirement payments over a nine year period

Recommended Council Action

Staff recommends the adoption of a resolution authorizing the issuance of bonds not to exceed \$3.25 million to refund certain pension side fund obligations, approving the form of and authorizing the execution and delivery of a trust agreement, and authorizing judicial validation proceedings relating to the issuance of such bonds. The validation action is necessary to allow for the issuance of bonds representing a refunding of the existing liability as an obligation statutorily required by law [see additional information on the validation process attached]. Validation action typically takes 85 to 90 days and once validation is completed, the bonds will be sold. The resolution authorizes the Mayor, City Manager and Assistant City Manager to sign financing documentation in connection with the issuance of the POBs. The resolution also appoints the law firm of Jones Hall as the City's bond counsel and approves Stinson Securities as underwriters of the bonds.

Alternative Actions

Do not issue Pension Obligation Bonds

Request additional information

Financial Impact

Savings to the City on pension costs of approximately \$381,950 over a nine-year period.

Environmental Review

- Environmental Impact Report
- Negative Declaration
- Exempt
- Not Applicable

Status

- Approved/Certified
 - No Action Required
 - Action Requested
-

Attachments:

1. Resolution authorizing the issuance of bonds to refund certain pension obligations of the City, approving the form and authorizing the execution of a trust agreement and authorizing judicial validation proceedings relating to the issuance of such bonds and approving additional actions related thereto

2. Trust Agreement by and between the City of Sonoma and the Bank of New York, N.A. as Trustee relating to the issuance of Pension Obligation Refunding Bonds

cc:

SUPPLEMENTAL REPORT

DISCUSSION, CONSIDERATION AND POSSIBLE ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE OF PENSION OBLIGATION BONDS, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, AND AUTHORIZING JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH BONDS

For the meeting of September 5, 2012

On May 7, 2012 Staff presented a report on the proposed issuance of a Pension Obligation Bond. Following the presentation, Council directed staff to initiate the process to solicit proposals from Underwriting firms for the issuance of Pension Obligation Bonds to assist in reducing CalPERS costs. Staff issued a Request for Proposal [RFP] to four financial advisors; three of which submitted responses. Staff is requesting Council authorization to award the contract to Stinson Securities as Bond Underwriters and begin the process to issue Pension Obligation Bonds that would provide cost savings of approximately \$381,950 or 9.71% in reduced retirement payments over a nine year period.

BACKGROUND

Since 1968, the City has contracted with the California Public Employees Retirement System (CalPERS) to provide retirement benefits for all full-time sworn public safety employees (Safety Plan) and for all other full-time employees (Miscellaneous Plan). As part of the contract, the City is obligated to pay any unfunded accrued actuarial liability (UAAL). This is the amount by which CalPERS is short of the amount that will be necessary, to pay benefits already earned by current and former employees covered by CalPERS. In 2003 CalPERS created a risk pooling approach for smaller agencies [less than 100 employees] to reduce the volatility of employer contribution rates. The City's 2003 UAAL is placed in a "side fund" to amortize unfunded liability over a fixed term at a fixed interest rate. The "side fund" is credited on an annual basis with the actuarial investment return assumption determined by CalPERS which is currently 7.50%. A method of fulfilling the City's existing obligation to CalPERS in a more cost-effective manner is for the City to issue pension obligation bonds [POBs] at a lower interest rate than the current obligation to CalPERS. This does not create a new obligation for the City, rather refinances an existing obligation to CalPERS in much the same manner as other City bonds. The POBs would pay off the "side fund" and therefore would not be subject to the higher interest rate charged by CalPERS.

ANALYSIS

Within in the last two years, the City has been able to take advantage of the historically low interest rate environment to issue and/or refinance older bond issues producing significant costs savings. Through the issuance of Pension Obligation Bonds (POBs), the City would also be able to refinance the existing side fund debt and realize cost savings due to the difference between the rate PERS is charging to fund the liability versus the interest rate the City would pay on the POB debt. According to Barbara Ware, Senior Pension Actuary, this payoff will reduce the current employer rate from 14.360% of payroll to 11.040% of payroll.

Summary of Validation Process

In order to issue Pension Obligation Bonds in California, in order to render its final legal opinion regarding the validity of the bonds, Bond Counsel will require that a judicial validation process be undertaken and completed prior to issuance.

The judicial validation process is available to pension obligation bond issuers under State law (Government Code Section 53589.5 and Code of Civil Procedure Sections 860 and following), and results in a binding judgment rendered by the local superior court supporting the legal theory under which the bonds are issued. The legal theory relies on the interpretation of State Law that the refunding of any unfunded liability owing to PERS constitutes an obligation imposed by law and therefore is exempt from the voter approval requirement of the California Constitution's debt limitation provision (Article XVI, Section 18). The legal arguments supporting this theory are briefed to the court, and, following an opportunity to the public to respond, a judgment is rendered which becomes forever binding and conclusive, and cannot be challenged. All law firms which Bond Counsel is aware of in California require this process be undertaken prior to the issuance of pension obligation bonds.

A summary of the steps in the validation process are:

1. Action Triggered: Issuer adopts resolution approving issuance of Pension Obligation Bonds and authorizing Bond Counsel to commence validation proceedings.
2. Initial Court Filing: Complaint is filed in local superior court; Summons is issued simultaneously.
3. Publication of Summons: Summons is directed at "All Interested Persons" and the full text is published in an adjudicated publication in the jurisdiction of the issuer once a week for 3 consecutive weeks, offering any interested person an opportunity to file an answer in the action.
4. Request to Court for Entry of Default Judgment and Court Judgment: If no person has filed an answer in the action by the legal deadline, then Bond Counsel seeks a default judgment in the issuer's favor. Bond Counsel also files a Memorandum of Points and Authorities briefing its legal argument in favor of the issuance of the bonds, and supporting the judgment. The Court will then consider and render the judgment in the issuer's favor.
5. Statutory Appeal Period. The judgment can be appealed for 30 days following entry of the judgment. If there was no answer in the action, the basis of appeal can only relate to issues of the jurisdiction of the court to enter the judgment.

Typically, a period of *at least* 45 days runs from the initial court filing to the entry of judgment, and then prior to the bond issuance, the 30 day appeal process must pass. Thus, the shortest timeline from approval to bond issuance is 75 days but issuers should expect a process of 75 to 90 days.

RESOLUTION NO. _____**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA AUTHORIZING THE ISSUANCE OF PENSION OBLIGATION BONDS TO REFINANCE OUTSTANDING SIDE FUND OBLIGATIONS OF THE CITY TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, DIRECTING THE FILING OF A JUDICIAL VALIDATION ACTION WITH RESPECT THERETO AND PROVIDING OTHER MATTERS RELATING THERETO**

WHEREAS, the City of Sonoma (the "City") is a contracting member of the California Public Employees' Retirement System ("PERS"), and the City is obligated to make certain payments to PERS in respect of retired public safety and miscellaneous employees under the Side Fund program of PERS which amortizes such obligations over a fixed period of time (the "PERS Side Fund Obligations"); and

WHEREAS, the City is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), to issue its bonds for the purpose of refunding certain outstanding obligations of the City, including the PERS Side Fund Obligations; and

WHEREAS, in order to refund the PERS Side Fund Obligations and thereby realize interest savings in respect of the PERS Side Fund Obligations, the City proposes at this time to authorize the issuance of its bonds under the Bond Law for the purpose of refinancing the PERS Side Fund Obligations; and

WHEREAS, the sale and delivery of such bonds by the City is subject to a prior judicial determination of the validity of such bonds and the City Council also wishes at this time to authorize the institution of judicial proceedings to determine the validity of such bonds; and

WHEREAS, the City Council of the City wishes at this time to approve the form of and authorize the execution and delivery of the Indenture of Trust relating to the issuance of such bonds, and to consider for approval further actions relating to the sale and delivery of such bonds at such time as there shall be a request for entry of default and judgment filed in such judicial proceedings; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sonoma (the "City Council") as follows:

Section 1. Approval of Issuance of Bonds. The City Council hereby authorizes and approves the issuance of the City of Sonoma 2012 Taxable Pension Obligation Bonds (the "Bonds") under the Bond Law in the aggregate principal amount of not to exceed \$3,250,000. The City Council hereby authorizes the Mayor to execute the Bonds and the City Clerk to attest Mayor's signature to the Bonds and to cause the Bonds to be authenticated and delivered in accordance with the Indenture (defined

below). The Bonds shall be in substantially the form set forth in the Indenture, with such changes therein, deletions therefrom and additions thereto as the Mayor shall approve, such approval to be conclusively evidenced by the execution and delivery of the Bonds. The proceeds of the Bonds shall be applied to refund the unfunded accrued actuarial liability represented by the PERS Side Fund Obligations, as reported to the City by PERS, plus an amount required to pay all costs of issuing the Bonds (including underwriter's discount and original issue discount, if any).

Section 2. Indenture of Trust. The City Council hereby approves the Indenture of Trust between the City and The Bank of New York Mellon Trust Company, N.A. as trustee (the "Indenture"), prescribing the terms and provisions of the Bonds. Each of the Mayor or the City Manager (each, an "Authorized Officer") is hereby authorized and directed to execute and deliver, and the City Clerk is hereby authorized and directed to attest to, the Indenture for and in the name and on behalf of the City, in substantially the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer shall approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The City Council hereby authorizes the delivery and performance of the Indenture.

Section 3. Sale and Delivery of the Bonds. The City Council proposes to sell the Bonds pursuant to a public offering of the Bonds. Accordingly, at such time as there shall be a request for entry of default and judgment filed in the judicial validation proceedings describe in Section 5, the City Staff shall, with the assistance of the Underwriter, designated in Section 6, offer the bonds at public and shall submit documentation providing for such sale, including the form of bond purchase agreement with the Underwriter and the form of Preliminary Official Statement, to the City Council for final approval.

Section 4. Taxable Status of the Bonds. The City Council hereby determines that interest payable on the Bonds will be subject to federal income taxation, and that the provisions of Section 5900 et seq. of the California Government Code (the "Taxable Bond Act") apply to the Bonds. The City may take any action and exercise any power permitted to be taken by it under the Taxable Bond Act in connection with the issuance and sale of the Bonds.

Section 5. Institution of Judicial Validation Proceedings. The sale and delivery of the Bonds is subject to a prior judicial determination of the validity of the Bonds, the Indenture and related matters and the City Council hereby authorizes the filing of an action to determine the validity of the Bonds, the Indenture and related matters in the Superior Court of Sonoma County, under the provisions of Sections 860 et seq. of the Code of Civil Procedure of the State of California. The firm of Jones Hall, A Professional Law Corporation, as bond counsel to the City, is hereby directed, in concert with the City Attorney, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the Bonds, the Indenture and related matters.

Section 6. Engagement of Bond Counsel, Appointment of Underwriter. In connection with the issuance and sale of the Bonds and the implementation of the judicial validation proceedings, the City Council hereby appoints Jones Hall, A Professional Law Corporation, as Bond Counsel. Fees and expenses to be paid to the foregoing for services shall be as provided in an agreement on file with the City Clerk or

as approved by the City Manager or the Assistant City Manager upon delivery of the Bonds to the Purchaser. Stinson Securities, LLC (the "Underwriter"), is hereby appointed as the underwriter for purposes of the public offering of the Bonds, as shall be provided in a bond purchase agreement to be submitted to and approved by this Council at the time of sale of the Bonds.

Section 7. Official Actions. The Mayor, the Vice Mayor, the City Manager, the Assistant City Manager, the City Clerk, the City Attorney and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the Bonds, the implementation of the authorized judicial validation proceedings and the consummation of the transactions approved herein. Whenever in this Resolution any officer of the City is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED by the City Council of the City of Sonoma this 5th day of September, 2012, by the following vote:

AYES:

NOES:

ABSENT:

Mayor

Attest:

City Clerk

INDENTURE OF TRUST

Dated as of September 1, 2012

between the

CITY OF SONOMA

and

The Bank of New York Mellon Trust Company, N.A.,
as Trustee

Relating to

**[\$Bond Amount]
City of Sonoma
2012 Taxable Pension Obligation Bonds**

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INDENTURE OF TRUST

This INDENTURE OF TRUST (this "Indenture") dated as of September 1, 2012, is between the CITY OF SONOMA, a general law city and municipal corporation duly organized and existing under the laws of the State of California (the "City"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

BACKGROUND:

1. The City has previously elected to become a contracting member of the California Public Employees' Retirement System ("PERS"), and under its contract with PERS the City is obligated to make certain payments to PERS in respect of retired public safety employees and miscellaneous members under the Side Fund program of PERS which amortizes such obligations over a fixed period of time (the "PERS Side Fund Obligations").

2. The City is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), to issue its bonds for the purpose of refunding certain outstanding indebtedness of the City, including the PERS Side Fund Obligations.

3. In order to refund the PERS Side Fund Obligations and thereby realize savings, the City has determined to issue its \$[Bond Amount] aggregate principal amount of City of Sonoma 2012 Taxable Pension Obligation Bonds (the "Bonds") under the Bond Law and this Indenture, and under a Resolution adopted by the City Council of the City on September 5, 2012.

4. The principal and redemption price of and interest on the Bonds are payable from any source of legally available funds of the City, including amounts on deposit in the General Fund of the City.

5. The City has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the City, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the City, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken.

AGREEMENT:

In order to secure the payment of the principal and redemption price of and the interest on all the Outstanding Bonds under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the City and the Trustee hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Appendix A attached to this Indenture have the respective meanings specified in Appendix A when used in this Indenture.

SECTION 1.02. *Authorization.* Each of the parties represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and 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 do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS

SECTION 2.01. *Authorization and Purpose of Bonds.* The City has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

The City hereby authorizes the issuance of the Bonds in the aggregate principal amount of \$[Bond Amount] under the Authorizing Resolution and the Bond Law for the purposes of providing funds to refinance the PERS Side Fund Obligations of the City as provided herein. The Bonds are designated the "City of Sonoma 2012 Taxable Pension Obligation Bonds".

SECTION 2.02. *Terms of the Bonds.* The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond has more than one maturity date. The Bonds shall mature on _____ 1 in each of the years and in the amounts, and bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

Maturity Date (____ 1)	Principal Amount	Interest Rate
---------------------------	---------------------	------------------

[To Come]

Interest on the Bonds is payable from the Interest Payment Date immediately preceding the date of authentication thereof unless:

- (a) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- (b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or
- (c) interest on a Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on a Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date

for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than ten days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner.

The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

SECTION 2.03. *Redemption of Bonds.*

(a) Optional Redemption. The Bonds maturing on or before ____ 1, 20__, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after ____ 1, 20__, are subject to redemption prior to maturity, at the option of the Authority, in whole or in part among maturities on such basis as designated by the Authority and by lot within a maturity, from any available source of funds, on ____ 1, 20__, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Authority must give the Trustee written notice of its intention to redeem Bonds under this subsection (a), and the manner of selecting such Bonds for redemption from among the maturities thereof and the amount of the redemption premium thereon, in sufficient time to enable the Trustee to give notice of such redemption in accordance with subsection (c).

(b) Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory redemption at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on _____ 1 and _____ 1 in the respective years as set forth in the following table.

Sinking Fund
Redemption Date

Principal Amount
To Be Redeemed

[To Come]

(c) Notice of Redemption. The Trustee on behalf and at the expense of the City will mail (by first class mail) notice of any redemption to the respective Owners of Bonds designated for redemption at their respective addresses appearing on the Registration Books and electronically to the Municipal Securities Rulemaking Board, at least 30 but not more than 60 days prior to the date fixed for redemption; *provided, however,* that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice must state the date of the notice, the redemption date, the redemption place and the redemption price and must designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and must require that such Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The City shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The City and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

(d) Manner of Redemption. Whenever provision is made in this Section 2.03 for the redemption of less than all of the Bonds of a maturity, the Trustee shall select the Bonds of such maturity to be redeemed on by lot in any manner in which the Trustee in its sole discretion deems appropriate. For purpose of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

(e) Partial Redemption of Bonds. If only a portion of a Bond is called for redemption, then upon surrender of such Bond the City will execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(f) Effect of Redemption. From and after the date fixed for redemption, if notice of redemption has been duly mailed and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. Unless otherwise directed in writing by the City, the Trustee shall cancel and destroy all Bonds redeemed under this Section 2.03.

SECTION 2.04. *Book Entry System.*

(a) Original Delivery. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds will be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which is registered in the name of the Nominee, the City and the Trustee has no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the City and the Trustee has no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the City elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The City and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments will be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the City to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the City of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee will become the Nominee hereunder for all purposes; and upon receipt of such a notice the City will promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the City will execute and deliver to such Depository a letter representing such matters as necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter,

the City may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the City determines to terminate the Depository as such, then the City will thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the City and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the City fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

If the City determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the City will cooperate with the Depository in taking appropriate action (a) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (b) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the City's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as a Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on that Bond and all notices with respect to that Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.04. *Form and Execution of Bonds.* The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Mayor shall execute, and the City Clerk shall attest the Bonds. Any or all of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on a Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. A Bond may be signed and attested on behalf of the City by such persons as at the actual date of the execution of that Bond are the proper officers of the City, duly authorized to execute debt instruments on behalf of the City, although on the date of that Bond any such person was not an officer of the City.

Only those Bonds bearing a certificate of authentication in the form set forth in Appendix B, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.06. *Transfer and Exchange of Bonds.*

(a) Transfer. A Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of that Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall collect any tax or other governmental charge on the transfer of any Bonds under this Section 2.06. Whenever any Bond or Bonds are surrendered for transfer, the City will execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like interest rate, maturity and aggregate principal amount. The City will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of Bonds under this subsection (b). The City will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

(c) Limitations. The Trustee may refuse to transfer or exchange, under the provisions of this Section 2.06, any Bonds selected by the Trustee for redemption under Section 2.03, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

SECTION 2.07. *Registration Books.* The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours, and upon reasonable notice, be open to inspection by the City. The Trustee will register the ownership and transfer of the Bonds on the Registration Books under such reasonable regulations as it may prescribe.

SECTION 2.08. *Bonds Mutilated, Lost, Destroyed or Stolen.* If a Bond is mutilated, the City, at the expense of the Owner of that Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to or upon the order of the City. If a Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and if indemnity satisfactory to the Trustee is given, the City, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of

the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and are equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

Notwithstanding any other provision of this Section 2.08, in lieu of delivering a new Bond for which principal has become due for a Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS

SECTION 3.01. *Issuance of Bonds.* Upon the execution and delivery of this Indenture, the City shall execute and deliver Bonds in the aggregate principal amount of \$[Bond Amount] to the Trustee and the Trustee shall authenticate and deliver the Bonds to the Original Purchaser upon receipt of a Request of the City therefor.

SECTION 3.02. *Deposit and Application of Proceeds.* Upon receipt of the proceeds of the Bonds on the Closing Date, the Trustee shall deposit the proceeds into a special fund to be held by the Trustee and known as the Bond Proceeds Account which the Trustee shall establish and hold in trust hereunder, to be applied as follows:

- (a) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund.
- (b) The Trustee shall apply the amount of \$_____ to the satisfaction of the City's obligations under the PERS Contract with respect to the Miscellaneous Plan PERS Side Fund Obligations, by effecting a wire transfer of such proceeds to PERS, in accordance with a Request of the City.
- (c) The Trustee shall apply the amount of \$_____, constituting the remainder of the proceeds of sale of the Bonds, to the satisfaction of the City's obligations under the PERS Contract with respect to the Safety Plan PERS Side Fund Obligations, by effecting a wire transfer of such proceeds to PERS, in accordance with a Request of the City.

After making the foregoing transfers, the Trustee shall close the Bond Proceeds Account.

SECTION 3.03. *Costs of Issuance Fund.* There is hereby established a separate fund to be known as the "Costs of Issuance Fund," to be held by the Trustee. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Request of the City stating (a) the person to

whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the City; in each case together with a statement or invoice for each amount requested thereunder. On June 30, 2012, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Debt Service Fund.

SECTION 3.04. *Validity of Bonds.* The validity of the authorization and issuance of the Bonds is not dependent upon the expenditure of the proceeds thereof to pay PERS Side Fund Obligations, or upon the performance by any person of its obligation with respect to the PERS Side Fund Obligations.

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS; INVESTMENTS

SECTION 4.01. *Security of Bonds; Equal Security.* The City shall be obligated to satisfy its obligations with respect to the Bonds from any legally available funds of the City. The obligations of the City under the Bonds, including the obligation to make all payments of principal and redemption price of and interest on the Bonds when due and the obligation of the City to make the deposits required hereunder for the security of the Bonds, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligations of the City to make payments on the Bonds constitute an indebtedness of the City, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

In consideration of the acceptance of the Bonds by those who hold the same from time to time, this Indenture constitutes a contract between the City and the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the City are for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

SECTION 4.02. *Debt Service Fund; Transfer of Amounts to Trustee.* There is hereby established a separate fund to be known as the "Debt Service Fund" which shall be held by the Trustee in trust for the benefit of the Owners. The Trustee will hold the Debt Service Fund for the uses and purposes set forth herein, so long as any of the Bonds remain Outstanding. The City will transfer an amount of legally available funds to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Debt Service Fund, which accounts are hereby established with the Trustee with respect to the Bonds, in the following order of priority:

- (a) Interest Account. On or before the 5th Business Day preceding each date on which interest on the Bonds is due and payable, [the City will transfer to the Trustee] for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on that date. The Trustee will apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.

- (b) Principal Account. On or before the 5th Business Day preceding each date on which principal of the Bonds is due and payable at maturity or upon mandatory sinking fund redemption, [the City will transfer to the Trustee] for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on that date on the Outstanding Bonds, including the principal amount of the Term Bonds which are subject to mandatory sinking fund redemption on that date under Section 2.03(b). The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at the maturity thereof and the principal of the Term Bonds upon the mandatory sinking fund redemption thereof.

SECTION 4.03. *Investment of Moneys in Funds*. The Trustee shall invest moneys in the funds and accounts established and held by it hereunder in Permitted Investments specified in the Request of the City (which Request will be deemed to include a certification that the specified investment is a Permitted Investment) delivered to the Trustee at least two Business Days in advance of the making of such investments. In the absence of any direction from the City concerning the investment of amounts held by the Trustee hereunder, the Trustee shall invest any such amounts solely in Permitted Investments described in clause (f) of the definition thereof. The City shall ensure that all Permitted Investments mature not later than the date on which the funds invested therein are required to be expended.

Obligations purchased as an investment of moneys in any fund or account will be deemed to be part of such fund or account. Whenever in this Indenture the City is required to transfer any moneys to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder will be retained in the respective fund or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the City. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made under this Section.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will

furnish the City periodic transaction statements which include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

ARTICLE V

OTHER COVENANTS OF THE CITY

SECTION 5.01. *Punctual Payment.* The City shall punctually pay or cause to be paid the principal and redemption price and interest to become due in respect of all the Bonds in strict conformity with the terms of this Indenture. The City shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures.

SECTION 5.02. *Budget and Appropriation of Debt Service; Certification to Trustee.* The City covenants to take such action as may be necessary to include in each of its annual budgets the payments required to be made by the City under Section 4.02, and to make the necessary annual appropriations for all such payments. If any payment of Debt Service requires the adoption by the City of a supplemental budget or appropriation, the City will promptly adopt the same. The covenants on the part of the City herein contained constitute duties imposed by law and it is 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 Indenture agreed to be carried out and performed by the City.

Promptly following the adoption of an annual budget which includes the appropriations required by this Section, but in any event not later than July 15 in each Fiscal Year, the City shall execute and deliver to the Trustee a Certificate of the City in substantially the form attached hereto as Appendix C, which shall evidence the compliance by the City with the covenants set forth in this Section 5.02 with respect to such Fiscal Year.

SECTION 5.03. *Extension of Payment of Bonds.* The City may not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and if the maturity of any of the Bonds or the time of payment of any such claims for interest is extended, such Bonds or claims for interest are not entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Outstanding Bonds and of all claims for interest thereon which have not been so extended. Nothing in this Section limits the right of the City to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance does not constitute an extension of maturity of the Bonds.

SECTION 5.04. *Books and Accounts; Financial Statements; Additional Information.* The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City. Such books of

record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect), the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The City will cause to be prepared annually, within 210 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year, as of the end of such Fiscal Year. The City will furnish a copy of such statements, upon reasonable request, to the Trustee and any Owner. The Trustee has no duty to review any such financial statement.

SECTION 5.05. *Continuing Disclosure.* The City will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision hereof, failure of the City to comply with the Continuing Disclosure Certificate does not constitute an Event of Default hereunder; *provided, however*, that any Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate) or any Owner of the Bonds 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 5.05.

SECTION 5.06. *Protection of Security and Rights of Owners.* The City shall preserve and protect the security of the Bonds and the rights of the Owners. From and after the date of issuance of the Bonds, the City shall not contest the validity or enforceability of the Bonds or this Indenture.

SECTION 5.07. *Further Assurances.* The City shall adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners the rights and benefits provided in this Indenture.

ARTICLE VI

THE TRUSTEE

SECTION 6.01. *Duties, Immunities and Liabilities of Trustee.*

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties will be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable corporate trustee would exercise or use.

(b) The City may remove the Trustee at any time, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time (A) the Trustee ceases to be eligible in accordance with subsection (e) of this Section 6.01, (B) becomes incapable of acting, (C) is adjudged a bankrupt or insolvent, (D) a receiver of the Trustee or its property is appointed, or (E) any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. The City may accomplish such removal by giving 30 days written notice to the Trustee, whereupon the City will appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the City, and by giving notice of such resignation by first class mail, postage prepaid, to the Owners at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the City will promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, any Owner (on behalf of such Owner and all other Owners) may petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but,

nevertheless, upon the receipt by the predecessor Trustee of the Request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the City will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the City will mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds and to the Owners at the addresses shown on the Registration Books. If the City fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the City.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall (i) be a company or bank having trust powers, (ii) have a corporate trust office in the State of California, (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least \$50,000,000, and (iv) be subject to supervision or examination by federal or state authority.

If such bank or company publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or company is deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in subsection (c) of this Section.

SECTION 6.02. *Merger or Consolidation.* Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 6.03. *Liability of Trustee.*

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the City, and the Trustee assumes no responsibility for the correctness of the same, nor does it have any liability whatsoever therefor, nor does it make any representations as to the validity or sufficiency of this Indenture or of the Bonds nor does it incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee is, however, be responsible for its representations contained in its certificate of

authentication on the Bonds. The Trustee is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee is not liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the City.

(b) The Trustee is not liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(c) The Trustee is not liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(d) The Trustee will not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge thereof, or unless and until a responsible officer of the Trustee has received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee shall not be responsible for the City's payment of principal and interest on the Bonds, the City's observance or performance of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, the Trustee is not responsible for reviewing the contents of any financial statements furnished to the Trustee under Section 5.05 and may rely conclusively on the Certificate of the City accompanying such financial statements to establish the City's compliance with its financial covenants hereunder.

(e) No provision in this Indenture requires the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder. The Trustee is entitled to receive interest on any moneys advanced by it hereunder, at the maximum rate permitted by law.

(f) The Trustee may establish additional accounts or subaccounts of the funds established hereunder as the Trustee deems necessary or prudent in furtherance of its duties under this Indenture.

(g) The Trustee has no responsibility or liability whatsoever with respect to any information, statement, or recital in any official statement, offering memorandum or any

other disclosure material prepared or distributed with respect to the Bonds, nor shall the Trustee have any obligation to review any such material, and any such review by the Trustee will not be deemed to create any obligation, duty or liability on the part of the Trustee.

(h) Before taking any action under Article VIII hereof the Trustee may require indemnity satisfactory to the Trustee be furnished to it to hold the Trustee harmless from any expenses whatsoever and to protect it against any liability it may incur hereunder.

(i) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(j) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(k) The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

SECTION 6.04. *Right to Rely on Documents.* The Trustee is protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion 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, including, without limitation, Bond Counsel or other counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee is not bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such person's title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the City, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but has no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant appointed by the City.

SECTION 6.05. *Preservation and Inspection of Documents.* The Trustee shall retain in its possession all documents received by it under the provisions of this Indenture, which are subject during normal business hours, and upon reasonable prior written notice, to the inspection of the City and any Owner, and their agents and representatives duly authorized in writing.

SECTION 6.06. *Compensation and Indemnification.* Absent any agreement to the contrary, the City shall pay to the Trustee from time to time compensation for all services

rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture.

The City further covenants to indemnify the Trustee and its officers, directors, agents and employees, against any loss, expense and liabilities, whether or not litigated, which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the City under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

SECTION 6.07. *Accounting Records and Financial Statements.* The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee under this Indenture. Such books of record and account shall be available for inspection by the City at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the City, at least semiannually, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee under this Indenture.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

SECTION 7.01. *Amendments Permitted.*

(a) Amendment With Owner Consent. This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended by the City and the Trustee upon Request of the City at any time by the execution of a Supplemental Indenture, with the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.05. Any such Supplemental Indenture becomes effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite Bond Owners. No such modification or amendment may:

- (i) extend the maturity of a Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the written consent of the Owner of that Bond; or

- (ii) modify any of the rights or obligations of the Trustee without its written consent.

(b) Amendment Without Bond Owner Consent. This Indenture and the rights and obligations of the City and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners of the Bonds, for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the City contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;
- (ii) to provide additional security for the Bonds; or
- (iii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Indenture, or in any other respect whatsoever as the City deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the City and the Trustee.

SECTION 7.02. *Effect of Supplemental Indenture.* From and after the time any Supplemental Indenture becomes effective under this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 7.03. *Endorsement or Replacement of Bonds After Amendment.* After the effective date of any amendment or modification hereof under this Article VII, the City may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the City, as to such amendment or modification and in that case upon demand of the City the Owners of such Bonds shall present such Bonds for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the City may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the City the Owners of the Bonds shall present such Bonds for exchange at the Office of the Trustee without cost to such Owners.

SECTION 7.04. *Amendment by Mutual Consent.* The provisions of this Article VII do not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner.

SECTION 7.05. *Trustee's Reliance.* The Trustee may conclusively rely, and is protected in relying, upon a Certificate of the City and an opinion of counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have

been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Owners.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01. *Events of Default.* Each of the following events constitutes an Event of Default hereunder:

- (a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.
- (b) Failure to pay any installment of interest on the Bonds when due.
- (c) Failure by the City to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the City by the Trustee; *provided, however*, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, such failure will not constitute an Event of Default if corrective action is instituted by the City within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.
- (d) The City commences a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

SECTION 8.02. *Remedies on Default.* If an Event of Default occurs under Section 8.01 and is continuing, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee must, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of Sections 8.07 and 8.09, exercise any other remedies available to the Trustee and the Owners in law or at equity to enforce the rights of the Owners under this Indenture. Without limiting the generality of the foregoing, the Trustee shall have the right by mandamus, suit, action or proceeding, to compel the City and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the City and the fulfillment of all duties imposed upon it.

SECTION 8.03. *Notice of Event of Default.* Immediately upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee shall give notice of such Event of Default to the City by telephone confirmed in writing. Such notice must also

state whether the principal of the Bonds has been declared to be or have immediately become due and payable as provided in Section 8.02(a). With respect to any Event of Default described in Section 8.01(a) or (b), the Trustee shall, and with respect to any Event of Default described in Section 8.01(c) the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the Bonds, which must include the statement that interest on the Bonds will cease to accrue from and after the date, if any, on which the Trustee declares the Bonds to become due and payable under Section 8.02 (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

SECTION 8.04. *Application of Funds Upon Event of Default.* All of the sums in the funds and accounts established and held by the Trustee hereunder upon the occurrence of an Event of Default, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order:

- (a) *First*, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 6.06, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.
- (b) *Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by those Bonds, and in case such moneys are insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

SECTION 8.05. *Power of Trustee to Control Proceedings.* If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, in the performance of its duties hereunder, whether upon its own discretion, with the consent or upon the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action. The Trustee may not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

SECTION 8.06. *Limitation on Owners' Right to Sue.* No Owner of a Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless:

- (a) said Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;
- (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and
- (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners has any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and premium, if any, and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

SECTION 8.07. *Non-waiver.* Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, affects or impairs the obligation of the City, which is absolute and unconditional, to pay from any source of legally available funds of the City, the principal of and interest and redemption premium (if any) on the Bonds to the Bond Owners when due and payable as herein provided, or affects or impairs the right of action, which is also absolute and unconditional, of the Bond Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner does not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Bond Owner or any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bond Owners.

If a suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Bond Owners, the City, the Bond Owners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 8.08. *Actions by Trustee as Attorney-in-Fact.* Any suit, action or proceeding which any Owner has the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI. Notwithstanding the foregoing provisions of this Section 8.08, the Trustee has no duty to enforce any such right or remedy unless it has been indemnified to its satisfaction for any additional fees, charges and expenses of the Trustee related thereto, including without limitation, fees and charges of its attorneys and advisors.

SECTION 8.09. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every 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 Bond Law or any other law.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. *Benefits Limited to Parties.* Nothing in this Indenture, expressed or implied, gives any person other than the City, the Trustee and the Owners, any right, remedy, claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the City are for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 9.02. *Successor is Deemed Included in All References to Predecessor.* Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee binds and inures to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 9.03. *Defeasance of Bonds.* If the City pays and discharges the entire indebtedness on any Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee or an escrow bank, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under this Indenture, in the opinion or report of an Independent Accountant is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;
- (c) by irrevocably depositing with the Trustee or an escrow bank, in trust, at or before maturity, Federal Securities in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available amounts then on deposit in any of the funds and accounts established under this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or
- (d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, then, at the election of the City, and notwithstanding that any such Bonds have not been surrendered for payment, all obligations of the Trustee and the City under this Indenture with respect to such Bonds shall cease and terminate, except only:

- (a) the obligation of the Trustee to transfer and exchange Bonds hereunder,
- (b) the obligation of the City to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and
- (c) the obligations of the City to compensate and indemnify the Trustee under Section 6.06.

The City must file notice of such election with the Trustee The Trustee shall pay any funds thereafter held by it, which are not required for said purpose, to the City.

To accomplish defeasance, the City shall cause to be delivered to the Trustee (i) a report of an Independent Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement, (iii) an opinion of Bond Counsel to the effect that the Bonds are no longer Outstanding and (iv) a certificate of discharge of the Trustee with respect to the Bonds. Each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the City and the Trustee.

In the case of a defeasance or payment of all of the Bonds Outstanding in accordance with this Section 9.03, the Trustee shall pay all amounts held by it in any funds or accounts hereunder, which are not required for said purpose or for payment of amounts due the Trustee under Section 6.06, to the City.

SECTION 9.04. *Execution of Documents and Proof of Ownership by Owners.* Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, consent, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof are conclusively proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond binds all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

SECTION 9.05. *Disqualified Bonds.* In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the City shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. The Trustee will not be deemed to have knowledge that any Bond is owned or held by the City unless the Trustee has received written notice to that effect.

SECTION 9.06. *Waiver of Personal Liability.* No member, officer, agent or employee of the City is individually or personally liable for the payment of the principal of or interest or any premium on the Bonds. However, nothing contained herein relieves any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.07. *Destruction of Canceled Bonds.* Whenever in this Indenture provision is made for the surrender to the City of any Bonds which have been paid or canceled under the provisions of this Indenture, a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the City is entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to. The City will pay all costs of any microfilming of Bonds to be destroyed.

SECTION 9.08. *Notices.* All written notices under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth

below, or at such address as the party may provide to the other party in writing from time to time. Notice is effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in any other case, upon actual receipt. The City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are given hereunder.

If to the City: City of Sonoma
930 17th Avenue
Santa Cruz, California 95062
Attention: Fire Chief
Fax: (831) 479-6847

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
550 Kearny Street, Suite 600
San Francisco, California 94108
Corporate Trust Services

SECTION 9.09. *Partial Invalidity.* If any Section, paragraph, sentence, clause or phrase of this Indenture is for any reason held illegal, invalid or unenforceable, such holding will not affect the validity of the remaining portions of this Indenture. The City and the Trustee hereby declare that they would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 9.10. *Unclaimed Moneys.* Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of the principal of and interest and redemption premium (if any) on such Bonds.

SECTION 9.11. *Execution in Counterparts.* This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9.12. *Governing Law.* This Indenture shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the CITY OF SONOMA has caused this Indenture to be signed in its name by the Mayor and attested to by City Clerk, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CITY OF SONOMA

By _____
Mayor

Attest:

City Clerk

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A. *as Trustee***

By _____
Authorized Officer

APPENDIX A

DEFINITIONS

“Authorizing Resolution” means the Resolution adopted by the City Council of the City on September 5, 2012, authorizing the issuance of the Bonds.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the City of nationally-recognized experience in the issuance of obligations issued by public agencies.

“Bond Law” means the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code, as in effect on the Closing Date or as thereafter amended.

“Bond Purchase Agreement” means the Bond Purchase Agreement dated as of _____, 2012, between the City and the Original Purchaser, relating to the purchase of the Bonds by the Original Purchaser from the City.

“Bonds” means the City of Sonoma 2012 Taxable Pension Obligation Bonds issued by the City in the aggregate principal amount of \$[Bond Amount] under the Bond Law, the Authorizing Resolution and this Indenture.

“Business Day” means a day of the year (other than a Saturday or Sunday) on which banks in California are not required or permitted to be closed, and on which the New York Stock Exchange is open.

“Certificate of the City” means a certificate in writing signed by the President of the Board of Directors or the Fire Chief, or any other officer of the City duly authorized by the City for that purpose.

“City” means the City of Sonoma, a fire protection district organized and existing under the laws of the State of California.

“Closing Date” means _____, 2012, being the date on which the Bonds are delivered by the City to the Original Purchaser.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Debt Service Fund” means the fund by that name established and held by the Trustee under Section 4.02.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.04.

“Depository System Participant” means any participant in the Depository’s book-entry system.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means any of the events described in Section 8.01.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Year” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period under a Certificate of the City filed with the Trustee.

“Indenture” means this Indenture of Trust between the City and the Trustee, as amended or supplemented from time to time under any Supplemental Indenture entered into under the provisions hereof.

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State of California, appointed by or acceptable to the City, and who, or each of whom: (a) is in fact independent and not under domination of the City; (b) does not have any substantial interest, direct or indirect, with the City; and (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Interest Account” means the account by that name established and held by the Trustee under Section 4.02(a).

“Interest Payment Date” means _____ 1, 2012, and each _____ 1 and _____ 1 thereafter so long as any of the Bonds remain unpaid.

“Miscellaneous Plan” means the obligation of the City to make payments pursuant to the PERS Contract with respect to the City’s miscellaneous employees.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

“Office” means, with respect to the Trustee, the corporate trust office of the Trustee at the address set forth in Section 9.08, or at such other or additional offices as may be specified by the Trustee in writing to the City.

“Original Purchaser” means _____, as original purchasers of the Bonds upon the negotiated sale thereof.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by the City hereunder.

“Owner” means, with respect to any Bond, the person in whose name the ownership of such Bond is registered on the Registration Books.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Federal Securities;
- (b) Obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.
- (c) Obligations of any agency, department or instrumentality of the United States of America which are rated A or better by S&P.
- (d) Interest-bearing deposit accounts (including certificates of deposit) in federal or State of California chartered savings and loan associations or in federal or State of California banks (including the Trustee), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by S&P; or (ii) such deposits are fully insured by the Federal Deposit Insurance Corporation.
- (e) Commercial paper rated “A-1+” or better by S&P.
- (f) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of “A-1+” or better by S&P.
- (g) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, which funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services.
- (h) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as

amended, and which are either (a) rated A or better by S&P, or (b) fully secured as to the payment of principal and interest by Permitted Investments described in clauses (a) or (b).

- (i) Obligations issued by any corporation organized and operating within the United States of America having assets in excess of \$500,000,000, which obligations are rated A or better by S&P.
- (j) Bonds or notes issued by any state or municipality which are rated A or better by S&P.
- (k) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by S&P at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event either of such ratings at any time falls below A.
- (l) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"PERS" means the California State Public Employees' Retirement System.

"PERS Contract" means the contract, as amended from time to time, entered into by the City and PERS pursuant to the Retirement Law obligating the City to make contributions to PERS in exchange for PERS providing retirement benefits to certain City employees.

"PERS Side Fund Obligations" means the obligation of the City under the Retirement Law and the PERS Contract to make payments to PERS with respect to benefits accruing to retired public safety employees, miscellaneous employees and certain other employees of the City under the Safety Plan and the Miscellaneous Plan.

"Principal Account" means the account by that name established and held by the Trustee under Section 4.02(b).

"Record Date" means, with respect to any Interest Payment Date, the close of business on the 15th calendar day of the month preceding such Interest Payment Date occurs, whether or not such 15th calendar day is a Business Day.

"Registration Books" means the records maintained by the Trustee under Section 2.07 for the registration and transfer of ownership of the Bonds.

"Request of the City" means a request in writing signed by the President of the Board of Directors or the Fire Chief, or any other officer of the City duly authorized by the City for that purpose.

"S&P" means Standard & Poor's Corporation, of New York, New York, and its successors.

“Safety Plan” means the obligation of the City to make payments pursuant to the PERS Contract with respect to the City’s public safety employees.

“Supplemental Indenture” means any indenture, agreement or other instrument which amends, supplements or modifies this Indenture and which has been duly entered into between the City and the Trustee; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Term Bonds” means the Bonds maturing on _____ 1, 20__.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., as Trustee hereunder, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.

each Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000 aggregate principal amount of Bonds which written request is on file with the Trustee prior to the Record Date immediately preceding any Interest Payment Date, interest on such Bonds shall be paid on such Interest Payment Date by wire transfer to such account within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the City designated as the "City of Sonoma 2012 Taxable Pension Obligation Bonds" (the "Bonds") of an aggregate principal amount of \$[Bond Amount], all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities or interest rates) and all issued under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law") and under an Indenture of Trust, dated as of September 1, 2012, between the City and the Trustee (the "Indenture"). The Bonds have been authorized to be issued by the City under a resolution adopted by the Board of Directors of the City on September 5, 2012. Reference is hereby made to the Indenture (copies of which are on file at the office of the City) and all supplements thereto and to the Bond Law for a description of the terms on which the Bonds are issued, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the City thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the City to refinance obligations of the City owing to the Public Employees Retirement System of the State of California. This Bond and the interest hereon are payable from any source of legally available funds of the City.

The rights and obligations of the City and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the owners required to effect any such modification or amendment.

The Bonds maturing on or before ____ 1, 20__, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after ____ 1, 20__, are subject to redemption prior to maturity, at the option of the Authority, in whole or in part among maturities on such basis as designated by the Authority and by lot within a maturity, from any available source of funds, on ____ 1, 20__, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds are subject to mandatory redemption at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on _____ 1 and _____ 1 in the years as set forth in the following table.

Sinking Fund
Redemption Date

Principal Amount
To Be Redeemed

[To Come]

As provided in the Indenture, the Trustee is required to mail notice of redemption of any Bonds by first class mail, postage prepaid, not less than 30 nor more than 60 days before the redemption date, to the registered owners of the Bonds to be redeemed, but neither failure to receive such notice nor any defect in the notice so mailed affects the sufficiency of the proceedings for prepayment or the cessation of accrual of interest thereon. If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest hereon will cease to accrue from and after the date fixed for redemption.

The City shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The City and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a maturity, the Trustee will select the Bonds of such maturity to be redeemed on a pro rata basis among the Owners of the Bonds of such maturity. For purpose of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

If an Event of Default occurs under and as defined in the Indenture, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said corporate trust office of the Trustee in San Francisco, California, or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

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

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This Bond is not entitled to any benefit under the Indenture and is not valid or obligatory for any purpose until the certificate of authentication hereon endorsed has been signed by the Trustee.

IN WITNESS WHEREOF, the CITY OF SONOMA has caused this Bond to be executed in its name and on its behalf with the facsimile signature of the Mayor and to be attested to by the facsimile signature of City Clerk, all as of the Original Issue Date specified above.

CITY OF SONOMA

By _____
Mayor

Attest:

City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust
Company, N.A.,
as Trustee

By _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby _____ irrevocably constitute(s) _____ and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

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

APPENDIX C

**FORM OF ANNUAL CITY CERTIFICATION REGARDING
BUDGET AND APPROPRIATION OF DEBT SERVICE**

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting _____ of the City of Sonoma, a general law city and municipal corporation duly organized and existing under the laws of the State of California (the "City"), and as such, I am familiar with the facts herein certified and am authorized and qualified to certify the same;

(ii) the City has previously issued its City of Sonoma 2012 Taxable Pension Obligation Bonds in the aggregate principal amount of \$_____ (the "Bonds") under an Indenture of Trust dated as of September 1, 2012 (the "Indenture"), between the City and The Bank of New York Mellon Trust Company, N.A., as trustee;

(iii) during the fiscal year commencing July 1, 20__ (the "Ensuing Fiscal Year"), the aggregate amount of principal and interest coming due on the Bonds is \$_____;

(iv) on _____, 20__, the City Council of the City duly adopted its Resolution No. ___ at a meeting 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 at the time of adoption, adopting a budget for the City (the "Adopted Budget") with respect to the Ensuing Fiscal Year;

(v) pursuant to the Adopted Budget, the City has budgeted the payment of Debt Service coming due during the Ensuing Fiscal Year on the Bonds; and

(vi) attached hereto is an extract from the Adopted Budget showing a line item for payment of Debt Service coming due during the Ensuing Fiscal Year on the Bonds.

Capitalized terms used herein and not otherwise defined have the meanings given them in the Indenture.

Dated:

CITY OF SONOMA

By: _____

Name:

Title:



9 August 2012

Carol Giovanatto, Treasurer
City of Sonoma
No. 1, The Plaza
Sonoma, CA 95476

Re: Proposal to Refund the City's PERS Side Funds

Dear Ms. Giovanatto:

On behalf of Stinson Securities, LLC; I'm pleased to submit this proposal to refund the City's PERS side funds loans. We believe this is an opportunity for the City to save a significant amount of money in these difficult economic times. We are especially sensitive to the effect budget cuts have had on staff.

We've been fortunate enough to work with you and Jones, Hall on two redevelopment financings, as well as the 2006 Lease Revenue private placement. We promise that if we're chosen for this assignment, we will take as little of staff time as possible.

We are advocating a single public offering for the refunding of the three funds. We have successfully structured similar offerings for Monterey County Regional Fire District and the City of Scotts Valley. We are waiting for the go ahead on two side funds in Rohnert Park totaling nearly \$26 million (the City didn't know about one until we made the inquiry to PERS, it's in a pool); and the City of East Palo Alto.

We believe in this case that a public offering is a better vehicle than a private placement for a number of reasons. We have the ability to serialize the bonds which, despite the costs, allows a significant savings over a private placement which is essentially a term bond.

Our Scotts Valley financing had an All In TIC of 4.298%. A private placement for the City of Pleasant Hill had an All In TIC of 5.147%. Both had a final maturity of 2024 and a dated date of June 28 and June 30, respectively. We beat them by nearly 85 basis points, including the associated costs.

Secondly, a public offering is just that. We have a number of buyers for the federally taxable Pension Obligation Bonds, in part, because they're seeking yield in this low interest rate environment.

There is a very limited universe of institutions that offer private placements for side funds, most notably JP Morgan Chase, Bank of America and Umpqua Bank. The reason is that there is no real collateral other than the pledge of payment, unlike, say a placement backed by a lease of an asset.

The universe shrinks even further when you get into transaction details like the size of the loan. For example, a Bank of America loan officer told me that they don't like to look at side fund transactions less than \$5 million, and in some cases, require additional collateral.

Lastly, there's the issue of transparency. In a public offering, you're going to know exactly what you're paying and our fee will be spelled out in a Bond Purchase Agreement. There's even a new requirement (G-17) effective August 1, which requires me to submit to you a letter explaining exactly what our duties are in a public transaction.

I'm enclosing an analysis based on our scale for Scotts Valley which was the most recent public offering of a side fund refinancing. Our projected savings is \$381,950 (9.71% of actual cash flow), most of which is realized between now and 2016 because we're leveling debt service that's now adversely affected by the Safety Police Plan. Another advantage of a public offering is that it gives you the ability to manipulate the debt service in the event you'd rather spread the savings over the life of the issue or shorten the final maturity as we did for Monterey County RFD.

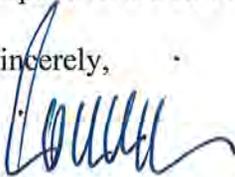
I'm also enclosing a Costs of Issuance worksheet. I've spoken to Andy Hall so the number for legal work is accurate. The other numbers are based on our recent experience in similar transactions.

The timeline indicates a late November-early December close. It's all contingent on the timing of the validation process. In the case of Scotts Valley, we priced on the 30th day of the protest period, but didn't sign the BPA or write trade tickets until the following (31st) day. The second document with our timeline is from Jones, Hall which fleshes out the process a bit.

I think most of your input should be relatively painless. You've worked with Andy long enough to where he knows where to find the required information, most of which appears to be available through the City's website. On our side, we and our back office have worked with Aurora and BNY Mellon for years, so we can be sure of a smooth closing.

I hope this proposal addresses all your questions/concerns going forward. We're excited about the possibility of working with you again. Thank you for the opportunity to respond to the RFP.

Sincerely,



Lonnie Odom
President & CEO

Savings Report

We've based our numbers on an estimate of the side fund balances as of November 30, 2012. Since principal and interest is paid monthly, it's difficult to extrapolate an exact number. Typically, once a date certain is decided for the closing, the issuer requests a pay off letter from PERS that includes the pay off amount and wire instructions.

Side Fund Information for the City of Sonoma

	<u>after assumption change</u>
<u>before assumption change</u>	
Interest rate	7.50%
Payroll increase	3.00%

Miscellaneous Plan

Fiscal Year	<u>7/1 UAL</u>	<u>Annual</u>	<u>Comment</u>
	<u>Balance</u>	<u>Payment</u>	
2003/2004	\$ 727,382	\$ (132,488)	
2004/2005	\$ 921,280	\$ (48,251)	
2005/2006	\$ 1,042,765	\$ 91,383	
2006/2007	\$ 1,028,722	\$ 94,353	
2007/2008	\$ 1,010,507	\$ 97,419	
2008/2009	\$ 987,697	\$ 100,586	
2009/2010	\$ 959,833	\$ 103,855	
2010/2011	\$ 926,416	\$ 107,230	
2011/2012	\$ 886,906	\$ 110,715	
2012/2013	\$ 840,719	\$ 114,313	
2013/2014	\$ 785,251	\$ 117,636	assumption change
2014/2015	\$ 722,177	\$ 121,165	
2015/2016	\$ 650,714	\$ 124,800	
2016/2017	\$ 570,122	\$ 128,544	
2017/2018	\$ 479,603	\$ 132,400	
2018/2019	\$ 378,298	\$ 136,372	
2019/2020	\$ 265,277	\$ 140,463	
2020/2021	\$ 139,538	\$ 144,675	
2021/2022	\$ 0	\$ 0	
Total from 12/13:		\$ 1,160,369	

Notes on Miscellaneous Plan:

12/13 payroll (proj.): \$ 3,443,025
 UAL rate: 3.320%

Safety Fire Plan

Fiscal Year	<u>7/1 Side Fund</u>	<u>Annual</u>	<u>Comment</u>
	<u>Balance</u>	<u>Payment</u>	
2003/2004	\$ 546,529	\$ (70,942)	
2004/2005	\$ 1,874,353	\$ 78,161	3% @ 50 formula
2005/2006	\$ 1,973,313	\$ 174,723	
2006/2007	\$ 1,944,878	\$ 178,381	
2007/2008	\$ 1,910,441	\$ 184,178	
2008/2009	\$ 1,867,318	\$ 190,164	
2009/2010	\$ 1,814,640	\$ 196,345	
2010/2011	\$ 1,751,464	\$ 202,726	
2011/2012	\$ 1,920,000	\$ 209,314	go inactive
2012/2013	\$ 1,851,525	\$ 216,117	
2013/2014	\$ 1,766,315	\$ 290,848	assumption change
2014/2015	\$ 1,597,231	\$ 290,848	
2015/2016	\$ 1,415,465	\$ 290,848	
2016/2017	\$ 1,220,068	\$ 290,848	
2017/2018	\$ 1,010,015	\$ 290,848	
2018/2019	\$ 784,208	\$ 290,848	
2019/2020	\$ 541,466	\$ 290,848	
2020/2021	\$ 280,519	\$ 290,848	
2021/2022	\$ 0	\$ 0	
Total from 12/13:		\$ 2,542,901	

Notes on Fire Plan:

Since the transfer to the inactive pool has not yet been completed, the balances after 2011 and payments after 2013/2014 are estimates.

Safety Police Plan

Fiscal Year	<u>7/1 Side Fund</u>	<u>Annual</u>	<u>Comment</u>
	<u>Balance</u>	<u>Payment</u>	
2003/2004	\$ 632,334	\$ (64,414)	
2004/2005	\$ 748,203	\$ 70,968	
2005/2006	\$ 732,522	\$ 84,787	go inactive
2006/2007	\$ 701,282	\$ 87,542	
2007/2008	\$ 664,761	\$ 90,388	
2008/2009	\$ 622,454	\$ 103,361	
2009/2010	\$ 563,405	\$ 103,361	
2010/2011	\$ 499,777	\$ 103,361	
2011/2012	\$ 431,219	\$ 103,361	
2012/2013	\$ 357,347	\$ 103,361	
2013/2014	\$ 276,981	\$ 102,727	assumption change
2014/2015	\$ 191,244	\$ 102,727	
2015/2016	\$ 99,078	\$ 102,727	
2016/2017	\$ 0	\$ 0	
Total from 12/13:		\$ 411,542	

SOURCES AND USES OF FUNDS

City of Sonoma Community Development Agency
 Combined Side Funds

Sources:

Bond Proceeds:	
Par Amount	3,105,000.00
Original Issue Discount	-29,106.10
	3,075,893.90

Uses:

Project Fund Deposits:	
PERS Side Fund Payoff	2,957,640.00
Delivery Date Expenses:	
Cost of Issuance	70,000.00
Underwriter's Discount	46,575.00
	116,575.00
Other Uses of Funds:	
Additional Proceeds	1,678.90
	3,075,893.90

BOND SUMMARY STATISTICS

City of Sonoma Community Development Agency
Combined Side Funds

Dated Date	11/29/2012
Delivery Date	11/29/2012
Last Maturity	06/30/2021
Arbitrage Yield	3.110989%
True Interest Cost (TIC)	3.452324%
Net Interest Cost (NIC)	3.425417%
All-In TIC	3.979522%
Average Coupon	2.928165%
Average Life (years)	4.902
Duration of Issue (years)	4.533
Par Amount	3,105,000.00
Bond Proceeds	3,075,893.90
Total Interest	445,663.03
Net Interest	521,344.13
Total Debt Service	3,550,663.03
Maximum Annual Debt Service	415,967.50
Average Annual Debt Service	413,535.65
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	15.000000
Total Underwriter's Discount	15.000000
Bid Price	97.562605

Bond Component	Par Value	Price	Average Coupon	Average Life
Miscellaneous Fund	3,105,000.00	99.063	2.928%	4.902
	3,105,000.00			4.902

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,105,000.00	3,105,000.00	3,105,000.00
+ Accrued Interest			
+ Premium (Discount)	-29,106.10	-29,106.10	-29,106.10
- Underwriter's Discount	-46,575.00	-46,575.00	
- Cost of Issuance Expense		-70,000.00	
- Other Amounts			
Target Value	3,029,318.90	2,959,318.90	3,075,893.90
Target Date	11/29/2012	11/29/2012	11/29/2012
Yield	3.452324%	3.979522%	3.110989%

BOND PRICING

City of Sonoma Community Development Agency
 Combined Side Funds

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Miscellaneous Fund:					
	06/30/2013	200,000	0.750%	0.900%	99.912
	06/30/2014	340,000	1.200%	1.500%	99.531
	06/30/2015	345,000	1.400%	1.600%	99.494
	06/30/2016	350,000	1.650%	1.900%	99.136
	06/30/2017	355,000	2.100%	2.400%	98.703
	06/30/2018	365,000	2.750%	2.950%	98.975
	06/30/2019	370,000	3.150%	3.350%	98.824
	06/30/2020	385,000	3.500%	3.750%	98.360
	06/30/2021	395,000	4.000%	4.125%	99.100
		3,105,000			

Dated Date	11/29/2012	
Delivery Date	11/29/2012	
First Coupon	06/30/2013	
Par Amount	3,105,000.00	
Original Issue Discount	-29,106.10	
Production	3,075,893.90	99.062605%
Underwriter's Discount	-46,575.00	-1.500000%
Purchase Price	3,029,318.90	97.562605%
Accrued Interest		
Net Proceeds	3,029,318.90	

BOND DEBT SERVICE

City of Sonoma Community Development Agency
Combined Side Funds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2013	200,000	0.750%	43,935.53	243,935.53	243,935.53
12/31/2013			36,553.75	36,553.75	
06/30/2014	340,000	1.200%	36,553.75	376,553.75	413,107.50
12/31/2014			34,513.75	34,513.75	
06/30/2015	345,000	1.400%	34,513.75	379,513.75	414,027.50
12/31/2015			32,098.75	32,098.75	
06/30/2016	350,000	1.650%	32,098.75	382,098.75	414,197.50
12/31/2016			29,211.25	29,211.25	
06/30/2017	355,000	2.100%	29,211.25	384,211.25	413,422.50
12/31/2017			25,483.75	25,483.75	
06/30/2018	365,000	2.750%	25,483.75	390,483.75	415,967.50
12/31/2018			20,465.00	20,465.00	
06/30/2019	370,000	3.150%	20,465.00	390,465.00	410,930.00
12/31/2019			14,637.50	14,637.50	
06/30/2020	385,000	3.500%	14,637.50	399,637.50	414,275.00
12/31/2020			7,900.00	7,900.00	
06/30/2021	395,000	4.000%	7,900.00	402,900.00	410,800.00
	3,105,000		445,663.03	3,550,663.03	3,550,663.03

City of Sonoma
CalPERS Side Fund Refunding

Year	CalPERS Side Fund amortization schedule payments			
	Percentage	Side Fund	Debt Service	Annual Savings
2013	7.75%	\$255,243.00	\$243,935.53	\$11,307.47
2014	7.50%	\$511,211.00	\$413,107.50	\$98,103.50
2015	7.50%	\$514,740.00	\$414,027.50	\$100,712.50
2016	7.50%	\$514,726.00	\$414,197.50	\$100,528.50
2017	7.50%	\$419,392.00	\$413,422.50	\$5,969.50
2018	7.50%	\$423,248.00	\$415,967.50	\$7,280.50
2019	7.50%	\$427,220.00	\$410,930.00	\$16,290.00
2020	7.50%	\$431,311.00	\$414,275.00	\$17,036.00
2021	7.50%	\$435,523.00	\$410,800.00	\$24,723.00
Total		\$3,932,614.00	\$3,550,663.03	\$381,950.97

Estimated Savings from Refunding**	
\$381,950.97	9.71%

**This is an estimate based on the associated interest rate view. Actuals will not be known until the bonds have been sold

Costs of Issuance

**City of Sonoma Side Fund Refunding
Costs of Issuance**

Bond Counsel, Disclosure Counsel, Verification Counsel	\$47,500
Trustee and Trustee's Counsel	\$ 5,000
Printing	\$ 5,000
Standard & Poor's	\$ 9,000
Cusip	\$ 750
CDIAC	\$ 600
Cal Muni (direct and overlapping debt statement)	\$ 450
	\$68,300

Schedule

VALIDATION PROCEEDINGS TIMELINE

1. <u>Adopt Resolution</u> . Cause of action arises.	Date bonds/Ks authorized. CCP 864	
2. <u>File Complaint</u> . File validation complaint in superior court of county in which the principal office of public agency is located.	Within 60 days after COA arises (adoption of resolution). CCP 860	
3. <u>Order to Publish</u> . Receive signed Summons and Order to publish from court.		7-14 days after filing Request
4. <u>If applicable, AG and Treasurer</u> . [Provide Complaint to CA AG and CA Treasurer for Article 4 JPA validations GC 6599]	Prior to first publication of Summons	
5. <u>Contact Paper to Arrange Publication</u> .	Various publication lead-times apply.	2-5 days.
6. <u>Publication Period</u> . Publish summons in a newspaper of general circulation designated by the court, published in the county where the action is pending and whenever possible within boundaries of the public agency, and in such other counties as may be ordered by the court. CCP 861.	After receiving Order of Publication from court, publish once a week for three successive weeks. Three publications in a newspaper regularly published once a week or oftener, with at least five days intervening between the respective publication dates not counting such publication dates. Period of notice commences upon first day of publication and terminates at end of twenty-first day, including therein the first day. GC 6063.	21 days
7. <u>Answer Period</u> . Deadline to appear and answer complaint; date jurisdiction complete. CCP 861.1; 862.	Date specified in summons, but at a minimum 10 days after completion of publication of the summons. CCP 861.1.	10 days
8. <u>Court Filing</u> . File Request for Judgment with Court.	Immediately after answer period expires.	
9. <u>Judgment</u>	To obtain final, signed judgment, file Request for Judgment and Form of Judgment. Must get on hearing calendar and appear before judge OR request judgment w/o a hearing via mail.	Avg. 7-14 days after filing

10. <u>Appeal period</u> . If there was no answering party, only issues related to the jurisdiction of the court to enter a judgment in the action may be raised on appeal. CCP 870)	30 days after entry of judgment. CCP 870.	30 days
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Average duration of Active Validation, including appeal period: 75-89 days

References

References

David Sargenti, Division Chief

dsargenti@mcrfd.org

Monterey County Regional Fire District

19900 Portola Drive

Salinas, CA 93908

(831) 455-0646

Steven Ando, City Manager/Finance Director

sando@scottsvalley.org

City of Scotts Valley

1 Civic Center Drive

Scotts Valley, CA 95066

(831) 438-6614

Carol Martin, City Manager

carol.martin@ci.shasta-lake.ca.us

City of Shasta Lake

1650 Stanton Drive

Shasta Lake, CA 96019

(530) 275-7400



City of Sonoma
City Council
Agenda Item Summary

City Council Agenda Item: 8B

Meeting Date: 09/05/12

Department

Administration

Staff Contact

Carol E. Giovanatto, Assistant City Manager

Agenda Item Title

Discussion, consideration, and possible actions by the City Council and the Sonoma Public Financing Authority to adopt resolutions authorizing the installment sale refinancing of the 2001 Revenue Bonds, Series A, for Water System improvements

Summary

The City Council, acting as the Board of the Sonoma Public Financing Authority, is requested to authorize the installment sale refinancing of the existing 2001 Revenue Bonds [COP], Series A, originally issued to finance certain water system improvements. The City is currently paying an annual payment of approximately \$140,000 at a 4-4.75% interest rate. The term of the current COP financing will mature in October 2031. Staff has received estimates from two underwriting firms to refinance the 2001 Revenue Bonds, and based on the estimates, the Water Fund could benefit from an interest rate of 3.89% generating a savings of approximately \$340,000 through the remaining life of the financing [19 years]. The balance of this loan is approximately \$1.6 million. The consideration of refunding the existing bonds is a result of staff reviewing all existing debt service to determine if savings can be gained due to financial projections of declining interest rates. All savings generated by this refinancing will be realized by the Water Fund.

Recommended Council Action

Adopt resolutions authorizing the refinancing of the 2001 Revenue Bonds Bond with proceeds from sale to fund payoff of existing Bonds, in order to realize savings in debt service.

Alternative Actions

Do not approve refinancing; cancel refunding of existing Water Fund debt service

Financial Impact

Savings to the Water Fund of approximately \$340,000 over the life of the Bond [19 years]. Debt Service payments are paid from Water Fund

Environmental Review

- Environmental Impact Report
- Negative Declaration
- Exempt
- Not Applicable

Status

- Approved/Certified
 - No Action Required
 - Action Requested
-

Attachments:

Supplemental Report

Authorizing Resolution of the City Council

Authorizing Resolution of the Sonoma Public Finance Authority [original issuer of 2001 Bonds]

2001 Bonds Escrow Deposit and Trust Agreement

2012 Refunding Installment Sale Agreement

Agenda Item **Error! Reference source not found.**

SUPPLEMENTAL REPORT

Discussion, consideration, and possible actions by the City Council and the Sonoma Public Financing Authority to adopt resolutions authorizing the installment sale refinancing of the 2001 Revenue Bonds, Series A, for Water System improvements

For City Council meeting of September 5, 2012

The City Council, acting as the Board of the Sonoma Public Financing Authority, is requested to authorize the installment sale refinancing of the existing 2001 Revenue Bonds [COP], Series A, originally issued to finance certain water system improvements. The City is currently paying an annual payment of approximately \$140,000 at a 4-4.75% interest rate. The term of the current COP financing will mature in October 2031. Staff has received estimates from two underwriting firms to refinance the 2001 Revenue Bonds, and based on the estimates, the Water Fund could benefit from an interest rate of 3.89% generating a savings of approximately \$340,000 through the remaining life of the financing [19 years]. The balance of this loan is approximately \$1.6 million. The consideration of refunding the existing bonds is a result of staff reviewing all existing debt service to determine if savings can be gained due to financial projections of declining interest rates. All savings generated by this refinancing will be realized by the Water Fund.

A description of the existing Bonds recommended to be refunded is as follows:

2001 Water Revenue Bond. In 2001, the City and Financing Authority issued Bonds in the amount of \$2,25 million for the purpose of financing needed improvements to the Water System infrastructure including the construction of the Norrbom Road Water Tank.

Annual Debt Service

Changes in the Water Fund annual debt service following the refunding of the 2001 Bonds and the issuance of the 2012 debt is reflected in the following table. This is the only exiting debt service of the Water Fund.

A “snapshot” comparison of current and anticipated annual debt service [total principal and interest] for the 2012 budget is as follows.

	2001 Water Bonds	Refinancing [proposed]	Savings
Total Debt Service Through 10/01/2031	\$2,639,599.17	\$2,298,576.67	\$341,022.50

Council Action

The CDA Bond Team consisting of Bond Counsel, Andrew Hall of the law firm of Jones Hall, and Bond Underwriter Lonnie Odom from Stinson Securities, will be present to provide additional information and respond to questions on the bond refunding and sale.

Adoption of the following two Resolutions and initial refunding documents will implement the refinancing:

Authorizing Resolution of the City Council: This Resolution approves and authorizes and directs the execution and delivery of the two Agreements and directs City Staff to take all actions appropriate for the implementation of the two Agreements.

2012 Refunding Installment Sale Agreement. This Agreement is substantially the same as the 2001 Installment Sale Agreement with which the Staff is familiar. This Agreement contains the obligations of the City to make installment payments sufficient to repay principal of and interest on the loan by City National Bank, the proceeds of which are being used to refund the 2001 Bonds.

2001 Bonds Escrow Deposit and Trust Agreement. This Agreement provides for the refunding and payment in full of the 2001 Bonds.

Authorizing Resolution of the Financing Authority. Since the Sonoma Public Financing Authority is the issuer of the 2001 Bonds, it is necessary that the Authority also approve of the refunding. This Resolution contains the appropriate approval of the Authority.

RESOLUTION NO. ___**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA
AUTHORIZING INSTALLMENT SALE REFINANCING OF WATER
IMPROVEMENTS, AND APPROVING RELATED DOCUMENTS AND
ACTIONS**

WHEREAS, the City of Sonoma, California (the "City") presently owns and operates certain facilities for the treatment, production, storage and distribution of water (the "Water System");

WHEREAS, the Sonoma Public Financing Authority (the "Authority") issued its \$2,250,000 principal amount of Sonoma Public Financing Authority 2001 Revenue Bonds, Series A (Water Facilities Project) (the "2001 bonds") to assist the City in financing certain improvements to the Water System (the "Improvements");

WHEREAS, repayment of the 2001 Bonds is secured by installment payments to be paid by the City to the Authority pursuant to an Installment Sale Agreement, dated as of October 1, 2001, by and between the City and the Authority (the "2001 Installment Sale Agreement");

WHEREAS, in order to achieve savings in interest costs, the City desires to pay the costs of the Improvements in full by prepaying in full the installment payments payable pursuant to the 2001 Installment Sale Agreement and, thereby, refunding the 2001 Bonds;

WHEREAS, the Public Property Financing Corporation of California (the "Corporation") was formed for the purpose of assisting public agencies such as the City in the financing and refinancing of facilities and property useful to such agencies and is willing to assist the City in the prepayment of the 2001 Installment Sale Agreement and the refunding of the 2001 Bonds;

WHEREAS, to assist the City, the Corporation will purchase the Improvements from the City for resale back to the City, all as provided in the Installment Sale Agreement, dated as of October 1, 2012, by and between the City and the Corporation (the "2012 Installment Sale Agreement");

WHEREAS, for the purpose of obtaining the purchase price (the "Purchase Price") to be paid by the Corporation for the Improvements, which purchase price the City will use to prepay the 2001 Installment Sale Agreement, the Corporation is assigning and transferring certain of its rights under the 2012 Installment Sale Agreement, including the right to receive the Installment Payments payable by the City thereunder, to City National Bank (the "Assignee") pursuant to an Assignment

Agreement, dated as of October 1, 2012, by and between the Corporation and the Assignee;

WHEREAS, the City will use the Purchase Price to prepay the 2001 Installment Sale Agreement and, thereby, refund and pay in full the 2001 Bonds pursuant to the 2001 Bonds Escrow Deposit and Trust Agreement, dated as of October 1, 2012, by and among the City, the Authority and The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Agreement"); and

WHEREAS, the City Council approves of the forgoing as in furtherance of the public purposes of the City, and the City Council wishes at this time to authorize all proceedings relating to the refunding as described above;

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

Section 1. Approval of 2012 Installment Sale Agreement. The City Council hereby approves the 2012 Installment Sale Agreement in substantially the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by the City Manager. The City Council hereby authorizes and directs the City Manager to execute and the City Clerk to attest the final form of the Agreement for and in the name of the City.

Section 2. Approval of Escrow Agreement. The City Council hereby approves the Escrow Agreement in substantially the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by the City Manager. The City Council hereby authorizes and directs the City Manager to execute and the City Clerk to attest the final form of the Agreement for and in the name of the City.

Section 3. Official Actions. The Mayor, the City Manager, the Assistant City Manager, the City Clerk, the City Attorney and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the 2012 Installment Sale Agreement and the Escrow Agreement. Whenever in this resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 4. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED, APPROVED AND ADOPTED this 5th day of September, 2012, by the following vote:

AYES:

NOES:

ABSENT:

Mayor

By:

City Clerk



City of Sonoma
City Council
Agenda Item Summary

City Council Agenda Item: 8C

Meeting Date: 9/5/12

Department

Administration

Staff Contact

Linda Kelly, City Manager

Agenda Item Title

Review and overview of the City's Living Wage Ordinance, requested by Mayor Sanders

Summary

Mayor Sanders has requested an overview of the City's Living Wage Ordinance, which has been in place since 2004. She has requested information on application, implementation and administration. The attached Living Wage Implementation Overview has been prepared by staff.

Recommended Council Action

Council discretion.

Alternative Actions

Council discretion.

Financial Impact

No financial impact as a result of overview.

Environmental Review**Status**

- Environmental Impact Report
- Negative Declaration
- Exempt
- Not Applicable

- Approved/Certified
 - No Action Required
 - Action Requested
-

Attachments:

Living Wage Ordinance Implementation Overview
Living Wage Ordinance – Chapter 2.70 of the Sonoma Municipal Code

cc:

Living Wage Implementation Overview

Living Wage Amount:

The current living wage is \$15.15 per hour. This amount is indexed to the City's union employee wage adjustments, not to exceed the annual CPI as defined in the statute. An employer may receive credit for the amount spent providing health benefits to employees. Employers subject to the living wage must also provide specified time off to employees, as described in the ordinance.

Calculation Method:

The living wage calculation method is specified in the Code as follows:

2.70.060.D. The initial rates set forth in subsection A of this section shall increase annually on July 1st, in accordance with any increase due to a cost of living adjustment for city employees, equal to the average cost of living adjustment (excluding equity pay increases) for all city nonsafety, nonmanagement employees as of the date of the most recent adjustment of the pay of nonsafety, nonmanagement employees, but no more than the most recent December Consumer Price Index for San Francisco-Oakland-San Jose (CPI-U), published by the Bureau of Labor Statistics. (Ord. 04-2004 § 1, 2004).

The living wage history is as follows:

Date	Living Wage
2004 (Original wage)	\$13.20
2006	\$13.75
2007	\$14.19
2008	\$14.76
2010	\$15.15
2011 & 2012	\$15.15 (No change since 2010)

Applicability:

In accordance with Municipal Code Section 2.70.040, the application of the living wage is as follows:

The persons and entities described below shall comply with the minimum compensation standards established by this chapter if they employ more than six employees:

A. The city of Sonoma, including all its agencies, departments and offices.

B. For-profit service contractors which receive contract(s) for \$10,000 or more from the city in a 12-month period.

C. Nonprofit service contractors which receive contracts from the city of \$75,000 or more in a 12-month period.

D. Recipients of city leases, concessions, or franchises which employ 25 or more employees and have \$350,000 or more in annual gross receipts.

E. City financial aid recipients which receive more than \$100,000 in loans or other cash and/or noncash assistance in any 12-month period. Compliance shall be required for a period of five years following receipt of this aid.

F. Subcontractors or subtenants of any of the persons described in subsections B through E of this section and which have \$50,000 or more in annual gross receipts.

G. Public agencies, which receive contract(s) for \$10,000 or more from the city in a 12-month period.

With respect to the guidelines above, at the present time, the following contractors are subject to the living wage:

Sonoma Valley Visitors Bureau: Qualified nonprofit due to the receipt of over \$75,000 of former city redevelopment agency funding in a 12-month period.

Sonoma Community Center: Qualified nonprofit due to the receipt of over \$75,000 of former city redevelopment agency funding in a 12-month period.

Scandia Landscaping: Qualified as a for-profit service contractor which receives a contract for \$10,000 or more from the city in a 12-month period.

UBS Janitorial: Qualified as a for-profit service contractor which receives a contract for \$10,000 or more from the city in a 12-month period.

City construction contracts are subject to the living wage; however, since they are also subject to the State prevailing wage law (which is higher than the living wage), they are in compliance. Under Section 2.70.080, employees of contractors on City public works projects subject to the requirements of Division 2, Part 7, of the California Labor Code, are exempt when said code requires compensation greater than that required by the City's living wage ordinance.

Waivers:

Section 2.70.050 allows for waivers to the ordinance. To date, no person or entity has filed a request for a waiver. The City Council retains the ability to grant a waiver if certain criteria are met.

Exemptions:

Section 2.70.080 provides for specified exemptions, including employees:

- In temporary job training programs or on temporary projects, or City employees on a training or probationary assignment.
- Under 21 years of age employed by a nonprofit for after-school or summer employment.
- Part-time firefighters with EMT certification and part-time paramedics.
- On-call employees.
- In disabled employment programs.
- Subject to a collective bargaining agreement where the waiver provisions are set forth.

Employee Complaints:

Complaints regarding violations are to be reported to the City Manager who shall investigate and take appropriate enforcement action.

A person claiming violation may bring an action in the Superior Court against an employer.

City Contract Requirements:

Contractors covered by the living wage ordinance currently certify to the City that the contractor is providing the living wage as a minimum wage to their employees.

Section 2.70.120 provides:

“As part of any bid, application or proposal for any contract, or other funding arrangement with the City, the contractor shall indicate whether any charges, complaints, citations or findings of violation of law or regulation by any regulatory agency or court have occurred within the last 10 years, including but not limited to California DFEH, OSHA, Department of Industrial Relations (Labor Commissioner), EPA, and NLRB. By seeking such contract or arrangement from the city the submitter shall be deemed to have authorized the city to obtain additional information upon request, about the submitter’s history as an employer, including but not limited to information about employee turnover and complaints lodged by employees (unless disclosure is prohibited by their legal right of privacy), so that the city may ascertain the submitter’s ability to provide the promised services without disruption and without adverse effect on the city’s proprietary interests. To the extent permitted by law, the council shall consider such matters in deciding whether to award the contract, financial assistance, or other arrangement being sought from the city.”

Staff recommends the City consider parameters or guidelines regarding under which circumstances staff should recommend and Council should consider rejecting a bidder for excess employee complaints or employee turnover. This process would add additional time to process bids and contracts prior to recommendation to Council.

Chapter 2.70 LIVING WAGE

Sections:

- [2.70.010](#) Title and purpose.
- [2.70.020](#) Findings.
- [2.70.030](#) Definitions.
- [2.70.040](#) Employers subject to the requirements of this chapter.
- [2.70.050](#) Waivers.
- [2.70.060](#) Compensation required to be paid to employees.
- [2.70.070](#) Required contract provisions.
- [2.70.080](#) Exemptions.
- [2.70.090](#) Retaliation and discrimination prohibited.
- [2.70.100](#) Employee complaints to the city.
- [2.70.110](#) Private right of action.
- [2.70.120](#) Responsible bidding and use of city funds and facilities.
- [2.70.130](#) Labor relations neutrality.
- [2.70.140](#) Phase in for nonprofits and for part-time city employees.

2.70.010 Title and purpose.

The purpose of this chapter is to improve the quality of services to beneficiaries of city contracted agencies and to assure that city employees, employees of city service contractors, subcontractors, and employees and contractors of city financial assistance earn an hourly wage that is sufficient to live with dignity and to achieve economic self-sufficiency. The city contracts with many businesses and organizations to provide services to the public, and provides financial assistance to developers for the purpose of promoting economic development and job growth. Such public expenditures should also be spent to set a community economic standard that permits workers to live out of poverty. The city council finds that the use of city funds to provide living wage jobs will decrease poverty, increase consumer income, invigorate neighborhood businesses and reduce the need for taxpayer funded social service programs.

This chapter shall be known and may be cited as the "city of Sonoma living wage ordinance." The purpose of this chapter is to protect the public health, safety and welfare. It does this by requiring that public funds be expended in such a manner as to facilitate individual self-reliance by employees of city contractors, lessees, recipients of city financial aid and their respective subcontractors. (Ord. 04-2004 § 1, 2004).

2.70.020 Findings.

The city of Sonoma awards contracts to private firms and other businesses to provide services to the public and to city government; and

The city of Sonoma has a limited amount of taxpayer resources to expend; and

The use of taxpayer dollars to promote sustenance and creation of living wage jobs will increase consumer income, decrease levels of poverty and reduce the need for taxpayer-funded social programs in other areas; and

When city funds are used to contract for services, such contracts should demonstrate an effort to promote an employment environment that enhances the general quality of life within the community and maximizes the productive effect of the city's limited resources; and

The city's use of contractors that do not provide health insurance to their employees can result in imposing the costs of their medical care on the county, state and federal governments; and

That employees are far likelier to be healthy if their employer provides reasonable health insurance to them and their dependents; and

The payment of a minimum level of compensation as required by the chapter enacted by this chapter benefits these interests. (Ord. 04-2004 § 1, 2004).

2.70.030 Definitions.

The following words and phrases whenever used in this chapter shall be construed as defined in this section:

A. "City" means the city of Sonoma and all city agencies.

B. "City financial aid recipients" means all persons or entities that receive from the city direct assistance in the form of grants, loans, or loan guarantees, in-kind services, waivers of city fees, real property or other valuable consideration in the amount of more than \$100,000 in any 12-month period. This term shall not include those who enjoy an economic benefit as an incidental effect of city policies, regulations, ordinances, or charter provisions.

C. "Service contractor" means any person or entity that enters into a service contract as hereafter defined in an amount equal to or greater than \$10,000.

D. "Employee" means any individual employed by an employer unless he or she spends less than 20 percent of his or her work time on work arising from a service contract, city financial aid, or city lease, including subcontracts therefrom. No work may be reassigned in order to evade coverage under this chapter. For the purposes of determining whether an employer employs more than six employees for the purpose of this chapter, such number shall be determined by the most recent payroll period unless the employer had less than seven employees during the preceding eight payroll periods and will have less than seven during the next eight payroll periods.

E. "Employer" means those persons identified in SMC [2.70.040](#), except that no person other than the city shall be deemed an employer until they receive a new contract, lease, concession, franchise, or financial aid from or through the city. For these purposes the term "new" includes any arrangement entered into

after this chapter was introduced, or any amendment, extension or renewal of a preexisting arrangement, or the city allowing continued occupancy by tenants with periodic tenancies (such as month-to-month tenants). A subcontractor shall be deemed to have received a new contract through the city when the person to whom it is subcontracting receives a new city contract, lease, franchise, or financial aid.

F. "Nonprofit" shall mean a nonprofit organization described in Section 501(c) of the Internal Revenue Code of 1954 which is exempt from taxation under Section 501(c) of that code, or any nonprofit educational organization qualified under Section 23701(d) of the Revenue and Taxation Code.

G. "Person" means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association, or other entity that may employ individuals or enter into contracts.

H. "Service contract" means a contract given a contractor by the city for the furnishing of services to or for the city, except contracts where services are incidental to the delivery of products, equipment or commodities. Service contracts include but are not limited to security guard services, janitorial services, waste management, landscaping, parking attendant services, towing, and health care.

I. "Credit for the amount spent providing medical health benefits to such employee" shall be defined as follows: (1) the actual hourly contribution made by the employer for medical health benefits; (2) if the employer is not making an hourly contribution, then the amount spent during the preceding month by such employer on medical health benefits for such employee divided by the hours worked, except that the city manager shall have discretion for good cause shown to allow an employer to use an alternate method of determining its average hourly contribution; (3) if the amount contributed by the employer varies between employees (such as a greater contribution for family versus single coverage), then the employer, at its option, may set the amount of the credit at the average it contributes for all employees covered by this chapter receiving health benefits; (4) if the employer is self-insured and employees covered by this chapter are pooled with other workers, then if the employer finds it impractical to determine the amount spent on health benefits just for employees covered by this chapter, then the employer may approximate this calculation on the basis of the best data reasonably available and approved by the city manager (for example, using the average spent by the employer for its entire workforce). (Ord. 04-2004 § 1, 2004).

2.70.040 Employers subject to the requirements of this chapter.

The persons and entities described below shall comply with the minimum compensation standards established by this chapter if they employ more than six employees:

A. The city of Sonoma, including all its agencies, departments and offices.

B. For-profit service contractors which receive contract(s) for \$10,000 or more from the city in a 12-month period.

C. Nonprofit service contractors which receive contracts from the city of \$75,000 or more in a 12-month period.

D. Recipients of city leases, concessions, or franchises which employ 25 or more employees and have \$350,000 or more in annual gross receipts.

E. City financial aid recipients which receive more than \$100,000 in loans or other cash and/or noncash assistance in any 12-month period. Compliance shall be required for a period of five years following receipt of this aid.

F. Subcontractors or subtenants of any of the persons described in subsections B through E of this section and which have \$50,000 or more in annual gross receipts.

G. Public agencies, which receive contract(s) for \$10,000 or more from the city in a 12-month period. (Ord. 04-2004 § 1, 2004).

2.70.050 Waivers.

A. Any employer which contends that it is unable to pay all or part of the living wage must provide a detailed explanation in writing to the city manager (or the city manager's designee) who may recommend a waiver to the city council.

B. The explanation must set forth the reasons for its inability to comply with the provisions of this chapter, including a complete cost accounting for the proposed work to be performed with the financial assistance sought, including wages and benefits to be paid all employees, as well as an itemization of the wage and benefits paid to the five highest paid individuals employed by the employer.

C. The employer must also demonstrate that the waiver will further the interests of the city of Sonoma in creating training positions which will enable employees to advance into permanent living wage jobs or better and will not be used to replace or displace existing positions or employees or to lower the wages of current employees.

D. The city council may grant a waiver only upon a finding and determination that the employer has demonstrated economic hardship and that waiver will further the interests of the city of Sonoma in providing training positions which will enable employees to advance into permanent living wage jobs or better.

E. However, no waiver will be granted if the effect of the waiver is to replace or displace existing positions or employees or to lower the wages of current employees.

F. Waivers from the chapter are disfavored and will be granted only where the balance of competing interests weighs clearly in favor of granting the waiver.

G. If waivers are to be granted, partial waivers are favored over blanket waivers. Moreover, any waiver shall be granted for no more than one year. At the end of the year, the employer may reapply for a new waiver which may be granted subject to the same criteria for granting the initial waiver.

H. The city council of the city of Sonoma reserves the right to waive the requirements of this chapter upon a finding and determination of the city council that a waiver is in the best interests of the city of Sonoma. The city council may also waive the requirements of this chapter during an emergency due to war or natural or human made disasters.

I. All of the provisions of this chapter, or any part hereof, may be waived by a bona fide collective bargaining agreement, but only if the waiver is explicitly set forth in such agreement in clear and unambiguous terms. (Ord. 04-2004 § 1, 2004).

2.70.060 Compensation required to be paid to employees.

Except as otherwise provided in this chapter, an employer subject to this chapter shall provide its covered employees the following minimum compensation:

A. Living Wages. The employer shall pay each employee an hourly wage of not less than \$13.20, except that the employer shall receive credit for the amount spent providing health benefits to such employee. (For example, if an employer spends \$1.50 per hour on health benefits, then the employer must pay a cash wage of only \$11.70 per hour).

B. Time Off. Employees shall be entitled to at least 22 days off per year for sick leave, vacation, or personal necessity. Twelve of the required days off shall be compensated at the same rate as regular compensation for a normal working day. Ten of the required 22 days may be uncompensated days off. Employees who work part-time shall be entitled to accrue compensated days off in increments proportional to that accrued by full-time employees. Employees shall be eligible to use accrued days off after the first six months of satisfactory employment or consistent with employer policy, whichever is sooner. Paid holidays, consistent with established employer policy, may be counted toward provision of the required 12 compensated days off. Compensation for paid leave for part-time on-call employees, pro-rated as described herein above, shall be provided as premium pay twice a year to employees who worked a minimum of 520 hours in the previous six months.

C. Additional Compensation Permissible. Nothing in this chapter shall be construed to limit an employer's discretion to provide greater wages or time off to its employees.

D. The initial rates set forth in subsection A of this section shall increase annually on July 1st, in accordance with any increase due to a cost of living adjustment for city employees, equal to the average cost of living adjustment (excluding equity pay increases) for all city nonsafety, nonmanagement employees as of the date of the most recent adjustment of the pay of nonsafety, nonmanagement employees, but no more than the most recent December Consumer Price Index for San Francisco-Oakland-San Jose (CPI-U), published by the Bureau of Labor Statistics. (Ord. 04-2004 § 1, 2004).

2.70.070 Required contract provisions.

Every city contract, lease, license, concession agreement, franchise agreement or agreement for financial aid with an employer described in SMC [2.70.040](#) or amendment thereto shall contain provisions requiring it to comply with the requirements of this chapter as they exist on the date when the employer entered its

agreement with the city or when such agreement is amended. Such contract provisions shall address the employer's duty to promptly provide to the city documents and information verifying its compliance with the requirements of this chapter, and sanctions for noncompliance. Such contract provisions shall also require the employer to notify each of its affected employees with regards to wages that are required to be paid pursuant to this chapter. (Ord. 04-2004 § 1, 2004).

2.70.080 Exemptions.

The requirements of this chapter shall not be applicable to the following employees:

- A. An employee participating in a temporary job training program approved by the city in which a significant component of the employee's training consists of acquiring specialized knowledge, abilities, skills or job readiness (e.g., the importance of proper work attire, punctuality and workplace demeanor).
- B. An employee who is under 21 years of age employed by a nonprofit entity for after-school or summer employment or as a trainee for a period not longer than 120 days.
- C. An employee employed on a temporary project which will not exceed six months in duration.
- D. Volunteers, including part-time firefighters with EMT certification, part-time paramedics and part-time emergency medical technicians; provided, there is no replacement or displacement of existing firefighter positions or employees.
- E. Employees of contractors on city public works projects subject to the requirements of Division 2, Part 7, of the California Labor Code, when said code requires compensation greater than that required by this chapter.
- F. Employees who are standing by or on-call according to the criteria established by the Fair Labor Standards Act, 29 U.S.C. Section 201. This exemption shall apply only during the time when the employee is actually standing by or on-call.
- G. Any disabled employee who:
 - 1. Is covered by a current sub-minimum wage certificate issued to the employer by the U. S. Department of Labor; or
 - 2. Would be covered by such a certificate but for the fact that the employer is paying a wage equal to or higher than the minimum wage.
- H. An employee for whom application of the requirements of this chapter is prohibited by state or federal law.
- I. An employee subject to a bona fide collective bargaining agreement where the waiver of the provisions of this chapter are set forth in clear and unambiguous terms in such an agreement.

J. City employees during their first six months of employment which is considered a training or probationary period. (Ord. 04-2004 § 1, 2004).

2.70.090 Retaliation and discrimination prohibited.

It shall be unlawful to retaliate or discriminate against any person on account of his having claimed a violation of this chapter. (Ord. 04-2004 § 1, 2004).

2.70.100 Employee complaints to the city.

A. A person who alleges violation of any provision of the requirements of this chapter may report such acts to the city. The city manager may establish a procedure for receiving and investigating such complaints and take appropriate enforcement action.

B. Any complaints received shall be treated as confidential matters, to the extent permitted by law. Any complaints received and all investigation documents related thereto shall be deemed exempt from disclosure pursuant to California Government Code Sections 6254 and 6255. (Ord. 04-2004 § 1, 2004).

2.70.110 Private right of action.

A. A person claiming violation of this chapter may bring an action in the Superior Court of the State of California against an employer and obtain the following remedies:

1. Back pay for each day during which the employer failed to pay the compensation required by this chapter.
2. Reinstatement, compensatory damages and punitive damages.
3. Reasonable attorney's fees and costs.

B. Notwithstanding any provision of this chapter or any other ordinances to the contrary, no criminal penalties shall attach for any violation of this chapter.

C. No remedy set forth in this chapter is intended to be exclusive or a prerequisite for asserting a claim for relief to enforce any rights hereunder in a court of law. This chapter shall not be construed to limit an employee's right to bring a common law cause of action for wrongful termination.

D. Nothing in this chapter shall be interpreted to authorize a claim for damages against the city based upon another employer's failure to comply with this chapter. (Ord. 04-2004 § 1, 2004).

2.70.120 Responsible bidding and use of city funds and facilities.

Prior to commencement of the contract's term or execution by the city, each contractor, subcontractor, lessee of city property or other city-funded employer will certify to the satisfaction of the city that its employees are paid a living wage as provided by the chapter. As part of any bid, application or proposal for any contract, or other funding arrangement with the city covered by SMC [2.70.040](#), the submitter shall (1) include an acknowledgement in a form acceptable to the city of the terms of this chapter and intent to comply therewith, and (2) complete a form to be created by the city manager indicating whether any

charges, complaints, citations or findings of violation of law or regulation by any regulatory agency or court have occurred within the last 10 years, including but not limited to California DFEH, OSHA, Department of Industrial Relations (Labor Commissioner), EPA, and NLRB.

By seeking such contract or arrangement from the city the submitter shall be deemed to have authorized the city to obtain additional information upon request, about the submitter's history as an employer, including but not limited to information about employee turnover and complaints lodged by employees (unless disclosure is prohibited by their legal right of privacy), so that the city may ascertain the submitter's ability to provide the promised services without disruption and without adverse effect on the city's proprietary interests. To the extent permitted by law, the council shall consider such matters in deciding whether to award the contract, financial assistance, or other arrangement being sought from the city. (Ord. 04-2004 § 1, 2004).

2.70.130 Labor relations neutrality.

No employer covered by SMC [2.70.040](#) shall use any city funds or property to assist, promote or deter union organizing. This restriction shall be subject to the definitions and exclusions found in Government Code Sections 16645, 16646, and 16647 as of January 1, 2002. City staff may enforce this chapter by awaiting citizen complaints. Nothing herein shall be construed as a promise by the city to actively monitor contractor compliance. (Ord. 04-2004 § 1, 2004).

2.70.140 Phase in for nonprofits and for part-time city employees.

A. All 501(c) nonprofit organizations subject to the provisions of this chapter shall be exempted from its wage requirements for the first three years following its enactment, unless they agree with the city to comply earlier.

B. The provisions of this chapter shall not apply to part-time city employees for the first six months following its enactment. (Ord. 04-2004 § 1, 2004).



City of Sonoma
City Council
Agenda Item Summary

City Council Agenda Item: 8D

Meeting Date: 9/5/12

Department

Administration

Staff Contact

Linda Kelly, City Manager

Agenda Item Title

Receive, discuss and consider status report from Sonoma Valley Health & Recreation Association regarding Community Swimming Pool project

Summary

The new name of the community swimming pool group is the Sonoma Valley Health & Recreation Association. The Association will be prepared to present a status report. See attached.

Recommended Council Action

Receive report.

Alternative Actions

Council discretion.

Financial Impact

No impact as a result of status report.

Environmental Review

- Environmental Impact Report
- Negative Declaration
- Exempt
- Not Applicable

Status

- Approved/Certified
 - No Action Required
 - Action Requested
-

Attachments:

Report from Sonoma Valley Health & Recreation Association

cc:

To the Honorable Mayor Joanne Sanders and the Sonoma City Council,

In the past year, since a small group of Sonomans dubbed ourselves CUSP (Citizens United for a Sonoma Pool) with the goal of being the last group of Valley residents coalesced to build a community swimming pool, we have made significant progress. Much of our success has been based on an ongoing dialogue with the community, stakeholders and civic leaders, this includes periodic updates to the Sonoma City Council.

Since we last came before the City Council CUSP has made major changes and reached important benchmarks and we are excited to share them with the community. Most importantly, the informal working group known as CUSP has morphed in to the formal board of directors of Sonoma Valley Health and Recreation Association, a 501(c)3 non-profit.

Our legal non-profit status allows us to raise funds and begin in earnest the process of creating a privately funded community access swimming pool and athletic facility. Our first act was to raise a small amount of money to retain the services of a health and fitness facility consulting firm. Management Vision Inc. is conducting an in-depth feasibility study including a telephonic survey of Valley residents to ensure that our facility will effectively meet the community's need.

An important portion of the study and our efforts in general is identifying feasible locations for this facility. While we received much publicity of our interest in the former home of Sonoma Truck and Auto, we have moved away from the location. We have ongoing discussions on other Highway 12 corridor properties and anticipate an announcement in that regards in the near future.

We have also begun the process of creating a large-scale capital campaign and extensive public outreach efforts and look forward to the support from the City Council and the residents of Sonoma Valley as the endeavors move forward; just as we look forward to discussing these developments and any other questions with the members of the City Council.

On Behalf of Sonoma Valley Health and Recreation Association,

Sincerely,

Sam Coturri

Board Treasurer



City of Sonoma
City Council
Agenda Item Summary

City Council Agenda Item: 8E

Meeting Date: 9/5/12

Department

Administration

Staff Contact

Linda Kelly, City Manager

Agenda Item Title

Discussion, consideration and possible action on a request for a resolution in support of Senate Joint Resolution 33 which proposes a Constitutional Amendment to repeal Citizens United vs. Federal Election Commission Supreme Court decision and end corporate personhood, requested by Mayor Pro Tem Brown.

Summary

In 2010 in *Citizens United vs. Federal Elections Commission*, the Supreme Court ruled that corporations could participate in elections specifically through spending money on behalf of political candidates. U.S. Senator Bernie Sanders of Vermont has introduced Senate Joint Resolution 33, which proposes an amendment to the U.S. Constitution to expressly exclude for-profit corporations from the rights given to natural persons by the Constitution of the United States. The amendment would prohibit corporate spending in all elections, and affirm the authority of Congress and the States to regulate corporations and to regulate and set limits on all election contributions and expenditures.

The move to amend the Constitution seeks to abolish "corporate personhood" to eliminate certain rights that corporations have to fund election campaigns.

According to Wikipedia, "Corporate personhood is the legal concept that a corporation may sue and be sued in court in the same way as natural persons or unincorporated associations of persons. This doctrine in turn forms the basis for legal recognition that corporations, as groups of people, may hold and exercise certain rights under the common law and the U.S. Constitution. The doctrine does not hold that corporations are "people" in the literal sense, nor does it grant to corporations all of the rights of citizens. However, as interpreted by the US Supreme Court, the doctrine provides corporations the right to secretly and with some limits - fund political campaigns."

Mayor Pro Tem Brown is seeking Council support for a Council resolution supporting Senate Joint Resolution 33 to amend the U.S. Constitution and end corporate personhood. If adopted by Council, the resolution would be transmitted to the City's Federal representatives including Senators Boxer and Feinstein and Representative Thompson.

Recommended Council Action

Council discretion.

Alternative Actions

Council discretion.

Financial Impact

If request is approved, a letter would be provided within the normal workload of staff.

Environmental Review

- Environmental Impact Report
- Negative Declaration
- Exempt
- Not Applicable

Status

- Approved/Certified
 - No Action Required
 - Action Requested
-

Attachments:

County of Sonoma staff report
County Resolution adopted 3/20/12
Senate Joint Resolution 33

County Of Sonoma Agenda Item Summary Report		Clerk of the Board Use Only Meeting Date / / Agenda Item No: 5
Department: Board of Supervisors		4/5 Vote Not Required
Name and Phone Number: Susan Upchurch - (707) 565-2241	Board Date: 3/20/2012	Deadline for Board Action:
<p>AGENDA SHORT TITLE: Resolution in support for Senate Joint Resolution 33 which proposes a Constitutional Amendment to repeal <i>Citizens United vs. Federal Election Commission</i> Supreme Court decision and end corporate personhood.</p> <p>REQUESTED BOARD ACTION: Support the draft Resolution to support Senate Joint Resolution 33 which proposes a Constitutional Amendment to end corporate personhood and reverse the recent Supreme Court decision <i>Citizens United vs. Federal Election Commission</i>.</p>		
CURRENT FISCAL YEAR FINANCIAL IMPACT - None.		
Explanation (if required): None.		
Prior Board Action: There is no prior action on this matter.		
Alternatives – Results of Non-Approval: The Board's position would not be expressed to members of Congress on the issue.		

Background: Corporate personhood has historically and recently conferred upon corporations by Supreme Court decisions. First, in 1886 in *Santa Clara County vs. Southern Pacific Railroad* which established a corporation was entitled to all of the rights of a human being and in 2010 in *Citizens United vs. Federal Elections Commission* when the Supreme Court ruled that corporations could participate in elections specifically through spending money on behalf of political candidates.

There is a national movement known as “Move To Amend” which has proposed a constitutional amendment to overturn the 2010 decision and eliminate the Constitutional Rights granted to corporations. Local representatives of the Move to Amend have contacted Supervisor Carrillo’s office and requested that the Board pass a resolution supporting the passage of a constitutional amendment to accomplish this goal. The cities of Los Angeles, Portland, Oregon and locally the cities of Sebastopol and Petaluma have passed resolutions calling on Congress to support the Amendment and a draft resolution has been attached (Attachment A) for Board review.

United States Senator Bernie Sanders of Vermont has introduced Senate Joint Resolution 33 (Attachment B) in December 2011 which proposes an Amendment to the federal Constitution to expressly exclude for-profit corporations from receiving the rights of natural person by the Constitution of the United States and reverse the 2010 *Citizens United vs. Federal Elections Commission* decision.

As a matter of prior Board action, federal and state issues addressed by the Board occur through the annual adoption of the County’s State and Federal Legislative Platform. The County’s Legislative Platform traditionally only addresses those legislative matters which directly impact the provision of county services to the community.

Requested Action: The Board is requested to support the draft Resolution of support Senate Joint Resolution 33 which proposes a Constitutional Amendment to end corporate personhood and reverse the recent Supreme Court decision *Citizens United vs. Federal Election Commission*. Should the Board vote to endorse the Resolution, a copy will be transmitted to the Sonoma County’s federal legislators.

Attachments: Attachment A - Draft resolution in support of SJR 33
Attachment B – Copy of Text of SJR 33

On File With Clerk: None.

CLERK OF THE BOARD USE ONLY

Board Action (If other than “Requested”)

Vote:

Resolution No.

**County of Sonoma
Santa Rosa, CA 95403**

Date: 3/20/2012

Resolution Of The Board Of Supervisors Of The County Of Sonoma, State Of California, Urging the Congress of the United States to Support Senate Joint resolution 33 to Amend the United States Constitution and end corporate personhood.

Whereas, free and fair elections are essential to democracy and effective self-governance, and;

Whereas, persons are rightfully recognized as human beings, and;

Whereas, corporations are entirely human-made legal fictions created by express permission of the people of the United States through the laws established by their elected government, and;

Whereas, corporations can exist in perpetuity, need only profit for survival, and exist only through the legal charter imposed by the government of the People of the United States of America, and;

Whereas, corporations are not mentioned in the Constitution, and the people through their elected representatives have never granted constitutional rights to corporations, nor have they decreed corporations have authority that exceeds the authority of the People of the United States, and;

Whereas, interpretation of the United States Constitution by the Supreme Court to include corporations in the term ‘persons’ has infringed on the peoples’ exercise of self- governance by endowing corporations with Constitutional protections intended for the people, and;

Whereas, the judicial bestowal of civil and political rights upon corporations usurps Constitutional rights guaranteed to human persons, and also empowers corporations to sue municipal and state governments for adopting laws that violate ‘corporate rights’ even when those laws serve to protect and defend the rights of human persons and communities.

Therefore be it resolved, Sonoma County Board of Supervisors hereby calls on the Congress of the United States to support Senate Joint Resolution 33 which proposes an Amendment o the Constitution to abolish Corporate Personhood.

Supervisors:

Brown: Rabbitt: McGuire: Carrillo: Zane:

Ayes: Noes: Absent: Abstain:

So Ordered.

112TH CONGRESS
1ST SESSION

S. J. RES. 33

Proposing an amendment to the Constitution of the United States to expressly exclude for-profit corporations from the rights given to natural persons by the Constitution of the United States, prohibit corporate spending in all elections, and affirm the authority of Congress and the States to regulate corporations and to regulate and set limits on all election contributions and expenditures.

IN THE SENATE OF THE UNITED STATES

DECEMBER 8, 2011

Mr. SANDERS (for himself and Mr. BEGICH) introduced the following joint resolution; which was read twice and referred to the Committee on the Judiciary

JOINT RESOLUTION

Proposing an amendment to the Constitution of the United States to expressly exclude for-profit corporations from the rights given to natural persons by the Constitution of the United States, prohibit corporate spending in all elections, and affirm the authority of Congress and the States to regulate corporations and to regulate and set limits on all election contributions and expenditures.

1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled (two-*
3 *thirds of each House concurring therein), That the fol-*
4 *lowing article is proposed as an amendment to the Con-*

1 stitution of the United States, which shall be valid to all
2 intents and purposes as part of the Constitution when
3 ratified by the legislatures of three-fourths of the several
4 States within seven years after the date of its submission
5 for ratification:

6 "ARTICLE —

7 "SECTION 1. The rights protected by the Constitution
8 of the United States are the rights of natural persons and
9 do not extend to for-profit corporations, limited liability
10 companies, or other private entities established for busi-
11 ness purposes or to promote business interests under the
12 laws of any state, the United States, or any foreign state.

13 "SECTION 2. Such corporate and other private enti-
14 ties established under law are subject to regulation by the
15 people through the legislative process so long as such regu-
16 lations are consistent with the powers of Congress and the
17 States and do not limit the freedom of the press.

18 "SECTION 3. Such corporate and other private enti-
19 ties shall be prohibited from making contributions or ex-
20 penditures in any election of any candidate for public of-
21 fice or the vote upon any ballot measure submitted to the
22 people.

23 "SECTION 4. Congress and the States shall have the
24 power to regulate and set limits on all election contribu-
25 tions and expenditures, including a candidate's own spend-

1 ing, and to authorize the establishment of political com-
2 mittees to receive, spend, and publicly disclose the sources
3 of those contributions and expenditures.”.

○



City of Sonoma
City Council
Agenda Item Summary

Agenda Item: 10A
Meeting Date: 09/05/2012

Department Administration	Staff Contact Mayor and Council Members
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Agenda Item Title

Council Members Report on Committee Activities.

Summary

Council members will report on activities, if any, of the various committees to which they are assigned.

MAYOR SANDERS	MPT. BROWN	CLM. BARBOSE	CLM. GALLIAN	CLM. ROUSE
ABAG Alternate	AB939 Local Task Force	City Facilities Committee	ABAG Delegate	City Audit Committee
LOCC North Bay Division Liaison, Alternate	Cemetery Subcommittee	Community Choice Aggregation Focus Grp.	Cemetery Subcommittee	Community Dev. Agency Loan Subcommittee
Sonoma County Mayors & Clm. Assoc. BOD	Cittaslow Sonoma Valley Advisory Council, Alt.	North Bay Watershed Association	Cittaslow Sonoma Valley Advisory Council	LOCC North Bay Division Liaison
Sonoma County M & C Assoc. Legislative Committee	City Facilities Committee	Sonoma Community Center Subcommittee	City Audit Committee	Sonoma County M & C Assoc. Legislative Committee, Alt.
Sonoma Disaster Council	Sonoma Community Center Subcommittee	Sonoma County Transportation Authority, Alt.	Sonoma County Transportation Authority	Sonoma Valley Citizens Advisory Comm. Alt.
Sonoma Housing Corporation	Sonoma County Health Action, Alternate	(SCTA) Regional Climate Protection Authority, Alt.	(SCTA) Regional Climate Protection Authority	S.V. Economic Development Steering Committee, Alt.
S.V.C. Sanitation District BOD	Sonoma County Mayors & Clm. Assoc. BOD	Sonoma County Waste Management Agency	LOCC North Bay Division, LOCC E-Board, Alternate (M & C Appointment)	
S.V. Economic Development Steering Committee	Sonoma Disaster Council, Alternate	Sonoma County/City Solid Waste Advisory Group (SWAG)	Sonoma County/City Solid Waste Advisory Group (SWAG), Alt.	
S.V. Fire & Rescue Authority Oversight Committee	Sonoma Housing Corporation	VOM Water District Ad Hoc Committee	Sonoma County Ag Preservation and Open Space Advisory Committee (M & C Appointment)	
S. V. Library Advisory Committee	S. V. Citizens Advisory Commission	Water Advisory Committee, Alternate	VOM Water District Ad Hoc Committee	
Successor Agency Oversight Board	S.V.C. Sanitation District BOD, Alt.		Water Advisory Committee	
	S.V. Fire & Rescue Authority Oversight Committee			
	S. V. Library Advisory Committee, Alternate			
	Substance Abuse Prevention Coalition			

Recommended Council Action – Receive Reports

Attachments: None