CITY OF MENDOTA

"Cantaloupe Center Of The World"

AGENDA
MENDOTA CITY COUNCIL
Regular City Council Meeting
CITY COUNCIL CHAMBERS
643 QUINCE STREET
October 12, 2021
6:00 PM

The Mendota City Council welcomes you to its meetings, which are scheduled for the 2nd and 4th Tuesday of every month. Your interest and participation are encouraged and appreciated. Notice is hereby given that Council may discuss and/or take action on any or all of the items listed on this agenda. **Please turn your cell phones on vibrate/off while in the council chambers.**

Any public writings distributed by the City of Mendota to at least a majority of the City Council regarding any item on this regular meeting agenda will be made available at the front counter at City Hall, located at 643 Quince Street Mendota, CA 93640, during normal business hours, 8 AM – 5 PM.

In compliance with the Americans with Disabilities Act, individuals requiring special assistance to participate at this meeting please contact the City Clerk at (559) 655-3291 or (559) 577-7692. Notification of at least forty-eight hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to the meeting.

Si necesita servicios de interpretación para participar en esta reunión, comuníquese con la Secretaria de la Ciudad al (559) 655-3291 o (559) 577-7692 entre las 8 a.m. y las 5 p.m. De lunes a viernes. La notificación de al menos veinticuatro horas antes de la reunión permitirá al personal adoptar las disposiciones necesarias para garantizar su participación en la reunión.

Pursuant to Government Code section 54953, subdivision (e)(1)(B), the City Council of the City of Mendota's regular meeting will be accessible remotely to promote social distancing in light of the ongoing COVID-19 pandemic emergency per the recommendations of the Centers for Disease Control and Prevention (CDC), California State Public Health officer, and Fresno County Public Health Officer. The City Council shall consider whether, as a result of the ongoing COVID-19 pandemic emergency, meeting in person would present imminent risks to the health or safety of attendees.

Due to COVID-19, public in-person participation at this meeting is not permitted at this time. To participate in this meeting via Zoom, please use the following information:
Dial-in number: 1(669) 900-6833 Meeting ID: 481 456 459 Password: 93640
https://zoom.us/j/481456459?pwd=S1ZEc0VYaXRRTFp6c293cHMyQlA1dz09

CALL TO ORDER

ROLL CALL

FLAG SALUTE

INVOCATION

FINALIZE THE AGENDA

1. Adjustments to Agenda

2. Adoption of final Agenda

643 Quince Street Mendota, California 93640
Telephone: (559) 655-3291 Fresno Line: (559) 266-6456 Fax: (559) 655-4064
TDD/TTY 866-735-2919 (English) TDD/TTY 866-833-4703 (Spanish)
ci.mendota.ca.us
The City of Mendota is an equal opportunity provider and employer

CITIZENS' ORAL AND WRITTEN PRESENTATIONS

At this time, members of the public may address the City Council on any matter not listed on the agenda involving matters within the jurisdiction of the City Council. Please complete a "request to speak" form and limit your comments to THREE (3) MINUTES. Please give the completed form to the City Clerk prior to the start of the meeting. All speakers shall observe proper decorum. The Mendota Municipal Code prohibits the use of boisterous, slanderous, or profane language. All speakers must step to the podium and state their names and addresses for the record. Please watch the time.

APPROVAL OF MINUTES AND NOTICE OF WAIVING OF READING

1. Minutes of the regular City Council meeting of September 28, 2021.

2. Notice of waiving of the reading of all resolutions and/or ordinances introduced and/or adopted under this agenda.

CONSENT CALENDAR

Matters listed under the Consent Calendar are considered to be routine and will be enacted by one motion and one vote. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Calendar and will be considered separately.

1. SEPTEMBER 22, 2021 THROUGH OCTOBER 5, 2021
   WARRANT LIST CHECK NOS. 50865 THROUGH 50920
   TOTAL FOR COUNCIL APPROVAL = $728,317.23

2. Proposed adoption of **Resolution No. 21-78**, authorizing final payment of the retainage to the contractor for the Mowry Bridge Replacement Project.

3. Proposed adoption of **Resolution No. 21-79**, declaring its support for broadband infrastructure.

4. Proposed adoption of **Resolution No. 21-83**, proclaiming a continued local emergency, ratifying the proclamation of a State of Emergency by the Governor on March 4, 2020, and authorizing remote teleconference meetings of the City of Mendota's legislative bodies for a period of thirty days pursuant to the Brown Act.

BUSINESS

1. Council discussion and consideration of the allocation of the Clean CA Initiative Funding.

   a. *Receive report from City Manager Gonzalez*
   b. *Inquiries from Council to staff*
   c. *Mayor Castro opens floor to receive any comment from the public*
   d. *Council provides any input and takes action as appropriate*

2. Council discussion and consideration of **Resolution No. 21-77**, authorizing the execution of a licensing agreement with GovInvest Software for Transparent Solutions for Pension, Labor Costing, and Financial Modeling.

    a. *Receive report from Finance Director Banda*
    b. *Inquiries from Council to staff*
    c. *Mayor Castro opens floor to receive any comment from the public*
    d. *Council provides any input and considers Resolution No. 21-77 for adoption*

3. Council discussion and consideration of **Resolution No. 21-80**, approving the execution and delivery of an installment purchase agreement, a bond purchase agreement, an escrow agreement, a preliminary official statement, and a continuing disclosure certificate; and authorizing certain other matters relating thereto.

    a. *Receive report from Finance Director Banda*
    b. *Inquiries from Council to staff*
    c. *Mayor Castro opens floor to receive any comment from the public*
    d. *Council provides any input and considers Resolution No. 21-80 for adoption*

4. Council discussion and consideration of **Ordinance No. 21-16**, amending Chapter 17.99 of Title 17 of the Mendota Municipal Code's provisions regarding approved uses in the Commercial Cannabis Overlay District.

    a. *Receive report from City Planner O'Neal*
    b. *Inquiries from City Council to staff*
    c. *Mayor Castro opens the floor to receive any comment from the public*
    d. *Council considers introduction and waiver of the first reading of Ordinance No. 21-16 and sets a public hearing for October 26, 2021*

PUBLIC HEARING

1. Council discussion and consideration of the following items in the matter of Application No. 21-01, the Left Mendota II Commercial Cannabis Project (APN 013-280-29): **Resolution No. 21-81**, adopting a mitigated negative declaration pursuant to the California Environmental Quality Act; **Resolution No. 21-82**, ruling on the applicant's appeal of the Mendota Planning Commission's denial of a conditional use permit; and introduction and waiver of the first reading of **Ordinance No. 21-17**, approving and entering into a development agreement by and between the City of Mendota and Left Mendota II, LLC.

    a. *Receive report from City Planner O'Neal*
    b. *Inquiries from City Council to staff*
    c. *Mayor Castro opens the public hearing*
    d. *Once all comment has been received, Mayor Castro closes the public hearing*
    e. *Council considers adoption of Resolution No. 21-80 and Resolution No. 21-81 and introduction and waiver of the first reading of Ordinance No. 21-17*

DEPARTMENT REPORTS AND INFORMATIONAL ITEMS

1. Finance Director
    a) Grant Update

2. City Engineer
    a) Update

3. City Attorney
    a) Update

4. City Manager

MAYOR AND COUNCIL REPORTS AND INFORMATIONAL ITEMS

1. Council Member(s)

2. Mayor

ADJOURNMENT

CERTIFICATION OF POSTING

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby declare that the foregoing agenda for the Mendota City Council Regular Meeting of October 12, 2021, was posted on the outside bulletin board located at City Hall, 643 Quince Street, on Friday, October 8, 2021 at 3:40 p.m.

Celeste Cabrera-Garcia, City Clerk

AGENDA

MINUTES OF MENDOTA
REGULAR CITY COUNCIL MEETING

Regular Meeting **September 28, 2021**

Meeting called to order by Mayor Pro Tem Mendoza at 6:07 p.m.

Roll Call

Council Members Present: **Mayor Rolando Castro (via Zoom), Mayor Pro Tem Jesus Mendoza, Councilors Jose Alonso, Joseph Riofrio, and Oscar Rosales**

Council Members Absent: **None**

Flag salute led by Mayor Castro

Invocation led by Police Chaplain Ophelia Lugo

Mayor Pro Tem Mendoza welcomed Brandon Herreman, the Field Representative for Congressman Valadao

FINALIZE THE AGENDA

1. Adjustments to Agenda.

2. Adoption of final Agenda.

A motion was made by Councilor Riofrio to adopt the agenda, seconded by Councilor Rosales; unanimously approved (5 ayes).

CITIZENS ORAL AND WRITTEN PRESENTATIONS

Brandon Herreman (Field Representative for Congressman Valadao) – presented certificates of recognition to Administrative Services Director/Assistant City Manager Lekumberry, Finance Director Banda, and City Clerk/Event Coordinator Cabrera-Garcia.

The Council congratulated the employees.

At 6:12 p.m. the Council took a recess.

At 6:15 p.m. the meeting reconvened.

APPROVAL OF MINUTES AND NOTICE OF WAIVING OF READING

1. Minutes of the regular City Council meeting of September 14, 2021.

2. Notice of waiving of the reading of all resolutions and/or ordinances introduced and/or adopted under this agenda.

A motion was made by Councilor Rosales to approve items 1 and 2, seconded by Councilor Alonso; unanimously approved (5 ayes).

CONSENT CALENDAR

1. SEPTEMBER 9, 2021 THROUGH SEPTEMBER 21, 2021
   WARRANT LIST CHECK NOS. 50785 THROUGH 50864
   TOTAL FOR COUNCIL APPROVAL = $845,329.31

2. Proposed adoption of **Resolution No. 21-72**, authorizing the City Manager to approve and execute the proposal and consultant services agreement received from Provost & Pritchard Consulting Group for the development of a GIS online mapping system.

3. Proposed adoption of **Resolution No. 21-73**, authorizing the City Manager to nominate the Mendota Community Corporation for the Small Town America Civic Volunteer Award Program.

4. Proposed adoption of **Resolution No. 21-74**, approving the application for Outdoor Equity Grants Program grant funds.

5. Proposed adoption of **Resolution No. 21-75**, adopting the City of Mendota's revised Injury and Illness Prevention Program.

6. Proposed adoption of **Resolution No. 21-76**, approving a Health Reimbursement Arrangement Plan between the City of Mendota and Navia Benefit Solutions, Inc., and authorizing the City Manager to execute the agreement.

A request was made to pull item 4 for discussion.

A motion was made by Councilor Rosales to approve items 1 through 3, 5, and 6 of the Consent Calendar, seconded by Councilor Riofrio; unanimously approved (5 ayes).

4. Proposed adoption of **Resolution No. 21-74**, approving the application for Outdoor Equity Grants Program grant funds.

Discussion was held on the item.

A motion was made by Councilor Rosales to approve item 4 of the Consent Calendar, seconded by Councilor Riofrio; unanimously approved (5 ayes).

BUSINESS

1. Council discussion on the City's American Rescue Plan Act of 2021 funding.

Mayor Pro Tem Mendoza introduced the item and Finance Director Banda summarized the report.

Discussion was held on the item.

At 6:37 p.m. Mayor Pro Tem Mendoza left the Council Chambers and returned at 6:38 p.m.

Discussion was held on the item.

The Council provided direction to staff to determine the costs of various project options and bring back to the Council for discussion at a future meeting, and to direct the Recreation Commission to create a subcommittee to discuss potential improvements of Pool Park.

2. Council discussion and consideration of **Resolution No. 21-77**, authorizing the execution of a licensing agreement with GovInvest Software for Transparent Solutions for Pension, Labor Costing, and Financial Modeling.

Mayor Pro Tem Mendoza introduced the item and Finance Director Banda summarized the report.

Discussion was held on the item.

A motion was made by Councilor Riofrio to table the item to a future meeting agenda, seconded by Councilor Rosales; unanimously approved (5 ayes).

DEPARTMENT REPORTS AND INFORMATIONAL ITEMS

1. Animal Control, Code Enforcement, and Police Department
   a) Monthly Report

Chief of Police Smith provided the report for the Code Enforcement Department including a personnel update and monthly statistics.

Chief Smith provided the report for the Animal Control Department including monthly

statistics and issues with stray dogs.

Chief Smith provided the report for the Police Department including monthly statistics, significant cases, the department addressing instances of individuals driving under the influence, and commercial enforcement.

Discussion was held on the information provided by Chief Smith and the status of the drone program, the possibility of having a bike patrol, the personnel of the police department, and police presence in the community.

2. City Attorney
   a) Update

City Attorney Kinsey provided an update on an abatement process.

Discussion was held on the abatement process

3. City Manager

City Manager Gonzalez reported on the upcoming tour of the 5Points Facility that is scheduled for October 5th; the joint meeting between the City Council and the Mendota Unified School District ("MUSD") Board that is scheduled for October 20th; and the upcoming Mowry Bridge Grand Opening event that is scheduled for September 29th.

Discussion was held on the possibility of acquiring the old stadium lights from MUSD; the need for additional funding for the Mowry Bridge; a public dance that was recently held; the rental property business license fee that recently went into effect; a group that is interested in purchasing land South of the City for a cannabis project; the possibility of improving Rojas-Pierce Park; the City's green waste and mattress recycling programs; issues with individuals driving through the roundabout; the Lozano Street ponding basin; and the possibility of removing the Lozano Street traffic island.

MAYOR AND COUNCIL REPORTS AND INFORMATIONAL ITEMS

1. Council Member(s)

At 7:58 p.m. Councilor Riofrio left the Council Chambers and returned at 7:59 p.m.

Councilor Alonso reported on the importance of keeping City parks and roads clean, and shared his experience at the League of California Cities (CalCities) Annual Conference.

Councilor Riofrio commented on the CalCities Annual Conference.

Councilor Rosales thanked staff for their work and requested additional police presence throughout the community.

Mayor Pro Tem Mendoza shared his experience at the CalCities Annual Conference.

Discussion was held on illegal dumping.

2. Mayor

Nothing reported.

ADJOURNMENT

With no more business to be brought before the Council, a motion for adjournment was made at 8:10 p.m. by Councilor Rosales, seconded by Councilor Alonso; unanimously approved (5 ayes).

_____
Rolando Castro, Mayor

ATTEST:

_____
Celeste Cabrera-Garcia, City Clerk

CITY OF MENDOTA
CASH DISBURSEMENTS
9/22/2021-10/5/2021
CHECK# 50865-50920

AGENDA

Date	Check#	Check Amount	Vendor	Department	Description
September 22, 2021	50865	$ 877.03	JOHN HANCOCK (USA) CITY OF MENDOTA	GENERAL	LOAN REPAYMENT FROM EMPLOYEE
September 22, 2021	50866	$ 2,000.00	MICHAEL OLIVAR	STREETS	RIGHT-A-WAY (1) SKID STEER BOOM MOWER-BRUSH MOWER
September 22, 2021	50867	$ 48,601.00	UNITED RENTALS (NORTH AMERICA)	STREETS	(1) BOOM LIFT- GENIE SERIAL #Z6013-12794
September 28, 2021	50868	$ 61.18	ADT SECURITY SERVICES	WATER	SECURITY SERVICES FOR WT PLANT 10/4/21-11/3/21
September 28, 2021	50869	$ 949.11	AFLAC	WATER	AFLAC INSURANCE FOR THE MONTH OF SEPTEMBER 2021
September 28, 2021	50870	$ 1,467.81	MUTUAL OF OMAHA	WATER	LIFE, AD&D LTD AND STD FOR OCTOBER 2021
September 28, 2021	50871	$ 413.64	THE HOME DEPOT	WATER	(2) DIABLO SANDING BELT, DIABLO BIT & BELT SANDER, (2) DIABLO 3/8" CARBIDE ROUND NOSE BIT
September 28, 2021	50872	$ 193.92	GERARDO VACA	GENERAL	9/22/2021-9/23/2021 CENTRAL SAN JOAQUIN VALLEY RMA WC
September 29, 2021	50873	$ 118,200.44	CITY OF MENDOTA PAYROLL	GENERAL	PAYROLL TRANSFER FOR 9/13/2021-9/26/2021
September 30, 2021	50874	$ 453,486.36	HAAKER EQUIPMENT COMPANY	SEWER	NEW VACTOR 2112 SEWER CLEANER SERIAL #21-06V-20262
September 30, 2021	50875	$ 75.00	ASSOCIATION OF CALIFORNIA AIRPORTS	AIRPORT	CITY MANAGER'S MEMBERSHIP DUES 7/1/2021-6/30/2022
September 30, 2021	50876	$ 2,600.18	ALERT-0-LITE	STREETS	(10) STRIPING PAINT WHITE (STREETS)
September 30, 2021	50877	$ 500.00	ALFREDO ARAMBULA	GENERAL	FACILITY USE DEPOSIT REFUND- FOR USE OF ROJAS-PIERCE PARK
September 30, 2021	50878	$ 153.51	ARAMARK	GENERAL-WATER-SEWER	PUBLIC WORKS UNIFORM RENTALS FOR 9/23/2021
September 30, 2021	50879	$ 606.11	AT&T	GENERAL-WATER-SEWER	CITY WIDE TELEPHONE SERVICE 8/25/21-9/24/21
September 30, 2021	50880	$ 1,034.54	AT&T MOBILITY	GENERAL	POLICE DEPARTMENT CELL PHONE SERVICE 8/12-9/11/21
September 30, 2021	50881	$ 824.25	BSK ASSOCIATES	WATER-SEWER	GENERAL EDT WEEKLY TREATMENT & DISTRIBUTION 9/7/21, 9/14/21, WW WEEKLY GRAB SAMPLE 9/7/21, 9/14/21
September 30, 2021	50882	$ 939.01	CORBIN WILLITS SY'S INC.	GENERAL-WATER-SEWER	ENHANCEMENT & SERVICE FEES MOMS SYSTEM OCTOBER 2021
September 30, 2021	50883	$ 1,869.90	US COMPUTER & NETWORK SERVICES	GENERAL-WATER-SEWER	(5) USCOMNET SERVER SERVICE 09/2021, (5) TECH SERVICES, (2)TECHNOLOGY SERVICES 8/2/21&(4)TECH 8/17/21 (PD)
September 30, 2021	50884	$ 97.17	HR DIRECT	GENERAL-WATER-SEWER	(1) ENGLISH CA. MISC STATE/FED/LOCAL POSTER LAWS
September 30, 2021	50885	$ 600.00	LAW & ASSOCIATES	GENERAL	LAW ENFORCEMENT BACKGROUND INVESTIGATION (PD)
September 30, 2021	50886	$ 1,198.58	MENDOTA SMOG & REPAIR	GENERAL	2020 FORD- POLICE INTERCEPTOR, OIL CHANGE (PD), 2019 DODGE CHARGER-(4) TIRE INSTALL & BALANCE (PD)
September 30, 2021	50887	$ 456.23	METRO UNIFORM	GENERAL	(1) LISTEN ONLY MIC-BLACK, (2) EAR FIN BLK, (1) ATHLETIC MOISTURE WICKING T-SHIRT, BELT, LACES, MNS PANTS (PD)
September 30, 2021	50888	$ 611.50	MID VALLEY DISPOSAL, INC	STREETS	ROLL OFF BIN EXCHANGE 10Y QTY. 5.39 & 6.84, 9/2/2021
September 30, 2021	50889	$ 502.91	MUNICIPAL MAINTENANCE EQUIPMENT	STREETS	(1) STARTER 5.7L (STREET SWEEPER)
September 30, 2021	50890	$ 4,996.50	NORTHSTAR CHEMICAL	WATER	(1000) & (800) GAL SODIUM HYPOCHLORITE- 12.5%, (286)GAL SODIUM BISULFATE- 25% (WATER)
September 30, 2021	50891	$ 5,160.50	RRM DESIGN GROUP	GENERAL-WATER-SEWER	MENDOTA CITY HALL & PD CONSTRUCTION DOCUMENTS
September 30, 2021	50892	$ 100.52	ERNEST PACKING SOLUTIONS	GENERAL-WATER-SEWER	(2) CLEANER/DEGREASER BATH KABOOM
September 30, 2021	50893	$ 216.70	SIGNMAX	GENERAL-WATER-SEWER	(4) 14" CUSTOM MAGNETS, (8) 14" CUSTOM DECALS
September 30, 2021	50894	$ 407.00	KEVIN SMITH	GENERAL	PER DIEM + MILEAGE FOR 2021 LEAGUE OF CALIFORNIA CITIES CONFERENCE
September 30, 2021	50895	$ 2,682.01	SORENSEN MACHINE WORKS	GENERAL-WATER-SEWER-STREETS	MULTIPLE DEPARTMENT SUPPLIES FOR AUGUST 2021
September 30, 2021	50896	$ 535.00	MARK ANTHONY DUARTE	GENERAL-WATER-SEWER	PEST CONTROL SERVICES CITYHALL/DMV/YOUTH CENTER 9/28/21, ROJAS PARK TREAT GROUNDS FOR GOPHERS 9/2021
September 30, 2021	50897	$ 585.78	USA BLUEBOOK	WATER-SEWER	(1) SENSOR CAP EXT WARRANTY,FREE CHLORINE REAGENT, (3) HEAVY DUTY TRASH BAGS 60 GAL BLK 10 ROLLS
September 30, 2021	50898	$ 500.00	SERGIO VALDEZ	GENERAL	FACILITY USE APPLICATION DEPOSIT REFUND- ROJAS-PIERCE PARK
September 30, 2021	50899	$ 587.19	VULCAN MATERIALS COMPANY	STREETS	HYBRID HMA 64-10 QTY:9.29 AGG & ASPHALT- STREET PATCH
October 4, 2021	50900	$ 2,943.90	ROGER D. MCCARTY JR.	GENERAL	2018 FORD POLICE INTERCEPTOR- MAINTENANCE (PD)
October 4, 2021	50901	VOID			

CITY OF MENDOTA
CASH DISBURSEMENTS
9/22/2021-10/5/2021
CHECK# 50865-50920

AGENDA

October 4, 2021	50902	$ 1,767.54	BANKCARD CENTER	GENERAL-WATER-SEWER	CREDIT CARD EXPENSES FOR 8/25/2021-9/24/2021 & CREDITS APPLIED $412.73, DOG FOOD, THE CLIFFS RESORT, WORKSHOP
October 5, 2021	50903	$ 323.91	AM CONSTRUCTION SUPPLY, INC	STREETS	ELITE MASTER COMBO 14"- STREETS CUTTER
October 5, 2021	50904	$ 591.84	ARAMARK	GENERAL-WATER-SEWER	PUBLIC WORKS UNIFORM RENTALS FOR 8/19/21, 9/2/21, 9/16/21, & 9/30/21, UA WMN CORP PERF POLO
October 5, 2021	50905	$ 227.10	AT&T	GENERAL	POLICE DISPATCH PHONE SERVICES 8/27/21-9/26/21
October 5, 2021	50906	$ 121.56	BSK ASSOCIATES	SEWER	WW WEEKLY GRAB SAMPLE 9/21/2021
October 5, 2021	50907	$ 175.00	COMMUNITY MEDICAL CENTER	GENERAL	LEGAL BLOOD DRAWS FOR AUGUST 2021 (PD)
October 5, 2021	50908	$ 359.72	DATAMATIC, INC.	WATER	MONTHLY SERVICE LICENSE & MAINTENANCE FEE NOVEMBER 2021
October 5, 2021	50909	$ 462.50	GONZALEZ TOWING & TIRE ROAD SERVICE	STREETS	REPLACED AIR BAG ON REAR RIGHT AXEL-DUMP TRUCK
October 5, 2021	50910	$ 75.94	OFFICE DEPOT	GENERAL-WATER-SEWER	OFFICE SUPPLIES-FOLDERS (100 SET),TAPE, CALCULATOR
October 5, 2021	50911	$ 506.54	PETTY CASH	GENERAL-WATER-SEWER-STREETS-MCC	PETTY CASH EXPENSES TAG #693-703, RECORDER'S OFFICE OFFICIAL COPIES, MCC- ABC LIQUOR LICENSE
October 5, 2021	50912	$ 28,647.86	PG&E	GENERAL-WATER-SEWER-STREETS-AIRPORT	CITYWIDE UTILITIES FOR 8/10/2021-9/8/2021
October 5, 2021	50913	$ 32,892.99	PROVOST & PRITCHARD	GENERAL-WATER-SEWER-STREETS	CES CARBON SEQUESTRATION PROJECT (PASS-THRU)FEB- JUNE 2021, MOWRY BRIDGE FINAL DES & CON 8/1/21-8/31/21
October 5, 2021	50914	VOID			
October 5, 2021	50915	$ 4,468.24	UNION PACIFIC RAILROAD COMPANY	STREETS	PUBLIC PROJECTS ENGINEERING PROJECT#STPL-5285 (020)
October 5, 2021	50916	$ 122.77	THOMASON TRACTOR COMPANY	STREETS	(2) ELECTRIC FILTERS-STREETS
October 5, 2021	50917	$ 200.00	UNITED HEALTH CENTERS	WATER-SEWER	PRE-EMPLOYMENT PHYSICAL EXAM
October 5, 2021	50918	$ 143.67	UNIFIRST CORPORATION	GENERAL-WATER-SEWER	(6) 4X6 MATS, (2) BOWL CLIPS, REPLACE TERRY CLOTHS
October 5, 2021	50919	$ 64.80	WECO	GENERAL-WATER-SEWER	(6) RENTAL CYL ACETYLENE #4 D&K SEPTEMBER 2021
October 5, 2021	50920	$ 130.77	LETICIA R. VALLEJO	WATER	MQ CUSTOMER REFUND FOR VAL0106

$ 728,317.23

AGENDA

AGENDA ITEM – STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: MICHAEL OSBORN, CITY ENGINEER

VIA: CRISTIAN GONZALEZ, CITY MANAGER

SUBJECT: MOWRY BRIDGE REPLACEMENT PROJECT

DATE: OCTOBER 12, 2021

ISSUE

Shall the City Council adopt Resolution No. 21-78, authorizing the City Manager to release final payment of the retention to American Paving Company, the contractor for the Mowry Bridge Replacement Project?

BACKGROUND

Resolution No. 20-67 authorized the award of the construction contract to American Paving Co. (Contractor.) This project replaced the failed bridge over the Fresno Slough. On September 3, 2021 the project was found to be substantially complete and on September 13, 2021 staff was notified that on September 10, 2021 the filed Notice of Completion was recorded by the Fresno County Recorder (Document Number 2021-0148784).

Following recordation of the Notice of Completion, a 35-day waiting period commenced during which any stop notices or liens may be filed against the contractor.

ANALYSIS

To the best of staff's knowledge, no liens or stop notices have been filed prior to nor during the 35-day waiting period; therefore, payment of the retention may be made in full.

FISCAL IMPACT

Final payment of the retainage of $281,260.00 was included in the fee of the awarded contract as well as the approved budget for Fiscal Year 2020-2021. The cost of construction, including this final payment, is funded in full by the U.S. Bureau of Reclamation.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. 21-78, authorizing the City Manager to release final payment of the retention to American Paving Co. the contractor for the Mowry Bridge Replacement Project.

Attachment(s):

1. Resolution No. 21-78

AGENDA

BEFORE THE CITY COUNCIL
OF THE
CITY OF MENDOTA, COUNTY OF FRESNO

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENDOTA AUTHORIZING FINAL PAYMENT OF THE RETAINAGE TO THE CONTRACTOR FOR THE MOWRY BRIDGE REPLACEMENT PROJECT

RESOLUTION NO. 21-78

WHEREAS, Resolution No. 20-67 authorized award of the Mowry Bridge Replacement Project construction contract to American Paving Company (the "Contractor"); and

WHEREAS, this project was found to be substantially complete on September 3, 2021; and

WHEREAS, the Notice of Completion was filed with the Fresno County Recorder on September 10, 2021 (Document Number 2021-0148784); and

WHEREAS, during the required 35-day waiting period no stop notices or liens have been filed with the City against the contractor in relation to this project; and

WHEREAS, payment of the full contract amount including retention was included in the approved budget for Fiscal Year 2020-21 to be paid for in full with funds received from the United States Bureau of Reclamation per Contract Number 18-LC-20-2348.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Mendota that the City Manager is hereby authorized to release the final payment of the retention in the amount of $281,260.00 to American Paving Co., as final payment for this project.

_____
Rolando Castro, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 12th day of October, 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Celeste Cabrera-Garcia, City Clerk

AGENDA

BEFORE THE CITY COUNCIL
OF THE
CITY OF MENDOTA, COUNTY OF FRESNO

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENDOTA DECLARING ITS SUPPORT FOR BROADBAND INFRASTRUCTURE

RESOLUTION NO. 21-79

WHEREAS, rural communities throughout the Central Valley build hundreds of new homes and apartments, which are limited to 20-year-old internet technology and speeds as low as 6 Mbps; and

WHEREAS, selected high-income neighborhoods and cities receive optical fiber with speeds over 100 times faster, or up to 1 Gbps (1000 Mbps); and

WHEREAS, the California Public Utilities Commission ("CPUC") opened a proceeding, Rulemaking (R.) 20-09-001 and is gathering evidence, data, and testimony regarding Telecommunications and Internet Service Providers in California; and

WHEREAS, California broadband providers have avoided regulatory oversight of access, affordability, and the reliability of high-speed internet, to the detriment of rural communities and low-income inner-city neighborhoods; and

WHEREAS, elected leaders must advocate for rural and inner-city residents and their access to vital services, including health, education, social service, personal development, civic participation, and inclusion in society, which rely increasingly on the internet; and

WHEREAS, the State and Federal Treasuries are poised to provide funds for Broadband Infrastructure for unserved and underserved Californians.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Mendota, that:

1. The City Council declares its support for the CPUC proceeding, Rulemaking (R.) 20-09-001, and regulatory oversight of Telecommunications and Internet Service Providers.
2. The City Council encourages community leaders and residents to provide statements in the above cited proceeding.
3. California must apply the social contract of universal service to internet access in the same manner as early electrification and telephone service.
4. Federal and State funds must prioritize the poorest and most underserved communities with a minimum speed of 100 Mbps and a preference for optical

fiber.

5. All new housing developments should be built with optical fiber to homes and apartments.
6. Internet subscriber rates must continue to include affordable programs for low-income households.
7. Employers receiving public funds should agree to make every effort to employ a local workforce, including residents from low-income communities and provide:
    a. Good wages, benefits, training, safety programs, and job security.
    b. A commitment to support every employee's potential for a career path and permanent employment in the industry.
8. The City Council supports the proposed West Fresno County Fiber Network for consideration by Governor Newsom, the CPUC, and pertinent State agencies.

_____
Rolando Castro, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 12th day of October, 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Celeste Cabrera-Garcia, City Clerk

AB 156 Excerpts

(comworkeradvocate@gmail.org)

This bill would authorize the board of supervisors of a county to acquire, construct, improve, and maintain broadband infrastructure and operate broadband internet access service and any telecommunication services necessary to obtain federal or state support for the acquisition, construction, improvement, or maintenance of broadband infrastructure or operation of broadband internet access service.

This bill would establish within the Department of Technology the **Office of Broadband and Digital Literacy.**

The bill would require the department to establish **a broadband advisory committee** to monitor the construction and establishment of the broadband network, as specified.

The bill would require the office to retain a California based nonprofit entity as **a third-party administrator** to manage the development, acquisition, construction, maintenance, and operation of the broadband network…

The bill would declare that the broadband network serves a public purpose and would authorize the leasing of public properties for purposes of the broadband network for less than fair market value.

(b) The commission shall identify statewide open-access middle-mile broadband network locations that will enable last-mile service connections and are in communities where there is no known middle-mile infrastructure that is open access**, with sufficient capacity, and at affordable rates.**

(i) (1) In the planning and development of the statewide open-access middle-mile broadband network, the office shall consider technical advice received from entities, including, but not limited to, wireless communications service providers, wireline communications service providers, state agencies, **local governments, nonprofit entities, tribes, educational institutions, organized labor groups, regional consortia,** and, if applicable, a working group…

(b) The board of supervisors of a county may acquire, construct, improve, and maintain broadband infrastructure and operate broadband internet access service and any telecommunications services necessary to obtain federal or state support for the acquisition, construction, improvement, or maintenance of broadband infrastructure or operation of broadband internet access service.

(b) (1) (A) The goal of the Broadband Infrastructure Grant Account is, no later than December 31, 2026, to approve funding for infrastructure projects that will provide broadband access to no less than 98 percent of California households in each consortia region, as identified by the commission on or before January 1, 2022. The commission shall be responsible for achieving the goals of the program.

(5) The commission shall maximize investments in new, robust, and scalable infrastructure and use California Advanced Services Fund moneys to leverage federal and non-California Advanced Services Fund moneys by undertaking activities, including, but not limited to, all of the following: **(A) Providing technical assistance to local governments and providers. (B) Assisting in developing grant applications. (C) Assisting in preparing definitive plans** for deploying necessary infrastructure in each county, including coordination across contiguous counties. (c) The commission shall establish the following accounts within the fund**: (1) The Broadband Infrastructure Grant Account. (2) The Rural and Urban Regional Broadband Consortia Grant Account. (3) The Broadband Public Housing Account. (4) The Broadband Adoption Account**. (5) The Federal Funding Account.

(B) (i) Prioritize projects in unserved areas where internet connectivity is available only at speeds at or **below 10 mbps downstream and 1 mbps upstream or areas with no internet connectivity.**

(6) (A) An individual household or property owner shall be eligible to apply for a grant to offset the costs of connecting the household or property to an existing or proposed facility-based broadband provider. Any infrastructure built to connect a household or property with funds provided under this paragraph shall become the property of, and part of, the network of the facility-based broadband provider to which it is connected.

(8) The commission shall provide each applicant**, and any party challenging an application**, the opportunity to demonstrate actual levels of broadband service in the project area, which the commission shall consider in reviewing the application.

(13) Upon the accomplishment of the goal of the program specified in paragraph (1) of subdivision (b), not more than thirty million dollars **($30,000,000**) of the moneys remaining in the Broadband Infrastructure Grant Account shall be available for infrastructure projects that provide last-mile broadband access to households to which **no facility-based broadband provider offers broadband service at speeds of at least 10 mbps downstream and one mbps upstream.**

(g) (1) Moneys in the Rural and Urban Regional Broadband Consortia Grant Account shall be available for grants to eligible consortia to facilitate deployment of broadband services by assisting infrastructure applicants in the project development or grant application process.

AGENDA

CV-ACE

Central Valley Advanced Communications Equity

WHEN COVID-19 CLOSED THE SCHOOLS,
OUR CHILDREN STRUGGLED TO LEARN!
DURANTE LA PANDEMIA CERRARON LAS ESCUELAS
¡MUCHOS NIÑOS NO PODIAN ESTUDIAR EN CASA!

If we had computers we could see the world if we had internet...

Si tuviéramos computadoras podríamos ver el mundo Si tuviéramos internet...

- The schools distributed computers, tablets, and WiFi hotspots.
- Las escuelas repartieron computadoras, tabletas y dispositivos para internet.
- Teachers tried to fulfill their mission of educating the children.
- Los maestros intentaron cumplir con su misión de educar a los niños.
- Many suffered because rural & inner-city internet is inadequate and inaccessible.
- ¡Muchos sufrieron sin internet o el servicio no era adecuado!

Governor Newsom has proposed $6 billion for
Broadband Infrastructure for underserved communities.

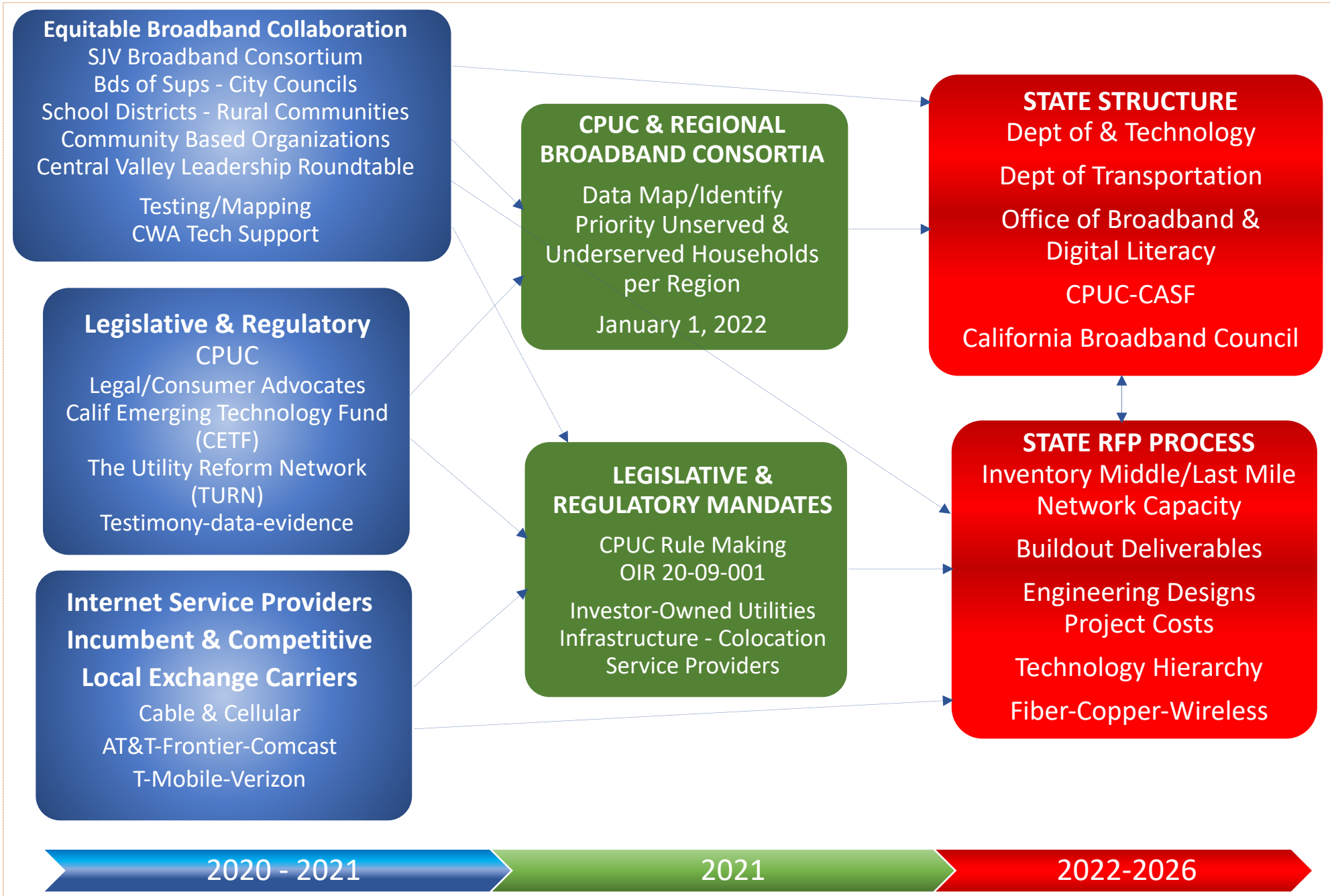
The California Public Utilities Commission is investigating
redlining and discriminatory practices by Internet Service Providers.

¡HAY QUE LUCHAR POR EL INTERNET PARA NUESTRAS COMUNIDADES!

Support the campaign to urge Gov Newsom, California Legislators and the California Public Utilities Commission to guarantee INTERNET FOR ALL!
For more info: Comworkeradvocate@gmail.com 559.908.6701

Central Valley Broadband Infrastructure Initiative

AGENDA



Comworkeradvocate@gmail.com

AGENDA

BEFORE THE CITY COUNCIL
OF THE
CITY OF MENDOTA, COUNTY OF FRESNO

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENDOTA PROCLAIMING A CONTINUED LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY THE GOVERNOR ON MARCH 4, 2020, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE CITY OF MENDOTA'S LEGISLATIVE BODIES FOR A PERIOD OF THIRTY DAYS PURSUANT TO THE BROWN ACT

RESOLUTION NO. 21-83

WHEREAS, on March 4, 2020, Governor Newsom declared a State of Emergency due to the outbreak and spread of COVID-19 (Novel Coronavirus); and

WHEREAS, on March 15, 2020, the County of Fresno declared a State of Emergency in response to the continuing spread of COVID-19; and

WHEREAS, on March 16, 2020, the City Council of the City of Mendota ("City") adopted Resolution No. 20-18 proclaiming a local emergency in response to the continuing spread of COVID-19; and

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

WHEREAS, Governor Newsom signed Assembly Bill 361 ("AB 361") into law on September 16, 2021, and AB 361 went into effect immediately pursuant to an emergency clause; and

WHEREAS, AB 361 amended Government Code section 54953's requirements related to teleconference participation in meetings by members of the City's legislative bodies, subject to certain conditions, permitting members of the City's legislative body to participate remotely without complying with paragraph (3) of subdivision (b) of Government Code section 54953's requirements; and

WHEREAS, the City may use teleconferencing without complying with paragraph (3) of subdivision (b) of Government Code section 54953's requirements under any of the following circumstances: (1) the City's legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing; (2) the City's legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining,

by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; or (3) the City's legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; and

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

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

WHEREAS, Mendota Municipal Code ("MMC") Section 2.44.020 defines "emergency" as the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within this city caused by such conditions as air pollution, fire, flood, storm, epidemic, riot or earthquake, or other conditions, including conditions resulting from a labor controversy, which conditions are or are likely to be beyond the control of the services, personnel, equipment and facilities of this city requiring the combined forces of other political subdivisions to combat; and

WHEREAS, MMC section 2.44.060 and Government Code section 8630 empower the City Council, if in session, to proclaim the existence of a local emergency when the City is threatened by the existence of conditions of disaster or of extreme peril; and

WHEREAS, pursuant to the Governor's March 4, 2020, Proclamation of a State of Emergency, and the City's March 16, 2020, Proclamation of a Local Emergency, such emergency conditions persist in the City; and

WHEREAS, the COVID-19 pandemic emergency remains a significant challenge worldwide and throughout the United States according to the Centers for Disease Control; and

WHEREAS, the COVID-19 pandemic emergency remains a significant challenge throughout California according to the California Department of Public Health; and

WHEREAS, the COVID-19 pandemic emergency remains a significant challenge throughout the City in accordance with the State of California's current health and safety guidelines and the City's duty to provide and maintain a safe community for its citizens and a workplace free of known hazards, constituting a local emergency; and

WHEREAS, as a consequence of the ongoing local emergency, and as authorized by subdivision (e) of Government Code section 54953, the City Council finds that the City's legislative bodies should conduct their public meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953 to avoid the imminent risks to attendees' health and safety that accompany in-person participation, and that such legislative bodies shall comply with all necessary requirements to provide the public with access to public meetings as described in paragraph (2) of subdivision (e) of Government Code section 54953.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Mendota that:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference as though fully set forth herein.

Section 2. Proclamation of Local Emergency. In accordance with the current State of California health and safety guidelines and the City of Mendota's duty to provide an maintain a safe community for its citizens, the City Council of the City of Mendota hereby proclaims the local emergency it proclaimed on March 16, 2020, related to the COVID-19 pandemic emergency, is ongoing.

Section 3. Ratification of Governor Newsom's Proclamation of a State of Emergency. The City Council of the City of Mendota hereby ratifies Governor Newsom's March 4, 2020, Proclamation of a State of Emergency throughout California.

Section 4. Remote Teleconference Meetings. The City of Mendota's legislative bodies are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution to conduct open and public meetings using teleconferencing in accordance with subdivision (e) of Government Code section 54953 and the other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of November 11, 2021, or such time the City Council adopts a subsequent Resolution in accordance with paragraph (3) of subdivision (e) of Government Code section 54953 to extend the time during which the City of Mendota's legislative bodies may continue to teleconference without compliance with paragraph (3) of subdivision (b) of Government Code section 54953.

_____
Rolando Castro, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 12th day of October, 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Celeste Cabrera-Garcia, City Clerk

AGENDA

AGENDA ITEM – STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: NANCY BANDA, FINANCE DIRECTOR

VIA: CRISTIAN GONZALEZ, CITY MANAGER

SUBJECT: AUTHORIZING THE EXECUTION OF A LICENSING AGREEMENT WITH GOVINVEST SOFTWARE FOR TRANSPARENT SOLUTIONS FOR PENSION, LABOR COSTING, AND FINANCIAL MODELING

DATE: OCTOBER 12, 2021

ISSUE

Shall the City Council adopt Resolution No. 21-77, authorizing the execution of a licensing agreement with GovInvest Software ("GovInvest") for transparent solutions for pension, labor costing, and financial modeling?

BACKGROUND

GovInvest is a cloud-based software that provides actuarial valuations and expert consulting to assist government agencies to predict the impacts of pension plans, post-employment benefits, labor costing, and financial modeling. This software program uses real time data and quickly translates actuarial analysis to allow management staff and elected officials to make informed decisions concerning employees' benefits, including their long-term impacts. GovInvest software is a proprietary product that does not have a present competitor. City Council requested information regarding other companies that provided similar services and if American Rescue Plan funding would be able to cover the cost.

ANALYSIS

Staff has considered the need and value of GovInvest and has concluded that the product will provide user-friendly, real-time information for understanding the implications ranging from hiring decisions to pension obligations. Further this product will be an effective tool in labor negotiations as it will provide the implications, from the proposed/requested items, on the budget in the short and long term.

One of the biggest concerns regarding pensions for all participating public agencies is the unfunded liability. Before the 2008 downturn in the economy, pension plans had adequate funding to pay benefits to current and future employees. However, after the stock market dropped, many pension plans were facing a major gap between benefits that were owed to current and future retirees compared to the amount of money the plan had to meet their responsibilities. This gap is referred to as the "unfunded liability". If one of the many goals of the City Council is to research if all full-time employees will be able to participate in the City's CalPERS program in the future, and to determine we are fiscally able to, then we should start to plan a strategy on how we are going to achieve that goal. GovInvest is a great tool that provides transparency in the process of researching and understanding of the impacts of compensation

decisions and the allocation of City funds. Staff will be able to develop a long-term plan to address the City's unfunded liabilities in pension obligations and utilize the new technology to improve the City's operations.

The labor costing and financial modeling modules will assist in the City's operations with minimizing budget preparation time, reducing manual operations, and providing long-term financial forecasting. The budget preparation is a tedious and lengthy process for all departments. With GovInvest, staff will be able to run multiple scenarios in the software to better analysis the potential outcomes and be able to show the long-term effects, if any, on the City's finances. Challenges that staff have faced in the past is presenting the cost analysis of labor negotiations, pensions, and other expenditures in a concise manner to the City Council. The challenges are not from being uninformed or uneducated, but instead from trying to simply the complex data into a comprehendible report in a timely manner. This program will allow staff to provide complex data into a simplified format that is easily to understand.

The annual services will include monthly webinars with public finance experts, hands on personal support with dedicated support members, new features, and system data updates. Staff will be able to provide budget-to-actual reports, project retirement costs on proposals, and analyze bargaining units long term costs and the effects of agreeing to any proposals received.

GovInvest has provided a sole source letter stating there is no other vendor that develops and distributes similar software applications which have the same functionality as the pension, other post-employment benefits and labor costing platforms. No other company develops or distributes comparable software products. All products must be purchased directly from GovInvest. Staff is researching of entities who have actually paid for software with American Rescue Plan funding and will present information, if any on the day of the City Council meeting.

FISCAL IMPACT

$18,000.00. General, Water, and Sewer Fund for this current fiscal year; Year 1 of the 3-year agreement with 5% annual increase.

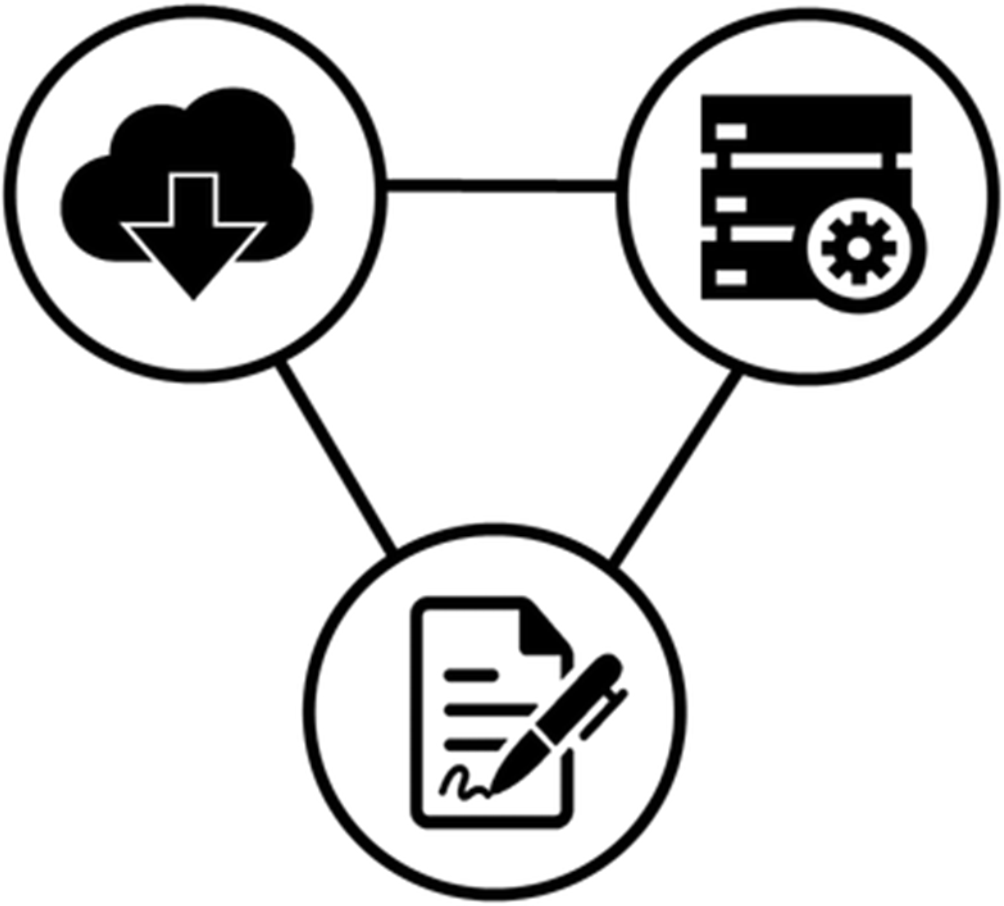
RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. 21-77, authorizing the execution of a licensing agreement with GovInvest Software for transparent solutions for pension, labor costing, and financial modeling.

Attachment(s):

1. GovInvest Licensing Agreement
2. Sole Proprietor Letter
3. Resolution No. 21-77

SaaS Licensing Agreement



Attention: City of Mendota, CA

Prepared by: Nadia James

October 5th, 2021

Summary of Services and Implementation

Customer:
Cristian Gonzalez, City Manager
643 Quince St.
Mendota, CA 93640
cristian@cityofmendota.com
(559) 655-4298

Services:
Service Capacity: Use of the Standard Pension Module, the Labor Costing Module and the Financial Modeling Module of the Total Liability Calculator (the "Service(s)").

Service Fees:

Pension Module: $6,000 per year
Labor Costing Module: $6,000 per year
Financial Modeling Module: $6,000 per year

Annual fee will increase by the greater of the US CPI or 5% each consecutive year, and payable in advance subject to the terms of Section 4 herein.

Initial Term: 3 years from Agreement Effective Date.

Implementation Services:
Company will use commercially reasonable efforts to provide Customer the services described in accordance with the terms herein, and Customer shall pay Company the Implementation Fee in accordance with the terms herein.

Pension Module (One-Time): WAIVED
Labor Costing Module (One-Time): WAIVED
Financial Modeling Module (One-Time): WAIVED

TOTAL SERVICE FEES: $54,000

SERVICE AGREEMENT

This SaaS Services Agreement ("Agreement") is entered into on this _____ day of _____, 2021 (the "Effective Date") between GovInvest, Inc. ("Company"), and the Customer listed above ("Customer"). This Agreement includes and incorporates the above Summary of Services and Implementation, as well as the attached Terms and Conditions and contains, among other things, warranty disclaimers, liability limitations and use limitations. There shall be no force or effect to any different or additional terms of any purchase order, confirmation or similar form, even if signed by the parties before or after the date hereof.

GovInvest Inc.

By: _____
Name: _____
Title: _____
Date: _____

City of Mendota

By: _____
Name: _____
Title: _____
Date: _____

TERMS AND CONDITIONS

1. SAAS SERVICES AND SUPPORT

1.1 Subject to the terms of this Agreement, Company will use commercially reasonable efforts to provide Customer the Services in accordance with the Service Level Terms attached hereto as Exhibit A. As part of the registration process, Customer will identify an administrative user name and password for Customer's account. Company reserves the right to refuse registration or cancel passwords it deems inappropriate.

1.2 Subject to the terms hereof, Company will provide Customer with reasonable technical support services in accordance with the terms set forth in Exhibit B.

2. RESTRICTIONS AND RESPONSIBILITIES

2.1 Customer will not, directly or indirectly; reverse engineer, decompile, disassemble or otherwise attempt to discover the source code, object code or underlying structure, ideas, know-how or algorithms relevant to the Services or any software, documentation or data related to or used to provide the Services ("Software"); modify, translate, or create derivative works based on the Services or any Software (except to the extent expressly permitted in writing by Company or authorized within the Services); use the Services or any Software for timesharing or service bureau purposes or otherwise for the benefit of a third party; or remove any proprietary notices or labels.

2.2 Further, Customer shall not export or re-export, either directly or indirectly, the Software or any copies thereof in such manner as to violate the export laws and regulations of the United States or any other applicable jurisdiction in effect from time to time (including, without limitation, when such export or re-export requires an export license or other governmental approval without first obtaining such license or approval). Without limiting the foregoing, Customer shall not permit any third parties to access or use the Services in violation of any United States export embargo, prohibition, or restriction.

2.3 We utilize Microsoft Power BI to provide you certain aspects of the Services. Customer is responsible for its compliance with the Microsoft Online Services Terms that apply to the Power BI product, available at https://www.microsoft.com/en-us/licensing/product-licensing/products.

2.4 Customer hereby agrees to indemnify and hold harmless Company against any damages, losses, liabilities, settlements and expenses (including without limitation costs and attorney's fees) in connection with any claim or action that arises from Customer's failure to comply with the terms of this Agreement or otherwise from Customer's use of Services. Although Company has no obligation to monitor Customer's use of the Services, Company may do so. Company reserves the right, in its sole discretion, to prohibit or suspend Customer's use of the Services at any time Company believes such use to be in violation of this Agreement or otherwise harmful to the Service.

2.5 Customer shall be responsible for obtaining and maintaining any equipment and ancillary services needed to connect to, access or otherwise use the Services, including, without limitation, modems, hardware, servers, software, operating systems, networking, web servers and the like (collectively, "Equipment"). Customer shall also be responsible for maintaining the security of the Equipment, Customer account, passwords (including but not limited to administrative and user passwords) and files, and for all uses of Customer account or the Equipment with or without Customer's knowledge or consent.

3. CONFIDENTIALITY; PROPRIETARY RIGHTS

3.1 One party (the "Receiving Party") understands that the other party (the "Disclosing Party") has disclosed or may disclose business, technical or financial information relating to the Disclosing Party's business (hereinafter referred to as "Proprietary Information" of the Disclosing Party). Proprietary Information of Company includes non-public information regarding features, functionality and performance of the Service. Proprietary Information of Customer includes non-public data ("Customer Data") provided by Customer to Company to enable the provision of the Services. The Receiving Party agrees: (i) to take reasonable precautions to protect such Proprietary Information, and (ii) not to use (except in performance of the Services or as otherwise permitted herein) or divulge to any third party any such Proprietary Information. The Disclosing Party agrees that the foregoing shall not apply with respect to any information after five (5) years following the disclosure thereof or any information that the Receiving Party can document (a) is or becomes generally available to the public, without any action by, or involvement of, the Receiving Party or (b) was in its possession or known by it prior to receipt from the Disclosing Party, or (c) was rightfully disclosed to it without restriction by a third party, or (d) was independently developed without use of any Proprietary Information of the Disclosing Party or (e) is required to be disclosed by law. The Receiving Party acknowledges that in the event of a breach of Section 3.1 by the Receiving Party, substantial injury could result to the Disclosing Party and money damages will not be a sufficient remedy for such breach. Therefore, in the event that the Receiving Party engages in, or threatens to engage in, any act which violates Section 3.1, the Disclosing Party will be entitled, in addition to all other remedies which may be available to it under law, to seek injunctive relief (including, without limitation, temporary restraining orders, or preliminary or permanent injunctions) and specific enforcement of the terms of Section 3.1. The Disclosing Party will not be required to post a bond or other security in connection with the granting of any such relief.

3.2 Company shall own and retain all rights, title and interest in and to: (i) the Services and Software, together with all improvements, enhancements, modifications, changes, translations, compilation, and derivative works thereto, (ii) any software, applications, inventions or other technology developed in connection with Implementation Services or support, (iii) any analytics generated through Customer's use of the Services, including but not limited to, any data, materials, information, and reports ("Analytics") and (iv) all intellectual property rights related to any of the foregoing. Company hereby grants Customer a non-exclusive, non-transferable and non-sublicensable license to access and use the Analytics.

3.3 Notwithstanding anything to the contrary, Company shall have the right to collect and analyze data and other information relating to the provision, use and performance of various aspects of the Services and related systems and technologies (including, without limitation, information concerning Customer Data and data derived therefrom), and Company will be free (during and after the term hereof) to: (i) use such information and data to improve and enhance the Services and for other development, diagnostic and corrective purposes in connection with the Services and other Company offerings, (ii) disclose such data solely in aggregate or other de-identified form in connection with its business, and (iii) disclose, share, license, or resell Analytics to third parties for consideration. No rights or licenses are granted except as expressly set forth herein.

4. PAYMENT OF FEES

4.1 Customer will pay Company the then applicable fees described in the Summary of Services and Implementation in accordance with the terms therein (the "Fees"). If Customer's use of the Services exceeds the Service Capacity set forth in the Summary of Services and Implementation or otherwise requires the payment of additional fees (per the terms of this Agreement), Customer shall be billed for such usage and Customer agrees to pay the additional fees in the manner provided herein. Company reserves the right to change the Fees or applicable charges and to institute new charges and Fees at the end of the Initial Term or then current Renewal Term, upon thirty (30) days prior notice to Customer (which may be sent by email). If Customer believes that Company has billed Customer incorrectly, Customer must contact Company no later than 60 days after the closing date on the first billing statement in which the error or problem appeared, in order to receive an adjustment or credit. Inquiries should be directed to Company's customer support department.

4.2 Company may choose to bill through an invoice, in which case, full payment for invoices issued in any given month must be received by Company thirty (30) days after the mailing date of the invoice. Unpaid amounts are subject to a finance charge of 5% per month on any outstanding balance, or the maximum permitted by law, whichever is lower, plus all expenses of collection and may result in immediate termination of Service. Customer shall be responsible for all taxes associated with Services other than U.S. taxes based on Company's net income.

4.3 Services may be provided outside the scope encompassed within the "Summary of Services and Implementation". Said services may be subject to additional fees, which are set at $600/hour for executive-level work, $425/hour for FSA-level work, $300/hour for ASA-level work, $200/hour for analyst work, and reasonable travel expenses. Said services that are subject to additional fees will not be performed without explicit advance consent from Customer.

4.4 Company may incur business license fees that are mandated by Customer. Customer agrees to reimburse Company for said fees.

4.5 Company may incur costs for adding Customer as additional insured to Company's existing insurance policies in order to comply with Customer's insurance requirements. Customer agrees to reimburse Company for said costs.

4.6 Company may incur costs for providing a waiver of subrogation in relation to Company's existing insurance policies in order to comply with Customer's insurance requirements. Customer agrees to reimburse Company for said costs.

5. TERM AND TERMINATION

5.1 Subject to earlier termination as provided below, the Initial Term of this Agreement shall be for a period specified in the Summary of Services and Implementation (the "Initial Term"). Upon the expiration of the Initial Term, this agreement shall automatically renew for additional periods of the same duration as the Initial Term (each a "Renewal Term"). The Initial Term and the Renewal Term are collectively referred to herein as the "Term."

5.2 In addition to any other remedies it may have, either party may terminate this Agreement upon thirty (30) days written notice (or without notice in the case of nonpayment), if the other party materially breaches any of the terms or conditions of this Agreement. Customer will pay in full for the Services up to and including the last day on which the Services are provided. All sections of this Agreement which by their nature should survive termination will survive termination, including, without limitation, accrued rights to payment, confidentiality obligations, warranty disclaimers, and limitations of liability.

6. WARRANTY AND DISCLAIMER

Company shall use reasonable efforts consistent with prevailing industry standards to maintain the Services in a manner which minimizes errors and interruptions in the Services and shall perform the Implementation Services in a professional and workmanlike manner as expressed in Exhibit C. Services may be temporarily unavailable for scheduled maintenance or for unscheduled emergency maintenance, either by Company or by third-party providers, or because of other causes beyond Company's reasonable control, but Company shall use reasonable efforts to provide advance notice in writing or by e-mail of any scheduled service disruption. However, Company does not warrant that the Services will be uninterrupted or error free; nor does it make any warranty as to the results that may be obtained from use of the Services. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION, THE SERVICES, THE ANALYTICS, AND IMPLEMENTATION SERVICES ARE PROVIDED "AS IS" AND COMPANY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.

7. INDEMNITY

Company shall hold Customer harmless from liability to third parties resulting from infringement by the Service of any United States patent or any copyright or misappropriation of any trade secret, provided Company is promptly notified of any and all threats, claims and proceedings related thereto and given reasonable assistance and the opportunity to assume sole control over defense and settlement; Company will not be responsible for any settlement it does not approve in writing. The foregoing obligations do not apply with respect to portions or components of the Service (i) not supplied by Company, (ii) made in whole or in part in accordance with Customer specifications, (iii) that are modified after delivery by Company, (iv) combined with other products, processes or materials where the alleged infringement relates to such combination, (v) where Customer continues allegedly infringing activity after being notified thereof or after being informed of modifications that would have avoided the alleged infringement, or (vi) where Customer's use of the Service is not strictly in accordance with this Agreement. If, due to a claim of infringement, the Services are held by a court of competent jurisdiction to be or are believed by Company to be infringing, Company may, at its option and expense (a) replace or modify the Service to be non-infringing provided that such modification or replacement contains substantially similar features and functionality, (b) obtain for Customer a license to continue using the Service, or (c) if neither of the foregoing is commercially practicable, terminate this Agreement and Customer's rights hereunder and provide Customer a refund of any prepaid, unused fees for the Service.

8. LIMITATION OF LIABILITY

NOTWITHSTANDING ANYTHING TO THE CONTRARY, EXCEPT FOR BODILY INJURY OF A PERSON, COMPANY AND ITS SUPPLIERS (INCLUDING BUT NOT LIMITED TO

ALL EQUIPMENT AND TECHNOLOGY SUPPLIERS), OFFICERS, AFFILIATES, REPRESENTATIVES, CONTRACTORS AND EMPLOYEES SHALL NOT BE RESPONSIBLE OR LIABLE WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER THEORY: (A) FOR ERROR OR INTERRUPTION OF USE OR FOR LOSS OR INACCURACY OR CORRUPTION OF DATA OR COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY OR LOSS OF BUSINESS; (B) FOR ANY INDIRECT, EXEMPLARY, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES; (C) FOR ANY MATTER BEYOND COMPANY'S REASONABLE CONTROL; OR (D) FOR ANY AMOUNTS THAT, TOGETHER WITH AMOUNTS ASSOCIATED WITH ALL OTHER CLAIMS, EXCEED THE FEES PAID BY CUSTOMER TO COMPANY FOR THE SERVICES UNDER THIS AGREEMENT IN THE 12 MONTHS PRIOR TO THE ACT THAT GAVE RISE TO THE LIABILITY, IN EACH CASE, WHETHER OR NOT COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. MISCELLANEOUS

If any provision of this Agreement is found to be unenforceable or invalid, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement will otherwise remain in full force and effect and enforceable. This Agreement is not assignable, transferable or sublicensable by Customer except with Company's prior written consent. Company may not transfer or assign any of its rights and obligations under this Agreement without Customer's prior written consent. This Agreement is the complete and exclusive statement of the mutual understanding of the parties and supersedes and cancels all previous written and oral agreements, communications and other understandings relating to the subject matter of this Agreement, and all waivers and modifications in this Agreement must be in a writing signed by both parties, except as otherwise provided herein. No agency, partnership, joint venture, or employment is created as a result of this Agreement and Customer does not have any authority of any kind to bind Company in any respect whatsoever. In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorneys' fees. All notices under this Agreement will be in writing and will be deemed to have been duly given when received, if personally delivered; when receipt is electronically confirmed, if transmitted by facsimile or e-mail; the day after it is sent, if sent for next day delivery by recognized overnight delivery service; and upon receipt, if sent by certified or registered mail, return receipt requested. This Agreement shall be governed by the laws of the State of California without regard to its conflict of laws provisions. The parties shall work together in good faith to issue at least one mutually agreed upon press release within 90 days of the Effective Date, and Customer otherwise agrees to reasonably cooperate with Company to serve as a reference account upon request.

EXHIBIT A
Service Level Terms

The Services shall be available 99% of the time, measured monthly, excluding holidays and weekends and scheduled maintenance. If Customer requests maintenance during these hours, any uptime or downtime calculation will exclude periods affected by such maintenance. Further, any downtime resulting from outages of third party connections or utilities or other reasons beyond Company's control will also be excluded from any such calculation. Customer's sole and exclusive remedy, and Company's entire liability, in connection with Service availability shall be that for each period of downtime lasting longer than 12 hours, Company will credit Customer 1% of Service Fees for each period of 30 or more consecutive minutes of downtime; provided that no more than one such credit will accrue per day. Downtime shall begin to accrue as soon as Customer (with notice to Company) recognizes that downtime is taking place, and continues until the availability of the Services is restored. In order to receive downtime credit, Customer must notify Company in writing within 12 hours from the time of downtime, and failure to provide such notice will forfeit the right to receive downtime credit. Such credits may not be redeemed for cash and shall not be cumulative beyond a total of credits for one (1) week of Service Fees in any one (1) calendar month in any event. Company will only apply a credit to the month in which the incident occurred. Company's blocking of data communications or other Service in accordance with its policies shall not be deemed to be a failure of Company to provide adequate service levels under this Agreement.

EXHIBIT B
Support Terms

Company will provide Technical Support to Customer via both telephone and electronic mail on weekdays during the hours of 9:00 a.m. through 5:00 p.m. Pacific Standard Time, with the exclusion of Federal Holidays ("Support Hours").

Customer may initiate a help desk ticket during Support Hours by calling 310-371-7106 or any time by emailing support@govinvest.com.

Company will use commercially reasonable efforts to respond to all help desk tickets within one (1) business day.

EXHIBIT C
Disclaimer of Software Analysis

Company will use census data, plan provisions, and actuarial assumptions provided by Customer and/or Customer's actuary to develop the software for Customer. Company will rely on this information without audit. Company does not set actuarial assumptions.

Company will provide software with financially sound projections and analysis, but does not guarantee compliance with actuarial standards for funding and accounting purposes under Government Accounting Standards Board or Generally Accepted Accounting Principles.

The software will not be prepared in accordance with the actuarial standards of practice or actuarial compliance guidelines as promulgated by the American Academy of Actuaries nor will outputs constitute a Statement of Actuarial Opinion. Software results are not suitable for financial reporting purposes.

While the software is tested against actuarial valuation results, the software results will not match, nor are intended to match actuarial valuation results.

AGENDA

Re: Sole Source Letter

To: Cristian Gonzalez, City Manager
City of Mendota, CA

Dear Cristian and the Mendota Team,

This letter serves as a sole source document for products developed by GovInvest Inc.

This letter confirms as owners and developers that the software suite including the Total Liability Calculator software application that features Pension and Retiree Health (OPEB) plan information as well as the Labor Costing Module are distributed solely GovInvest. No other vendor develops and distributes similar software applications which have the same functionality as the Pension, OPEB and Labor Costing platforms.

The Total Liability Calculator of GovInvest presents Pension and OPEB in separate modules using census data and plan information on a cloud-based platform to instantly reflect changes in assumptions and plan experience. The actuarial software technology was developed as a software as a service in the commercial, state, and local government marketplace.

The Labor Costing module presents a custom dashboard that instantly costs out proposals by bargaining unit down to the individual employee level. The software analyzes all employee costs by every type of pay and benefit package alongside census information to provide interactive visualizations and reporting to better understand the fiscal impact of a proposal down to the department level, job type, fund and other reporting demographics during costing and negotiations or budgeting. The software also streamlines operations and validates costing at the bargaining table by creating transparency and understanding as well as effective position budgeting and benchmarking against comparable agencies.

No division of GovInvest Inc., nor any other company, develops and distributes comparable software products with the same functionality as the GovInvest Total Liability Calculator or the Labor Costing Module. There are no other agents or dealers authorized to represent these products or our technology solutions. These products must be purchased directly from GovInvest.

Please let me know if you need further details.

Sincerely,

Ted Price
CEO, Co-founder
GovInvest Inc.

3625 Del Amo Blvd., Suite 200
Torrance, CA 90503

AGENDA

BEFORE THE CITY COUNCIL
OF THE
CITY OF MENDOTA, COUNTY OF FRESNO

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENDOTA AUTHORIZING THE EXECUTION OF A LICENSING AGREEMENT WITH GOVINVEST SOFTWARE FOR TRANSPARENT SOLUTIONS FOR PENSION, LABOR COSTING, AND FINANCIAL MODELING

RESOLUTION NO. 21-77

WHEREAS, GovInvest Software ("GovInvest") is the sole source owner and developers of the software suite including the Total Liability Calculator that features Pension, Retiree Health, Labor Costing platforms, and financial modeling; and

WHEREAS, using GovInvest's software the City of Mendota ("City") will be able to be efficient and transparent in communicating complex tables with interactive visuals and continuous forecasting with pension, labor costing, and financial modeling; and

WHEREAS, the GovInvest software will be beneficial to the City's fiscal management which will assist with making important decisions using short- and long-term financial forecasting and budgeting to actual presentation.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Mendota that the City authorizes the execution of a licensing agreement with GovInvest Software for transparent solutions for pension, labor costing, and financial modeling and directs the City Manager to execute all necessary documents therefor.

_____
Rolando Castro, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 12th day of October, 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Celeste Cabrera-Garcia, City Clerk

AGENDA

AGENDA ITEM – STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: NANCY BANDA, FINANCE DIRECTOR

VIA: CRISTIAN GONZALEZ, CITY MANAGER

SUBJECT: RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENDOTA APPROVING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE AGREEMENT, A BOND PURCHASE AGREEMENT, AN ESCROW AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, A CONTINUING DISCLOSURE CERTIFICATE; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

DATE: OCTOBER 12, 2021

ISSUE

Shall the City Council adopt Resolution No. 21-80, approving the execution and delivery of an installment purchase agreement, a bond purchase agreement, an escrow agreement, a preliminary official statement, a continuing disclosure certificate; and authorizing certain other matters relating thereto?

BACKGROUND

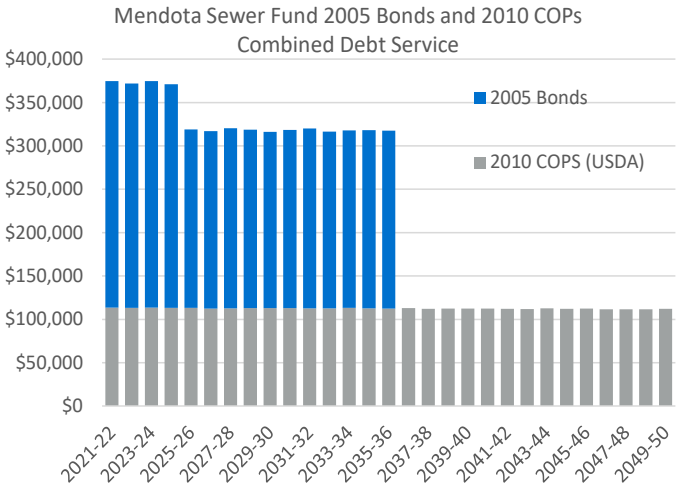
Refunding/Prepayment. On October 13, 2005, on behalf of the City of Mendota (the "City"), the Mendota Joint Powers Financing Authority (the "Authority") issued its Wastewater Revenue Bonds, Series 2005 (Bank Qualified) (the "2005 Bonds") in an original principal amount of $3,725,000 to finance capital improvements to the City's wastewater treatment system, refund certain prior bonds and for other costs relating to such bonds. There is $2,200,000 principal outstanding on the 2005 Bonds at an interest rate of 5.14%.

On January 26, 2010, the 2010-1 Certificates of Participation (the "Certificates" and, together with the 2005 Bonds, the "Prior Obligations") were executed and delivered to the Rural Utilities Service, United States Department of Agriculture in an original principal amount of $2,250,000 pursuant to a trust agreement by and among a trustee thereunder, the Authority and the City to finance additional capital improvements to the wastewater treatment system. There is $1,898,000 principal outstanding on the 2010 COPs at an interest rate of 4.0%.

To provide additional background on the purpose of the proposed restructuring, one of the covenants the City has made with Bond investors for these Prior Obligations is that the City will raise sewer rates as needed so that there are sufficient net revenues (gross revenues less operating revenues) to equal 120% of the debt service due in that fiscal year. This covenant is a key covenant the City has made with bond investors and, in 2019-20, the City's coverage was 110%, less than the 120% required by the bond covenants. This shortfall in coverage requires that the City take some action to ensure sufficient debt service coverage going forward, either through raising revenues (typically through a sewer rate increase) or lowering expenses. The City's financial advisors, NHA, have presented a proposal to improve coverage by lowering debt

service expenses through refinancing and restructuring the outstanding Prior Obligations through the issuance of 2021 Wastewater Refunding Revenue Bonds ("2021 Bonds").

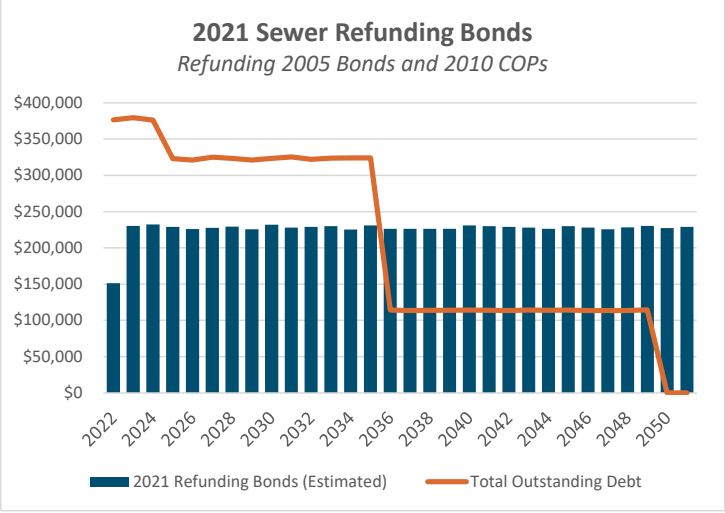
The aggregate debt service structure of the 2005 Bonds and 2010 COPs is front-end loaded, which puts extra pressure on the Sewer Fund over the next 15 years to raise rates to pay debt service and maintain the required 1.20% debt service coverage.



Current interest rates are near historic lows, presenting an opportunity for the City to restructure the Prior Obligations debt service to a more level structure and achieve savings over the next 15 years for the Sewer Fund.

ANALYSIS

Refunding/Prepayment. The City's existing debt obligations related to the wastewater system have higher payments over the next 15 years, and a restructuring would lower near-term pressure to raise Sewer rates. After the re-structuring, the Sewer Fund is projected to have adequate debt service coverage through FY 2025-26. In addition to improving coverage, the proposed refunding provides capacity for the Sewer Fund to reimburse the City's General Fund for Sewer Fund employees use of office space located in the anticipated new City Hall. Refinancing and restructuring the Prior Obligations results in annual cashflow through FY 2035-36, while still capturing positive net present value savings based on reasonable estimates of market interest rates. Current interest rates in the municipal marketplace (near historic lows) make the refunding and restructuring plan economically attractive. In the graphic to the right, the orange line represents the current combined debt service on the Prior Obligations while the dark blue bars represent the estimated level 2021 Bonds debt service after the refunding.



Staff is working with City's financing team to issue the Bonds, including NHA Advisors (Municipal Advisor and fiduciary), Norton Rose Fulbright (Bond and Disclosure Counsel), and

Raymond James (Underwriter). Staff anticipates that the Bonds will be sold to investors in late-October, at which time, the interest rate on the 2021 Bonds will be fixed and final. The bonds are expected close in November.

Overview of Financing Documents

There are various agreements and documents that the Authority Board and City Council will need to approve and authorize prior to issuing Bonds. The following is a list of documents that the Authority Board and the City Council will have to approve:

1. Trust Indenture: A document between the City and the bond Trustee (The Bank of New York Mellon Trust Company, N.A.) that is the basic security document of a bond transaction, creating the legal structure for the bonds. Indenture appoints a trustee or fiscal agent to perform a number of duties relating to the bond issue and identifies key bond covenants and provisions.

2. Installment Purchase Agreement: This agreement is between City and the Authority establishing that the Authority will refinance the acquisition and construction of public capital improvements to the City's wastewater system through the proceeds of Bonds, and City will pay the semi-annual debt service payments to Authority to purchase such projects.

3. Bond Purchase Contract: Provides for the sale of the 2021 Bonds to the Underwriter.

4. Escrow Agreements: Provides direction to the Escrow Agent to pay the prepayment/redemption on the Prior Obligations on the prepayment/redemption date.

5. Preliminary Official Statement: The document that provides disclosure of the 2021 Bonds to investors and potential investors.

6. Continuing Disclosure Certificate: Certificate of the City to provide annual reporting and ongoing significant events reporting.

Not-to-Exceed Parameters in the Resolution

The attached resolutions identify the proposed not-to-exceed parameters for the sale of the Bonds. Based on current market rates, it is estimated that $4,750,000 is a reasonable maximum Bond par amount (or principal amount) needed to refinance the Prior Obligations. The resolutions also identify a maximum true interest cost of 4.00%. This rate is higher than the current market rate but provides flexibility to City if interest rates move higher before the Bonds are sold. Finally, the resolutions identify a not to exceed underwriter discount of 1.5%. This discount is the fee the underwriter charges to sell the City's bonds.

Obligations of City

The associated agreements and Official Statement layout the various obligations, sometimes called covenants or promises that City would need to comply with during the life of bonds.

These obligations include, but are not limited to:

- Pledge the use of net revenues (gross revenues minus operations and maintenance expenses) to pay the debt service.
- Maintain a debt coverage ratio of 120% of net revenues.
- Make semi-annual debt service payments.
- Annually make disclosures required by the Securities and Exchange Commission that include audited financial statements and other relevant operating information and provide significant event notices to investors in a timely manner (e.g., rating change notices, incurrence of additional debt, unscheduled draws on reserve funds, change in trustee, etc.).
- Maintain tax exempt status of the 2021 Bonds.

FISCAL IMPACT

The refinancing of the Authority's outstanding 2005 Bonds and the City's outstanding Certificates is anticipated to save the City approximately $1.5 million in aggregate over the next 15 years. Because the new debt service is level, the new payments will be higher on the back end of the loan (see the 2021 Bonds graphic earlier).

Based on current market rates, we anticipate a true interest cost on the refinancing of 3.18% (compared to 5.14% average outstanding interest rate on the 2005 Bonds and 4.00% on the Certificates). This would result in approximately $211,000 of net present value savings to the City (5.18% of refunded par).

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. 21-80, approving the execution and delivery of an installment purchase agreement, a bond purchase agreement, an escrow agreement, a preliminary official statement, a continuing disclosure certificate; and authorizing certain other matters relating thereto.

Attachment(s):

1. Resolution No. 21-80
2. Installment Purchase Agreement
3. Bond Purchase Agreement
4. Escrow Agreement
5. Preliminary Official Statements
6. Continuing Disclosure Certificate

AGENDA

BEFORE THE CITY COUNCIL
OF THE
CITY OF MENDOTA, COUNTY OF FRESNO

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENDOTA APPROVING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE AGREEMENT, A BOND PURCHASE AGREEMENT, AN ESCROW AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, AND A CONTINUING DISCLOSURE CERTIFICATE; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

RESOLUTION NO. 21-80

WHEREAS, the Mendota Joint Powers Financing Authority (the "Authority") is duly established as a joint exercise of powers authority pursuant to Section 6500 et seq. of the Government Code of the State of California and the Joint Exercise of Powers Agreement, dated as of April 11, 1989 (the "Joint Exercise of Powers Agreement") identifying the City of Mendota (the "City") and the Mendota Redevelopment Agency as the members of the Authority; and

WHEREAS, the Joint Exercise of Powers Agreement provides that the Authority may exercise any of the powers set forth in Section 6584 of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, including the power to issue revenue bonds under that Article; and

WHEREAS, under Article 4 of the Act and Article 11 (commencing with Section 53580), Chapter 2, Part 1, Division 2, Title 5 of the California Government Code, the Authority is authorized to borrow money for the purpose of financing and refinancing certain public capital improvements of the City; and

WHEREAS, the City has requested that the Authority sell its Wastewater Refunding Revenue Bonds, Series 2021 (the "Bonds") pursuant to a Trust Indenture (the "Trust Indenture") to be executed by the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee, to provide funds to refinance the acquisition and construction of public capital improvements to the City's wastewater system (the "Enterprise") by refunding the Authority's outstanding Wastewater Refunding Revenue Bonds, Series 2005 (the "2005 Bonds") and prepaying the outstanding City of Mendota 2010-1 Certificate of Participation (Wastewater System Improvement Project) (the "2010 Certificates") and to pay certain other costs relating to the Bonds; and

WHEREAS, to provide for the repayment of the Bonds, the Authority will sell improvements to the Enterprise to the City pursuant to an Installment Purchase Agreement (the "Installment Purchase Agreement") under which the City will agree to make installment payments to the Authority, payable from net revenues of the

Enterprise, which will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest on the Bonds when due and payable; and

WHEREAS, the firm of Raymond James & Associates, Inc. (the "Underwriter") has proposed to underwrite the Bonds; and

WHEREAS**,** Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) ("SB 450") requires that the governing body of a public body obtain, prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, in furtherance of the issuance and sale of the Bonds by the Authority, there has been submitted to the City Council of the City, for its consideration and approval, a form of each of the following:

(a) an Installment Purchase Agreement, by and between the City and the Authority;

(b) a Bond Purchase Agreement, by and among the City, the Authority, and the Underwriter;

(c) an Escrow Agreement, by and among the City, the Authority, and The Bank of New York Mellon Trust Company, N.A., as escrow agent, relating to the 2010 Certificates; and

(d) a Preliminary Official Statement; and

(e) a Continuing Disclosure Certificate.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Mendota does hereby resolve, determine, and order as follows:

Section 1. Findings. The above recitals are true and correct.

Section 2. Installment Purchase Agreement. The Installment Purchase Agreement, in substantially the form on file with the City Clerk is hereby approved, and the Mayor (or in his absence, the Mayor Pro Tempore), the City Manager, Director of Administrative Services, the Finance Director, and any of their respective designees (each, an "Authorized Officer"), acting singly, is authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Installment Purchase Agreement, with such changes therein, whether material or otherwise, as the

Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 3. Bond Purchase Agreement. The Bond Purchase Agreement, in substantially the form on file with the City Clerk is hereby approved, and any Authorized Officer, acting singly, is authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Bond Purchase Agreement, with such additions or changes therein, whether material or otherwise, as such Authorized Officer may approve; provided, that the Bonds shall be issued in a principal amount not-to-exceed $4,750,000, the true interest cost with respect to the Bonds shall not exceed 4.00% per annum, the final maturity of the Bonds shall not exceed 2055, and the underwriter's discount shall not exceed 1.5%.

Section 4. Escrow Agreement. The Escrow Agreement, in substantially the form on file with the City Clerk is hereby approved, and the any Authorized Officer, acting singly, is authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Escrow Agreement, with such changes therein, whether material or otherwise, as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof). Any Authorized Officer may execute and deliver escrow and prepayment instructions to the Trust Administrator instead of the Escrow Agreement.

Section 5. Preliminary Official Statement. The Preliminary Official Statement related to the sale of the Bonds, in substantially the form on file with the City Clerk is hereby approved, and any Authorized Officer, acting singly, is authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Preliminary Official Statement with such additions or changes therein, whether material or otherwise, as such Authorized Officer may approve. The City Council hereby authorizes any Authorized Officer to deem the Preliminary Official Statement to be final within the meaning of U.S. Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), subject to completion of those items permitted by Rule 15c2-12. Any Authorized Officer is hereby authorized and directed to execute and delivery a final Official Statement in substantially the form of the Preliminary Official Statement hereby approved, with such additions thereto as may be deemed necessary by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. Continuing Disclosure Certificate. The City will execute and deliver a continuing disclosure certificate (the "Continuing Disclosure Certificate") for the benefit of the owners of the Bonds, and in order to assist the Underwriter in complying with Rule 15c2-12. The Continuing Disclosure Certificate, in substantially the form on file with the City Clerk is hereby approved, and any Authorized Officer, acting singly, is authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Certificate, with such additions or changes therein, whether material or otherwise, as such Authorized Officer may approve.

Section 7. Good Faith Estimates. In accordance with SB 450, good faith estimates of the following are set forth on Exhibit A attached hereto: (a) the true interest cost of the

Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds.

Section 8. General Authorization. Any Authorized Officer is authorized and directed to execute and deliver any and all documents, certificates and other instruments and to do and cause to be done any and all acts necessary or proper for carrying out the issuance and sale of the Bonds, the transactions contemplated by this Resolution, and the documents herein approved; the funding of a reserve fund under the Trust Indenture with proceeds of the Bonds or a letter of credit, surety bond or insurance policy pursuant to the terms of the Trust Indenture if, upon the advice of the Underwriter, the funding of the reserve fund will be economically beneficial to the financing; the insuring of all or any portion of the Bonds through one or more municipal bond insurance companies if, upon the advice of the Underwriter, the insurance will result in a lower true interest cost; and the investment of the proceeds of the Bonds as permitted by the Trust Indenture.

Section 9. Ratification. All actions heretofore taken by the officers and employees of the City, with respect to the issuance and sale of the Bonds, or in connection with or related to any of the agreements or documents referenced herein, are approved, confirmed and ratified.

Section 10. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

_____
Rolando Castro, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 12th day of October, 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Celeste Cabrera-Garcia, City Clerk

INSTALLMENT PURCHASE AGREEMENT

by and between

CITY OF MENDOTA

and the

MENDOTA JOINT POWERS FINANCING AUTHORITY

Dated as of November 1, 2021

relating to

$[PAR AMOUNT]
MENDOTA JOINT POWERS FINANCING AUTHORITY
WASTEWATER REFUNDING REVENUE BONDS,
SERIES 2021

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, made and entered into as of November 1, 2021 (this "Agreement"), by and between the CITY OF MENDOTA (the "City"), a municipal corporation organized and existing under the laws of the State of California, and the MENDOTA JOINT POWERS FINANCING AUTHORITY (the "Authority"), a joint exercise of powers authority, organized and existing under the laws of the State of California.

W I T N E S S E T H:

WHEREAS, the City owns a wastewater system (the "Enterprise") to provide for the collection, treatment and disposal of wastewater; and

WHEREAS, the Authority is duly established as a joint exercise of powers authority pursuant to Section 6500 et seq. of the Government Code of the State of California and the Joint Exercise of Powers Agreement, dated as of April 11, 1989 (the "Joint Exercise of Powers Agreement") identifying the City of Mendota (the "City") and the Mendota Redevelopment Agency as members of the Authority; and

WHEREAS, the Joint Exercise of Powers Agreement provides that the Authority may exercise any of the powers set forth in Section 6584 of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, including the power to issue revenue bonds under that Article; and

WHEREAS, under Article 4 of the Act and Article 11 (commencing with Section 53580), Chapter 2, Part 1, Division 2, Title 5 of the California Government Code, the Authority is authorized to borrow money for the purpose of financing and refinancing certain public capital improvements of the City; and

WHEREAS, the City has requested that the Authority sell its Wastewater Refunding Revenue Bonds, Series 2021 (the "Bonds") pursuant to a Trust Indenture (the "Trust Indenture") to be executed by the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee, to provide funds to refinance the acquisition and construction of public capital improvements to the City's wastewater system (the "Enterprise") refunding the Authority's outstanding Wastewater Refunding Revenue Bonds, Series 2005 (the "2005 Bonds") and prepaying the outstanding City of Mendota 2010-1 Certificate of Participation (Wastewater System Improvement Project) (the "2010 Certificates") and to pay certain other costs relating to the Bonds; and

WHEREAS, to provide for the repayment of the Bonds, the Authority will sell improvements to the Enterprise (the "Project") to the City pursuant to an installment purchase agreement under which the City will agree to make installment payments to the Authority, payable from net revenues of the Enterprise, which will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest on the Bonds when due and payable; and

WHEREAS, to provide security for the Bonds, the City has requested that the Authority enter into this Agreement; and

WHEREAS, the Bonds will be issued on a parity with any Parity Bonds, as defined and described in the Trust Indenture; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now authorized to execute and enter into this Agreement;

NOW, THEREFOR, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE PARTIES AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless otherwise defined herein, the capitalized terms used in this Agreement shall for all purposes hereof, and of any amendment hereof or supplement hereto, and of any report or other document mentioned herein or therein, have the meanings given such terms in the Trust Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations by the City. The City represents, warrants and certifies as follows:

(a) The City is a municipal corporation organized and existing under the laws of the State of California (the "State"). The City has full legal right, power and authority to enter into this Agreement and carry out its obligations hereunder, to carry out and consummate all transactions contemplated by this Agreement, and the City has complied with the provisions of all applicable law in all matters relating to such transactions. By proper action, the City has authorized the execution, delivery and due performance of this Agreement.

(b) The City will not take or permit any action to be taken which results in the interest component of the Installment Payments being included in the gross income for purposes of federal income taxation or not being exempt from personal income taxes of the State.

(c) The City has determined that it is necessary and proper for City uses and purposes within the terms of all applicable laws that the City finance the Project in the manner provided for in this Agreement.

(d) All acts, conditions and things required by the Constitution and statutes of the State to have been performed, to have happened and to exist precedent to and in connection with the execution and delivery of this Agreement, have been performed, have happened and do exist in regular and due time, form and manner as required by law.

Section 2.2. Representations and Warranties by the Authority. The Authority represents and warrants that the Authority is a joint exercise of powers entity organized and existing under the laws of the State, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated by this Agreement, and by proper action has authorized the execution, delivery and due performance of this Agreement.

ARTICLE III

ACQUISITION OF THE PROJECT

Section 3.1. Sale and Purchase of Project. In consideration for the Authority's assistance in refinancing the Project through the execution and delivery of this Agreement and the Trust Indenture, the City hereby agrees to purchase from the Authority, and the Authority agrees to sell to the City, the Project at the Purchase Price specified in Section 4.1, and otherwise in the manner and in accordance with the provisions of this Agreement.

Section 3.2. Title. All right, title and interest in each element and component of the Project shall vest in the City immediately upon execution and delivery of this Agreement or, if later, upon the acquisition, construction and acceptance of such element or component.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.1. Purchase Price.

(a) The Purchase Price to be paid by the City to the Authority for the purchase of the Project is the sum of the principal components of the Installment Payments set forth in Exhibit B plus the interest components of the Installment Payments which consist of the sum of the interest to accrue on the unpaid balance of each such principal component from the date hereof over the term hereof at the interest rate set forth in Exhibit B, subject to prepayment as provided in Article VII.

(b) The interest component of the Installment Payments shall be paid by the City as and constitute interest paid on the principal components of the Installment Payments. The interest component shall be computed on the basis of a 360-day year of twelve 30 day months.

Section 4.2. Installment Payments and Additional Payments. The City shall, subject to the provisions of Section 10.1, and to any rights of prepayment provided in Article VII, pay the Authority the Purchase Price in installments as follows: (i) each principal component of the Installment Payments is payable on the Installment Payment Date preceding the due date for such principal component, set forth in Exhibit B in the amount specified for such due date in Exhibit B; and (ii) the interest components of the Installment Payments are payable on the Installment

Payment Date preceding each Interest Payment Date in the amount of accrued interest on the unpaid balance of the principal components of the Installment Payments to the next succeeding Interest Payment Date, at the respective interest rates per annum set forth in Exhibit B. The schedule of the principal and interest components as of the Delivery Date are set forth in Exhibit C. Amounts required to be paid by the City to the Authority pursuant to this Section 4.2 on any Installment Payment Date shall be reduced to the extent of amounts on deposit on such date in the Interest Account of the Debt Service Fund established under the Trust Indenture. The amounts shown in Exhibits B and C shall automatically be adjusted to account for any prepayment of Installment Payments made by the City pursuant to Article VII and any discharge of Installment Payments pursuant to Article IX.

Each Installment Payment shall be paid to the Authority in lawful money of the United States of America. In the event the City fails to make any of the payments required to be made by it under this Section, such payment shall continue as an obligation of the City until such amount shall have been fully paid; and the City agrees to pay the same with interest accruing thereon at the highest rate of interest then applicable to the remaining unpaid principal components of the Installment Payments.

The obligation of the City to make the Installment Payments is absolute and unconditional, and, until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the City will not discontinue or suspend any Installment Payment required to be made by it under this Section, whether or not the Enterprise or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part. This Agreement shall be deemed and construed to be a net contract, and the City shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, and such payments shall be net payments and shall not be subject to deduction, abatement reduction or diminution, whether by offset or otherwise, and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

In addition to the Installment Payments, the City shall also pay such amounts ("Additional Payments") as shall be required for the payment of all fees and administrative costs of the Authority and the Trustee under the Trust Indenture or otherwise relating to the Bonds, including, without limitation, payments required to satisfy the Rebate Requirement, all expenses, compensation and indemnification of the Authority and the Trustee payable by the City hereunder and under the Trust Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms hereof, of the Bonds or of the Trust Indenture.

ARTICLE V

SECURITY

Section 5.1. Pledge of Net Revenues; Parity Pledge. All Net Revenues are, pursuant to the Bond Law and the Pledge Law, hereby irrevocably pledged to the payment of the Installment Payments as provided herein and shall not be used for any other purpose until all Installment Payments have been fully paid or provision has been made for such payment in accordance with

Section 9.1. This pledge, together with the pledge of Net Revenues securing all other Parity Obligations, shall, subject to application as permitted herein, constitute a lien on Net Revenues.

Section 5.2. Allocation of Gross Revenues. In order to carry out and effectuate the pledge and lien contained herein, the City agrees and covenants that all Gross Revenues shall be received by the City in trust hereunder and, except for Net Proceeds, shall be deposited when and as received in a special fund designated as the "Sewer Fund," which fund the City has heretofore established and which fund the City agrees and covenants to maintain and to hold separate and apart from other funds until all Installment Payments have been fully paid or provision has been made therefor in accordance with Section 9.1. The City may designate one or more existing funds to satisfy the foregoing requirements. Currently, the Sewer Fund consists of the sewer fund, the wastewater and treatment fund and the storm water fund, as accounted for by the City for budget purposes. The City may maintain separate accounts within the Sewer Fund. Moneys in the Sewer Fund shall be used and applied by the City as provided in this Agreement.

The City shall, from the moneys in the Sewer Fund, pay all Operation and Maintenance Costs as they become due and payable. All remaining moneys in the Sewer Fund shall be set aside by the City at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section and, as to funds held under the Trust Indenture, the Trust Indenture.

(a) Installment Payments. Not later than each Installment Payment Date, the City shall, from the moneys in the Sewer Fund, transfer to the Trustee the Installment Payment due and payable on that Installment Payment Date. The City shall also, from the moneys in the Sewer Fund, transfer when due to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any Parity Obligation Payments in accordance with the provisions of the applicable Parity Obligations.

(b) Reserve Fund. On or before the first Business Day of each month, the City shall, from the remaining moneys in the Sewer Fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the Trustee as provided in Section 4.04 of the Trust Indenture for deposit in the Bond Reserve Fund and any Parity Bonds Series Reserve Funds in accordance with the Trust Indenture and to the applicable trustee for such other debt service reserve funds, if any, as may have been established in connection with any Parity Obligations, that sum, if any, necessary to restore: (i) the Bond Reserve Fund to an amount equal to the Required Reserve and otherwise replenish the Bond Reserve Fund for any withdrawals (including draws upon any Reserve Facility) to pay the Installment Payments due hereunder or to pay installment payments pledged to the payment of other Participating Bonds; (ii) necessary to restore any Parity Bonds Series Reserve Funds for any other Parity Bonds to an amount equal to the Required Reserve for such funds; and (iii) necessary to restore the debt service reserve funds for the Parity Obligations to an amount equal to the amount required to be maintained therein; provided that payments to restore the Bond Reserve Fund after a withdrawal may be made in monthly installments equal to 1/12 of the aggregate amount needed to restore the Bond Reserve Fund to the Required Reserve as of the date of the withdrawal. To the extent that draws on the Bond Reserve Fund are from a Reserve Facility as permitted under the

definition of Required Reserve in the Trust Indenture, transfers hereunder to restore the Bond Reserve Fund shall be made to reimburse the provider of the Reserve Facility to the extent the Reserve Facility is reinstated.

(c) Surplus. Moneys on deposit in the Sewer Fund not necessary to make any of the payments required above in a Fiscal Year may, subject to the limitations herein, be expended by the City at any time for any purpose permitted by law, including but not limited to payments with respect to any Subordinate Obligations.

Section 5.3. Execution or Incurrence of Parity Obligations. The City may at any time enter into or otherwise incur Parity Obligations in addition to the obligations under this Agreement; provided:

(a) The City is in compliance with all agreements, conditions, covenants and terms contained in this Agreement required to be observed or performed by it, and a Certificate of the City to that effect has been filed with the Trustee.

(b) (i) If the Parity Obligation Payments on such Parity Obligations will secure Parity Bonds, then the Parity Bonds Trust Indenture pursuant to which such Parity Bonds are issued shall specify: (A) whether the Parity Bonds of such Series are Participating Bonds and, if the Parity Bonds of such Series are Participating Bonds, (i) that the trustee under such Parity Bonds Trust Indenture shall be the Trustee, and (ii) the amount to be deposited from the proceeds of the sale of such Series of Parity Bonds in the Bond Reserve Fund; provided, that the Bond Reserve Fund shall be increased at the time that such Series of Participating Bonds becomes Outstanding to an amount at least equal to the Required Reserve, and an amount at least equal to the Required Reserve shall thereafter be maintained in the Bond Reserve Fund; and (B) if the Parity Bonds Trust Indenture providing for the issuance of such Series of Parity Bonds requires either (1) the establishment of a Parity Bonds Series Reserve Fund to provide additional security for such Series of Parity Bonds, or (2) that the balance on deposit in an existing Parity Bonds Series Reserve Fund be increased, forthwith upon the receipt of the proceeds of the sale of such Series of Parity Bonds, to an amount at least equal to the Required Reserve with respect to such Series of Parity Bonds and all other Parity Bonds secured by such Parity Bonds Series Reserve Fund to be considered outstanding upon the issuance of such additional Series of Parity Bonds, then the Parity Bonds Trust Indenture providing for the issuance of such additional Series of Parity Bonds shall require deposit of the amount necessary; (ii) If the Parity Obligation Payments on such Parity Obligations will not secure Parity Bonds, then any debt service reserve fund established for such Parity Obligations shall satisfy the following criteria: (A) the debt service reserve fund must be held by an independent trustee (who may be other than the Trustee); (B) the required amount of the debt service reserve fund shall not exceed the lesser of the maximum annual debt service of such Parity Obligations (calculated on the basis of a year ending on the principal payment date of such Parity Obligations) or the maximum amount permitted under the Code, except that, if such Parity Obligations are in the form of a loan from a governmental agency, then a debt service reserve fund shall be established in the amount, if any, required or permitted by such governmental agency; and (C) the City is not required to replenish withdrawals from such debt service reserve fund on terms less favorable to the City than the terms for replenishing the Reserve Fund pursuant to Section 5.2(b) hereof.

(c) The Net Revenues for any 12 consecutive months within the last 18 months preceding the date of entry into or incurrence of such Parity Obligations (less amounts, if any, transferred during such 12-month period from the Rate Stabilization Account to the Sewer Fund), as shown by a Certificate of an Independent Consultant on file with the Trustee, are equal to at least 120% of the Maximum Annual Debt Service as calculated after the entry into or incurrence of such Parity Obligations; provided that, in the event that all or a portion of such Parity Obligations are to be issued for the purpose of refunding and retiring any Parity Obligations then outstanding, interest and principal payments on the Parity Obligations to be so refunded and retired from the proceeds of such Parity Obligations being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service; and provided further that, the City may at any time enter into or incur Parity Obligations without compliance with the foregoing conditions, if the aggregate Annual Debt Service, during the years which such Parity Obligations are outstanding, will not be increased by reason of the entry into or incurrence of such Parity Obligations.

(i) The City may adjust the foregoing Net Revenues to reflect:

(A) An allowance for increased or decreased Net Revenues arising from any increase or decrease in the rates, fees and charges of the Enterprise which was duly adopted by the City Council of the City prior to the date of the entry into or incurrence of such Parity Obligations but which, during all or any part of such Fiscal Year or 12-month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased or decreased if such increase or decrease in rates, fees and charges had been in effect during the whole of such 12-month period;

(B) An allowance for Net Revenues that would have been derived from each new use or user of the Enterprise that, during any part of such Fiscal Year or 12-month period, was not in existence, in an amount equal to the estimated additional Net Revenues that would have been derived from each such new use or user if it had been in existence for the entire 12-month period.

Nothing contained in this Section shall limit the issuance of any revenue bonds, notes or other evidences of indebtedness or the entry into of any installment purchase agreement by the City payable from the Net Revenues and secured by a lien and charge on the Net Revenues if, upon the issuance of such revenue bonds or entry into such installment purchase agreement, all of the Installment Payments shall have been fully paid or provision has been made therefor in accordance with Section 9.1.

Nothing contained in this Section shall limit the issuance or incurrence of any Subordinate Obligations.

ARTICLE VI

COVENANTS OF THE CITY

Section 6.1. Punctual Payment. The City will punctually pay the Installment Payments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof.

Section 6.2. Legal Existence. The City will use all means legally available to maintain its existence.

Section 6.3. Against Encumbrances. The City will not hereafter mortgage or otherwise encumber, pledge or place any charge or lien upon Gross Revenues except as provided herein. The City will not hereafter mortgage or otherwise encumber, pledge or place any lien or charge upon any of the Net Revenues on a parity with the pledge securing the payment of the Installment Payments, except for Parity Obligations as provided herein. The City may at any time issue Subordinate Obligations.

Section 6.4. Against Sale or Other Disposition of the Enterprise. The City will not sell or otherwise dispose of the Enterprise or any part thereof essential to the proper operation of the Enterprise or to the maintenance of the Net Revenues, unless the Installment Payments have been fully paid or provision has been made therefor in accordance with Section 9.1. The City will not enter into any lease or agreement which impairs the operation of the Enterprise or any part thereof necessary to secure adequate Net Revenues for the payment of the Installment Payments and all Parity Obligations, or which would otherwise impair the rights of the Owners with respect to the Net Revenues or the operation of the Enterprise.

Section 6.5. Maintenance and Operation of Enterprise. The City will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner.

Section 6.6. Insurance.

(a) To the extent such insurance is available for reasonable premiums from a reputable insurance company, the City will procure and maintain at all times insurance on the Enterprise against such risks (including accident to or destruction of the Enterprise) and in such amounts as are usually insured in connection with operations in California similar to the Enterprise; provided, that such insurance coverage may be satisfied under a self-insurance program.

(b) The City shall procure and maintain or cause to be procured and maintained public liability insurance covering claims against the City (including its city council, officers and employees) for bodily injury or death, or damage to property occasioned by reason of the City's operations, including any use of the Enterprise, and such insurance shall afford protection in such amounts as are usually covered in connection with operations in California similar to the Enterprise. Such insurance coverage may also be satisfied under a self-insurance program.

(c) If all or any part of the Enterprise shall be damaged or destroyed, the Net Proceeds realized by the City as a result thereof shall be deposited by the City with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the City to the cost of acquiring and constructing repairs, replacements, or improvements to the Enterprise if (i) the City first secures and files with the Trustee a Certificate of the City showing (A) the loss in annual Gross Revenues, if any, suffered, or to be suffered by the City by reason of such damage or destruction, (B) a general description of the repairs, replacements, or improvements to the Enterprise then proposed to be acquired and constructed by the City from such proceeds, and (C) an estimate of the Gross Revenues to be derived after the completions of such repairs, replacements, or improvements; and (ii) the Trustee has been furnished a Certificate of the City, certifying that the Gross Revenues after such repair, replacement, or improvement of the Enterprise will sufficiently offset on a timely basis the loss of Gross Revenues resulting from such damage or destruction so that the ability of the City to pay all Installment Payments and all Parity Obligations when due will not be substantially impaired, and such Certificate of the City shall be final and conclusive, and any balance of such proceeds not required by the City for such purpose shall be deposited in the Sewer Fund and applied as provided in Section 5.2; provided that, if the foregoing conditions are not met, then such proceeds shall be deposited with the Trustee and applied to make Installment Payments and Parity Obligation Payments as they become due ratably without any discrimination or preference; and provided further that the foregoing procedures for the application of Net Proceeds consisting of insurance payments shall be subject to any similar provisions for Parity Obligations on a pro rata basis.

If such damage or destruction has had no effect, or at most an immaterial effect, upon the Gross Revenues and the security of the Installment Payment and all Parity Obligations, and a Certificate of the City to such effect has been filed with the Trustee, then the City shall deposit such proceeds in the Sewer Fund, to be applied as provided in Section 5.2.

Section 6.7. Eminent Domain Proceeds. If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds realized by the City therefrom shall be deposited by the City with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the City to the cost of acquiring and constructing improvements to the Enterprise if (a) the City first secures and files with the Trustee a Certificate of the City showing (i) the loss in annual Gross Revenues, if any, suffered, or to be suffered, by the City by reason of such eminent domain proceedings, (ii) a general description of the improvements to the Enterprise then proposed to be acquired and constructed by the City from such proceeds, and (iii) an estimate of the additional Gross Revenues to be derived from such improvements; and (b) the Trustee has been furnished a Certificate of the City, certifying that such additional Gross Revenues will sufficiently offset on a timely basis the loss of Gross Revenues resulting from such eminent domain proceedings so that the ability of the City to pay the Installment Payments and all Parity Obligations when due will not be substantially impaired, and such Certificate of the City shall be final and conclusive, and any balance of such proceeds not required by the City for such purpose shall be deposited in the Sewer Fund and applied as provided in Section 5.2, provided that, if the foregoing conditions are not met, then such proceeds shall be deposited with the Trustee and applied to make Installment Payments and Parity Obligation Payments, as they become due, ratably without any discrimination or preference; and provided further that the foregoing procedures for the application of Net Proceeds consisting of awards under eminent domain proceedings shall be subject to any similar provisions for Parity Obligations on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the Gross Revenues and the security of the Installment Payments and all Parity Obligations, and a Certificate of the City to such effect has been filed with the Trustee, then the City shall deposit such proceeds in the Sewer Fund, to be applied as provided in Section 5.2.

Section 6.8. Amounts of Rates, Fees and Charges.

(a) The City will, at all times until all Installment Payments have been fully paid or provision has been made therefor in accordance with Section 9.1, fix, prescribe and collect rates, fees and charges for the services and facilities of the Enterprise during each Fiscal Year so as to yield Gross Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the following order of priority:

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

(ii) The Installment Payments, all other Parity Obligation Payments, and all Subordinate Obligation Payments as they become due and payable;

(iii) All payments required for compliance with the terms hereof or of any Parity Bonds Trust Indenture requiring restoration of the Reserve Fund to an amount equal to the Required Reserve; and

(iv) All payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Gross Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the City will, at all times until all Installment Payments have been fully paid or provision has been made therefor in accordance with Section 9.1, fix, prescribe and collect rates, fees and charges and manage the operation of the Enterprise for each Fiscal Year so as to yield Net Revenues during such Fiscal Year, equal to at least 120% of the Annual Debt Service in such Fiscal Year.

The City may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the Gross Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 6.9. Enforcement of and Performance Under Contracts. The City shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the Enterprise. Further, the City will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the Enterprise, to the extent that the City is a party thereto. The City hereby approves the Trust Indenture and shall comply with the provisions thereunder applicable to it.

Section 6.10. Collection of Charges, Fees and Rates. The City will have in effect at all times rules and regulations requiring each user of the Enterprise to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the City will enforce the collection procedures contained in such rules and regulations.

Section 6.11. No Free Service. The City will not permit any part of the Enterprise or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State, and any city, county, public agency, political subdivision, public corporation or agency of any thereof), unless otherwise required by law or existing written agreements.

Section 6.12. Payment of Claims. The City will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Enterprise or upon the Gross Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security of the Installment Payments; except that nothing herein contained shall require the City to make any such payments so long as the City in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the City's ability to perform its obligations hereunder.

Section 6.13. Books of Record and Accounts; Financial Statements. The City will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the Enterprise, the Sewer Fund and all other accounts or funds established pursuant hereto, and upon request will provide information concerning such books of record and accounts to the Trustee (who has no duty or obligation to make such request).

The City will annually cause to be prepared by a Certified Public Accountant, not later than 270 days after the close of each Fiscal Year, until all Installment Payments have been fully paid, or provision has been made therefor in accordance with Section 9.1, audited financial statements of the City containing schedules relating to the Sewer Fund. The City shall maintain accurate books and records for each Fiscal Year of all accounts or funds established pursuant hereto for the preceding Fiscal Year, showing the balances in each such account or fund as of the beginning of such Fiscal Year, all deposits in and withdrawals from each such account or fund during such Fiscal Year, and the balances in each such account or fund as of the end of such Fiscal Year.

Section 6.14. Payment of Taxes and Other Charges and Compliance with Governmental Regulations. The City will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Enterprise or any properties owned by the City, or upon the Gross Revenues, when the same shall become due; provided, that nothing herein contained shall require the City to make any such payments so long as the City in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the City's ability to perform its obligations hereunder.

The City will duly comply with all applicable state, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the Enterprise or any part thereof, but the City shall not be required to comply with any regulations or

requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the City's ability to perform its obligations hereunder.

Section 6.15. Tax Covenants and Matters.

(a) General. The City hereby covenants, for the benefit of the Authority and the Owners and Beneficial Owners of the Bonds that, notwithstanding any other provisions of this Agreement, it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. The City shall not, directly or indirectly, use or permit the use of proceeds of the Bonds or any of the property financed or refinanced with proceeds of the Bonds, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code and applicable Treasury Regulations) in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest on the Bonds.

(b) Use of Proceeds. The City shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code and applicable Treasury Regulations, and in furtherance thereof, shall not make any use of the proceeds of the Bonds or any of the property financed or refinanced with proceeds of the Bonds, or any portion thereof, or any other funds of the City, that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code. To that end, so long as any Bonds are Outstanding, the City, with respect to such proceeds and property and such other funds, will comply with applicable requirements of the Code and applicable Treasury Regulations, to the extent such requirements are, at the time, applicable and in effect. The City shall establish reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of the Bonds as "governmental bonds."

(c) Arbitrage. The City shall not, directly or indirectly, use or permit the use of any proceeds of any Bonds, or of any property financed or refinanced thereby, or other funds of the City, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable Treasury Regulations, and shall not otherwise take any action, or fail to take action, if such action or failure to take action would cause the Bonds to be "arbitrage bonds" with the meaning of Section 148 of the Code and applicable Treasury Regulations. To that end, the City shall comply with all requirements of Section 148 of the Code and applicable Treasury Regulations to the extent such requirements are, at the time, in effect and applicable to the Bonds.

(d) Federal Guarantee. The City shall not make any use of the proceeds of the Bonds or any other funds of the City, or take or omit to take any other action, that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code, and shall not otherwise take any action, or fail to take action, when such action or failure to take action would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Compliance with Tax Certificate. In furtherance of the foregoing tax covenants of this Section 6.15, the City covenants that it will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Bonds.

Section 6.16. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Agreement Event of Default; however, any Participating Underwriter or any Owner or Beneficial Owner of the Bonds may take such actions as described under the Continuing Disclosure Certificate to cause the City to comply with its obligations under this Section.

Section 6.17. Preservation of Authority. The City covenants to take whatever action is necessary to preserve the existence of the Authority through the final maturity of the Bonds.

Section 6.18. Further Assurances. The City will adopt, make, execute and deliver any and all such further documents, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof.

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 7.1. Prepayment.

The City may, from any available funds, prepay the Installment Payments, as a whole or in part, on any date on or after July 1, 20[__], on a pro rata basis, or as otherwise directed by the City; provided that any prepayment of a principal component of the Installment Payments shall be an amount sufficient to provide for the redemption or defeasance of Bonds in Authorized Denominations and otherwise in accordance with the provisions of the Trust Indenture. The prepayment of the principal component of the Installment Payments shall be at a prepayment price equal to 100% of the principal amount of the Bonds to be prepaid or redeemed, plus accrued interest thereon to the applicable optional redemption date for the Bonds as provided in the Trust Indenture, without penalty.

The Authority shall accept such prepayments when the same are tendered by the City. All prepayments of Installment Payments made by the City pursuant to this Section shall, upon receipt, be transferred to the Trustee for deposit into the Redemption Account of the Trust Indenture pursuant to Section 4.03(c) thereof or deposited as provided under Article IX of the Trust Indenture to defease Bonds.

Section 7.2. Method of Payment. With respect to prepayments of Installment Payments pursuant to Section 7.1, the City shall determine which Installment Payments are to be prepaid, including the principal component of the Installment Payment due on each Installment Payment Date to be paid or prepaid with such prepayments, and, subject to the provisions of Section 7.1, the date on which each such prepayment is to be made. Before making any prepayment pursuant to Section 7.1, the City shall give written notice to the Authority and the Trustee specifying the

date on which the prepayment will be paid, which date shall be not less than 45 days from the date such notice is given; except that, notwithstanding any such prepayment, the City shall not be relieved of its obligations hereunder, including specifically its obligations under Article IV, until all Installment Payments shall have been fully paid, or provision for payment thereof shall have been made pursuant to Section 9.1.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.1. Events of Default and Acceleration of Maturities. There shall be an Agreement Event of Default if one or more of the following shall happen:

(a) if default is made by the City in the due and punctual payment of any Installment Payment or any other Parity Obligations when and as the same shall become due and payable;

(b) if default is made by the City in the performance of any of the other agreements or covenants required herein to be performed by it, and such default has continued for a period of 30 days after the City has been given notice in writing of such default by the Authority or the Trustee; except that such default will not constitute an Agreement Event of Default hereunder if the City commences to cure such default within such 30-day period and thereafter diligently and in good faith proceeds to cure such default within a reasonable period of time, which period shall be no longer than 365 days after delivery of such notice of default;

(c) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property; or

(d) if payment of the principal of any Parity Obligations is accelerated in accordance with its terms;

then, and in each and every such case during the continuance of an Agreement Event of Default specified in clauses (c) and (d) above, the Authority shall, and for any other Agreement Event of Default the Authority may, by notice in writing to the City, declare all unpaid principal components of the Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. This subsection however, is subject to the condition that if, at any time after all unpaid principal components of the Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Authority a sum sufficient to pay the unpaid principal components and interest components of the Installment Payments then

due and payable (other than the principal components of the Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration), with interest on such overdue Installment Payments at the highest rate applicable to the remaining unpaid principal component of the Installment Payments, and the reasonable expenses of the Authority and the Trustee shall have been paid or provision deemed by the Authority or the Trustee, as applicable, to be adequate shall have been made therefor, and any and all other Agreement Events of Default shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the City, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.1, all Gross Revenues thereafter received shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Gross Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Trustee and the trustee for any other Parity Obligations, then the Authority, including the costs, if any, in carrying out the provisions of this Article, including reasonable compensation to accountants and counsel and similar costs with respect to this Agreement and Parity Obligations;

Second, to the payment of Operation and Maintenance Costs;

Third, to the payment of all unpaid principal components of the Installment Payments and the accrued interest thereon and the unpaid principal amount of all other Parity Obligations and the accrued interest thereon, with interest on the overdue Installment Payments at the highest rate of interest applicable to the unpaid principal components of the Installment Payments and, with respect to such other Parity Obligations, as required by the terms of such other Parity Obligations; and

Fourth, to amounts due to any provider of credit enhancement for other Parity Obligations.

Section 8.3. Other Remedies of the Authority. In addition to remedies elsewhere provided in this Agreement, upon the continuance of an Agreement Event of Default, the Authority shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity, to enforce its rights against the City or any director, officer or employee thereof, and to compel the City or any such director, officer or employee to perform and carry out its or their duties under applicable law and the agreements and covenants required to be performed by it or them contained herein;

(b) by suit in equity, to enjoin any acts or things which are unlawful or violate the rights of the Authority;

(c) by suit in equity, to require the City and its directors, officers and employees to account as the trustee of an express trust; or

(d) by mandamus or other action or proceeding or suit at law or in equity, to pursue any other remedy now or hereafter existing in law or in equity or by statute or otherwise to enforce the performance of the City's obligations hereunder and to otherwise protect the Authority's rights and interests in connection with this Agreement.

Notwithstanding anything contained herein, the Authority shall have no security interest in or mortgage on the Project, the Enterprise or other facilities of the City, or any other real property of the City, and no default hereunder shall result in the loss of the Project, the Enterprise or other facilities of the City or any other real property of the City.

Section 8.4. Non Waiver. Nothing in this Article or in any other provision hereof shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the Installment Payments to the Authority at the respective due dates from the Net Revenues, the Sewer Fund and the other funds pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority. If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the City and the Authority shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other law.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1. Discharge of Installment Payments. Notwithstanding any other provision of this Agreement, the City may on any date secure the payment of Installment Payments in whole or in part by irrevocably depositing with the Trustee, an escrow agent or other fiduciary, an amount of cash which is either (a) sufficient to pay all such Installment Payments in accordance with the Installment Payment schedule set forth in Exhibit C, or (b) invested in whole or in part in non-

callable Defeasance Securities in such amount as will, together with interest to accrue thereon and together with any cash which is so deposited, in the written opinion of an Independent Certified Public Accountant, be fully sufficient to pay all such Installment Payments when due pursuant to Article IV, or when due on any optional prepayment date pursuant to Article VII, as the City shall instruct at the time of the deposit. In the event of a security deposit pursuant to this Section 9.1 with respect to all of the Installment Payments, all obligations of the City under this Agreement, and all security provided by this Agreement for such obligations, shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, all of such Installment Payments from such security deposit, and the obligation of the City to pay all required Additional Payments pursuant to Section 4.2. The security deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments in accordance with the provisions of this Agreement.

In the event that Bonds are discharged under Article IX of the Trust Indenture from amounts other than prepayments of Installment Payments, the principal component of each succeeding Installment Payment will be reduced (with the interest component of each remaining Installment Payment reduced correspondingly) by the aggregate corresponding amount which would otherwise be payable on the Bonds thereby discharged pursuant to the applicable provisions of the Trust Indenture.

Section 9.2. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Installment Payments in full under this Article IX, such that the Trust Indenture shall be discharged by its terms as a result of such prepayment, and upon payment in full of all Additional Payments and other amounts then due and payable hereunder, all available amounts then on deposit in the funds and accounts established under the Trust Indenture shall be credited towards the amounts then required to be so prepaid or upon the Written Request of the City.

ARTICLE X

MISCELLANEOUS

Section 10.1. Liability of City Limited to Net Revenues. Notwithstanding anything contained herein, the City shall not be required to advance any moneys derived from any source of income other than Net Revenues for the payment of the Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The City may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the City for such purpose.

The obligation of the City to make the Installment Payments and any other payments hereunder is a special obligation of the City payable solely from the Net Revenues, and does not constitute a debt of the City or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 10.2. Successor Is Deemed Included in all References to Predecessor. Whenever either the City or the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City or

the Authority, and all assignees of the City or the Authority permitted hereunder. All agreements and covenants required hereby to be performed by or on behalf of the City or the Authority shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.3. Waiver of Personal Liability. No director, officer or employee of the City shall be individually or personally liable for the payment of the Installment Payments or be subject to any personal liability by reason of the execution of this Agreement or the execution and delivery of the Bonds.

Section 10.4. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.5. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the City or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The City and the Authority hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof, irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.6. Assignment; Third-Party Beneficiary. The City acknowledges and agrees that the Installment Payments, and certain of the Authority's rights under this Agreement will be assigned to the Trustee and pledged under the Trust Indenture to the payment of the Bonds. The City consents to such assignment. In addition to the rights and remedies assigned by the Authority to the Trustee, to the extent that the Trust Indenture and this Agreement confer upon or gives or grants to the Trustee any right, remedy or claim under or by reason of the Trust Indenture or this Agreement, the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred given or granted.

Section 10.7. California Law. This Agreement shall be construed and governed in accordance with the laws of the State with respect to contracts entered into and to be performed in the State.

Section 10.8. Effective Date. This Agreement shall become effective upon its execution and delivery, and shall terminate when the provisions of Article IX have been satisfied.

Section 10.9. Execution in Counterparts; Electronic Signatures. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. Each of the parties hereto agrees that the transaction consisting of this Agreement may be conducted by electronic means. Each party agrees and acknowledges that it is such party's intent that if such party signs this Agreement using an electronic signature it is signing, adopting, and accepting this Agreement and that signing this Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Agreement in usable format.

Section 10.10. Indemnification of Authority and Trustee. To the fullest extent permitted by law, the City agrees to indemnify and save the Authority and the Trustee and their respective officers, agents, directors, employees, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Enterprise by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Agreement, (c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Enterprise, (d) any act or negligence of any sublessee of the City with respect to the Enterprise, (e) the performance by the Trustee of its duties and obligations under the Trust Indenture, and in connection with this Installment Purchase Agreement and any document executed herewith or therewith, (f) the presence on, under or about, or release from, the Enterprise of any substance, material or waste which is, or which becomes, regulated or classified as hazardous or toxic under State, federal or local law, or (g) the offer, sale and issuance of the Bonds. No indemnification is made under this Section 10.10 or elsewhere in this Agreement for the negligence, willful misconduct, or breach of duty under the Trust Indenture by the Trustee, or its officers, employees, successors or assigns. The rights of the Trustee and the obligations of the City under this Section 10.10 shall survive the termination of this Agreement or the resignation or removal of the Trustee.

Section 10.11. Amendments. This Agreement may only be amended in accordance with the terms applicable to the Authority in Section 5.06 of the Trust Indenture and any other limitations to amendment of the Agreement in any Parity Bonds Trust Indenture.

(Signatures on next page.)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF MENDOTA

By:_____
City Manager

Attest:

By:_____
City Clerk

MENDOTA JOINT POWERS FINANCING AUTHORITY

By:_____
Executive Director

Attest:

By:_____
Secretary

EXHIBIT A

DESCRIPTION OF THE PROJECT

The capital improvements to the Enterprise financed with proceeds of the 2005 Bonds and the improvements to the Enterprise described in Exhibit B to the Installment Sale Agreement, dated January 1, 2010, between the Authority and the City, relating to the 2010 Certificates.

EXHIBIT B

PRINCIPAL COMPONENTS OF INSTALLMENT PAYMENTS

The principal components of the Installment Payments shall consist of the sum of the following amounts, with each such principal component being payable on the 15th day of the month preceding the date for such principal component set forth below and with each such principal component bearing interest at the interest rate per annum set forth below:

Due Date	Principal Component	Interest Rate
	$	%

EXHIBIT C

SCHEDULE OF INSTALLMENT PAYMENTS AS OF DELIVERY DATE

As of the Delivery Date, the Installment Payments consist of the following amounts of principal and interest and are payable on Installment Payment Dates which are the 15th day of the month preceding each of the dates set forth below:

Date	Principal Component	Interest Component	Annual Totals
		$	$

Date	Principal Component	Interest Component	Annual Totals
Total	$[PAR AMOUNT]	$	$

$_____
MENDOTA JOINT POWERS FINANCING AUTHORITY
WASTEWATER REFUNDING REVENUE BONDS, SERIES 2021

BOND PURCHASE AGREEMENT

_____, 2021

Mendota Joint Powers Financing Authority
643 Quince Street
Mendota, California 93640

City of Mendota
643 Quince Street
Mendota, California 93640

Ladies and Gentlemen:

Raymond James & Associates, Inc. (the "**Underwriter**") hereby offers to enter into this Bond Purchase Agreement (the "**Purchase Agreement**") with you, the Mendota Joint Powers Financing Authority (the "**Authority**") and the City of Mendota (the "**City**"), for the purchase by the Underwriter and the delivery by the Authority of the above-referenced Bonds (the "**Bonds**"). The proceeds of the Bonds will be used to: (i) refund certain obligations relating to the City's wastewater system (the "Wastewater System"); and (ii) pay costs incurred in connection with the issuance of the Bonds. This offer is subject to your acceptance prior to 11:59 p.m., California time, on the date hereof and if not so accepted will be subject to withdrawal by the Underwriter upon written notice delivered to the Authority and the City at any time prior to the acceptance thereof by the Authority and the City. Upon such acceptance, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the Indenture and the Installment Purchase Agreement (each defined below).

The Authority and the City acknowledge and agree that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction among the City, the Authority and the Underwriter in which the Underwriter is acting solely as a principal and not as an agent of the Authority or the City and the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the Authority or the City; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Authority or the City with respect to the transaction contemplated by this Purchase Agreement and the discussions, undertakings or procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter has provided other services or is currently providing other services to the Authority or the City on other matters); (iii) the only obligations the Underwriter has to the Authority and the City with respect to the transaction contemplated by this Purchase Agreement are expressly set forth in this Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the Authority and the City; and (v) the Authority and the City have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent the Authority and the City have deemed appropriate. The Authority acknowledges that it has previously provided the Underwriter with an acknowledgement

of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the "**MSRB**").

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the $_____ aggregate principal amount of the Mendota Joint Powers Financing Authority Wastewater Refunding Revenue Bonds, Series 2021 to be dated the Closing Date, at a price of $_____, being the principal amount of the Bonds, plus/less original issue premium/discount of $_____, less an Underwriter's discount of $_____.

The Bonds shall mature in the amounts and on the dates, and bear interest at the rates, set forth in Exhibit A hereto. The Bonds shall be as described in and shall be secured under and pursuant to a Trust Indenture, dated as of October 1, 2021 (the "**Indenture**"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"), substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the Authority, the Trustee and the Underwriter.

The obligation of the Authority to pay the principal of and interest on the Bonds is a special obligation of the Authority, payable solely from Revenues (as defined in the Indenture), and certain other amounts held under the Indenture. Revenues consist primarily of Installment Payments made by the City to the Authority pursuant to the Installment Purchase Agreement (as defined below). The principal of and interest on the Bonds are not required to be paid from any other funds of the Authority, including any proceeds of any taxes, and does not constitute a debt or pledge of the faith and credit of the Authority or the State of California (the "**State**") or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

The Authority and the City hereby ratify the use by the Underwriter of the Preliminary Official Statement, dated _____, 2021 relating to the Bonds (together with the cover page and all appendices thereto, and any supplements thereof, the "**Preliminary Official Statement**"), and authorizes the Underwriter to use and distribute the Preliminary Official Statement, the Official Statement (as defined below), the Indenture, the Installment Purchase Agreement, dated as of October 1, 2021, between the Authority and the City (the "**Installment Purchase Agreement**"), the Continuing Disclosure Certificate required by Securities and Exchange Commission Rule 15c2-12 ("**Rule 15c2-12**"), and substantially in the form attached as an appendix to the Official Statement, dated _____, 2021 (the "**Continuing Disclosure Certificate**"), executed by the City and this Purchase Agreement, and all information contained therein, and all other documents, certificates and statements furnished by the Authority and the City to the Underwriter in connection with the offer and sale of the Bonds by the Underwriter. The Authority and the City have heretofore "deemed final" the Preliminary Official Statement within the meaning of Rule 15c2-12.

The City will undertake pursuant to the Continuing Disclosure Certificate to provide certain annual financial and operating information and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. This undertaking will be entered into in order to assist the Underwriter in complying with the Rule.

2. The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the inside cover page of the Official Statement of the Authority pertaining to the

Bonds, dated _____, 2021 (together with all appendices thereto, and with such changes therein and supplements thereto and as are consented to in writing by the Underwriter, and with the Preliminary Official Statement, are herein called the "**Official Statement**"). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds subject to Section 5 hereof. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. "Public Offering" shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold. The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

3. The Authority shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End Date (defined below). The Authority shall deliver these copies to the Underwriter no later than the earlier of (i) seven (7) business days after the execution of this Purchase Agreement or (ii) one (1) business day prior to the Closing Date in order to permit the Underwriter to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The Authority and City shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32. The Underwriter shall inform the City in writing of the End Date, and covenants to file the Official Statement with the MSRB on a timely basis.

The Official Statement, as of its date, as of the Closing Date (as defined herein) and as of the date of any update, amendment or supplement thereto as required hereby subsequent to the Closing, up to and including the date which is twenty-five (25) days following the end (the "**End Date**") of the Underwriting Period (as hereinafter defined), will be correct and complete in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

If, after the date of this Purchase Agreement and until the earlier of (i) ninety (90) days after the end of the "underwriting period" (as defined in Rule 15c2-12) (the "**Underwriting Period**"), or (ii) twenty-five (25) days following the end of the Underwriting Period if the Official Statement is available to any person from the MSRB as contemplated by Rule 15c2-12(b)(4), any event shall occur or circumstance shall exist of which the Authority or the City have knowledge that would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority or the City, as the case may be, shall notify the Underwriter (and for the purpose of this Section provide the Underwriter with such information as it may from time to time reasonably request), and, if in the opinion of the City, the Authority or the Underwriter such event or circumstance requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority and the City will, at their expense, supplement or amend the Official Statement in a form and manner jointly approved by the City, the Authority and the Underwriter and

furnish to the Underwriter a reasonable number of copies of such supplement or amendment provided that the Underwriter agrees that it will promptly notify the Authority and the City of the end of the Underwriting Period.

4. At 8:30 a.m., Pacific Time, on _____, 2021, or at such other time or date as shall be agreed upon by the Underwriter, Authority and the City (such time and date being herein referred to as the "**Closing Date**"), the Authority will deliver to the Underwriter, at a location or locations to be designated by the Underwriter, the Bonds in book-entry form (all Bonds having had the CUSIP numbers assigned to them thereon), duly executed by an authorized officer of the Trustee as provided in the Indenture, and the other documents herein mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Agreement in immediately available funds (such delivery and payment being herein referred to as the "**Closing**").

Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of The Depository Trust Company.

It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Agreement.

5. A. The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

B. Except as otherwise set forth in Exhibit A attached hereto, the Authority will treat the first price at which 10% of each maturity of the Bonds (the "**10% test**") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Authority or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

Subsection C. shall apply only if the Underwriter agrees to apply the hold-the-offering-price rule, as described below.

C. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set

forth therein. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "**hold-the-offering-price rule**"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

a. the close of the fifth (5th) business day after the sale date; or

b. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Authority promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

D. The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing

Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

E. The Authority acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

a. "public" means any person other than an underwriter or a related party;

b. "underwriter" means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

c. a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

d. "sale date" means the date of execution of this Purchase Agreement by all parties.

6. The Underwriter represents to and agrees with the Authority and the City that, as of the date hereof and as of the Closing Date:

(i) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it;

(ii) The Underwriter is in compliance with MSRB Rule G-37 with respect to the Authority and the City, and is not prohibited thereby from acting as the underwriter with respect to securities of the Authority and the City;

(iii) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590 (c) or MSRB Rule G-32, with the City with respect to the Bonds, and no investment firm controlling, controlled by or under common control with such Underwriter have or has had any such financial advisory relationship; and

(iv) The Underwriter has reasonably determined that the undertaking to provide continuing disclosure with respect to the Bonds pursuant to the Continuing Disclosure Agreement is sufficient to effect compliance with Rule 15c2-12.

7. The Authority represents, warrants and covenants to the Underwriter that:

(a) The Authority is a joint exercise of powers authority duly organized and validly existing pursuant to the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the Indenture, the Installment Purchase Agreement, the Escrow Agreement, dated as of October 1, 2021 (the "**Escrow Agreement**"), among the Authority, the City and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "**Escrow Agent**"), and this Purchase Agreement (collectively, the "**Authority Documents**") and, when executed and delivered by the respective parties thereto, the Authority Documents will constitute the legal, valid and binding obligations of the Authority in accordance with their respective terms.

(b) Neither the execution and delivery of the Authority Documents, or the approval and execution of the Official Statement, and compliance with the provisions on the Authority's part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Authority Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution and delivery of the Bonds or the consummation by the Authority of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the Authority, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Authority to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Indenture, or in any way contesting or affecting the validity of the Authority Documents or of the Authority to enter into the Authority Documents or contesting the powers of the Authority to perform its obligations under any of the foregoing or in any way contesting the powers of the Authority in connection with any action contemplated by this Purchase Agreement, or in any way questioning or challenging the tax status of the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the Authority contained in the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 7(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date and as of the date hereof, the information relating to the Authority and the Bonds contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The Authority agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the Authority will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified.

(g) By official action of the Authority prior to or concurrently with the execution hereof, the Authority has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in the Authority Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The Authority is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(i) The Authority is not in default, nor has been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the Authority or successor of the Authority or with respect to an obligation guaranteed by the Authority as guarantor or successor of a guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the Authority has knowledge, which might or would cause the information relating to the Authority or the Authority's functions, duties and responsibilities contained in the Official

Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the Authority.

(k) If the information relating to the Authority, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) No consent, approval, authorization or other action by a governmental or regulatory authority that has not been obtained is or will be required of the Authority for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(m) The Authority will deliver all opinions, Bonds, letters and other instruments and documents reasonably required by the Underwriter and this Purchase Agreement.

(n) Any certificate of the Authority delivered to the Underwriter shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(o) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing the Authority does not and will not have outstanding any indebtedness which is secured by a lien on the Installment Payments superior to or on a parity with the lien of the Bonds thereon.

(p) Between the date of this Purchase Agreement and the date of Closing, the Authority will not, without the prior written consent of the Underwriter, and except as disclosed in the Official Statement, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent.

(q) The Authority is not presently and as a result of the execution of the Authority Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the Authority is a party or to which the Authority is bound.

(r) The Authority will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Authority Documents, unless otherwise required by law.

8. The City represents, warrants and covenants to the Underwriter that:

(a) The City is a general law city duly organized under the laws of the State of California, and has all necessary power and authority to enter into and perform its duties under the Installment Purchase Agreement, the Continuing Disclosure Certificate, the Escrow Agreement, and this Purchase Agreement (collectively, the "**City Documents**") and, when executed and delivered by the respective parties thereto, the City Documents will constitute the legal, valid and binding obligations of the City in accordance with their respective terms.

(b) Neither the execution and delivery of the City Documents, or the approval and execution of the Official Statement, and compliance with the provisions on the City's part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the City Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the City required for the execution and delivery of the Bonds or the consummation by the City of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the City, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the City to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Installment Purchase Agreement and Indenture, or in any way contesting or affecting the validity of the City Documents or of the City to approve or enter into the City Documents, or in any way questioning or challenging the tax status of the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the City, the Bonds and the Wastewater System contained in the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 8(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date and as of the date hereof, the information relating to the City, the Bonds and the Wastewater System contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The City agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the City will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified.

(g) By official action of the City prior to or concurrently with the execution hereof, the City has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the City Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The City is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(i) The City is not in default, nor has been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the City or successor of the City or with respect to an obligation guaranteed by the City as guarantor or successor of a guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the City has knowledge, which might or would cause the information relating to the City, the Wastewater System or the City's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the City will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the City.

(k) If the information relating to the Wastewater System, the City, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) The City covenants that it will comply with all tax covenants relating to it in the City Documents and the Tax Certificate of the City.

(m) The written information supplied by the City to the Underwriter with respect to the financial information relating to the Wastewater System is true, correct and complete in all material respects for the purposes for which it was supplied.

(n) No consent, approval, authorization or other action by a governmental or regulatory agency that has not been obtained is or will be required of the City for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except for such licenses, certificates, approvals, variances or permits which may be necessary for the construction or operation of the Wastewater System which the City has applied for (or will apply for in the ordinary course of business) and expects to receive, and except as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(o) The City will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Indenture and as described in the Official Statement, unless otherwise required by law.

(p) The City will deliver all opinions, certificates, letters and other instruments and documents reasonably required by the Underwriter and this Purchase Agreement.

(q) Any certificate of the City delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(r) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing, the City does not and will not have outstanding any indebtedness which is secured by a lien on the Net Revenues superior to or on a parity with the lien of the Bonds thereon.

(s) Between the date of this Purchase Agreement and the date of Closing, the City will not, without the prior written consent of the Underwriter, and except as disclosed in the Official Statement, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent payable from the Net Revenues.

(t) The City is not presently and as a result of the execution of the City Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the City is a party or to which the City is bound.

(u) Based on a review of its previous undertakings, the City has not, in the last five years, failed to comply in any material respect with its obligations under any continuing disclosure undertaking entered into pursuant to Rule 15c2-12 except as disclosed in the Official Statement. The City will undertake, pursuant to the Continuing Disclosure Agreement to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12.

9. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the Authority and the City contained herein, and the opinions of Bond Counsel, Counsel to the Trustee, City Attorney to the City and Counsel to the Authority required hereby. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At the time of Closing, this Purchase Agreement, the Indenture, the Installment Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate (collectively the "**Legal Documents**"), all as described in the Official Statement, shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and there shall be in full force and effect such resolutions as, in the opinion of Norton Rose Fulbright US LLP ("**Bond Counsel**"), shall be necessary in connection with the transactions contemplated hereby.

(b) At or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to them:

(1) The unqualified approving opinion of Bond Counsel, dated the date of Closing, addressed to the Authority, the City and the Underwriter (or a reliance letter to the Underwriter), in substantially the form attached as Appendix E to the Official Statement.

(2) A supplemental opinion of Bond Counsel, dated as of the date of Closing addressed to the Underwriter, in form and substance to the effect that:

(a) The statements and information contained in the Official Statement on the cover page relating to tax exemption, the description of the Bonds and security for the Bonds, and statements under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS" and APPENDICES A, C and E to the extent they purport to summarize information concerning the Bonds and certain provisions of the Legal Documents and the opinion of such counsel, present a fair and accurate summary of such information and such provisions;

(b) The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an Indenture pursuant to the Indenture Act of 1939, as amended; and

(c) The Purchase Agreement has been duly authorized, executed and delivered by the Authority and the City, and, assuming due authorization, execution and delivery by the other parties thereto, constitutes legal, valid and binding agreement of the Authority and the City enforceable against each in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and equitable remedies if equitable remedies are sought, and except no opinion need be expressed as to the enforceability of the indemnification, waiver, choice of law or contributions provisions contained in the Purchase Agreement.

(3) A defeasance opinion of Bond Counsel, dated as of the date of Closing addressed to the Underwriter, in form and substance acceptable to the Underwriter.

(4) The opinion of Norton Rose Fulbright US LLP, Disclosure Counsel, dated the date of Closing and addressed to the Authority, the City and the Underwriter, to the effect that, based upon the information made available to them in the course of

their participation in the preparation of the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, no facts have come to their attention that lead them to believe that the Preliminary Official Statement, as of its date and as of the date of pricing, and the Official Statement, as of its date and as of the date of Closing, (except for any CUSIP data, financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, any appendices thereto (excluding Appendix C - "FORM OF CONTINUING DISCLOSURE CERTIFICATE"), any information about DTC and its book-entry only system), as to which no opinion or view need be expressed) contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(5) An opinion of Counsel to the Authority, dated the date of Closing in form and substance satisfactory to the Underwriter and Bond Counsel, addressed to the City and the Underwriter, to the effect that:

(i) the Authority is a joint powers authority duly organized and validly existing under the laws of the State of California;

(ii) the preparation and distribution of the Official Statement and the Authority Documents have been duly approved by the Authority;

(iii) the resolutions of the Authority approving and authorizing the execution and delivery of the Official Statement and the Authority Documents have been duly adopted at meetings of the governing body of the Authority which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and such resolutions have not been amended or modified and are in full force and effect;

(iv) to the best knowledge of such firm, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, threatened against or affecting the Authority, which would adversely impact the Authority's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under, or in any way contesting or affecting the validity of the Authority Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Authority Documents;

(v) the execution and delivery of the Authority Documents and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Authority is subject;

(vi) the Authority Documents and the Official Statement have been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the other parties thereto, the Authority Documents constitute legal, valid and binding agreements of the Authority enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California;

(vii) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California is required for the valid authorization, execution and delivery of the Authority Documents and the approval of the Official Statement.

(6) An opinion of Counsel to the City, dated the date of Closing in form and substance satisfactory to the Underwriter and Bond Counsel, addressed to the Authority and the Underwriter, to the effect that:

(i) the City is a general law city created in accordance with the laws of the State of California;

(ii) the preparation and distribution of the Official Statement and the City Documents have been duly approved by the City;

(iii) the resolutions of the City approving and authorizing the execution and delivery of the Official Statement and the City Documents have been duly adopted at meetings of the governing body of the City which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and such resolutions have not been amended or modified and are in full force and effect;

(iv) to the best knowledge of such firm, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, threatened against or affecting the City, which would adversely impact the City's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under, or in any way contesting or affecting the validity of the City Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the City Documents;

(v) the execution and delivery of the City Documents and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject;

(vi) the City Documents and the Official Statement have been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other parties thereto, the City Documents constitute legal, valid and binding agreements of the City enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California;

(vii) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California is required for the valid authorization, execution and delivery of the City Documents and the approval of the Official Statement;

(viii) the City's charges and fees with respect to the Wastewater System were duly approved and adopted by the City, and are valid and enforceable at the current levels levied by the City.

(7) The opinion of counsel to the Trustee, dated the date of Closing in form and substance satisfactory to the Underwriter and Bond Counsel, and addressed to the Authority, the City and the Underwriter, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States;

(ii) the Trustee has duly authorized the execution and delivery of the Indenture;

(iii) the Indenture has been duly entered into and delivered by the Trustee and assuming due, valid and binding authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, or by general principles of equity;

(iv) the Trustee has duly authenticated and delivered the Bonds in its capacity as trustee under the Indenture;

(v) acceptance by the Trustee of the duties and obligations under the Indenture and compliance with provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which the Trustee is subject; and

(vi) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Trustee of its duties and

obligations under the Indenture have been obtained and are in full force and effect.

(8) The opinion of counsel to the Escrow Agent, dated the date of Closing in form and substance satisfactory to the Underwriter and Bond Counsel, and addressed to the Authority, the City and the Underwriter, to the effect that:

(i) the Escrow Agent is a national banking association duly organized and validly existing under the laws of the United States;

(ii) the Escrow Agent has duly authorized the execution and delivery of the Escrow Agreement;

(iii) the Escrow Agreement has been duly entered into and delivered by the Trustee and assuming due, valid and binding authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Escrow Agent enforceable against the Trustee in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, or by general principles of equity;

(iv) acceptance by the Escrow Agent of the duties and obligations under the Escrow Agreement and compliance with provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which the Trustee is subject; and

(v) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Escrow Agent of its duties and obligations under the Escrow Agreement have been obtained and are in full force and effect.

(9) An opinion, dated the date of the Closing and addressed to the Underwriter, of Nixon Peabody LLP, counsel to the Underwriter ("**Underwriter's Counsel**"), in such form as may be acceptable to the Underwriter.

(10) A certificate, dated the date of Closing, signed by a duly authorized official of the Authority satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the Authority contained in this Purchase Agreement; (b) certifying that the Authority has complied with all agreements, covenants and conditions to be complied with by the Authority at or prior to the Closing under the Authority Documents; and (c) certifying that to the best of such official's knowledge, no event affecting the Authority has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect.

(11) A certificate or certificates, dated the date of Closing, signed by a duly authorized official of the City satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the City contained in this Purchase Agreement; (b) certifying that the City has complied with all agreements, covenants and conditions to be complied with by the City at or prior to the Closing under the City Documents; and (c) certifying that to the best of such official's knowledge, no event affecting the City has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect.

(12) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the Authority deeming the Preliminary Official Statement "final" for purposes of Rule 15c2-12.

(13) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the City deeming the Preliminary Official Statement "final" for purposes of Rule 15c2-12.

(14) An executed or certified copy of each of the Legal Documents.

(15) One counterpart original or copy certified by a duly authorized officer of the City of a complete transcript of all proceedings of the City relating to the approval of the City Documents and the authorization, issuance, sale and delivery of the Bonds, together with a certificate dated as of the date of Closing of a duly authorized officer of the City to the effect that each included resolution is a true, correct and complete copy of the one duly adopted by the Board of Directors of the City and that none have been amended, modified or rescinded since adoption (except as reflected in said transcript or as may have been agreed to in writing by the Underwriter) and is in full force and effect as of the date of Closing.

(16) One counterpart original or copy certified by a duly authorized officer of the Authority of a complete transcript of all proceedings of the Authority relating to the approval of the Authority Documents and the authorization, issuance, sale and delivery of the Bonds, together with a certificate dated as of the date of Closing of a duly authorized officer of the Authority to the effect that each included resolution is a true, correct and complete copy of the one duly adopted by the Board of Directors of the Authority and that none have been amended, modified or rescinded since adoption (except as reflected in said transcript or as may have been agreed to in writing by the Underwriter) and is in full force and effect as of the date of Closing.

(17) An executed copy of the Official Statement.

(18) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of documents such as the Bonds and the Indenture.

(19) A Certificate of the City with respect to the Wastewater System evidencing that the insurance required by the Installment Purchase Agreement has been procured and is in full force and effect.

(20) A Tax Certificate of the Authority and the City in form and substance acceptable to Bond Counsel.

(21) A Certificate of the Trustee, dated the Closing Date to the effect that:

(i) the Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Indenture;

(ii) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture;

(iii) the Trustee has duly authorized and executed the Indenture; and

(iv) the Trustee has duly authenticated and delivered the Bonds in its capacity as trustee under the Indenture.

(22) A Certificate of the Escrow Agent, dated the Closing Date to the effect that:

(i) the Escrow Agent is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Escrow Agreement;

(ii) subject to the provisions of the Escrow Agreement, the Escrow Agent will apply the proceeds from the Bonds to the purposes specified in the Escrow Agreement; and

(iii) the Escrow Agent has duly authorized and executed the Escrow Agreement.

(23) Evidence that the Bonds have been given the rating set forth in the Official Statement and that such rating continues in effect as of the date of Closing.

(24) Evidence that a federal tax information form 8038-G has been prepared for filing with respect to the Bonds.

(25) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code.

(26) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel, the Underwriter and Underwriter's Counsel may reasonably request to evidence compliance with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the

Official Statement and the due performance or satisfaction by the Trustee and the Authority at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(c) All matters relating to this Purchase Agreement, the Bonds and the sale thereof, the Legal Documents and the consummation of the transactions contemplated by this Purchase Agreement shall have been approved by the Underwriter, such approval not to be unreasonably withheld.

If the conditions to the Underwriter's obligations contained in this Purchase Agreement are not satisfied or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and none of the Underwriter, the City nor the Authority shall have any further obligation hereunder.

10. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefore, by written notification to the Authority and the City if at any time at or prior to the Closing:

(i) Any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(ii) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein; or

(iii) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other

requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(iv) A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter); or

(v) A general banking moratorium shall have been established by federal, New York or California authorities; or

(vi) Establishment of any new restrictions in securities materially affecting the free market for securities of the same nature as the Bonds (including the imposition of any limitations on interest rates) or the charge to the net capital requirements of the Underwriter established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or

(vii) The occurrence of an adverse event in the affairs of the Authority or the City which, in the opinion of the Underwriter, materially impairs the investment quality of the Bonds; or

(viii) Any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Authority or the City, its property, income or securities (or interest thereon), or the ability of the City to execute the Installment Purchase Agreement or the Authority to issue the Bonds and pledge the Authority Revenues as contemplated by the Indenture and the Official Statement; or

(ix) There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(x) There shall have occurred any materially adverse change in the affairs or financial position, results of operations or condition, financial or otherwise, of the Authority or the City, other than changes in the ordinary

course of business or activity or in the normal operation of the Authority or the City, except as described in the Official Statement; or

(xi) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(xii) An event described in Section 7(j) or 8(j) hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(xiii) The marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets; or

(xiv) Any rating of the Bonds or other obligations of the Authority or the City by a national rating agency shall have been withdrawn, suspended or downgraded or placed on negative outlook or negative watch.

11. Performance by the Authority and the City of their respective obligations under this Purchase Agreement is conditioned upon (i) performance by the Underwriter of its obligations hereunder, and (ii) receipt by the Underwriter of all opinions and certificates to be delivered at Closing by persons and entities other than the Authority or the City.

12. After the Closing and until the End Date (a) neither the Authority nor the City will adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing or which shall be disapproved by the Underwriter, and (b) if any event relating to or affecting the Authority or the City shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Bonds, and the Authority will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to an initial purchaser of the Bonds, not misleading. The costs of preparing any necessary amendment or supplement to the Official Statement to be utilized until the End Date shall be borne by the Authority and any costs incurred thereafter incident to amending or supplementing the Official Statement shall be borne by the Underwriter. For the purposes of this Section, the Authority will furnish such information with respect to itself as the Underwriter may from time to time request.

13. (a) The Underwriter shall be under no obligation to pay, and the City or Authority shall pay or cause to be paid out of the proceeds of the Bonds, all expenses incident to the performance of the Authority's and City's obligations hereunder, including but not limited to: the cost of photocopying and delivering the Bonds to the Underwriter; the cost of preparing, printing (and/or word processing and reproducing), distributing and delivering the City Documents and the Authority Documents, and the cost of printing, distributing and delivering the Preliminary Official Statement and the Official Statement in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor, any accountants, financial advisors or other engineers or experts or consultants the Authority or the City have retained in connection with the Bonds and expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the Authority or City officers or employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, and lodging of those officers or employees.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, neither the Authority nor the City shall be under any obligation to pay, and the Authority and City shall not pay, any expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in subsection (a) of this section), including any advertising expenses and the fees of the California Debt and Investment Advisory Commission, the cost of preparation of any "blue sky" or legal investment memoranda, and the fees and disbursements of Underwriter's Counsel.

14. Any notice or other communication to be given to the Underwriter may be given by delivering the same to Raymond James & Associates, Inc. 39 E. Union Street, Pasadena, California 91103; Attention: Public Finance. Any notice or other communication to be given to the Authority or the City may be given by delivering the same to addresses initially provided herein, Attention: Executive Director with respect to the Authority and Attention: City Manager with respect to the City. The approval of the Underwriter when required hereunder or the determination of satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to you.

15. This Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

16. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which such counterparts shall together constitute but one and the same instrument.

17. The representations and warranties of the Authority and the City set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and warranties of the Authority and the City and regardless of delivery of and payment for the Bonds.

18. The primary role of the Underwriter, as underwriter, is to purchase the Bonds for resale to investors in an arms-length commercial transaction among the City, the Authority and the Underwriter. The Underwriter, as underwriter, has financial and other interests that differ from those of the Authority and the City.

19. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority, the City and the Underwriter, and shall be valid and enforceable as of the time of such acceptance.

20. This Purchase Agreement shall be governed by the laws of the State of California. This Purchase Agreement shall not be assigned by either party hereto.

21. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds by the Authority and the City and represents the entire agreement of the parties as to the subject matter herein.

22. Any provision of this Purchase Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Purchase Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

RAYMOND JAMES & ASSOCIATES, INC.

By:_____
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written:

MENDOTA JOINT POWERS FINANCING AUTHORITY

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

CITY OF MENDOTA

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

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EXHIBIT A

$_____
MENDOTA JOINT POWERS FINANCING AUTHORITY
WASTEWATER REFUNDING REVENUE BONDS, SERIES 2021

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The-Offering-Price Rule

_____

(T) Term Bond.

(C) Priced to optional call at par on _____.

* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

EXHIBIT B

$_____
MENDOTA JOINT POWERS FINANCING AUTHORITY
WASTEWATER REFUNDING REVENUE BONDS, SERIES 2021

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Raymond James & Associates, Inc. ("Raymond James"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") based upon the information available to it.

1. ***Sale of the Bonds***. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms***.

(a) *Issuer* means Mendota Joint Powers Financing Authority.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The Issuer may rely on the statements made herein in connection with making the representations set forth in the Tax Certificate to which this Issue Price Certificate is attached and in its efforts to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"). Norton Rose Fulbright US LLP may also rely on this Issue Price Certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, Raymond James is not engaged in the practice of law. Accordingly, Raymond James makes no representation as to the legal sufficiency of the factual matters set forth herein.

.

RAYMOND JAMES & ASSOCIATES INC.

By:_____
__

Name:_____
_

Dated: _____, 2021

SCHEDULE A

SALE PRICES

(*Attached)*

ESCROW AGREEMENT

by and among

MENDOTA JOINT POWERS FINANCING AUTHORITY,

CITY OF MENDOTA

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Escrow Agent

Dated as of November 1, 2021

2010-1 Certificates of Participation, City of Mendota
Evidencing the Direct, Undivided Fractional Interests of the Owner
Thereof in Installment Payments to be Made by the
CITY OF MENDOTA
(Fresno County, California)
As the Purchase Price for Certain Property Pursuant
to an Installment Sale Agreement with the
MENDOTA JOINT POWERS FINANCING AUTHORITY

ESCROW AGREEMENT

This ESCROW AGREEMENT, dated as of November 1, 2021, by and among the **MENDOTA JOINT POWERS FINANCING AUTHORITY** (the "Authority"), a joint powers authority organized and existing under the laws of the State of California, the **CITY OF MENDOTA** (the "City"), a municipal corporation existing under the laws of the State of California, 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 Escrow Agent and as Prior Trust Administrator (the "Escrow Agent" and the "Prior Trust Administrator");

W I T N E S S E T H:

WHEREAS, the Prior Trust Administrator has previously executed and delivered 2010-1 Certificates of Participation, City of Mendota evidencing the direct, undivided fractional interests of the owner thereof in installment payments to be made by the City (Fresno County, California) as the purchase price for certain property pursuant to an installment sale agreement with the Authority (the "2010 Certificates"), pursuant to a Trust Agreement, dated as of January 1, 2010 (the "Prior Trust Agreement"), by and among the Prior Trust Administrator, the Authority and the City; and

WHEREAS, the City and the Authority desire to refund all of the outstanding the 2010 Certificates; and

WHEREAS, the Authority has approved the issuance of its Wastewater Refunding Revenue Bonds, Series 2021 (the "2021 Bonds") under an Indenture of Trust, dated as of November 1, 2021, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., the proceeds of which are to be used in part to effect the full refunding and defeasance of the 2010 Certificates;

NOW, THEREFORE, in consideration of the mutual premises contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. As used herein, the following terms shall have the following meanings:

"City" means the City of Mendota.

"Code" means the Internal Revenue Code of 1986.

"Escrow Agent" means The Bank of New York Mellon Trust Company, N.A., Los Angeles, California and its successors and assigns, and any other corporation or institution that may at any time be substituted in its place as provided in Section 14 hereof.

"Escrow Fund" means the Escrow Fund established and held by the Escrow Agent pursuant to Section 3 hereof.

"Escrow Requirements" means the amount sufficient to pay the prepayment price with respect to the 2010 Certificates on the Prepayment Date, as described on Schedule I hereto.

"Escrow Securities" means the Defeasance Securities deposited in the Escrow Fund pursuant to Section 5 hereof.

"Prepayment Date" means _____, 2021.

"Prior Trust Administrator" means The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, and its successors and assigns, as trustee for the 2010 Certificates.

SECTION 2. The Authority and the City hereby appoint The Bank of New York Mellon Trust Company, N.A., Los Angeles, California as Escrow Agent under this Escrow Agreement for the benefit of the holders of the 2010 Certificates. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Escrow Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it. The applicable and necessary provisions of the Prior Trust Agreement, including particularly the prepayment provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Prior Trust Agreement shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

SECTION 3. There is created and established with the Escrow Agent a special and irrevocable trust fund designated the "2010 Certificates Escrow Fund" (the "Escrow Fund"), to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Escrow Agreement.

SECTION 4. The Authority and the City herewith deposits, or causes to be deposited, with the Escrow Agent into the Escrow Fund, to be held in irrevocable trust by the Escrow Agent and to be applied solely as provided in this Escrow Agreement, the amount of $[_____] from proceeds of the 2021 Bonds.

SECTION 5. The Escrow Agent acknowledges receipt of the moneys described in Section 4 above. The Escrow Agent agrees to retain the amount of $[_____] in cash in the Escrow Fund and to hold such amount uninvested until applied as set forth herein below, and to immediately invest the balance of the deposit set forth in Section 4, in the aggregate amount of $[_____], in the Escrow Securities set forth in Exhibit A hereto, to deposit such Escrow Securities in the Escrow Fund, and to hold the Escrow Securities and proceeds thereof in the Escrow Fund until applied as set forth herein below. The Escrow Agent shall not have the power to sell, transfer, request the redemption of or otherwise dispose of any of the Escrow Securities or to substitute other securities therefor.

SECTION 6. As the principal of the Escrow Securities shall mature and be paid, and the investment income and earnings thereon are paid, the Escrow Agent shall not reinvest such moneys, except as may be provided in Exhibit A hereto. Such amounts shall be applied by the Escrow Agent solely to the payment of the Escrow Requirements in respect of the 2010 Certificates described on Schedule I hereto and, pending such payment, shall be held for the equal and ratable benefit of the holders of such 2010 Certificates.

The Authority and the City acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority or the City the right to receive brokerage confirmations of security transactions as they occur, the Authority and the City will not receive such confirmations to the extent permitted by law. The Escrow Agent will provide to the City periodic cash transaction statements that shall include detailed information for all investment transactions made by the Escrow Agent under this Escrow Agreement.

SECTION 7. The Authority and the City have caused schedules to be prepared relating to the sufficiency of the uninvested cash and anticipated receipts from the Escrow Securities listed in Exhibit A, to pay the Escrow Requirements of the 2010 Certificates described on Schedule I.

SECTION 8. The City hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, in order to effectuate this Escrow Agreement. The liability of the Escrow Agent for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Escrow Agreement, of the uninvested cash and the principal amount of and the interest earnings on the Escrow Securities available for such purposes in the Escrow Fund.

SECTION 9. (a) The Escrow Agent is hereby instructed to mail, by first-class mail, postage prepaid, notice of defeasance to the owners of the 2010 Certificates substantially in the form of Exhibit B attached hereto on or prior to [_____], 2021. The Escrow Agent is hereby further instructed to post a copy of such notices, when mailed, to the Information Services (as hereinafter defined).

"Information Services" means the Electronic Municipal Market Access system (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board, at *www.emma.msrb.org*; or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other services providing information with respect to called bonds as the City may designate in a certificate of the City delivered to the Escrow Agent.

(b) The Prior Trust Administrator confirms that on _____, 2021, it mailed (by first-class mail, postage prepaid) the conditional prepayment notice, a copy of which is attached hereto as Exhibit C, to the Owners of the 2010 Certificates and the Information Service.

SECTION 10. The City irrevocably instructs the Escrow Agent and the Prior Trust Administrator to pay solely out of amounts on deposit in the Escrow Fund to pay the prepayment price with respect to the 2010 Certificates on the Prepayment Date, without premium.

SECTION 11. The trust hereby created shall be irrevocable and the holders of the 2010 Certificates shall have an express lien limited to all moneys and Escrow Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Escrow Agreement.

SECTION 12. This Escrow Agreement is made pursuant to and in furtherance of the Prior Trust Agreement and for the benefit of the holders from time to time of the 2010 Certificates and it shall not be repealed, revoked, altered, amended or supplemented without the

written consent of all such holders and the written consent of the Escrow Agent and the City; provided, however, that the City, the Authority and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Escrow Agreement, for any one or more of the following purposes:

(a) to cure an ambiguity or formal defect or omission in this Escrow Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the 2010 Certificates, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to transfer to the Escrow Agent and make subject to this Escrow Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to conclusively rely upon an opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the 2010 Certificates, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 13. In consideration of the services rendered by the Escrow Agent under this Escrow Agreement, the City agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder. Notwithstanding the foregoing, the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses.

SECTION 14. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the City, the Authority and the Prior Trust Administrator, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 9 hereof, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the 2010 Certificates or by the City as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the City, the Authority and the Prior Trust Administrator and signed by the holders of a majority in principal amount of the 2010 Certificates.

If the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer or officers,

or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in principal amount of the 2010 Certificates, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the City shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the 2010 Certificates, and any such temporary Escrow Agent so appointed by the City shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

If no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the City pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the City, the holder of any of the 2010 Certificates or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than $100,000,000. For purpose of this Section 14, a corporation or institution with trust powers organized under the financial institution laws of the United States or any state shall be deemed to have combined capital and surplus of at least $100,000,000 if it has a combined capital surplus of at least $20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least $100,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the City, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the City execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the City be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the City.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Escrow Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section and if it is otherwise satisfactory to the City, be the successor Escrow Agent under this Escrow Agreement without the

execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 15. The Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement except as provided in Section 5 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Escrow Agreement.

SECTION 16. To the extent permitted by law, the City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the City or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement. The City shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Escrow Agreement. In no event shall the City, the Authority or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

SECTION 17. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Authority and the City, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the prepayment of the 2010 Certificates pursuant to the Prior Trust Agreement or to the validity of this Escrow Agreement as to the Authority or the City and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Authority or the City, and the Trustee's reliance on a written opinion of counsel to the Authority or the City shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively

established by a written certification of the City. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Escrow Agreement. No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 18. This Escrow Agreement shall terminate upon payment of all 2010 Certificates on the Prepayment Date, or upon such later date on which all amounts held in the Escrow Fund have been disbursed as provided herein.

SECTION 19. THIS ESCROW AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 20. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the City, the Authority or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement. All the covenants, promises and agreements in this Escrow Agreement contained by or on behalf of the Authority or by or on behalf of the City or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 21. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. Each of the parties hereto agrees that the transaction consisting of this Agreement may be conducted by electronic means. Each party agrees and acknowledges that it is such party's intent that if such party signs this Agreement using an electronic signature it is signing, adopting, and accepting this Agreement and that signing this Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Agreement in usable format.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

CITY OF MENDOTA

By_____
City Manager

MENDOTA JOINT POWERS FINANCING AUTHORITY

By_____
Executive Director

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Agent and as Prior Trust Administrator

By_____
Authorized Officer

SCHEDULE I

[See Attached]

Exhibit A

ESCROW SECURITIES

[See Attached]

Exhibit B

NOTICE OF FULL PREPAYMENT AND DEFEASANCE
TO THE OWNERS OF
2010-1 CERTIFICATES OF PARTICIPATION, CITY OF MENDOTA EVIDENCING THE DIRECT, UNDIVIDED FRACTIONAL INTERESTS OF THE OWNER THEREOF IN INSTALLMENT PAYMENTS TO BE MADE BY THE CITY (FRESNO COUNTY, CALIFORNIA) AS THE PURCHASE PRICE FOR CERTAIN PROPERTY PURSUANT TO AN INSTALLMENT SALE AGREEMENT WITH THE AUTHORITY

NOTICE IS HEREBY GIVEN pursuant to the terms of the Trust Agreement, dated as of January 1, 2010, by and among the City of Mendota (the "City"), the Mendota Joint Powers Financing Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as trust administrator, that all of the above-referenced outstanding 2010-1 Certificates of Participation, City of Mendota, as listed below (the "Certificates"), initially executed and delivered on January 26, 2010, have been selected for prepayment on _____, 2021 (the "Prepayment Date") at a prepayment price equal to the principal amount of the Certificates to be prepaid (the "Prepayment Price") together with interest accrued to the Prepayment Date, without premium. From and after the Prepayment Date, interest on the Certificates shall cease to accrue.

CUSIP*	Maturity Date (July 1)	Interest Rate	Principal Amount
N/A	07/01/2022	4.00%	$38,000
N/A	07/01/2023	4.00	40,000
N/A	07/01/2024	4.00	41,000
N/A	07/01/2025	4.00	43,000
N/A	07/01/2026	4.00	44,000
N/A	07/01/2027	4.00	46,000
N/A	07/01/2028	4.00	48,000
N/A	07/01/2029	4.00	50,000
N/A	07/01/2030	4.00	52,000
N/A	07/01/2031	4.00	54,000
N/A	07/01/2032	4.00	56,000
N/A	07/01/2033	4.00	59,000
N/A	07/01/2034	4.00	61,000
N/A	07/01/2035	4.00	63,000
N/A	07/01/2036	4.00	66,000
N/A	07/01/2037	4.00	68,000
N/A	07/01/2038	4.00	71,000
N/A	07/01/2039	4.00	74,000
N/A	07/01/2040	4.00	77,000
N/A	07/01/2041	4.00	80,000
N/A	07/01/2042	4.00	83,000
N/A	07/01/2043	4.00	87,000
N/A	07/01/2044	4.00	90,000
N/A	07/01/2045	4.00	94,000
N/A	07/01/2046	4.00	97,000
N/A	07/01/2047	4.00	101,000
N/A	07/01/2048	4.00	105,000
N/A	07/01/2049	4.00	110,000

IMPORTANT NOTICE

Federal law requires the Escrow Agent to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit *www.irs.gov* for additional information on the tax forms and instructions.

* *The CUSIP numbers, if any, have been assigned by CUSIP Global Services, managed by S&P Global Market Intelligence, on behalf of The American Bankers Association, and are included solely for the convenience of the certificate holders. Neither the Authority nor the Escrow Agent shall be responsible for the selection or use of the CUSIP numbers nor is any representation made as to the correctness of such numbers herein or on the certificates.*

Payment of the Certificates will be made upon presentation and surrender of the securities to:

First Class/Registered/Certified Mail:	Express Delivery Only:	By Hand Only:
The Bank of New York Mellon	The Bank of New York Mellon	The Bank of New York Mellon
Global Corporate Trust	Global Corporate Trust	Global Corporate Trust
P.O. Box 396	111 Sanders Creek Parkway	Corporate Trust Window
East Syracuse, New York 13057	East Syracuse, New York 13057	101 Barclay Street 1st Floor East
		New York, New York 10286

Bondholder Communications: 800-254-2826

Dated: _____, 2021

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Agent

Exhibit C

**CONDITIONAL NOTICE OF FULL PREPAYMENT
TO THE OWNERS OF
2010-1 CERTIFICATES OF PARTICIPATION, CITY OF MENDOTA EVIDENCING THE DIRECT, UNDIVIDED FRACTIONAL INTERESTS OF THE OWNER THEREOF IN INSTALLMENT PAYMENTS TO BE MADE BY THE CITY (FRESNO COUNTY, CALIFORNIA) AS THE PURCHASE PRICE FOR CERTAIN PROPERTY PURSUANT TO AN INSTALLMENT SALE AGREEMENT
WITH THE AUTHORITY**

[See Attached]

NEW ISSUE - FULL BOOK-ENTRY **RATING: S&P: "[__]"**
See "RATING herein.

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants in the documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Bonds is not included in the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California. See "TAX MATTERS."

[Add City Logo]

[$_____]*
MENDOTA JOINT POWERS FINANCING AUTHORITY
WASTEWATER REFUNDING REVENUE BONDS, SERIES 2021

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

The bonds captioned above (the "Bonds") are being issued by the Mendota Joint Financing Authority (the "Authority") pursuant to resolutions adopted by the Authority Board of the Authority and City Council of the City of Mendota (the "City") on [_____, 2021]; an Installment Purchase Agreement dated as of November 1, 2021, by and between the Authority, as seller, and City, as purchaser (the "Installment Purchase Agreement"); and a Trust Indenture dated as of November 1, 2021 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds are being issued to provide funds to the City to (i)) refund the Authority's Wastewater Revenue Bonds, Series 2005 (the "2005 Bonds") outstanding in the principal amount of $2,200,000 and the City of Mendota 2010 Certificates of Participation (Wastewater System Improvement Project) (the "2010 Certificates") evidencing outstanding principal in the amount of $1,898,000; (ii) fund a Bond Reserve Fund and (iii) pay the costs of issuing the Bonds. See "REFUNDING PLAN."

The Bonds are payable solely from Revenues and secured by a pledge of Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of certain installment payments ("Installment Payments") to be made by the City pursuant to the Installment Purchase Agreement. The Installment Payments are special obligations of the City payable solely from Net Revenues and secured by a pledge of Net Revenues (as defined in this Official Statement). Net Revenues consist of certain revenues of the City's wastewater system (the "Enterprise") as more fully described in this Official Statement. See "SECURITY FOR THE BONDS" in this Official Statement.

The Bonds are subject to redemption prior to maturity, as described herein. See "THE BONDS – Redemption."

The Bonds will bear interest at the rates shown on the inside cover page of this Official Statement, payable semiannually on January 1 and July 1 of each year (each, an "Interest Payment Date"), commencing on July 1, 2022, and will be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple of $5,000. With respect to any Interest Payment Date, the Record Date is the 15th calendar day of the preceding month, whether or not that day is a Business Day (as defined in the Indenture). The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Payments of the principal of and interest on the Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS."

The Bonds are special, limited obligations of the Authority payable solely from Revenues. The Authority has no taxing power. The Installment Payments are special obligations of the City payable solely from Net Revenues on a parity with other obligations of the City payable from Net Revenues and not secured by a pledge of the taxing power of the City. None of the Bonds, the obligation of the Authority to pay principal thereof or interest thereon, and the obligation of the City to make the Installment Payments constitutes either a debt or a liability of the Authority, City, State of California or any of their respective political subdivisions within the meaning of any Constitutional limitation on indebtedness, or a pledge of the full faith and credit of the Authority or City. See "SECURITY FOR THE BONDS."

This cover page contains certain information for quick reference only and is not a summary of information about the Bonds. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision relating to the purchase of any Bonds.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Norton Rose Fulbright US LLP, Los Angeles, California, as Bond Counsel. Certain legal matters will also be passed upon for the Authority and City by Norton Rose Fulbright US LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Nixon Peabody LLP, Los Angeles, California, as Underwriter's Counsel. Certain legal matters will be passed upon for the Authority and the City by Wanger Jones Helsley PC, as counsel to the Authority and the City. It is anticipated that the Bonds will be deliver in book-entry from through the facilities of DTC on or about November __, 2021.

RAYMOND JAMES & ASSOCIATES, INC.

* Preliminary, subject to change.

AGENDA

AGENDA

**$[PAR AMOUNT]*
MENDOTA JOINT POWERS FINANCING AUTHORITY
WASTEWATER REFUNDING REVENUE BONDS,
SERIES 2021**

**$_____ Serial Bonds
(Base CUSIP: _____)**

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

$_____ __% Term Bonds due _____; Yield ___ %: Price _____ CUSIP† No. _____

$_____ __% Term Bonds due _____; Yield ___ %: Price _____ CUSIP† No. _____

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2021 CUSIP Global Services. All rights reserved. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the City and are included solely for the convenience of the registered owners of the Bonds. None of the Authority, the City, the Underwriter or the Municipal Advisor are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance and other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

AGENDA

CITY OF MENDOTA
COUNTY OF FRESNO, CALIFORNIA

City Council

Rolando Castro, *Mayor*
Jesus Mendoza, *Mayor Pro Tempore*
Jose Alonso, *Councilmember*
Joseph R. Riofrio, *Councilmember*
Oscar Rosales, *Councilmember*

City Officials and Staff

Cristian Gonzalez, *City Manager*
Jennifer Lekumberry, *Director of Administrative Services/Assistant City Manager*
Nancy Banda, *Finance Director*
Anthony Chavarria, *Public Utilities Director*
Celeste Cabrera-Garcia, MPA, *City Clerk*

MENDOTA JOINT POWERS FINANCING AUTHORITY

Authority Board

Rolando Castro, *Chairperson*
Jesus Mendoza, *Chairperson*
Jose Alonso, *Member*
Joseph R. Riofrio, *Member*
Oscar Rosales, *Member*

SPECIAL SERVICES

Municipal Advisor
NHA Advisors, LLC
San Rafael, California

Bond and Disclosure Counsel
Norton Rose Fulbright US LLP
Los Angeles, California

Authority Counsel and City Attorney
Wanger Jones Helsley PC
Fresno, California

Trustee
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the Authority, the City, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The information set forth herein has been obtained from official sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries of the Indenture and other documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access ("EMMA") website.

The City maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

FORWARD-LOOKING STATEMENTS

This Official Statement contains certain "forward-looking statements" concerning the Wastewater System and the operations, performance and financial condition of the City, including their future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the City. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate" and similar expressions are meant to identify these forward-looking statements. Results may differ materially from those expressed or implied by these forward-looking statements.

[Remainder of page intentionally left blank.]

[INSERT LOCATION MAP]

AGENDA

TABLE OF CONTENTS

OFFICIAL STATEMENT

$[PAR AMOUNT]*
MENDOTA JOINT POWERS FINANCING AUTHORITY
WASTEWATER REFUNDING REVENUE BONDS,
SERIES 2021

INTRODUCTION

General

This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the sale of $[PAR AMOUNT] Mendota Joint Powers Financing Authority Wastewater Refunding Revenue Bonds, Series 2021 (the "Bonds") that are being issued by the Mendota Joint Powers Financing Authority, California (the "Authority"). This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents described herein. Capitalized terms used, but not defined, in this Official Statement have the meanings given to them in the Indenture (as defined below).*

Authority for Issuance and Application of Proceeds

The Bonds are being issued under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 and Article 11 (commencing with Section 53580), Chapter 2, Part 1, Division 2, Title 5 of the California Government Code (collectively, the "Bond Law"), resolutions adopted by the Mendota Joint Powers Financing Authority Board and the City Council of the City of Mendota on [_____], 2021, and an Trust Indenture dated as of November 1, 2021 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and Installment Purchase Agreement dated as of November 1, 2021, by and between the Authority, as seller, and City, as purchaser (the "Installment Purchase Agreement"). The Bonds are being issued to provide funds to (i) refund the Authority's Wastewater Revenue Bonds, Series 2005 (the "Refunded 2005 Bonds") outstanding in the principal amount of $2,200,000 and the City of Mendota 2010 Certificates of Participation (Wastewater System Improvement Project) (the "Refunded 2010 Certificates," and together with the 2005 Bonds, the "Refunded Obligations") evidencing outstanding principal in the amount of $1,898,000; (ii) fund a Bond Reserve Fund and (iii) pay the costs of issuing the Bonds. See "REFUNDING PLAN."

The City and the Enterprise

The City of Mendota (the "City") is located in California's central valley within Fresno County, California (the "County"). To the east of the City lies the 12,000-acre waterfowl management area of Mendota Wildlife Refuge. To the west of the City is the 85 acre Mendota Pool Park with playgrounds, picnic areas and boat launch ramp. The City encompasses approximately two square miles. The City has traditionally been almost entirely dependent on agriculture for its economic wellbeing, and has gained recognition as the Cantaloupe Center of the World. As of January 1, 2021, the City had a population of

* Preliminary, subject to change.

approximately 12,448. See APPENDIX D – "GENERAL INFORMATION ABOUT THE CITY OF MENDOTA AND THE COUNTY OF FRESNO."

The City's wastewater system (as defined in the Indenture, the "Enterprise") is administered by the City's Public Works Department and serves approximately [2,343] customer accounts within City limits as of _____, 2021. The Enterprise collects, pumps, transports, treats and disposes of wastewater. See "THE ENTERPRISE."

The Authority

The Mendota Joint Powers Financing Authority (the "Authority") was established pursuant to (i) Article 1 (commencing with Section 6500) of Chapter 5, Division 7, Title I of the California Government Code and (ii) a Joint Exercise of Powers Agreement, dated April 11, 1989, (the "JPA Agreement"), by and between the City, and the Mendota Redevelopment Agency. See "THE AUTHORITY."

The Bonds

The Bonds will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on January 1 and July 1, commencing July 1, 2022 (each, an "Interest Payment Date"), and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Bonds will be issued and delivered in fully registered form, registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee, which will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing the Bonds that are purchased. See "THE BONDS – Book-Entry Only System" and APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

The Bonds are subject to redemption prior to their maturity, as described herein. See "THE BONDS – Redemption."

Security for the Bonds

General. The Bonds are payable solely from Revenues and secured by a pledge of Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of certain installment payments ("Installment Payments") to be made by the City pursuant to the Installment Purchase Agreement. The Installment Payments are special obligations of the City payable solely from Net Revenues and secured by a pledge of Net Revenues (as defined in "SECURITY FOR THE BONDS – Pledge of Net Revenues; Sewer Fund"). Net Revenues consist of certain revenues of the Enterprise, as more fully described under the heading "SECURITY FOR THE BONDS." The Authority may at any time issue bonds, secured by obligations of the City that are secured by a pledge of Net Revenues on a parity with the Installment Payments ("Parity Obligations"), that are issued pursuant to the Indenture or another indenture ("Parity Bonds"). See "SECURITY FOR THE BONDS – Parity Bonds." In the Installment Purchase Agreement, the City is also obligated under a rate covenant to fix, prescribe and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year as described under the heading "SECURITY FOR THE BONDS – Rate Covenant."

Bond Reserve Fund. The Indenture establishes a Bond Reserve Fund and provides that the Bonds and future issuances of Parity Bonds (defined below) may be secured by the Bond Reserve Fund (such bond so secured being referred to herein as, "Participating Bonds"). The Bonds are Participating Bonds, and the Bond Reserve Fund secures the Bonds. The Indenture also permits future series of Parity Bonds to be secured by a separate reserve fund. The holders of the Bonds will have no right in any such separate reserve

fund that may be established in connection with any other series of Parity Bonds (a "Parity Bonds Series Reserve Fund").

Limited Obligations. The Bonds are special, limited obligations of the Authority payable solely from Revenues. The Authority has no taxing power. The Installment Payments are special obligations of the City payable solely from Net Revenues and not secured by a pledge of the taxing power of the City. None of the Bonds, the obligation of the Authority to pay principal thereof or interest thereon, and the obligation of the City to make the Installment Payments constitutes either a debt or a liability of the Authority, City, State of California or any of their respective political subdivisions within the meaning of any Constitutional limitation on indebtedness, or a pledge of the full faith and credit of the Authority or City.

Parity Bonds

The Authority may at any time issue bonds, secured by obligations of the City that are secured by a pledge of Net Revenues on a parity with the Installment Payments ("Parity Obligations"), that are issued pursuant to the Indenture or another indenture ("Parity Bonds"). On the delivery date of the Bonds, the Bonds will be the only Parity Bonds outstanding.

Subject to certain conditions contained in the Installment Purchase Agreement, the City may at any time enter into or otherwise incur obligations on a parity ("Parity Obligations") with the Installment Payments, the payments under which are secured by a pledge of the Net Revenues on a parity with the Installment Payments, in addition to the obligations under the Installment Purchase Agreement. On the delivery date of the Bonds, the installment payments pledged to secure the Bonds are the only obligations outstanding that are secured by such a pledge.

The City does not expect to issue Parity Bonds or Parity Obligations in the next five years. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Obligations Payable From Net Revenues."

Continuing Disclosure

The City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City and the Enterprise by not later than March 31 annually, commencing March 31, 2022, with the report for the fiscal year ending June 30, 2021, and to provide notices of the occurrence of certain listed events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE" and APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Further Information

The summaries and references of the Indenture, the Installment Purchase Agreement and other documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to the Indenture and each document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined herein, indicates that such word is defined in a particular agreement or other document and, as used herein, has the meaning given it in such agreement or document.

THE BONDS

General

The Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of $5,000 or any integral multiple of $5,000. The Bonds will mature in the amounts and on the dates, and bear interest at the annual rates, set forth on the inside cover page of this Official Statement. Principal of the Bonds will be payable in accordance with the maturity schedule shown on the inside of the front cover of this Official Statement, subject to any optional redemptions prior to maturity. Interest on the Bonds will be payable semiannually on January 1 and July 1 in each year, commencing on July 1, 2022 (each an "Interest Payment Date"). The Bonds will initially be delivered as one fully registered certificate for each maturity and will be delivered by means of the book-entry system of DTC, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple of $5,000, under the book-entry system maintained by DTC. While the Bonds are subject to the book-entry system, the principal and interest with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. Purchasers of the Bonds will not receive certificates representing their interests therein, which will be held at DTC. APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

Each Bond that is authenticated and registered on or prior to the first Record Date (defined below) will bear interest (computed on a 360-day year, 30-day month basis) from the Delivery Date. Each Bond that is authenticated and registered after the first Record Date will bear interest from the Interest Payment Date next preceding its date of authentication and registration, unless such date of authentication and registration is after the Record Date immediately preceding an Interest Payment Date, in which event it will bear interest from such subsequent Interest Payment Date. However, if at the time of authentication and registration, interest is in default, the Bond will bear interest from the last Interest Payment Date to which interest has previously been paid or made available for payment, or from its date if no interest has been paid. "Record Date" means, with respect to any interest payment date, the 15th day of the month preceding the Interest Payment Date.

Redemption

Optional Redemption. The Bonds maturing on or before July 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after July 1, 20__, are subject to redemption in whole, or in part, on any date on or after July 1, 20__, from funds derived by the Authority from any source at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Redemption of Bonds. The Bonds maturing on July 1, 20__, and July 1, 20__ (the "Term Bonds"), are also be subject to redemption, by lot, on July 1 in each of the years as set forth in the following tables, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof may be purchased, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; provided, however, that if some but not all of the Term Bonds have been redeemed pursuant to the "Optional Redemption" or "Special Mandatory Redemption from Insurance and Sale Proceeds" provisions, the total amount of all future payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments in integral multiples of $5,000 as determined in accordance with the Indenture.

Sinking Account Redemption Date (July 1)	Principal Amount to be Redeemed

†

† Maturity

Sinking Account Redemption Date (July 1)	Principal Amount to be Redeemed

†

† Maturity

Special Mandatory Redemption from Insurance and Sale Proceeds. Subject to the provisions of the Installment Purchase Agreement, the Bonds are subject to mandatory redemption, on any date, in whole, or in part, from the Net Proceeds credited towards the prepayment of the Installment Payments by the City under the Installment Purchase Agreement, at a redemption price equal to the principal amount represented thereby to be prepaid, without premium, together with accrued interest represented thereby to the redemption date.

Purchase in Lieu of Redemption. In lieu of redemption of any Bond, the Authority may, in its discretion, direct that the Trustee, at any time prior to selection of Bonds for redemption, purchase Bonds on the open market, provided that in no event may Bonds be purchased on the open market at a price in excess of the redemption price, plus accrued interest to the date of purchase. All Bonds so purchased will be delivered to the Trustee for cancellation.

Selection of Bonds for Redemption. If less than all the outstanding Bonds are to be redeemed at any one time, the Authority will, by Written Request of the Authority, at least 45 days prior to the date fixed for the redemption of the Bonds, designate the Bonds to be redeemed, or the portions of Bonds of the same maturity date, for redemption on a pro rata basis (unless otherwise directed by the Authority), in integral multiples of $5,000. Within each maturity, Bonds will be selected by the Trustee for redemption by lot. The decisions of the Authority and the Trustee in designating Bonds or portions of Bonds for redemption shall be conclusive in the absence of fraud.

Notice of Redemption. At least 20, but not more than 60 days prior to the redemption date, the Trustee will mail by first class mail a notice of redemption to the respective Owners of all Bonds selected for redemption in whole or in part. The Trustee will also provide notice to the Municipal Securities Rulemaking Board's "EMMA" portal by facsimile or electronic transmission. The sole remedy for failure to provide such notice to the EMMA portal will be an action by the holders of the Bonds for specific

performance. Each such notice will state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities of the Bonds to be redeemed and, if less than all the Bonds of any such maturity are to be redeemed, the numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount to be redeemed, and will give notice that further interest on such Bonds or the portions of the Bonds to be redeemed will not accrue from and after the redemption date, and will require that such Bonds be then surrendered at the address or the addresses of the Trustee so designated; provided, that neither the Authority nor the Trustee will have any responsibility for any defect in the CUSIP number that appears on any Bond or in any related redemption notice, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee will be liable for any inaccuracy in such numbers. If any Bond so chosen for redemption is not redeemable in whole, such notice will also state that such Bond is to be redeemed in part only and that upon presentation of such Bond for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Bond or Bonds of the same maturity date, of authorized denominations equal in aggregate principal amount to such unredeemed portion.

Conditional Notice of Redemption. With respect to any notice of optional redemption of Bonds, unless upon the giving of such notice, such Bonds are deemed to have been paid in accordance with the Indenture or unless the Trustee has moneys or Defeasance Securities sufficient to pay the principal, redemption premium, if any, and interest on the Bonds to be redeemed, such notice may state that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the interest on and principal of and redemption premium, if any, on such Bonds, and that if such moneys has not been so received the notice will be of no force and effect and the Trustee will not be required to redeem such Bonds. In the event that the notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Trustee will, within a reasonable time thereafter, give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Failure by the Trustee to give notice pursuant to this section to the Municipal Securities Rulemaking Board's "EMMA" portal, or the insufficiency of any such notices, will not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice of redemption pursuant to this section to any one or more of the respective Owners of any Bonds designated for redemption will not affect the sufficiency of the proceedings for redemption with respect to the Owners to whom the notice was mailed.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner of such Bond at the expense of the Authority a new Bond or Bonds of the same maturity date and authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Effect of Redemption. If notice of redemption has been duly given as provided in the Indenture, and money for the payment of the redemption price of the Bonds or portions of Bonds so called for redemption, together with interest to the redemption date, is held by the Trustee, then, on the redemption date designated in such notice, such Bonds or such portions thereof will become due and payable, and from and after the date so designated interest on the Bonds or such portions of Bonds so called for redemption will cease to accrue and the Owners of such Bonds will have no rights in respect thereof except to receive payment of the redemption price of such Bonds, and the interest accrued on such Bonds to the redemption date.

DEBT SERVICE REQUIREMENTS

The principal of and interest payable on the Bonds is set forth on the following table.

	Bonds			
Payment Date	**Principal**	**Interest**	**Total**[(1)]	**Fiscal Year Total**[(1)]
	$	$	$	$
Total	**$**	**$**	**$**	**$**

[(1)] Totals may not add due to rounding

REFUNDING PLAN

A portion of the net proceeds from the sale of the Bonds, [together with other funds of the District,] will be used to (1) to redeem on ____, 2021 (the "2005 Redemption Date") all of the Refunded 2005 Bonds and (2) prepay on ____, 2021 (the "2010 Prepayment Date") all of the installment payments to be made by the City in connection with the Refunded 2010 Certificates. The Refunded 2005 Bonds and the Refunded 2010 Certificates are further described in the respective tables below.

Under the terms of the Indenture of Trust, dated as of October 1, 2002 (the "2005 Indenture"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2005 Trustee"), pursuant to which the Refunded 2005 Bonds were issued, and an Escrow Agreement, dated as of November 1, 2021 (the "2005 Escrow Agreement"), between the Authority and the 2005 Trustee, as escrow agent, the refunding of the Refunded 2005 Bonds will be effected by depositing a portion of the proceeds of the Bonds, [together with other available moneys,] into the Escrow Fund established under the 2005 Escrow Agreement (the "2005 Escrow Fund").

The amounts held in the 2005 Escrow Fund will be sufficient to redeem on the 2005 Redemption Date the Refunded 2005 Bonds at a redemption price equal to the principal amount of the Refunded 2005 Bonds, plus accrued interest thereon to the 2005 Redemption Date, without premium, all in accordance with the terms of the 2005 Indenture and the Refunded 2005 Bonds. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. The amounts deposited in the 2005 Escrow Fund will be held in trust solely for the Refunded 2005 Bonds and will not be available to pay the principal and interest evidenced by the Bonds or any obligations other than the Refunded 2005 Bonds. [Such amounts will be will held uninvested as provided in the 2005 Escrow Agreement.]

Under the terms of the Trust Agreement, dated as of January 1, 2010 (the "2010 Trust Agreement"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2010 Trustee"), pursuant to which the Refunded 2010 Certificates were executed and delivered, and an Escrow Agreement, dated as of November 1, 2021 (the "2010 Escrow Agreement"), among the Authority, the City and the 2010 Trustee, as escrow agent, the prepayment of the installment payments related to the Refunded 2010 Certificates will be effected by depositing a portion of the proceeds of the Bonds, [together with other available moneys,] into the Escrow Fund established under the 2010 Escrow Agreement (the "2010 Escrow Fund").

The amounts held in the 2010 Escrow Fund will be sufficient to prepay on the 2010 Prepayment Date the unpaid installment payments, without premium, related to the Refunded 2010 Certificates, and through distribution of such prepayment to prepay the Refunded 2010 Certificates, all in accordance with the terms of the 2010 Trust Agreement and the Refunded 2010 Certificates. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. The amounts deposited in the 2010 Escrow Fund will be held in trust solely for the Refunded 2010 Certificates and will not be available to pay the principal and interest of the Bonds or any obligations other than the Refunded 2010 Certificates. [Such amounts will be will held uninvested as provided in the 2010 Escrow Agreement.

Upon such deposits [and investment] and compliance with (or waiver of) certain notice requirements set forth in the 2005 Indenture and 2010 Trust Agreement, the liability of the Authority with respect to the Refunded 2005 Bonds and the Refunded 2010 Certificates will cease and the Refunded 2005 Bonds and the Refunded 2010 Certificates will no longer be outstanding under the 2005 Indenture and the 2010 Trust Agreement, respectively, except that the Owners of such Refunded 2005 Bonds and Refunded

2010 Certificates will be entitled to payment thereof solely from the amounts on deposit in the related Escrow Fund described above, as applicable.

Refunded 2005 Bonds
Redemption Price: 100%
Redemption Date: [_____], 2021

Maturity Date (July 1)	Principal Amount Outstanding	CUSIP Number
2024	$ 475,000	586747AR8
2035	1,725,000	586747AS6

Refunded 2010 Certificates
Prepayment Price: 100%
Prepayment Date: [_____], 2021

Maturity Date (July 1)	Principal Amount Outstanding	CUSIP Number
2049	$ 1,898,000	Not applicable

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:	
Principal Amount of Bonds	$
Plus/Less Premium/Discount	
Total	$
Uses:	
2005 Escrow Fund	$
2010 Escrow Fund	
Bond Reserve Fund	
Deposit to Cost of Issuance Fund[(1)]	
Total	$

(1) Costs of issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Municipal Advisor, Trustee, escrow agent fees, verification agent fees, printing expenses, rating fee, underwriter's discount and other miscellaneous costs.

SECURITY FOR THE BONDS

Pledge of Revenues Under Indenture

The Bonds are payable from, and secured by, a pledge of Revenues and certain funds and accounts established and held by the Trustee under the Indenture. "Revenues" means all Installment Payments and other payments made by the City and received by the Authority pursuant to the Installment Purchase Agreement, and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) held under the Indenture.

Under the Indenture, the Authority transfers, assigns and sets over to the Trustee all of the Revenues and any and all rights and privileges it has under the Installment Purchase Agreement (but none of its obligations thereunder, and none of its rights to give approvals or consents thereunder) including, without limitation, the right to collect and receive directly all the Installment Payments and the right to hold and enforce any security interest, and any Installment Payments collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and will forthwith be paid by the Authority to the Trustee.

Pledge of Net Revenues; Sewer Fund

Pursuant to the Installment Purchase Agreement, all Net Revenues (defined below) are, pursuant to Section 5451 of the California Government Code and all laws amendatory thereof or supplemental thereto, irrevocably pledged to the payment of the Installment Payments and together with the pledge of Net Revenues securing all other Parity Obligations (defined below under the heading "- Additional Obligations from Net Revenues"), will, subject to application as permitted in the Installment Purchase Agreement, constitute a lien on Net Revenues. Net Revenues will not be used for any other purpose until all Parity Obligations, including the Installment Payments, have been fully paid or provision has been made for such payment in accordance with the documents related to such Parity Obligations or, in the case of the Installment Payments, in accordance with the Installment Purchase Agreement.

Under the Installment Purchase Agreement, the City covenants that all Gross Revenues will be received by the City in trust and, except for the proceeds of any casualty insurance or condemnation award after the payment of all expenses (including attorneys' fees) incurred in the collection of such proceeds (the "Net Proceeds"), will be deposited when and as received in a special fund designated as the "Sewer Fund," which fund the City has theretofore established and which fund the City agrees and covenants to maintain and to hold separate and apart from other funds until all Installment Payments have been fully paid or provision has been made therefor in accordance with Installment Purchase Agreement. The City may designate one or more existing funds to satisfy the foregoing requirements. As of the date of this Official Statement, the Sewer Fund consists of the City's sewer fund, wastewater and treatment fund and storm drainage fund, as accounted for by the City for budget purposes. See "THE ENTERPRISE - Enterprise Funds." The City may maintain separate accounts within the Sewer Fund. Moneys in the Sewer Fund are required to be used and applied by the City in accordance with the Installment Purchase Agreement.

Certain Definitions. The terms "Net Revenues," "Gross Revenues" and "Operation and Maintenance Costs" are defined in the Installment Purchase Agreement as follows:

"**Net Revenues**" means, for any Fiscal Year, an amount equal to all the Gross Revenues of the Enterprise received for such Fiscal Year minus the amount required to pay all Operation and Maintenance Costs for such Fiscal Year. Amounts transferred from the Rate Stabilization Fund may also be included in Net Revenues as described under the heading " - Rate Stabilization Fund."

"**Gross Revenues**" means (i) all income, user fees, connection fees, standby charges and income, transaction revenues, and all revenues secured or collected from or arising out of the use, capital improvement or operation of the Enterprise or arising from the Enterprise, including, without limitation, all charges, rentals and fees required to be paid for services as permitted or required by law, resolution or order, to the City for operation of the Enterprise, (ii) other moneys deposited in the Sewer Fund by the City for the purpose of meeting any covenants under the Agreement, (iii) any earnings and income derived from the investment of any of the foregoing (A) that is credited by the City to the Sewer Fund or (B) to the extent that the use of such earnings and income is limited under law to the Enterprise, and (iv) income from the disposition of any portion of the Enterprise; except "Gross Revenues" do not include (w) any proceeds of taxes, ad valorem assessments or benefit assessments collected in connection with the capital improvement

of the Enterprise, (x) grant, loan or bond proceeds restricted in use to specific capital improvements, (y) that portion of the annexation fees collected as deposits on behalf of and payable to other governmental agencies as required by law, and (z) any customer deposits or other advances subject to refund until such customer deposits or advances become the property of the City; provided, however, that (i) Gross Revenues shall be increased by the amounts, if any, transferred during such period from the Rate Stabilization Fund to the Sewer Fund and shall be decreased by the amounts, if any, transferred during such period from the Sewer Fund to the Rate Stabilization Fund.

"**Operation and Maintenance Costs**" means the costs and expenses reasonable and necessary to operate and maintain the Enterprise, including but not limited to the costs and expenses to preserve the Enterprise in good repair and working order, including reasonable expenditures for repair and replacement incident to or arising from the sewer system of the City, the reasonable administrative costs and expenses of the City attributable to operation and maintenance of the Enterprise, and transfers made to other funds of the City for the purpose of paying or reimbursing the payment of Operation and Maintenance Costs, as determined by Generally Accepted Accounting Principles, but excluding (1) noncash items of depreciation, replacement and obsolescence charges or reserves therefore, (2) amortization of intangibles, premiums and discounts, (3) interest expense, (4) amounts paid from other than Gross Revenues of the Enterprise (including but not limited to amounts paid from the proceeds of property taxes and assessments), (5) non-cash expenses attributable to pension plans, other retirement accounts and other post-employment benefits.

Special Obligations

The Bonds are special, limited obligations of the Authority payable solely from Revenues. The Authority has no taxing power. The Installment Payments are special obligations of the City payable solely from Net Revenues and not secured by a pledge of the taxing power of the City. None of the Bonds, the obligation of the Authority to pay principal thereof or interest thereon, and the obligation of the City to make the Installment Payments constitutes either a debt or a liability of the Authority, City, State of California or any of their respective political subdivisions within the meaning of any Constitutional limitation on indebtedness, or a pledge of the full faith and credit of the Authority or City.

Bond Reserve Fund

The Indenture establishes a Bond Reserve Fund and provides that Participating Bonds may be secured by the Bond Reserve Fund. The Bonds are Participating Bonds. Under the Indenture, the Bond Reserve Fund is to be funded at the Required Reserve.

"Required Reserve" means, with respect to the Bond Reserve Fund, as of any date of calculation by the Trustee, the least of (i) ten percent (10%) of the proceeds of the Bonds (or, if there is less than 2% net original issue discount or premium, 10% of the original stated principal amount of the Bonds); (ii) 125% of average Annual Debt Service of any Bond Year on the then Outstanding Bonds; or (iii) the Maximum Annual Debt Service on the Bonds for that and any subsequent year; provided, that with respect to the issuance of Participating Bonds, if the Bond Reserve Fund would have to be increased by an amount greater than 10% of the stated principal amount of such Participating Bonds (or, if the issue has more than a de minimis amount of original issue discount or premium of the issue price of such Participating Bonds), then the Required Reserve shall be such lesser amount as is determined by a deposit of such 10%.

Upon issuance of the Bonds, the Required Reserve is expected to be satisfied with a deposit of a portion of the proceeds of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Except as provided in the Indenture, all money in the Bond Reserve Fund (including all amounts that may be obtained from a Reserve Facility on deposit in the Reserve Fund) shall be used by the Trustee

solely for the purpose of (1) paying the interest on or principal of the Bonds and any other Participating Bonds secured by that Bond Reserve Fund in the event there is insufficient money available in the Debt Service Fund, in such order, for this purpose, (2) making payments to the provider of any Reserve Facility that is part of the Required Reserve for the Bond Reserve Fund for the purpose of reinstating the amount available under such Reserve Facility, or (3) for the retirement, defeasance or redemption of all or a portion of the Outstanding Bonds and other Participating Bonds secured by the Bond Reserve Fund; provided, however, that if funds on deposit in that Bond Reserve Fund are applied to the retirement, defeasance or redemption of only a portion of the Bonds and Participating Bonds secured by the Bond Reserve Fund, the amount on deposit in the Bond Reserve Fund immediately subsequent to such partial retirement, defeasance or redemption shall equal the Required Reserve for the Bond Reserve Fund immediately subsequent to such partial retirement, defeasance or redemption.

Allocation of Gross Revenues

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the City agrees and covenants that all Gross Revenues shall be received by the City in trust and, except for Net Proceeds, shall be deposited when and as received in the Sewer Fund. Under the Installment Purchase Agreement, the City covenants to, from the moneys in the Sewer Fund, pay all Operation and Maintenance Costs as they become due and payable. Additionally, amounts may, from time to time as the City deems necessary or appropriate, be transferred from the Rate Stabilization Fund and deposited in the Sewer Fund, as described under " - Rate Stabilization Fund" below. All remaining moneys in the Sewer Fund will be set aside by the City at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds will be held in trust and will be applied, used and withdrawn only for the purposes provided in the Installment Purchase Agreement and, as to funds held under the Indenture, the Indenture.

Installment Payments. Not later than each Installment Payment Date, the City will, from the moneys in the Sewer Fund, transfer to the Trustee the Installment Payment due and payable on that Installment Payment Date. The City will also, from the moneys in the Sewer Fund, transfer when due to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any Parity Obligation Payments in accordance with the provisions of the applicable Parity Obligations.

Reserve Fund. On or before the first Business Day of each month, the City will, from the remaining moneys in the Sewer Fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the Trustee as provided in the Indenture for deposit in the Bond Reserve Fund and any Parity Bonds Series Reserve Funds in accordance with the Indenture and to the applicable trustee for such other debt service reserve funds, if any, as may have been established in connection with any Parity Obligations, that sum, if any, necessary to restore:

(i) the Bond Reserve Fund to an amount equal to the Required Reserve and otherwise replenish the Bond Reserve Fund for any withdrawals (including draws upon any Reserve Facility) to pay the Installment Payments due under the Installment Purchase Agreement or to pay installment payments pledged to the payment of other Participating Bonds;

(ii) any Parity Bonds Series Reserve Funds for any other Parity Bonds to an amount equal to the Required Reserve for such funds; and

(iii) the debt service reserve funds for the Parity Obligations to an amount equal to the amount required to be maintained in the Bond Reserve Fund;

provided that payments to restore the Bond Reserve Fund after a withdrawal may be made in monthly installments equal to 1/12 of the aggregate amount needed to restore the Bond Reserve Fund to the Required Reserve as of the date of the withdrawal. To the extent that draws on the Bond Reserve Fund are from a Reserve Facility as permitted under the definition of Required Reserve in the Indenture, transfers under the Installment Purchase Agreement to restore the Bond Reserve Fund shall be made to reimburse the provider of the Reserve Facility to the extent the Reserve Facility is reinstated.

See " – Bond Reserve Fund" above.

Under the Indenture, "Required Reserve" with respect to any Parity Bonds Series Reserve Fund, the amount specified as such in the Parity Bonds Trust Indenture establishing such Parity Bonds Series Reserve Fund.

Surplus. Moneys on deposit in the Sewer Fund not necessary to make any of the payments required above in a Fiscal Year may, subject to the limitations contained in the Installment Purchase Agreement, be expended by the City at any time for any purpose permitted by law, including but not limited to payments with respect to any Subordinate Obligations and deposits to the Rate Stabilization Fund. See "THE ENTERPRISE - Enterprise Funds."

Application of Revenues Under Indenture

Except as provided in the Indenture, all money in the Debt Service Fund will be set aside by the Trustee in the following respective special accounts within the Debt Service Fund to be maintained by the Trustee, in the following order of priority:

(a) Interest Account;

(b) Principal Account; and

(c) Redemption Account.

All money in each of such accounts will be held in trust by the Trustee for the benefit of the Owners and will be applied, used and withdrawn only for the purposes authorized in the Indenture and described below. The Trustee will transfer from the Debt Service Fund the following amounts at the times and in the manner provided below, and will deposit such amounts in one or more of the following respective funds or accounts, and each of which will be disbursed and applied only as authorized in the Indenture and described below. Such amounts will be so transferred to and deposited in the following respective funds or accounts in the following order of priority, the requirements of each such fund or account at the time of deposit to be satisfied before any transfer is made to any fund or account subsequent in priority:

Interest Account. On each Interest Payment Date, and on each other date when interest on the Bonds becomes due and payable, whether upon redemption, acceleration or otherwise, the Trustee will set aside from the Debt Service Fund and deposit into the Interest Account the amount of money that is equal to the amount of interest on the Bonds becoming due and payable on such Interest Payment Date or such other date. No deposit need be made to the Interest Account on any date if the amount contained in the Interest Account is at least equal to the aggregate amount of interest on the Bonds becoming due and payable on such date.

Principal Account. On each Bond maturity date, the Trustee will set aside from the Debt Service Fund and deposit in the Principal Account an amount of money equal to the principal amount of the outstanding Bonds maturing on such date from payments of a principal amount of Installment Payments on

such date, plus any redemption premium payable in connection with the redemption of such Bonds on such date. No deposit need be made to the Principal Account on any date if the amount contained in the Principal Account is at least equal to the aggregate principal amount of outstanding Bonds maturing on such date.

Redemption Account. All prepayments of Installment Payments made by the City under the Installment Purchase Agreement will be deposited into the Redemption Account and applied to the payment, redemption, or provision for the payment or defeasance of outstanding Bonds as directed by the City.

Rate Stabilization Fund

To avoid fluctuations in its fees and charges of the Enterprise, from time to time the City may deposit in the Rate Stabilization Fund from Net Revenues such amounts as the City deems necessary or appropriate. From time to time, the City may also transfer moneys from the Rate Stabilization Fund to the Sewer Fund to be used by the City, first to pay all Operations and Maintenance Costs as and when the same shall be due and payable. Such amount transferred from the Rate Stabilization Fund to the Sewer Fund by the City is included as Gross Revenues for any period. Gross Revenues will be decreased by the amounts, if any, transferred from the Sewer Fund to the Rate Stabilization Fund. There are currently no funds in the Rate Stabilization Fund.

Rate Covenant

The City covenants under the Installment Purchase Agreement that it will, at all times until all Installment Payments have been fully paid or provision has been made for such payment in accordance with the Installment Purchase Agreement, fix, prescribe and collect rates, fees and charges for the services and facilities of the Enterprise during each Fiscal Year so as to yield Gross Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the following order of priority:

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

(ii) The Installment Payments, all other Parity Obligation Payments (defined below under the heading "- Additional Obligations Payable from Net Revenues"), and all Subordinate Obligation Payments as they become due and payable;

(iii) All payments, if any, required for compliance with the terms of the Installment Purchase Agreement or of any Parity Bonds Trust Indenture requiring restoration of the Bond Reserve Fund to an amount equal to the Required Reserve; and

(iv) All payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Gross Revenues.

In addition to the requirements described above, the City will, at all times until all Installment Payments have been fully paid or provision has been made for such payment in accordance with the Installment Purchase Agreement, fix, prescribe and collect rates, fees and charges and manage the operation of the Enterprise for each Fiscal Year so as to yield Net Revenues during such Fiscal Year equal to at least 120% of the Annual Debt Service in such Fiscal Year.

The City may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but will not

reduce or permit to be reduced such rates, fees and charges below those then in effect unless the Gross Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements described above.

Insurance

Coverage Requirement. Under the Installment Purchase Agreement, the City covenants to procure and maintain at all times insurance on the Enterprise against such risks (including accident to or destruction of the Enterprise) and in such amounts as are usually insured in connection with operations in California similar to the Enterprise, to the extent insurance is available for reasonable premiums from a reputable insurance company; provided, that such insurance coverage may be satisfied under a self-insurance program.

The City also covenants to procure and maintain or cause to be procured and maintained public liability insurance covering claims against the City (including its City Council, officers and employees) for bodily injury or death, or damage to property occasioned by reason of the City's operations, including any use of the Enterprise, and such insurance will afford protection in such amounts as are usually covered in connection with operations in California similar to the Enterprise. Such insurance coverage may also be satisfied under a self-insurance program.

Use of Net Proceeds. If all or any part of the Enterprise is damaged or destroyed, the Net Proceeds realized by the City as a result of such damage or destruction will be deposited by the City with the Trustee in a special fund that the Trustee will establish as needed in trust and applied by the City to the cost of acquiring and constructing repairs, replacements, or improvements to the Enterprise if (i) the City first secures and files with the Trustee a Certificate of the City showing (A) the loss in annual Gross Revenues, if any, suffered, or to be suffered by the City by reason of such damage or destruction, (B) a general description of the repairs, replacements, or improvements to the Enterprise then proposed to be acquired and constructed by the City from such proceeds, and (C) an estimate of the Gross Revenues to be derived after the completions of such repairs, replacements, or improvements; and (ii) the Trustee has been furnished a Certificate of the City, certifying that the Gross Revenues after such repair, replacement, or improvement of the Enterprise will sufficiently offset on a timely basis the loss of Gross Revenues resulting from such damage or destruction so that the ability of the City to pay all Installment Payments and all Parity Obligations when due will not be substantially impaired, and such Certificate of the City will be final and conclusive, and any balance of such proceeds not required by the City for such purpose will be deposited into the Sewer Fund and applied as provided in the Installment Purchase Agreement; provided that, if the foregoing conditions are not met, then such proceeds will be deposited with the Trustee and applied to make Installment Payments and Parity Obligation Payments as they become due ratably without any discrimination or preference; and provided further that the foregoing procedures for the application of Net Proceeds consisting of insurance payments will be subject to any similar provisions for Parity Obligations on a pro rata basis. If such damage or destruction has had no effect, or at most an immaterial effect, upon the Gross Revenues and the security of the Installment Payment and all Parity Obligations, and a Certificate of the City to such effect has been filed with the Trustee, then the City shall deposit such proceeds in the Sewer Fund, to be applied as provided in the Installment Purchase Agreement.

Eminent Domain

Under the Installment Purchase Agreement, if all or any part of the Enterprise is taken by eminent domain proceedings, the Net Proceeds realized by the City from such proceedings will be deposited by the City with the Trustee in a special fund which the Trustee will establish as needed in trust and applied by the City to the cost of acquiring and constructing improvements to the Enterprise if (a) the City first secures and files with the Trustee a Certificate of the City showing (i) the loss in annual Gross Revenues, if any,

suffered, or to be suffered, by the City by reason of such eminent domain proceedings, (ii) a general description of the improvements to the Enterprise then proposed to be acquired and constructed by the City from such proceeds, and (iii) an estimate of the additional Gross Revenues to be derived from such improvements; and (b) the Trustee has been furnished a Certificate of the City, certifying that such additional Gross Revenues will sufficiently offset on a timely basis the loss of Gross Revenues resulting from such eminent domain proceedings so that the ability of the City to pay the Installment Payments and all Parity Obligations when due will not be substantially impaired, and such Certificate of the City will be final and conclusive, and any balance of such proceeds not required by the City for such purpose will be deposited in the Sewer Fund and applied as provided in the Installment Purchase Agreement, provided that, if the foregoing conditions are not met, then such proceeds will be deposited with the Trustee and applied to make Installment Payments and Parity Obligation Payments, as they become due, ratably without any discrimination or preference; and provided further that the foregoing procedures for the application of Net Proceeds consisting of awards under eminent domain proceedings will be subject to any similar provisions for Parity Obligations on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the Gross Revenues and the security of the Installment Payments and all Parity Obligations, and a Certificate of the City to such effect has been filed with the Trustee, then the City will deposit such proceeds into the Sewer Fund, to be applied as provided in the Installment Purchase Agreement.

Parity Bonds

The Authority may from time to time issue Parity Bonds. On the delivery date of the Bonds, the Bonds will be the only Parity Bonds outstanding.

Additional Obligations Payable from Net Revenues

Under the Installment Purchase Agreement, the City may at any time enter into or otherwise incur obligations, the payments under which ("Parity Obligation Payments") are Parity Obligations, in addition to the obligations under the Installment Purchase Agreement, so long as certain conditions are met, including that the Net Revenues for any 12 consecutive months within the last 18 months preceding the date of entry into or incurrence of such Parity Obligations, as shown by a Certificate of an Independent Consultant on file with the Trustee, are equal to at least 120% of the Maximum Annual Debt Service as calculated after the entry into or incurrence of such Parity Obligations; provided that, in the event that all or a portion of such Parity Obligations are to be issued for the purpose of refunding and retiring any Parity Obligations then outstanding, interest and principal payments on the Parity Obligations to be so refunded and retired from the proceeds of such Parity Obligations being issued will be excluded from the foregoing computation of Maximum Annual Debt Service; and provided further that, the City may at any time enter into or incur Parity Obligations without compliance with the foregoing conditions, if the aggregate Annual Debt Service, during the years which such Parity Obligations are outstanding, will not be increased by reason of the entry into or incurrence of such Parity Obligations. *On the delivery date of the Bonds, the installment payments pledged to secure the Bonds will be the only such Parity Obligations outstanding.*

The City may adjust the foregoing Net Revenues to reflect:

- An allowance for increased or decreased Net Revenues arising from any increase or decrease in the rates, fees and charges of the Enterprise that was duly adopted by the City Council of the City prior to the date of the entry into or incurrence of such Parity Obligations but that, during all or any part of such Fiscal Year or 12-month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been

increased or decreased if such increase or decrease in rates, fees and charges had been in effect during the whole of such 12-month period;

- An allowance for Net Revenues that would have been derived from each new use or user of the Enterprise that, during any part of such Fiscal Year or 12- month period, was not in existence, in an amount equal to the estimated additional Net Revenues that would have been derived from each such new use or user if it had been in existence for the entire 12-month period.

THE AUTHORITY

The Authority was established pursuant to Article 1 (commencing with Section 6500) of Chapter 5, Division 7, Title I of the California Government Code and the JPA Agreement. The governing board of the Authority is the Authority Board and is comprised of all of the individuals who currently are members of the City Council of the City. The Authority is qualified to assist in the financing of certain public improvements and to issue the Bonds under the Bond Law. The Authority has no taxing power.

The Authority and City are each separate and distinct legal entities, and their respective debts and obligations are not debts or obligations of the other entity. The JPA Agreement provides that the members of the Authority are the City and Mendota Redevelopment Agency. The City has covenanted in the Installment Purchase Agreement to take whatever action is necessary to preserve the existence of the Authority through the final maturity of the Bonds.

THE ENTERPRISE

General

The Enterprise is administered by the City's Public Utilities Department and serves approximately [2,343] customer accounts as of [June 30, 2020]. The Enterprise collects, pumps, transports and treats wastewater. The City treats collected wastewater at its wastewater treatment plant (the "City Treatment Plant"). See "– Treatment of Wastewater by the City" below.

The Enterprise currently serves the entire territorial limits of the City, an area of approximately two square miles, as well as a federal prison facilities outside of City limits. The City is predominantly residential and fully developed. Significant growth in customer account numbers will not likely occur except through annexations of land into the City.

The City has sufficient capacity in the City Treatment Plant to meet current demand. The City is evaluating capital improvement planning options. See "–Enterprise Capital Improvements and Budget" below.

The City, through its Utilities Department, also owns and operates a water system. The City's water system is not part of the Enterprise, and the revenues of the City's water system are not Gross Revenues of the Enterprise.

The treatment capacity of the City Treatment Plant is 1.2 million gallons per day ("mgd"). The average daily flow and peak day flow of the City Treatment Plant are shown in the table below for calendar years 2016 through 2020.

Table 1
CITY OF MENDOTA SEWER ENTERPRISE

HISTORICAL OPERATING STATISTICS
CALENDAR YEARS 2016 THROUGH 2020[(1)]

	2016	2017	2018	2019	2020
Average Daily Flow	1.11	1.10	1.16	1.03	0.95
Peak Day Flow					

(1) Amounts shown are in mgd.
Source: City of Mendota.

COVID-19 Pandemic Impact

The impact of the COVID-19 on projected income and expenses for the Enterprise are currently expected to be minimal. Governor Newsom's Executive Order, dated April 2, 2020, suspending the public water systems' ability to disconnect water service to residences and small business is having [some] impact on delinquencies for the Enterprise [because the City has waived late fees and is postponing service shutoffs during the COVID-19 emergency for the Enterprise as well]. The number of delinquent accounts as of [_____] 2020 is about [_____], representing approximately $[_____] or [___]% of current year budgeted sewer service fees which is a delinquency rate [similar to] what the City experienced in the last two fiscal years and is [below] the delinquency rate for the fiscal years immediately prior to Fiscal Year 2019-20. See, "Table 6 – City of Mendota Sewer Enterprise Delinquency Rates for Collection of Payment for Sewer Services for Fiscal Years 2015-16 through 2019-20" for delinquency rates in recent years.

Management

Set forth below are biographies of members of senior staff of the City with responsibility for the Enterprise. Operations of the Enterprise are carried out under the general supervision of the City's Public Utilities Director.

Cristian Gonzalez, City Manager. Mr. Gonzalez has been with the City since 2009 serving in various capacities including Construction Supervisor, Public Works Superintendent/Building Official, Director of Public Works/Director of Planning/Building Official, Interim City Manager/Director of Public Works/Director of Planning/Building Official, until his appointment as City Manager/Director of Public Works/Director of Planning/Building Official in 2018. Prior to working with Mendota, he worked as a general contractor for 10 years, gaining experience in various types of construction projects. Mr. Gonzalez oversees all departments and the City's daily operations. He holds the following certifications: D3 Water Distribution III, T2 Water Treatment II, Residential Building Inspector, Commercial Building Inspector and Accessibility Plans Examiner. He is currently working towards a Bachelor of Science Degree in Business Administration.

Jennifer Lekumberry, Director of Administrative Services/Assistant City Manager. Ms. Lekumberry has been with the City since 2017, serving as the Director of Administrative Services. Ms. Lekumberry manages the City's human resources, risk management and Senior Center. During her employment with the City she also served as temporary City Clerk for about 5 months. Recently, Ms. Lekumberry became the Director of Administrative Services/Assistant City Manager. She has her Associate of Arts in Liberal Arts – Social and Behavioral Science from West Hills College, Coalinga, California; Bachelor of Science in Business Administration – Finance from California State University, Stanislaus; Master of Public Administration from American Public University.

Nancy Banda, Finance Director. Ms. Banda has been with the City since 2010 serving in various capacities including Administrative Assistant I, Finance Administrative Supervisor and Finance Officer,

until her appointment as Finance Director in 2021. Nancy oversees the entire Finance Department. She is responsible for the preparation of the budget, preparation of the annual financial statement audit and grants administration. Nancy has received her Bachelor of Science Degree in Business Administration, Finance from California State University, Fresno. She is a member of the Government Finance Officers Association and the California Municipal Treasurers Association.

Anthony Chavarria, Public Utilities Director. Mr. Chavarria has recently joined the City on September 7, 2021 as the Public Utilities Director. He is coming to the City with 19 years of experience in working with water and wastewater facilities and operations. His extensive experience started with City of Firebaugh working as a Water/Wastewater Supervisor where is performed Chief Plant Operator duties, conducted operator training and performed day to day water and wastewater operations and maintenance. After serving 15 years with Firebaugh, Mr. Chavarria became the Public Works Director for City of Livingston for 4 years. During his service at Livingston, he was responsible for all departments with public works. He managed budget preparation, expenditure control, assisted with creating capital improvement projects to repair and enhance utility infrastructure and served as the legal responsible official for the City of Livingston's collection sewer system. Mr. Chavarria holds the following certifications and licenses; Grade 3 Water Treatment Certification, Grade 3 Wastewater Treatment Certification, Grade 3 Distribution Certification, Grade 2 Collection System Maintenance Certification, Backflow Testers License, Cross Connection Specialist Certification, Qualified Applicators License and Class A Commercial Driver License. He also served as a board member with California Water Environmental Association, Northern Section by providing sewer collection system maintenance training.

Macario Banuelos, Public Works Superintendent. Mr. Banuelos has been with the City since 2002, serving in various capacities including part-time Parks Department, Operator-in-Training at the Wastewater Treatment Plant, and Public Works Foreman, until his appointment as Public Works Superintendent. Mr. Banuelos has his D1 Water Distribution Operator Certification and Commercial Class C driver's license. He maintains the water system as well as water distribution main lines, residential services and fire hydrants throughout the City.

Celeste Cabrera-Garcia, City Clerk/Events Coordinator. Ms. Cabrera-Garcia has been with the City since 2014, serving in various capacities including Administrative Assistant and Deputy City Clerk, until her appointment as City Clerk. Ms. Cabrera-Garcia received a Bachelor of Arts in Political Science in 2017 and a Master of Public Administration in 2020, each from California State University, Fresno. She holds a Certificate of Legal Studies from CSU Fresno and maintains an active State of California Notary Public Commission. Ms. Cabrera-Garcia is currently a member of the City Clerks Association of California and the International Institute of Municipal Clerks. In 2021, she received the CCAC Clerk of Distinction Award for Humanitarianism for her efforts in her community.

Marilu Sandoval, Finance Administrative Supervisor. Ms. Sandoval has been with the City since 2016, serving in various capacities including as an Administrative Assistant I, Administrative Assistant III, until her appointment as Finance Administrative Supervisor. Ms. Sandoval manages the front office operations to include accounts payable, utility billing, cash management, business license, building and planning department. She attended Fresno City College for two years.

Existing Facilities

The Enterprise's facilities consist of a collection system that includes approximately 159,000 (30.1 miles) of sewer mains ranging from 4-inch to 30-inch, 2 lift stations, the City Treatment Plant with current treatment capacity of 1.2 mgd.

The collection system is primarily a gravity pipeline network distributed throughout the community. The gravity network connects to a 30 inch diameter interceptor sewer in Bass Avenue. The interceptor sewer connects to a lift station at the headworks of the City Treatment Plant. The other lift station pumps up to a manhole that drains to the interceptor. Portions of the Enterprise collection system are located outside City limits. The collection system also collects storm water drainage.

The City Treatment Plant is located adjacent to the Fresno Slough and Bass Avenue. The plant was constructed in 1975. In 1984, an irrigation pump station and additional yard piping were installed but are now inoperable. From 2010 through 2012, the City completed construction of two aerated primary treatment ponds, two secondary facultative treatment ponds and four additional disposal ponds. The plant and disposal area encompasses approximately 157 acres. The City Treatment Plant is located on land that the City owns but that has not been annexed into the City. The plant includes the following components:

- Headworks with lift station (three pumps) flowmeter and auger screen
- Two primary aerated pond with mechanical brush aerators
- Two secondary facultative treatment ponds with mechanical brush aerators
- Eight effluent disposal/evaporation ponds
- 55 acres of shallow disposal spreading basins

The treatment process involves aerobic biological stabilization of the wastewater by maintaining an active biomass in the primary and secondary aerated ponds. The process requires sufficient oxygen and detention time for the breakdown of organic material by the microorganisms in the ponds. The process is mechanically simple and has low maintenance and operating costs. The food to microorganism ratio is self-regulating provided that the detention time is greater than the critical retention time and that there is sufficient aeration capacity to maintain the dissolved oxygen concentration in the treatment ponds. The wastewater is treated to a secondary treatment level. The facility cannot currently provide more stringent tertiary treatment, but that is a common configuration in similar treatment facilities in the region.

The current disposal system uses evaporation and infiltration for disposal. Water evaporates from the surface of all ponds and spreading basins. Infiltration occurs in the eight disposal ponds and in the spreading basins. Biosolids are removed from the facility, a procedure which is required every five to eight years. Biosolids are dredged and dewatered every [five to eight years] Biosolid removal contracts are procured periodically.

Enterprise Capital Improvements and Budget

The City is currently reviewing its capital improvement needs and plans. The City engaged an outside consultant, who prepared a March 2021 report (the "CIP Report") to inform a City master plan for Enterprise capital improvements.

The CIP Report observed that the City Treatment Plant has sufficient capacity to meet current demand. Recognizing that additional development in the City and expansion of the City's jurisdiction are difficult to predict with accuracy, the CIP Report reviewed the City's potential needs for additional treatment capacity through 2040 based on an assumed steady linear flow growth rate of 1.5% annually. The assumption resulted in a 2040 flow of 1.50 average mgd, compared to the current 1.12 average mgd flow. The CIP Report identifies various options for addressing the additional treatment capability requirements over that time horizon. Near term options include additional evaporation ponds on City land

at the current City Treatment Plant site and additional mechanized evaporators, at an estimated cost of about $1.20 million. But those solutions would not address the full potential need through 2040. To address additional capacity needs, the CIP Report considers installation of additional evaporation ponds on nearby land that the City would purchase for that purpose. In addition to land purchase costs and pond construction costs, this alternative would also require installation of new pumping and conveyance systems to transport wastewater to the new ponds. The CIP Report estimates costs of about $8.02 million for this alternative. The CIP Report also describes options where the Enterprise could derive revenue by providing (for a charge) treated wastewater to agricultural or other permitted uses. However, those options could require additional capital costs and/or could involve risk associated with potential changes in demand for the treated wastewater.

The City currently expects to address its future treatment capacity needs with two planned capital improvements. [Describe backwash water recycling project (estimated cost $500,000 to $800,000).] The second capacity improvement is a proposed tertiary treatment facility at the City Treatment Facility to be privately funded by Plug-Power Inc. ("Plug Power"). Plug Power is a hydrogen production company and proposed a hydrogen production facility near the City in unincorporated Fresno County. The proposed facility would require supplies of water. To supply water to the hydrogen plant, Plug Power has proposed construction of a new tertiary wastewater treatment plant at the City's existing City Treatment Facility. According to a non-binding memorandum of understanding between Plug Power and the City, the proposed tertiary treatment facility would have a total treatment capacity of 1.2 million gallons per day and meet Title 22 requirements for disinfected tertiary recycled water. Plug Power proposed to fund and construct the new facility and transfer ownership of it to the City upon completion. The City, in turn, would operate and maintain the facility, with Plug Power having an assignable senior right to water from the facility in perpetuity up to the capacity of the facility. Plug Power would agree to pay the City reasonable commercial rates for the water produced by the facility. The City could sell any water not demanded by Plug Power or its designee to other parties on an as-available basis. The water produced at the facility would be stored in a tank(s) for transport by truck to Plug Power's hydrogen facility.

The City Council considered and approved the memorandum of understanding in July 2021. As noted above, the memorandum of understanding is non-binding. To date, no environmental reviews or determination or any permits have been issued for the proposes hydrogen production facility or the tertiary wastewater treatment facility. The City offers no assurance that the proposed facilities will be reviewed, approved, funded, constructed, completed or operated as proposed in the memorandum of understanding or otherwise.

The CIP Report also addressed the potential capital improvement needs of the Enterprise's collection system. The report identified needs to the existing collection facilities and the potential need for new collection facilities. Regarding existing facilities, the report confirmed that there are no capacity deficiencies in the current collection system. However, significant portions of the pipeline system were installed in the 1970s and are experiencing periodic failures, causing flow blockage and compromising the road surface above the failed pipe. The report states that these failures are related to the nature of the decades-old pipe and is progressive and irreversible. The City's options to address these failures include spot repairs or systematic replacement of all of the affected portions of the collection system over a number of years (with fewer, though not necessarily complete, elimination of spot repairs). The CIP Report estimates replacement costs for the affected sections of the collection system at about $10 million. The City currently expects to seek grant funding for all or a portion of the capital costs associated with such replacements. Alternatively, the City believes such replacements can be funded over time from Net Revenues [(with rate changes, if needed)], or in combination with grants.

The CIP Report observes that additional collection facilities will be needed if additional developments are built and annexed to the City. The report recommends that these new facilities, and the

portion of expanded treatment capacity associated with such new developments, be addressed with development impact fee financings.

The City has received the CIP Report, but the City Council has not yet formally considered or adopted a capital improvement plan.

In the City's adopted budget for 2020-21, the Enterprise's budget provides a one-year window of capital expenditures including, most prominently, $245,000 for seven aerators (expected to be paid from development impact fees).

Regulatory Issues

Enterprise Operations. The regulatory requirements applicable to the Enterprise are contained in or imposed by regulation pursuant to the following statutes, which are administered through the Regional Water Quality Control Board:

- Federal Water Pollution Control Act, as amended (33 U.S.C. §1311 et seq.);
- Resource Conservation and Recovery Act (42 U.S.C. §6901 et. seq.); and
- State of California Porter-Cologne Water Quality Control Act of 1969, as amended.

The Enterprise is also subject to the following regulations, which contain no stated expiration date:

- Order No. R5-2016-0054 (the "Order"), which is available at the following website address: https://www.waterboards.ca.gov/centralvalley/board_decisions/adopted_orders/fresno/r5-2016-0054.pdf
- State Board Monitoring and Reporting Requirements Order No. WQ 2008-0002-EXEC, entitled "Adopting Amended Monitoring and Reporting Requirements for Statewide General Discharge Requirements for Sanitary Sewer Systems" (amending Order No. 2006-0003-DWQ), promulgated by the State Water Resources Control Board ("SWRCB"). Order No. WQ 2008-0003-EXEC is available at the following website address: http://www.waterboards.ca.gov/board_decisions/adopted_orders/water_quality/2008/wqo/wqo2008_0002_exec.pdf.

The references to the Internet websites made above are for convenience only. The information contained within the websites may not be current, has not been reviewed by the City and is not incorporated by reference in this Official Statement.

Enterprise Permitting Requirements.

The City Treatment Facility operates under a wastewater discharge requirements order (defined above as the "Order") issued by the California Regional Water Quality Control Board, Central Valley Region, in 2016. The Order does not have an expiration date, but can be modified or withdrawn at any time pursuant to law.

The City's wastewater collection system is named in and regulated through the Order and under a general order of the State Water Board applicable to collection systems. The Enterprise maintains a backup power generator to operate submersible pumps at the headworks of the City Treatment Facility in case of

power outages. The backup generators are permitted by the San Joaquin Valley Pollution Control District with such permit scheduled to expire in April 2026. For construction projects, the City must require its contractor to obtain a General Permit for Storm Water Discharges Associated with Construction and Land Disturbance Activities (Order No. 2009-0009-DWQ) for all categories of construction-related storm water discharges. This is done through the State of California Storm Water Multiple Application and Report Tracking System (or SMARTS) program. In addition, construction requires permits from other agencies depending on the nature of the work; this includes, but is not limited to, the California Department of Fish and Wildlife, U.S. Army Corps of Engineers and local road agency encroachment permits.

No Adverse Impact Anticipated. The City is not aware of any environmental or regulatory issues that would adversely impact its ability to collect and treat wastewater in the City and pay the Installment Payments supporting debt service on the Bonds.

ENTERPRISE REVENUES AND DEBT SERVICE COVERAGE

Customer Base

Residential accounts comprise the overwhelming majority of Enterprise accounts. The largest accounts measured by revenue are special accounts and multifamily residential accounts.

The following table shows the historical number of single-family residential accounts, combined commercial and industrial accounts, multifamily residential accounts and special accounts, as well as the approximate percentages of total accounts for the five fiscal years ended June 30, 2016, through June 30, 2020.

Table 2
CITY OF MENDOTA SEWER ENTERPRISE
CUSTOMER ACCOUNTS AND PERCENTAGE OF
SEWER SERVICE CHARGE REVENUES FOR
FISCAL YEARS ENDED JUNE 30, 2016, THROUGH 2020

	Single-Family Residential		Commercial/Industrial		Multifamily Residential		Special[(1)]	
Fiscal Year Ended June 30	Number of Accounts	Percentage of Accounts	Number of Accounts	Percentage of Accounts	Number of Accounts	Percentage of Accounts	Number of Accounts	Percentage of Accounts
2016	2,110	91.11%	129	5.57%	37	1.60%	40	1.73%
2017	2,104	90.85	132	5.70	39	1.68	41	1.77
2018	2,104	90.89	132	5.70	39	1.68	40	1.73
2019	2,110	90.64	135	5.80	41	1.76	42	1.80
2020	2,140	91.34	128	5.46	49	2.09	26	1.11

(1) Special accounts include churches, schools, motels, landscaped-only property and government-owned properties.
Source: City of Mendota.

The following table shows the revenues from monthly service charges by account type, with commercial, industrial and special accounts combined, as well as the approximate percentages of total monthly service charge and connection charge revenues for the fiscal year ended June 30, 2020.

Table 3
CITY OF MENDOTA SEWER ENTERPRISE

REVENUES FROM MONTHLY SERVICE CHARGES BY ACCOUNTS TYPE
FISCAL YEAR ENDED JUNE 30, 2020

	Revenue from Monthly Service Charge[(1)]	Percentage of Total Service Charges[(1)]
Single-Family Residential	$1,158,888	77.48%
Commercial/Industrial/Special	168,720	10.99
Multifamily Residential	164,361	11.28
Total	$1,491,968	99.75%

(1) Monthly service charge revenue amounts exclude connection fee revenue. Total service charges include connection fee revenue. Total connection fee revenue for fiscal year 2019-20 was $[_____], representing 55 connections.
Source: City of Mendota.

Ten Largest Accounts. The City's 10 largest customer sewer accounts for the fiscal year ended June 30, 2020, are shown below. These accounts represented an aggregate of 28.94% of total sewer service charge revenues for fiscal year 2019-20.

Table 4
CITY OF MENDOTA SEWER ENTERPRISE
TEN LARGEST SEWER ACCOUNTS FOR FISCAL YEAR ENDED JUNE 30, 2020

Name of Account	Type of Account	Sewer Service Charge Revenue	% of Total Sewer Service Charge Revenue
Federal Bureau of Prisons	Special	$79,975	5.35%
[Bus Barn & MJH School & McCabe]	Special	72,216	4.83
Fresno Housing Authority	Multifamily Residential	55,056	3.68
La Amistad Apartments	Multifamily Residential	36,408	2.43
Lozano Vista Family Apartments	Multifamily Residential	36,408	2.43
Winnresidential Apartments	Multifamily Residential	35,964	2.40
Casa de Rosa Apartments	Multifamily Residential	35,964	2.40
Tetra Apartments	Multifamily Residential	35,520	2.37
Mendota Garden Apartments	Multifamily Residential	26,640	1.78
Mendota Village Apartments	Multifamily Residential	18,648	1.25
Total Top Ten		$432,799	28.94%
Total Sewer Service Charge Revenue		$1,495,694	

Source: City of Mendota.

Rates and Charges

Rate-Making Authority. The City Council of the City establishes the rates for the Enterprise, and the rates prescribed by the City Council are not subject to approval or regulation by any other governmental entity. The City's Public Works Department administers and executes the policies and rates established by the City Council. The Public Works Director oversees the Public Works Department and serves at the direction of the City Manager (who currently also serves as the Public Works Director). The City adopts its rates and charges in accordance with Articles XIIIC and XIIID of the California Constitution. See "BOND OWNERS' RISKS - Articles XIIIC and XIIID of the California Constitution."

Sewer Service Charges. The City adopted its current rate schedule for sewer service charges pursuant to Resolution 15-83, which the City Council adopted on November 10, 2015 (the "Rate Resolution"), in accordance with the requirements of Articles XIIIC and XIIID of the California

Constitution. The Rate Resolution was informed by an August 2015 Water and Sewer Rate Study ("2015 Rate Study") from Provost & Pritchard Consulting Group, Fresno, California.

According to the rate schedule in the Rate Resolution, beginning July 1, 2020, all accounts pay a monthly sewer service charge consisting of a base rate of $38.00. In addition, accounts other than residential accounts pay a flow charge of $0.16 per hundred gallons over 8,000 gallons.

Sewer Development Impact Fees. The City collects development impact fees upon the issuance of all building permits, subdivisions maps, parcel maps, conditional use permits and site plan reviews, to pay for public improvements made necessary or utilized by the proposed development project. Some of the development impact fees imposed by the City are established for the costs of public facilities for sewage collection, treatment and disposal facilities. These fees are not Gross Revenues.

Historical Rates. The following table shows a 10-year history of the City's sewer base rate and flow charge (each charged per month). All accounts pay the base rate. The flow charge applies to accounts other than residential accounts.

Table 5
CITY OF MENDOTA SEWER ENTERPRISE
TEN-YEAR HISTORY OF SEWER SERVICE CHARGES

As of July 1,	Base Rate	Flow Charge Rate[(1)]
2012	$31.00	$0.12
2013	31.00	0.12
2014	31.00	0.12
2015	31.00	0.12
2016	37.00	0.16
2017	37.00	0.14
2018	37.00	0.14
2019	37.00	0.14
2020	37.00	0.14
2021	38.00	0.16

(1) Applies only to non-residential accounts. The flow charge rate applies per 100 gallons over 8,000 gallons, except, for years 2012, 2013 and 2014, non-residential accounts with a meter were charged the applicable flow charge rate only for flow over 12,000 gallons.

Source: City of Mendota.

Future Revisions to Rates. The Rate Resolution was informed by the 2015 Rate Study. The City currently is not engaged in a rate re-evaluation process, and no rate re-evaluation is currently scheduled.

Comparative Rates. The following table sets forth the monthly sewer service charges charged to single-family residential customers within the City and the comparable charges charged to such customers in certain other municipalities in the region as of the dates shown below.

Table 6
CITY OF MENDOTA SEWER ENTERPRISE
MONTHLY SINGLE-FAMILY RESIDENTIAL SEWER SERVICE CHARGES FOR THE CITY AND CERTAIN OTHER PROVIDERS
(as of July 1, 2021)

Local Agency	Monthly Sewer

	Service Charges
City of Firebaugh	$54.22
City of Madera	42.75
City of Mendota	**38.00**
City of San Joaquin	37.68
City of Kerman	33.43
City of Los Banos	29.51
City of Chowchilla	27.69
City of Huron	26.00
City of Fresno	25.81
City of Clovis[(1)]	22.17

(1) Reflects $58.94 bill net of sewer bond charge rebate of $14.60; 2-month billing cycle.
Source: Respective websites of the cities listed above.

Billing and Collection Procedures. The City sends out [sewer, water and garbage] service billings in a consolidated bill on the [15th] of each month, so that each customer receives a billing [once a month]. Payment is due on the date set by the City Clerk, [currently/usually] within [__] days after the bills are mailed. The charges become delinquent on the first day of the calendar month following the date of payment specified in the bill, except for any portion of the bill that is subject to a bona fide dispute. After a 15-day grace period, a basic penalty of 10% of the delinquent charge is added to the amount due. An additional half percent (0.5%) will be added to the unpaid charge and basic penalty for each additional month the amounts remain unpaid. If all or part of the bill is not paid, all such services may be discontinued. The City Manager has discretion to stop accrual of the basic penalty and additional monthly penalty during a state or local emergency.

If a bill or portion thereof remains delinquent for 60 days, a seven-day notice is mailed to the customer or a telephone call is made to give notice that water service will be discontinued if the bill and penalties are not paid. If notice by mail or telephone call is unsuccessful, the City may use other good faith efforts to provide notice. Upon the expiration of seven days, if the bill, together with penalties, has not been paid, service may be terminated or shut off, unless and until any filed appeal is resolved or shutoff would pose a threat to life or serious threat to health or safety (in the case of residential service).

Certain customers (e.g., certain eligible for benefits to low-income households) are eligible to suspend or avoid disconnection if they enter into an agreement to amortize or participate in an alternative payment schedule for the unpaid amounts (usually over a twelve month period). Some such customers may be eligible for partial or full payment reductions or deferrals.

The annual delinquency rate has ranged from 19% in Fiscal Year 2015-16 to 16% for fiscal year 2019-20. The City historically averages approximately 35 customer accounts being shut off each month. [Due to Governor Newsom's Executive Order, dated April 2, 2020, the City has waived late fees and is postponing service shutoffs during the COVID-19 emergency. The City has not experienced materially higher delinquencies as a result of this policy change.]

The majority of bills that become delinquent during the course of a year are paid during that year so services are not interrupted. Also, the property owner is responsible for the bill. Thus, if a tenant leaves an outstanding balance, the property owner is obligated to pay off the bill to receive continued service or to restart services at that the address. If the property is sold and there is an unpaid balance, the City sends the account to collections.

The table below sets forth write-offs of monthly sewer service charges for fiscal years 2015-16 through 2019-20.

Table 7
CITY OF MENDOTA SEWER ENTERPRISE
WRITE-OFFS OF MONTHLY SEWER SERVICE CHARGES
FOR FISCAL YEARS 2015-16 THROUGH 2019-20

Fiscal Year	Amount Written Off as Bad Debt	Write-off As a Percentage of Monthly Charge Revenue
2015-16	$_____	__%
2016-17		
2017-18		
2018-19		
2019-20		

Source: City of Mendota.

Indebtedness

Currently, the only indebtedness secured by Net Revenues are the Refunded 2005 Bonds and the Refunded 2010 Certificates. See "REFUNDING PLAN" herein.

Employee Costs

General. The Enterprise pays a portion of certain City employee costs ("Employee Costs"). The Employee Costs are: (i) labor costs of employees of the Enterprise; and (ii) costs allocated to the Enterprise for services provided to the Enterprise by other departments in the City (e.g., accounting, legal, payroll, human resources, etc.). The costs allocated to the Enterprise include a variety of benefit costs, the largest of which are costs relating to the City's retirement plans consisting of a defined benefit pension plan. See "– Employee Retirement Plans" for information about the City's employee retirement plans.

The Enterprise had 37 full-time equivalent employees in fiscal year 2019-20. The table below shows the employee costs (including a variety of benefits that include costs relating to the City's employee retirement plans) attributable to the Enterprise for the past five fiscal years:

Fiscal Year	Employee Costs
2015-16	$468,835
2016-17	463,790
2017-18	373,671
2018-19	395,542
2019-20	423,873

Source: City of Mendota.

Labor Relations. The employees of the Enterprise (excluding management employees) are members of American Federation of State County and Municipal Employees Local 2703 Mendota Chapter ("AFSME"). The City is subject to a two-year collective bargaining agreement with AFSME, which extends through June 2022, but would remain in effect until June 2024 after agreeing to an extension. Under the agreement, the City provides a contribution towards health, dental and vision insurance, depending on

coverage level. The City also pays for life insurance, long-term disability, short-term disability, worker's compensation, and a defined benefit plan contribution.

Employee Retirement Plans. All qualified permanent and probationary employees of the City, including those assigned to the Enterprise (full time or proportionally), are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (the "Plan") of the California Public Employees Retirement System ("PERS"). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. Benefit provisions under the Plan are established by State statute and City resolution.

The City currently sponsors one miscellaneous rate plan and no safety rate plan. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service.

The City's total annual contributions to PERS attributable to Enterprise employment (full time or proportional) as of June 30, 2020, 2019 and 2018 were $158,608.97, $166,807.25 and $145,853.59, respectively.

For information about the City's employee retirement plans, see APPENDIX B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020." and APPENDIX D – "GENERAL INFORMATION ABOUT THE CITY OF MENDOTA AND THE COUNTY OF FRESNO – Employee Retirement Plans."

Enterprise Reserves

The City does not currently have a policy that requires reserves be maintained for Enterprise Operation and Maintenance costs or other Enterprise costs. See "SECURITY FOR THE BONDS – Bond Reserve Fund" and " – Rate Stabilization Fund" herein.

Balance Sheets

The following tables show the comparative statements of net assets for the Sewer Fund for the fiscal years ended June 30, 2016 through June 30, 2020:

Table 8
CITY OF MENDOTA SEWER ENTERPRISE
STATEMENT OF NET POSITION
SEWER FUND

	Sewer Fund				
	2016	2017	2018	2019	2020
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,030,906	$ 1,052,847	$ 1,288,959	$ 1,149,820	$ 596,336
Accounts receivable, net	151,270	191,537-	164,265	171,060	182,137
Interest receivable	282	338-	921	-	-
Advances to other funds	45,232	-	-	-	-
Prepaid expenses	308	571-	-	-	3,392
Total current assets	1,227,998	1,245,293-	1,454,145	1,320,880	781,865
Noncurrent assets:					
Advances to other funds	-	35,086	45,426	30,234	14,186
Net pension asset	-	-	-	783	-
Restricted assets:	-	-	-	-	-
Cash and cash equivalents	620,490	624,458	631,751	642,856	651,239
Capital assets:					
Non-depreciable	2,109,764	2,126,170	2,277,329	2,133,554	3,420,695
Depreciable (net)	7,947,796	7,741,240	7,520,472	8,180,471	8,049,427
Total noncurrent assets	10,678,050	10,526,954	10,474,978	10,987,898	12,135,547
Total assets	$ 11,906,048	11,772,247	11,929,123	12,308,778	12,917,412
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	-	14,551	22,353	34,988	34,167
Total deferred outflows of resources	-	14,551	22,353	34,988	34,167
LIABILITIES					
Current liabilities:					
Accounts payable	$ 73,644	36,697	155,302	412,820	51,185
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued interest	116,259	112,846	109,472	105,931	112,252
Unearned revenue	-	-	-	-	-
Compensated absences payable	2,725	3,633	7,953	-	6,398
Capital lease payable	5,324	2,523	5,777	-	-
Revenue bonds payable	145,000	151,000	157,000	164,000	170,000
Loans payable	15,220	16,091	17,011	24,072	7,970
Total current liabilities	358,172	322,790	452,515	706,823	347,805
Noncurrent liabilities:					
Advances from other funds	-	-	-	-	1,324,547
Compensated absences payable	16,390	14,765	14,241	18,263	15,835
Capital lease payable	3,021	-	25,823	-	-
Revenue bonds payable	4,833,065	4,686,746	4,534,427	4,375,107	4,209,788
Loans payable	52,630	36,539	19,528	21,278	13,309
Net pension liability	-	-	-	-	1,250
Total noncurrent liabilities	4,905,106	4,738,050	4,594,019	4,414,648	5,564,729
Total liabilities	5,263,278	5,060,840	5,046,534	5,121,471	5,912,534
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	-	-	-	1,086	575
Total deferred outflows of resources	-	-	-	1,086	575
NET POSITION					
Net investment in capital assets	5,003,300	4,974,511	5,038,235	5,729,568	5,744,508
Restricted for:					
Debt service	620,490	624,458	631,751	642,856	651,239
Unrestricted	1,018,980	1,126,989	1,234,956	848,785	642,723
Total net position (deficit)	$ 6,642,770	$ 6,725,958	$ 6,904,942	$ 7,221,209	$ 7,038,470

Source: City of Mendota Comprehensive Annual Financial Statements Fiscal Years Ended June 30, 2016 through June 30, 2020.

Historical Financial Results

The following table presents a summary of the operating results of the Enterprise for the five fiscal years ended June 30, 2016, through June 30, 2020.

For additional information on the financial results of the Enterprise, see APPENDIX B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020."

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Table 9
CITY OF MENDOTA SEWER ENTERPRISE
HISTORICAL FINANCIAL RESULTS

	2015-16	2016-17	2017-18	2018-19	2019-20
OPERATING REVENUES					
Charges for services	$ 1,283,714	$ 1,438,307	$ 1,448,230	$ 1,477,027	$ 1,495,694
Miscellaneous	(4,778)	-	6,835	-	-
Total operating revenues	1,278,936	1,438,307	1,455,065	1,477,027	1,495,694
OPERATING EXPENSES					
Wages and benefits	468,835	463,790	373,671	395,542	423,873
Maintenance and supplies	486,575	435,583	477,633	526,093	620,086
Depreciation	275,643	296,078	300,636	309,147	346,816
Amortization	4,681	4,681	4,681	4,681	4,681
Bad Debt	(778)	-	1,445	656	-
Total operating expenses	1,234,956	1,200,132	1,158,066	1,236,119	1,395,456
Operating income (loss)	43,980	238,175	296,999	240,908	100,238
NON-OPERATING REVENUE (EXPENSES)					
Developer fees	25,318	4,869	93,483	138,277	15,580
Interest income	1,592	2,775	7,796	12,806	6,919
Interest expense	(234,898)	(227,825)	(220,540)	(213,570)	(274,734)
Capitol grant revenue	-	-	-	-	-
Other nonoperating income	-	65,194	-	-	-
Gain (loss) on a sale of assets	-	-	1,246	3,491	(30,742)
Total non-operating revenues (expenses)	(207,988)	(154,987)	(118,015)	(58,996)	(282,977)
Income before contributions	(164,008)	-	-	-	-
Capital contributions	5,390	-	-	-	-
Income before transfers	(158,618)	83,188	178,984	181,912	(182,739)
Transfers in	-	-	-	134,355	-
Transfers out	-	-	-	-	-
Change in net position	(158,618)	83,188	178,984	316,267	(182,739)
Net position (deficit) – beginning	6,801,388	6,642,770	6,725,958	6,904,942	7,221,209
Net position (deficit) - ending	$ 6,642,770	$ 6,725,958	$ 6,904,942	$ 7,221,209	$ 7,038,470

(1) In addition to sewer service charge revenues, includes investment earnings, reimbursement of expenses (such as property damage, cost sharing), penalties, lift station charges, and front footage fees.

Source: City of Mendota Comprehensive Annual Financial Statement Fiscal Years Ended June 30, 2016, through June 30, 2020.

The following table presents a summary of the operating results of the Enterprise as well as debt service and debt service coverage for the five fiscal years ended June 30, 2017, through June 30, 2021, calculated in accordance with the provisions of the Indenture.

Table 10
CITY OF MENDOTA SEWER ENTERPRISE
HISTORICAL SUMMARY STATEMENT OF REVENUES,
EXPENSES AND DEBT SERVICE COVERAGE
FOR FISCAL YEARS ENDING JUNE 30, 2017, THROUGH JUNE 30, 2021

	2016-17	2017-18	2018-19	2019-20	2020-21[1]
Gross Revenues:					
Charges for Service	$1,438,307	$1,448,230	$1,477,027	$1,495,694	$1,541,408
Miscellaneous	65,194	6,835	-	-	30,270
Developer Fees	4,869	93,483	138,277	15,580	5,518
Sale of Property[2]	-	-	-	-	993,532
Interest Income	2,775	7,796	12,806	6,919	988
Total Gross Revenues[3]	$1,511,145	$1,556,344	$1,628,110	$1,518,193	$2,571,716
Operating Expenses:					
Wages and Benefits[4]	$ 463,790	$ 381,473	$ 407,874	$ 421,530	$ 483,891
Maintenance and Supplies[5]	435,583	477,633	526,093	620,086	399,690
Other Operating Expenses[6]	6,144	6,348	8,560	67,571	122,508
Total Operating Expenses[7]	$ 905,517	$ 865,454	$ 942,527	$1,109,187	$1,006,089
Net Revenues	$ 605,628	$ 690,890	$ 685,583	$ 409,006	$1,565,627
Debt:					
2005 Wastewater Revenue Bonds	$ 261,280	$ 260,933	$ 260,266	$ 259,305	$ 258,044
2010 Wastewater Certificates of Participation	113,505	113,055	112,795	113,474	113,310
Total Debt Service	$ 374,785	$ 373,987	$ 373,061	$ 372,779	$ 371,354
Debt Service Coverage	1.62x	1.85x	1.84x	1.10x	4.22x

(1) Unaudited.
(2) Revenues from March 2021 sale of vacant land.
(3) Grant revenues have been excluded from historical total gross revenues.
(4) Fiscal years 2017-18 through 2019-20 have been adjusted to net out GASB 68 accounting adjustments related to pension expenses.
(5) Fiscal year 2019-20 cost higher than prior years due, in part, to a $107,000 biosolids removal expense, which is more than double the prior two years' costs; fiscal year 2020-21 lower than prior years due to lower utility costs (due to solar panel installation project completion) and no biosolids removal expense.
(6) Reflects amounts paid from the Sewer Fund for an allocated portion of the City's payment obligations under capital leases and loans that financed equipment shared by the Enterprise and other departments of the City. Such payments from the Sewer Fund are considered operating expenses.
(7) Excludes depreciation, amortization, bad debt, and interest expense.

Source: City of Mendota.

Projected Financial Results

The following table presents a summary of the projected operating results of the Enterprise combining the sewer fund, wastewater and treatment fund and storm drainage fund as well as debt service and debt service coverage for the five fiscal years ending June 30, 2022, through June 30, 2026, calculated in accordance with the provisions of the Indenture. The following table represents the City's estimate of projected financial results based upon its judgment of the most probable occurrence of certain important future events. The projections assume that the proposed tertiary wastewater treatment facility is not completed during the projection period. See " - Enterprise Capital Improvements and Budget" above. Actual operating results achieved during the projection period may vary from those presented in the forecast

and such variations may be material. The obligation of the City to pay debt service on the Bonds is limited to Net Revenues and the City is not obligated to apply any other revenues to pay debt service on the Bonds.

Table 11
CITY OF MENDOTA SEWER ENTERPRISE
PROJECTED SUMMARY STATEMENT OF REVENUES,
EXPENSES AND DEBT SERVICE COVERAGE
FOR FISCAL YEARS ENDING JUNE 30, 2022, THROUGH JUNE 30, 2026

	2021-22	2022-23	2023-24	2024-25	2025-26
Gross Revenues[(1)]:					
Charges for Service	$1,556,822	$1,572,390	$1,588,114	$1,603,995	$1,620,035
Miscellaneous	29,127	29,419	29,713	30,010	-
Developer Fees	5,518	5,518	5,518	5,518	5,518
Interest Income	7,574	7,574	7,574	7,574	7,574
Total Gross Revenues[(2)]	$1,599,041	$1,614,901	$1,630,919	$1,647,097	$1,633,127
Operating Expenses:					
Wages and Benefits[(3)]	$ 495,988	$ 508,388	$ 521,098	$ 534,125	$ 547,478
Maintenance and Supplies[(4)]	474,682	486,549	576,150	616,366	631,775
Other Operating Expenses[(5)]	126,954	133,712	138,778	148,869	159,384
Total Operating Expenses[(6)]	$1,097,624	$1,128,649	$1,236,025	$1,299,360	$1,338,638
Net Revenues	$ 501,418	$ 486,252	$ 394,894	$ 347,737	$ 294,490
Debt:					
2005 Wastewater Revenue Bonds	$ 204,919	$ -	$ -	$ -	$ -
2010 Wastewater Certificates of Participation	75,382	-	-	-	-
2021 Bonds[*]	-	228,907	228,700	230,600	227,400
Total Debt Service	$ 280,301	$ 230,200	$ 228,700	$ 230,600	$ 227,400
Debt Service Coverage	1.79x	2.12x	1.73x	1.51x	1.30x

(1) Charges for service and miscellaneous revenues projected to increase at 1% per year from fiscal year 2021-22 through 2025-26; developer fees and interest income assumed constant at fiscal year 2020-21 estimated amount ($5,518).

(2) Grant revenues have been excluded from projected total gross revenues.

(3) Projected wages and benefits assumed to increase at 2.5% annually over prior years in fiscal year 2021-22 through 2025-26.

(4) Fiscal year 2021-22 projected expense assumed to increase at 2.5% over the prior year and adds in estimated biosolids removal costs; fiscal year 2022-23 cost assumed to increase at 2.5% over prior year's costs; fiscal year 2023-24 and 2024-25 assumed to increase due to 2.5% annual escalation factor, combined with higher overhead transfers from the Sewer Fund to the General Fund related to use of space in anticipated new City Hall.

(5) Reflects amounts paid from the Sewer Fund for an allocated portion of the City's payment obligations under capital leases and loans that financed equipment shared by the Enterprise and other departments of the City. Such payments from the Sewer Fund are considered operating expenses.

(6) Excludes depreciation, amortization, bad debt, and interest expense.

* Preliminary, subject to change.

Source: City of Mendota.

RISK FACTORS

This section describes certain special considerations and risk factors affecting the payment of and security for the Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any Bonds and the order does not necessarily reflect the relative importance of the various risks. Potential investors in the Bonds are advised to consider these special factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other considerations will not materialize in the future, and if additional considerations materialize to a sufficient degree, they could delay or prevent payment of principal of and interest on the Bonds.

Demand and Usage; Drought

There can be no assurance that the local demand for services provided by the Enterprise will continue according to historical levels. In addition, drought conditions and voluntary or mandatory water conservation measures could decrease usage of the services of the Enterprise, impacting revenues from flow rate charges. See "THE ENTERPRISE – Rates and Charges."

Any reduction in the level of demand or usage could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with the City's rate covenants. Such rate increases could increase the likelihood of nonpayment.

Enterprise Operation and Maintenance Expenses and Net Revenues

There can be no assurance that the City's operation and maintenance expenses for the Enterprise will remain at the levels described in this Official Statement. Changes in technology, energy or other expenses, including any increased treatment costs, could reduce the City's Net Revenues and require substantial increases in rates or charges. Such rate increases could increase the likelihood of nonpayment or decrease demand. Although the City has covenanted to prescribe, revise and collect rates and charges for the Enterprise at certain levels, there can be no assurance that such amounts will be collected in the amounts and at the times necessary to make timely payments with respect to the Bonds.

The ability of the City to comply with its covenants under the Installment Purchase Agreement and generate Net Revenues sufficient to pay principal of and interest on the Bonds may be adversely affected by actions and events outside the control of the City and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "- Articles XIIIC and XIIID of the California Constitution." The remedies available to the owners of the Bonds upon the occurrence of an event of default under the Installment Purchase Agreement are in many respects dependent upon judicial actions that are typically subject to discretion and delay and could prove both expensive and time consuming to obtain.

Environmental Laws and Regulations

Wastewater collection, treatment and disposal facilities are subject to a wide variety of local, State, and federal health and environmental laws. Among the types of regulatory requirements faced by such facilities are air and water quality control requirements. Such regulations, as they may be from time to time amended or subsequently enacted could affect the Net Revenues available to pay the Bonds. See "THE ENTERPRISE – Regulatory Issues."

Natural Disasters

A number of natural disasters could affect the physical condition of the Enterprise facilities and/or the ability or willingness of Enterprise customers to pay their sewer bills when due. This may include the following:

Seismic. The City, like most communities in California, is an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes.

Flood Zone Mapping. A small portion of the City has been designated by Federal Emergency Management Agency ("FEMA") as a Special Flood Hazard Area (which is estimated to have a 1% annual chance of experiencing a flood with a magnitude expected once every hundred years ("100-year flood")). However, nearly all of the City Treatment Plant is in such a floodplain. The flood area impacting the City Treatment Plant is projected to experience flood depths of 1 to 3 feet (usually sheet flow on sloping terrain) during a 100-year flood.

Wildfire Risks. In recent years, wildfires have become an increasing risk for communities throughout the State, led in part due to drought conditions in the State and in part to other climactic conditions. A wildfire impacting the City could have a material adverse impact on property values, sales tax revenue and otherwise within the City.

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease which was first reported in China in late 2019, has since spread to other countries, including the United States, and is considered a pandemic by the World Health Organization. The United States State Department and the Center for Disease Control and Prevention ("CDC"), as well as other governmental authorities, have issued restrictions and warnings for the United States and a number of countries in Asia, Europe, South American and Africa, and similar restrictions and warnings may be extended to other countries in the future. The outbreak has had an adverse effect on, among other things, the world economy, global supply chain, international travel and a number of travel-related industries. The outbreak has also negatively affected travel, commerce, asset values and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the State and the County. Unemployment in the United States has dramatically increased as a result of the outbreak. Federal and state governments (including California) have enacted legislation and have taken executive actions designed to mitigate the negative public health and economic impacts of the outbreak.

The City does not presently anticipate a material impact to the operations or financial position of the Enterprise as a result of COVID-19, in part because revenues have remained steady and there is no presently expected material increase in expenses or operational challenges. Nonetheless, the City cannot predict (i) the severity, duration or extent of the COVID-19 outbreak; (ii) the duration or expansion of governmental restrictions imposed by governmental entities other than the City that affect the City; (iii) what effect any such COVID-19 related restrictions or warnings may have on the finances or operations of the City or the Enterprise; (iv) the extent to which the COVID-19 outbreak may result in changes in demand for the services or products of the Enterprise or the ability of the Enterprise's customers to pay for such services or products; or (v) whether or to what extent the City may provide deferrals, forbearances, adjustment or other changes to the Enterprise's arrangements with its customers in the future but any of the

foregoing factors alone or in combination with others could result in material adverse impacts to the finances or operations of the City and the Enterprise.

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that its efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack would not materially impact the operations or finances of any entity, including with respect to the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Limitations on Remedies; Bankruptcy

The City is authorized to file for bankruptcy under certain circumstances. Should the City file for bankruptcy, there could be adverse effects on the owners of the Bonds.

If the Net Revenues are "special revenues" under the Bankruptcy Code, then Net Revenues collected after the date of the bankruptcy filing should be subject to the lien of the Indenture. "Special revenues" are defined to include receipts derived from the ownership or operation of projects or systems that are primarily used to provide utility services. Although the Net Revenues appear to satisfy this definition and thus be "special revenues," no assurance can be given that a court would not hold that the Net Revenues are not special revenues or are not subject to the lien of the Indenture. If the Net Revenues are determined to not be "special revenues," then Net Revenues collected after the commencement of the bankruptcy case will likely not be subject to the lien of the Indenture. The owners of the Bonds may not be able to assert a claim against any property of the City other than the Net Revenues, and if these amounts are no longer subject to the lien of the Indenture, then there may be no amounts from which the owners of the Bonds are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the related project or system before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, the City may be able to use Net Revenues to pay necessary operating expenses of the Enterprise that are greater than or different from the Operation and Maintenance Costs defined in the Indenture before the remaining Net Revenues are made available to the Trustee to pay amounts owed to the owners of the Bonds. It is not clear which expenses would constitute necessary operating expenses.

If the City is in bankruptcy, then the City's creditors (including the Trustee on behalf of owners of the Bonds) may be prohibited from taking any action to collect any amount from the City or to enforce any obligation of the City without the bankruptcy court's permission. This prohibition may also prevent the Trustee from making payments to the owners of the Bonds from funds in the Trustee's possession. The rate covenant (see "SECURITY FOR THE BONDS – Rate Covenant") may not be enforceable in bankruptcy by the Trustee or the owners of the Bonds.

The provisions of the Installment Purchase Agreement that provide that the commencement of a bankruptcy case by the City is an event of default and that certain other insolvency-related events with respect to the City are also events of default may be unenforceable. This may limit the ability of the Trustee to require the City to turn over to the Trustee Net Revenues and may allow the City to continue to spend

Net Revenues for any purpose permitted by law as provided in the Installment Purchase Agreement, free and clear of the lien of the Installment Purchase Agreement, notwithstanding that the City is in bankruptcy.

The City may be able to borrow additional money that is secured by a lien on any of its property (including the Net Revenues), which lien could have priority over the lien of the Installment Purchase Agreement, as long as the bankruptcy court determines that the rights of the Trustee and the owners of the Bonds will be adequately protected. The City may be able to cause some of the Net Revenues to be released to it, free and clear of the lien of the Indenture, as long as the bankruptcy court determines that the rights of the Trustee and the owners of the Bonds will be adequately protected.

The City may be able, without the consent and over the objection of the Trustee and the owners of the Bonds, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Bonds as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in Installment Payments, and consequently payments on the Bonds, while the court considers any of these issues. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds, or result in losses to the owners of the Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and value of the Bonds.

Articles XIIIC and XIIID

General. An initiative measure entitled the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIIC and Article XIIID to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property related assessments, fees and charges."

Article XIIID. Article XIIID defines the terms "fee" and "charge" to mean "any levy other than an ad valorem tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service." A "property related service" is defined as "a public service having a direct relationship to property ownership." Article XIIID further provides that reliance by an agency on any parcel map (including an assessor's parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government for wastewater service is ultimately determined to be a "fee" or "charge" as defined in Article XIIID, the local government's ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIIID includes a number of limitations applicable to existing fees and charges including provisions to the effect that: (a) revenues derived from the fee or charge may not exceed the funds required to provide the property-related service; (b) such revenues may not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service

attributable to the parcel; (d) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property related fees or charges based on potential or future use of a service are not permitted; and (e) no fee or change may be imposed for general governmental purposes.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally believed that Article XIIID did not apply to charges for water services that are "primarily based on the amount consumed" (i.e., metered water rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The Supreme Court stated in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (the "Bighorn Case"), however, that fees for ongoing water service through an existing connection were property-related fees and charges. The Supreme Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218. The City has complied with the notice and public hearing requirements of Article XIIID in establishing Enterprise rates and charges.

Article XIIIC. Article XIIIC provides that the initiative power may not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges is applicable to all local governments. Article XIIIC does not define the terms "local tax," "assessment," "fee" or "charge," so it was unclear whether the definitions set forth in Article XIIID referred to above are applicable to Article XIIIC. Moreover, the provisions of Article XIIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the Supreme Court held in the Bighorn Case that the provisions of Article XIIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations.

On August 3, 2020, the California Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (Cal S. Ct S252915) holding that local legislation measures setting water and other utility rates are not subject to challenge by referendum. Referendum allows voters to approve or reject laws before they take effect and is distinct from the Article XIIID protest procedures described above and the legal process for initiative measures discussed below.

In any event, the City does not believe that Article XIIIC grants to the voters within the City the power to repeal or reduce rates and charges for the wastewater service in a manner which would be inconsistent with the contractual obligations of the City. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Bonds. Remedies available to beneficial owners of the Bonds in the event of a default are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. So long as the Bonds are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the Bonds and the rights and remedies of the Bond Owners will be exercised through the procedures of DTC.

Proposition 26

Proposition 26 was approved by the electorate at the November 2, 2010 election and amended California Constitution Articles XIIIA and XIIIC. The proposition imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. Proposition 26, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters in

California Constitution Articles XIIIA, XIIIC and XIIID pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the State or local government of providing the service or product to the payor. Proposition 26 applies to charges imposed or increased by local governments after the date of its approval. The City believes its Enterprise rates and charges are not taxes under Proposition 26. The City is unable to predict at this time how Proposition 26 will be interpreted by the courts or what its ultimate impact will be.

Constitutional Limitations on Appropriations and Fees

Under Article XIIIB of the California Constitution, as amended, state and local government entities have an annual "appropriations limit" which limits their ability to spend certain moneys called "appropriations subject to limitation," which consist of tax revenues, certain state subventions and certain other moneys, including user charges to the extent they exceed the costs reasonably borne by the entity in providing the service for which it is levying the charge. The City is of the opinion that the user charges of the Enterprise imposed by the City do not exceed the costs the City reasonably bears in providing the wastewater service. In general terms, the "appropriations limit" is to be based on certain 1978/79 expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population, and services provided by these entities. Among other provisions of Article XIIIB, if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Future Initiatives

Articles XIIIB, XIIIC and XIIID were adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiatives have been and could be proposed and adopted affecting the Enterprise's revenues or ability to increase revenues. Neither the nature and impact of these measures nor the likelihood of qualification for ballot or passage can be anticipated by the City.

Loss of Tax-Exemption

As highlighted under the heading "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Authority or the City in violation of their respective covenants in the Installment Purchase Agreement and the Indenture.

Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

TAX MATTERS

Federal Tax Exemption

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the City and the Authority with certain covenants in the Indenture, the Installment Purchase Agreement, the Tax Certificate and other documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and assuming compliance with covenants and representations regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the United States, interest on the Bonds is not included in the gross income of the owners of the Bonds for federal income tax purposes. Failure by the City or the Authority to comply with such covenants and requirements may cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Indenture, the Installment Purchase Agreement, the Tax Certificate or other documents pertaining to the Bonds may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel expresses no opinion as to the effect of any change to any document pertaining to the Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Norton Rose Fulbright US LLP or in reliance upon the advice of counsel other than Norton Rose Fulbright US LLP with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

Bond Counsel's opinion is not a guarantee of result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and judicial decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an examination of the Bonds is commenced, under current

procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners. Additionally, public awareness of any future examination of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the examination, regardless of its ultimate outcome.

Tax Accounting Treatment of Bond Premium and Original Issue Discount

Bond Premium. To the extent a purchaser acquires a Bond at a price in excess of the amount payable at its maturity, such excess will constitute "bond premium" under the Code. The Code and applicable Treasury Regulations provide generally that bond premium on a tax-exempt obligation is amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations) based on the obligation's yield to maturity (or shorter period in the case of certain callable obligations). The amount of premium so amortized reduces the owner's basis in such obligation for federal income tax purposes, though such amortized premium is not deductible for federal income tax purposes. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. Bond Counsel is not opining on the accounting for bond premium or the consequence to a Bond purchaser of purchasing a Bond with bond premium. Persons considering the purchase of Bonds with bond premium should consult with their own tax advisors with respect to the determination of bond premium on such Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Bonds.

Original Issue Discount. The excess, if any, of the stated redemption price at maturity of Bonds of a particular maturity over the initial offering price to the public of the Bonds of that maturity at which a substantial amount of the Bonds of that maturity is sold to the public is "original issue discount." Original issue discount accruing on a Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes under the same conditions and limitations as are applicable to interest payable on such Bond. Original issue discount on a Bond or a particular maturity purchased pursuant to the initial public offering at the initial public offering price at which a substantial amount of the Bonds of that maturity is sold to the public accrues on a semiannual basis over the term of the Bond on the basis of a constant yield; and within each semiannual period accrues on a ratable daily basis. The amount of original issue discount on a Bond accruing during each period is added to the adjusted basis of such Bond, which will affect the amount of taxable gain upon disposition (including sale, redemption or payment on maturity) of such Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers that purchase Bonds other than at the initial offering price.

Bond Counsel is not opining on the accounting for or consequence to a Bond purchaser of bond premium or original issue discount. Accordingly, persons considering the purchase of Bonds with bond premium or original issue discount should consult with their own tax advisors with respect to the determination of bond premium or original issue discount on such Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Bonds.

Information Reporting and Backup Withholding

Interest paid on the Bonds will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required

manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

State Tax Exemption

In the further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State of California.

Future Developments

Existing law may change to reduce or eliminate the benefit to owners of the Bonds of the exclusion of the interest on the Bonds from gross income for federal income tax purposes or of the exemption of interest on the Bonds from State of California personal income taxation. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future change in tax law.

Form of Proposed Opinion. The form of the proposed opinion of Bond Counsel is attached as APPENDIX E.

FINANCIAL STATEMENTS OF THE CITY

Included in this Official Statement, as APPENDIX B, are the audited financial statements of the City for the fiscal year ended June 30, 2020. The City's audited financial statements were audited by Price Paige & Company, certified public accountants (the "Auditor"). The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City.

CERTAIN LEGAL MATTERS

Norton Rose Fulbright US LLP, Bond Counsel, will render an opinion with respect to the validity of the Bonds, the form of which opinion is set forth in APPENDIX E. Certain legal matters will also be passed upon for the City by Norton Rose Fulbright US LLP, as Disclosure Counsel. Certain legal matters will also be passed upon for the Underwriter by Nixon Peabody LLP, as Underwriter's Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney. The fees paid to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds.

ABSENCE OF MATERIAL LITIGATION

In connection with issuance of the Bonds, each of the City and Authority will certify that, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to its knowledge after reasonable investigation, threatened against or affecting it or its assets, properties or operations that, if determined adversely to it or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Installment Purchase Agreement or the Indenture, or upon its financial condition, assets, properties or operations.

RATING

S&P Global Ratings ("S&P"), has assigned its municipal bond rating of "[___]" to the Bonds. This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price or marketability of the Bonds.]

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City and the Enterprise (the "Annual Report") by not later than March 31 annually, commencing March 31, 2022, with the report for the fiscal year ending June 30, 2021, and to provide notices of the occurrence of certain listed events. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of certain listed events is set forth in APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE." The initial Dissemination Agent will be the City.

The City has entered into prior continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations and has provided annual financial information and event notices in accordance with its undertakings. The City did not provide certain financial information and operating data with respect to the 2005 Bonds for the fiscal years ending June 30, 2016 through 2020, which were due on February 15 of 2017 through 2021, respectively. The City filed the financial information and operating data on EMMA on September 17, 2021.

MUNICIPAL ADVISOR

The City has retained NHA Advisors, LLC as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information. The Municipal Advisor has reviewed this Official Statement but makes no guaranty, warranty or other representation respecting accuracy and completeness of the information contained in this Official Statement.

UNDERWRITING

Raymond James & Associates, Inc. (the "Underwriter"), has entered into a Bond Purchase Agreement with the Authority and City under which the Underwriter has agreed to purchase the Bonds at a price of $_____ (which is equal to the aggregate principal amount of the Bonds ($_____), plus a [net] original issue premium of $_____, less an Underwriter's discount of $_____).

The Underwriter will be obligated to take and pay for all of the Bonds if any are taken. The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page

of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

EXECUTION

The execution and delivery of this Official Statement have been authorized by the Authority Board and the City Council of the City.

MENDOTA JOINT POWERS FINANCING AUTHORITY

By :_____
Christian Gonzalez
Executive Director

CITY OF MENDOTA

By :_____
Cristian Gonzalez
City Manager

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR FISCAL YEAR ENDING JUNE 30, 2020

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX D

GENERAL INFORMATION ABOUT THE CITY OF MENDOTA AND THE COUNTY OF FRESNO

The following information concerning Fresno County (the "County") and the City of Mendota (the "City") is included only for the purpose of supplying general information regarding the area of the City. The Bonds are not a debt of the County, the City, the State of California (the "State") or any of its political subdivisions, and none of the County, the City or the State or any of its political subdivisions is liable therefor.

The economic and demographic data contained in this appendix are the latest available, but, unless otherwise noted, are as of dates and for periods before the economic impact of the COVID 19 pandemic and measures instituted to slow it. Accordingly, they may not be indicative of the current financial condition or future prospects of the City, the County or the region. See "RISK FACTORS – COVID-19 Pandemic" in the forepart of this Official Statement.

General

The City. The City has its origins in the railroad industry. In 1891, the City thrived as a Southern Pacific Railroad storage and switching facility site. The first post office opened in 1892, and the City incorporated in 1942.

The City is located in California's central valley within the County. To the east of the City lies the 12,000-acre waterfowl management area of Mendota Wildlife Refuge. To the west of the City is the 85 acre Mendota Pool Park with playgrounds, picnic areas and boat launch ramp. The City encompasses approximately two square miles. The City has traditionally been almost entirely dependent on agriculture for its economic wellbeing, and has gained recognition as the Cantaloupe Center of the World.

The City is a general law city governed by a council-manager form of local government. The City Council consists of the Mayor and four members elected at large. The City is governed by the City Council under the administration of an appointed City Manager. The City Council is responsible for formulating the policies for the City and approving the major actions through which the municipal functions are conducted. The City Council also acts as the governing board of the Authority. The City maintains its own community services, planning and zoning, street construction and maintenance, water, refuse collection and disposal, sewer, street cleaning and general administrative services. Tax collection, public safety, criminal prosecution and health facilities are provided by the County.

The County. The County is California's fifth largest county, covering approximately 6,000 square miles. It is located in the geographic center of the State and is the nation's leading crop-producing county.

Within the County, there are roughly four different agricultural areas. East and south of the City of Fresno, grapes and other fruit and nut crops are grown, harvested and processed for shipment; west of the City of Fresno is the largest melon-producing area. Also to the west, large crops of cotton, alfalfa, barley, rice, wheat and vegetables are produced. In the southwest are oil wells and extensive cattle and sheep ranches. The County is the trade, financial and commercial center for many surrounding counties in Central California and is a hub of transportation facilities connecting Central California to all parts of the country. Two major north-south highways, State Highway 99 and Interstate Highway 5, pass through the County. State Highways 180 and 145 run east and west. Railroads, major airlines, bus lines and numerous trucking companies also serve the area.

Population

The following table shows population estimates for the City, the County and the State for the last five calendar years.

CITY OF MENDOTA, COUNTY OF FRESNO
AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 2017 through 2021

As of Each January 1	City of Mendota	County of Fresno	State of California
2017	11,743	992,951	39,352,398
2018	12,134	1,003,012	39,519,535
2019	12,191	1,013,007	39,605,361
2020	12,424	1,020,292	39,648,938
2021	12,448	1,026,681	39,466,855

Source: State Department of Finance estimates (as of January 1).

Principal Employers

The following table lists the top ten principal employers within the City [for fiscal year 2020-21].

CITY OF MENDOTA
Principal Employers
[Fiscal Year 2020-21]

Employer Name	No. of Employees
Mendota Unified School District	500
E & R Trucking	130
City of Mendota	[___]
United Health Center	60
McDonald's	41
Mendota Valley Food	36
Mendota Food Center	23
King Kool	17
Pizza Factory	13
Ramon's Tire & Repair	12

Source: City of Mendota.

The following tables list the largest manufacturing and non-manufacturing employers within the County as of September 2020.

COUNTY OF FRESNO
Largest Employers
September 2020
(In Alphabetical Order)

Employer Name	Location	Industry
Aetna	Fresno	Insurance
Air National Guard	Fresno	Veterans' & Military Organizations
California State University Fresno	Fresno	Schools-Universities & Colleges Academic
California Teaching Fellows	Fresno	Employment Service-Govt Co Fraternal
Cargill	Fresno	Meat Packers
Community Medical Ctr	Fresno	Hospitals
Community Regional Medical Ctr.	Fresno	Hospitals
Foster Farms	Fresno	Poultry Farms
Fresno County Sheriff's Dept.	Fresno	Police Departments
Fresno Police Dept.	Fresno	Police Departments
Fresno VA Hospital Medical Ctr.	Fresno	Government-Specialty Hosp Ex Psychiatric
Kaiser Permanente Fresno Med	Fresno	Hospitals
Lion Dehydrators	Selma	Dehydrating Service
Pelco Inc	Fresno	Security Control Equip & Systems
Phebe Conley Art Gallery	Fresno	Art Galleries & Dealers
Pitman Family Farms	Sanger	Farms
Pleasant Valley State Prison	Coalinga	Government Offices-State
St Agnes Medical Ctr.	Fresno	Medical Centers
St Agnes Medical Ctr.	Fresno	Hospitals
Stamoules Produce Co	Mendota	Fruits & Vegetables & Produce-Retail
State Center Community College	Fresno	Junior-Community College-Tech Institutes
Sun Maid Growers	Kingsburg	Maid & Butler Service
Table Mountain Casino	Friant	Casinos
Via West Insurance	Fresno	Insurance
Wawona Frozen Foods Inc.	Clovis	Frozen Food Processors

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2021 1st Edition.

Industry and Employment

The unemployment rate in the Fresno County MSA was 9.3 percent in July 2021, down from a revised 9.5 percent in June 2021, and below the year-ago estimate of 13.0 percent. This compares with an unadjusted unemployment rate of 7.9 percent for California and 5.7 percent for the nation during the same period.

FRESNO COUNTY (FRESNO MSA)
Civilian Labor Force, Employment and Unemployment
Calendar Years 2016 through 2020
Annual Averages
(March 2020 Benchmark)

	2016	2017	2018	2019	2020
Civilian Labor Force [1]	444,700	444,800	446,300	450,500	445,500
Employment	402,400	406,500	412,300	417,300	395,300
Unemployment	42,400	38,200	33,900	33,200	50,300
Unemployment Rate	9.5%	8.6%	7.6%	7.4%	11.3%
Wage and Salary Employment: [3]					
Agriculture	46,900	46,100	44,200	44,100	41,100
Mining and Logging	300	300	300	300	300
Construction	16,000	17,400	18,700	19,000	18,600
Manufacturing	25,200	25,600	25,900	26,200	25,800
Wholesale Trade	14,000	14,100	14,400	14,700	14,500
Retail Trade	38,800	38,900	39,100	38,700	37,100
Transportation, Warehousing, Utilities	13,200	14,100	15,400	16,600	18,400
Information	3,800	3,600	3,600	3,400	3,000
Finance and Insurance	8,700	9,000	9,200	9.300	8,800
Real Estate and Rental and Leasing	4,600	4,800	5,000	4,900	4,800
Professional and Business Services	32,400	31,100	32,500	34,600	33,800
Educational and Health Services	63,900	67,200	69,300	72,500	72,000
Leisure and Hospitality	63,900	67,200	69,300	72,500	72,000
Other Services	11,700	11,800	11,900	12,100	11,000
Federal Government	32,800	33,800	34,500	35,700	28,600
State Government	12,100	12,400	12,600	12,800	12,500
Local Government	49,000	50,400	51,900	52,300	49,100
Total all Industries	383,300	390,200	398,300	407,500	390,000

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Personal Income

The following table summarizes the per capita income and median household income estimates for the City, the County, the State of California and the United States for the period January 1, 2015 through December 31, 2019.

Per Capita Income and Median Household Income Estimates
January 1, 2015 through December 31, 2019

Year	Area	Per Capita Income	Median Household Income
2015	City of Mendota	$ 8,949	$25,862
	Fresno County	20,408	4,5233
	California	30,318	61,818
	United States	28,930	53,889
2016	City of Mendota	8,682	26,094
	Fresno County	21,057	45,963
	California	31,458	63,783
	United States	29,829	55,322
2017	City of Mendota	9,233	27,479
	Fresno County	22,234	48,730
	California	33,128	67,169
	United States	31,177	57,652
2018	City of Mendota	9,784	30,019
	Fresno County	23,284	51,261
	California	35,021	71,228
	United States	32,621	60,293
2019	City of Mendota	10,960	31,237
	Fresno County	24,422	53,969
	California	36,955	75,235
	United States	34,103	62,843

Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates. Accessed September 7, 2021.

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables.

Total taxable sales during the first quarter of calendar year 2021 in the City were preliminarily reported to be $13,138,344 a 4.3% decline in total taxable sales of $13,728,551 reported during the first quarter of calendar year 2020. Annual figures are not yet available for calendar year 2021.

CITY OF MENDOTA
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2016 through 2020
(Dollars in Thousands)

	Retail and Food Service		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	172	$32,430	197	$46,852
2017	168	34,989	199	53,057
2018	166	38,583	206	59,147
2019	177	40,314	219	62,885
2020	191	40,391	237	60,187

Source: State Department of Tax and Fee Administration.

COUNTY OF FRESNO
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2016 through 2020 (Dollars in Thousands)

	Retail and Food Service		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	13,255	$9,678,468	20,715	$14,184,097
2017	13,166	10,067,448	20,655	14,755,751
2018	13,041	10,566,360	21,036	15,386,256
2019	13,516	11,083,054	22,082	16,218,883
2020	14,811	11,671,337	24,307	17,078,806

Source: State Department of Tax and Fee Administration.

Construction Activity

Construction activity in the City and the County for the past five years for which data is available is shown in the following tables.

CITY OF MENDOTA
Building Permit Valuation
For Calendar Years 2016 through 2020
(Dollars in Thousands)[(1)]

	2016	2017	2018	2019	2020
Permit Valuation					
New Single-family	$9,343.4	$7,306.9	$7,920.0	$6,158.0	$5,776.6
New Multi-family	324.8	0.0	300.0	345.9	0.00
Res. Alterations/Additions	145.1	142.0	1,138.5	367.5	224.8
Total Residential	$9,813.3	$7,449.0	$9,358.5	$6,871.4	$6,001.4
New Commercial	$0.0	$610.4	$0.0	$5,000.0	$226.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	205.3	305.3	147.9	562.0	92.8
Com Alterations/Additions	377.0	973.7	1,875.9	371.1	15.8
Total Nonresidential	$582.3	$1,889.4	$2,023.8	$5,933.1	$334.6
New Dwelling Units					
Single Family	78	62	67	51	49
Multiple Family	11	0	4	2	0
TOTAL	89	62	71	53	49

(1) Totals may not foot due to rounding.
Source: Construction Industry Research Board, Building Permit Summary.

FRESNO COUNTY
Building Permit Valuation
For Calendar Years 2016 through 2020
(Dollars in Thousands)[1]

	2016	2017	2018	2019	2020
Permit Valuation					
New Single-family	$689,016.6	$512,951.1	$703,307.1	$770,423.8	$769,338.0
New Multi-family	52,363.2	131,175.3	67,589.9	87,818.1	183,382.3
Res. Alterations/Additions	30,648.8	29,478.7	47,115.5	41,033.6	30,839.5
Total Residential	$772,028.6	$673,605.0	$818,012.5	$899,275.6	$983,560.0
New Commercial	$120,856.2	$136,656.0	$97,805.5	$206,673.1	$134,703.7
New Industrial	14,895.8	14,087.9	37,564.8	7,105.1	9,965.8
New Other	80,745.4	69,202.2	132,308.5	121,855.0	222,588.0
Com Alterations/Additions	193,297.2	133,403.5	229,373,0	163,703.6	210,055.6
Total Nonresidential	$409,794.6	$353,349.6	$497,051.8	$499,336.8	$577,313.0
New Dwelling Units					
Single Family	2,559	1,886	2,560	2,732	2,747
Multiple Family	339	1,135	290	689	653
TOTAL	2,898	3,021	2,850	3,421	3,400

[1] Totals may not foot due to rounding.
Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX E

FORM OF BOND COUNSEL OPINION

_____, 2021

Mendota Joint Powers Financing Authority
Mendota, California

City of Mendota
Mendota, California

$[PAR AMOUNT]
MENDOTA JOINT POWERS FINANCING AUTHORITY
WASTEWATER REFUNDING REVENUE BONDS,
SERIES 2021

Ladies and Gentlemen:

We have acted as bond counsel to the Mendota Joint Powers Financing Authority (the "Authority"), and in such capacity have examined a record of proceedings related to the issuance of the Authority's $_____ principal amount of Wastewater Refunding Revenue Bonds, Series 2021 (the "Bonds"). The Bonds are being issued pursuant to (i) Article 4 of Chapter 5, Division 7, Title 1 of the California Government Code, commencing with Section 6584, and Article 11, commencing with Section 53580, Chapter 2, Part 1, Division 2, Title 5 of the California Government Code , (ii) resolutions adopted by the Authority Board and the City Council of the City of Mendota (the "City") on [_____], 2021 (together, the "Resolutions"), (iii) the Installment Purchase Agreement, dated as of November 1, 2021 (the "Installment Purchase Agreement"), by and between the Authority and the City, and (iv) the Trust Indenture, dated as of November 1, 2021 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee. Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Indenture.

In our capacity as bond counsel, we have reviewed originals or copies certified or otherwise identified to our satisfaction of such documents, certificates, opinions and other matters as we deemed necessary or appropriate to render the opinions set forth herein. In rendering the opinions set forth below, we have relied upon certifications and representations of the Authority and the City with respect to certain material facts solely within the knowledge of the Authority and the City, without undertaking to verify the same by independent investigation. Further, we have assumed, but have not independently verified, the genuineness of all documents, certificates and opinions presented to us, including the signatures on such documents.

We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture with respect to the Bonds. This opinion is limited to the laws of the State of California and federal law.

Based on the foregoing, and in reliance thereon, and subject to the limitations and qualifications herein specified, as of the date hereof, under existing law, we are of the opinion that:

1. The Bonds constitute valid and binding obligations of the Authority, payable solely from Revenues and secured by a pledge of Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of certain installment payments to be made by the City pursuant to the Installment Purchase Agreement.

2. The Indenture has been duly and validly authorized, executed and delivered by the Authority and, assuming the Indenture constitutes a legal, valid and binding obligation of the Trustee, constitutes a legal, valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms.

3. The Installment Purchase Agreement has been duly and validly authorized, executed and delivered by the Authority and the City and constitutes a legal, valid and binding obligation of the Authority and the City, enforceable against the Authority and the City, respectively, in accordance with its terms.

4. Assuming compliance by the Authority and the City with certain covenants in the Trust Indenture, the Installment Purchase Agreement, the Tax Certificate and other documents pertaining to the Bonds and certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of proceeds of the Bonds, and the timely payment of certain investment earnings to the United States, interest on the Bonds is not includable in the gross income of the owners of the Bonds for federal income tax purposes. We can give no opinion or assurance about the effect of future changes in the Code, applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure to comply with the covenants and requirements described above may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

5. Interest on the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

6. Interest on the Bonds is exempt from personal income taxes imposed by the State of California.

We express no opinion regarding other federal or State of California tax consequences caused by the ownership of, or the accrual or receipt of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Trust Indenture, the Installment Purchase Agreement or other documents pertaining to the Bonds may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect of any change to any document pertaining to the Bonds or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than Norton Rose Fulbright US LLP with respect to the exclusion from gross income of the interest on the Bonds.

The opinions expressed in paragraphs 1, 2 and 3 above are qualified to the extent the enforceability of the Bonds and the Indenture may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. The enforceability of the Bonds and the Indenture are subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific

performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in the State of California.

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the *issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust

companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail

information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

CONTINUING DISCLOSURE CERTIFICATE

$_____
MENDOTA JOINT POWERS FINANCING AUTHORITY
WASTEWATER REFUNDING REVENUE BONDS,
SERIES 2021

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the City of Mendota (the "City") in connection with the issuance by the Mendota Joint Powers Financing Authority (the "Authority") of the above-captioned bonds (the "Bonds"). The Bonds are being issued under a Trust Indenture dated as of November 1, 2021 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, (the "Trustee").

The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City on behalf of itself and the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" each March 31 after the end of the City's fiscal year.

"*Dissemination Agent*" means initially the City, or any successor Dissemination Agent designated in writing by the City, and which has filed with the City a written acceptance of such designation.

"*Enterprise*" means the City's wastewater system.

"*Financial Obligation*" shall mean, for purposes of the Listed Events set out in Section 5(a), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planed debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final Official Statement, dated _____, 2021, executed by the City in connection with the issuance of the Bonds.

"*Participating Underwriter*" means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2022, with the report for the fiscal year ending June 30, 2021, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the corresponding statements and tables in the Official Statement:

(i) Principal amount of Bonds outstanding.

(ii) The information for the most recently completed fiscal year in the form of the following tables in the Official Statement (in each case based on actual results for the most recently-completed fiscal year only; no projections for future years are required):

(A) Table 2, City of Mendota Sewer Enterprise Customer Accounts and Percentage of Sewer Service Charge Revenues.

(B) Table 4, City of Mendota Sewer Enterprise Ten Largest Sewer Accounts.

(C) Table 7, City of Mendota Sewer Enterprise Delinquency Rates for Collection of Payment for Sewer Services.

(D) Table 10, City of Mendota Sewer Enterprise Historical Summary Statement of Revenues, Expenses and Debt Service Coverage.

(iii) A summary of any changes in the City's sewer service charges for the Enterprise since the date of the previous Annual Report.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults, if material.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

(vii) Modifications to rights of Bond holders, if material.

(viii) Bond calls, if material, and tender offers.

(ix) Defeasances.

(x) Release, substitution, or sale of property securing repayment of the Bonds, if material.

(xi) Rating changes.

(xii) Bankruptcy, insolvency, receivership or similar event of the City.

(xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(xv) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material.

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice a Listed Event described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier "if material." The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event's occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of said party.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination

occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the City. Any successor Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate (with the prior written consent of the Dissemination Agent, if such amendment affects its rights or duties hereunder), and any provision of this Disclosure Certificate may be waived, provided that the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense, suit, claim, judgment, damages and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

The Dissemination Agent shall have the same rights, protections and immunities hereunder as afforded to it as Trustee (to the extent that the Dissemination Agent is the Trustee). It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the City. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Certificate, and has no liability to any person, including any holder of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the City shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the City.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Section 15. Governing Law. This Disclosure Certificate is to be construed in accordance with and governed by the laws of the State of California.

Date: _____, 2021

CITY OF MENDOTA

By :_____
Cristian Gonzalez
City Manager

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Mendota Joint Powers Financing Authority (the "Authority")

Name of Issue: $_____ Mendota Joint Powers Financing Authority Wastewater Refunding Revenue Bonds, Series 2021

Date of Issuance: _____, 2021

NOTICE IS HEREBY GIVEN that the City of Mendota (the "City") has not provided an Annual Report with respect to the above-captioned Bonds as required by the Continuing Disclosure Certificate dated as of _____, 2021. The City anticipates that the Annual Report will be filed by _____.

Dated:_____

DISSEMINATION AGENT:

_____

By:_____
Its:_____

AGENDA

AGENDA ITEM – STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JEFFREY O'NEAL, AICP, CITY PLANNER

VIA: CRISTIAN GONZALEZ, CITY MANAGER

SUBJECT: CONSIDER ORDINANCE NO. 21-16, REGARDING DEFINTIONS AND PERMITTED USES IN THE COMMERCIAL CANNABIS OVERLAY DISTRICT

DATE: OCTOBER 12, 2021

ISSUE

Shall the City Council introduce and waive the first reading of Ordinance No. 21-16 amending Mendota Municipal Code Sections 17.99.020 and 17.99.060 regarding definitions and permitted uses in the Commercial Cannabis Overlay District?

BACKGROUND

In addition to the State of California's Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), Chapters 8.37 (Commercial Cannabis Businesses) and 17.99 (Commercial Cannabis Overly District) provide the regulations applicable to non-personal cannabis activities in Mendota. Pursuant to these local regulations, an applicant wishing to undertake commercial cannabis activities must meet certain location criteria, receive approval of a conditional use permit, and enter into a development agreement with the City. Since the ordinances were enacted, each has been amended on occasion to modify various provisions, remove inconsistencies or conflicts, and streamline processes.

In May 2021, Section 17.99.080 was amended to remove the prohibition on dispensaries within the Commercial Cannabis Overlay District (CCOD). However, certain types of retail establishments are still not expressly allowed within the CCOD, and the City has determined that additional amendments to Chapter 17.99 are necessary. At a regular meeting on September 21, 2021, the Planning Commission adopted Resolution No. PC 21-04, recommending that the City Council adopt the amendments discussed below.

ANALYSIS

The proposed amendments would add definitions for "non-storefront retail" and "retail" to Section 17.99.020 and add "non-storefront retail" to Section 17.99.060 as a permitted use in the CCOD subject to issuance of a conditional use permit. The intention of these amendments is to clarify the regulations applicable to projects that have already been approved and to more easily facilitate future projects. Additionally, the existing ordinance makes reference to the Bureau of Cannabis Control, which, along with divisions of other State agencies, was recently consolidated into the new *Department* of Cannabis Control. The proposed changes also include updating that reference, which in and of itself is not a substantive amendment.

ENVIRONMENTAL

The first step in complying with the California Environmental Quality Act (CEQA) is to determine whether the activity in question constitutes a "project" as defined by CEQA, Public Resources Code Section 21000, et seq. and the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, Section 15000, et seq. A "project" consists of the whole of an action (i.e., not the individual pieces or components) that may have a direct or reasonably foreseeable indirect effect on the environment. The second step is to determine whether the project is subject to or exempt from the statute. This proposal qualifies as a project under CEQA because it involves an amendment to the zoning ordinance as described in CEQA Guidelines Section 15378(a)(1).

The proposal does not authorize any particular activity. Approved development was subject to separate CEQA analysis as are projects currently under review. Therefore, staff supports a finding consistent with CEQA Guidelines Section 15061(b)(3). Under this "common sense" rule, if it can be shown with certainty that the project does not have the potential to have a significant effect on the environment, it is not subject to further environmental review.

PUBLIC NOTICE

No notice is required for this regular business item. A notice of public hearing will be published in a newspaper of general circulation and posted at City Hall to advertise the upcoming public hearing.

FISCAL IMPACT

Approximately $2,500 of staff time for preparation of documents and public noticing. The amendment may result in extensive future revenue via approval and operation of commercial cannabis facilities.

RECOMMENDATION

Staff recommends that the City Council introduces and waives the first reading of Ordinance No. 21-16 and sets a public hearing for its October 26, 2021 regular meeting.

Attachment(s):

1. Ordinance No. 21-16

AGENDA

BEFORE THE CITY COUNCIL
OF THE
CITY OF MENDOTA, COUNTY OF FRESNO

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENDOTA AMENDING CHAPTER 17.99 OF TITLE 17 OF THE MENDOTA MUNICIPAL CODE'S PROVISIONS REGARDING APPROVED USES IN THE COMMERCIAL CANNABIS OVERLAY DISTRICT

ORDINANCE NO. 21-16

WHEREAS, pursuant to the authority granted to the City of Mendota ("City") by Article XI, Section 7 of the California Constitution, the City has the police power to adopt regulations designed to promote the public health, the public morals, or public safety; and

WHEREAS, comprehensive zoning regulations and regulations upon the use of land and property lie within the City's police power; and

WHEREAS, in 1996, the voters of the State of California adopted the Compassionate Use Act of 1996 ("CUA"), the intent being to enable persons who are in need of cannabis for medical purposes to be able to obtain and use it without fear of state criminal prosecution under limited, specified circumstances; and

WHEREAS, in 2003, Senate Bill 420, titled the "Medical Marijuana Program Act" ("MMPA"), was enacted to clarify the scope of the CUA and to promulgate rules by which counties and cities can adopt and enforce regulations consistent with its provisions; and

WHEREAS, in 2011, Assembly Bill 2650 was enacted, affirming that counties and cities can under state law adopt ordinances that control and restrict the location and establishment of a medical cannabis cooperative, collective, dispensary, operator, establishment, or provider; and

WHEREAS, in late 2015, the Legislature passed, and the Governor signed, three pieces of legislation, AB 266, AB 243, and SB 643, collectively called the Medical Marijuana Regulation and Safety Act ("MMRSA"), which provides a statewide program for the licensing and regulation of commercial medical cannabis activity, specifically, the operation of medical cannabis dispensaries and the delivery and cultivation of medical cannabis; and

WHEREAS, in November 2016, the voters of the State of California adopted the Adult Use of Marijuana Act ("AUMA"), the intent being to establish a comprehensive system to legalize, control, and regulate the cultivation, processing, manufacturing, distribution, testing, and sale of nonmedical cannabis, including cannabis products, for

use by adults 21 years and older, and to tax the commercial growth and retail sale of cannabis; and

WHEREAS, in 2012, as amended in 2016 and 2017, the City adopted Chapter 8.36 of the Mendota Municipal Code pertaining to recreational and medical cannabis activities, which banned commercial cannabis cultivation, commercial deliveries of cannabis, and cannabis dispensaries in the City based upon various health, safety, welfare, and land use findings relating to cannabis cultivation, dispensing, and consumption; and

WHEREAS, in 2017, the Legislature passed, and the Governor signed, SB 94 and AB 133, the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), integrating the MCRSA and AUMA to create a general framework for the regulation of commercial medicinal and adult-use cannabis in California; and

WHEREAS, in 2017, the City added Chapter 17.99 to the Mendota Municipal Code ("MMC") establishing the Commercial Cannabis Overlay District ("CCOD") in order to address a number of health, safety, and welfare concerns associated with cannabis activities, and amended Chapter 8.36 for consistency therewith; and

WHEREAS, on June 11, 2019, the City adopted Ordinance No. 19-06, which amended Chapter 8.36 of the Mendota Municipal Code ("MMC") to eliminate the ban on cannabis dispensaries, and added Chapter 8.37 to the MMC, which established regulations for the operation of commercial cannabis businesses, including cannabis dispensaries, referred to therein as commercial cannabis retail businesses; and

WHEREAS, on September 22, 2020, the City adopted Ordinance No. 20-16 to amend Chapter 17.99 of the MMC to further address a number of health, safety, and welfare concerns associated with cannabis activities within the CCOD, and amended Chapter 8.36 for consistency therewith; and

WHEREAS, on September 22, 2020, the City adopted Ordinance No. 20-16 to preserve and promote the public health, safety, and welfare of its citizens, to facilitate the establishment of permitted commercial cannabis businesses within the City while ensuring such businesses do not interfere with other lawful land uses, and to provide new sources of revenue to fund City services; and

WHEREAS, on May 25, 2021, the City adopted Ordinance No. 21-08 to remove the CCOD's blanket ban on cannabis dispensaries as contained in MMC section 17.99.080; and

WHEREAS, the City's adoption of Ordinance 21-08 was based on the City's determination that banning cannabis dispensaries within the CCOD is not necessary to promote the health, safety, and welfare of the citizens of the City of Mendota and that

repealing the limitation on cannabis dispensaries within the City allows the City greater control and oversight over the development of its cannabis business community; and

WHEREAS, the City's adoption of Ordinance No. 21-08 was also based on the City's determination that further amendments to Chapter 17.99 of Title 17 of the MMC were required to create consistency with the City's June 11, 2019, adoption of Ordinance No. 19-06; the City's September 22, 2020, adoption of Ordinance No. 20-16; to avoid internal conflict within the MMC; and to avoid conflicts as the MMC relates to that certain Development Agreement entered into on or about March 13, 2018, between the City and Marie Street Development, LLC, as amended and augmented by Left Mendota I, LLC, with the adoption of City Ordinance No. 21-04 on or about February 9, 2021; and

WHEREAS, on or about September 21, 2021, the City's Planning Commission considered and adopted Planning Commission Resolution No. PC 21-04 recommending the City Council adopt further amendments to Chapter 17.99 of Title 17 of the MMC to make consistent amendments following the City's removal of the ban on cannabis dispensaries within the CCOD; and

WHEREAS, further review and practical application of the MMC's CCOD provisions by City staff have revealed further amendments for consistency regarding the allowance of cannabis dispensaries as permitted uses following the removal of their ban are required; and

WHEREAS, the proposed amendments to Chapter 17.99 of Title 17 of the MMC will have a positive impact on the City and its citizens by generating significant revenues that would support transportation, parks and recreation, law enforcement, and fire protection services throughout the City.

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

SECTION 1. The Recitals set forth above are incorporated herein and by this reference made an operative part hereof.

SECTION 2. Chapter 17.99 of Title 17 of the Mendota Municipal Code is hereby amended to read as follows:

17.99.010 - Purpose and intent.

A. There is created a commercial cannabis overlay district, the boundaries of which are shown on the map entitled, "Commercial Cannabis Overlay District," which is on file at city hall. Said map is adopted and made a part of this ordinance.

B. This chapter is enacted to preserve and promote the public health, safety, and welfare of the citizens of Mendota, to facilitate the establishment of permitted commercial

cannabis businesses within the city while ensuring that such businesses do not interfere with other lawful land uses, and to provide new sources of revenue to fund city services.

17.99.020 - Definitions.

"Applicant" shall mean the individual or entity applying for a conditional use permit pursuant to the provisions of this section.

"Cannabis" means all parts of the plant Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter, "cannabis" does not mean "industrial hemp" as defined by Section 11018.5 of the California Health and Safety Code.

"Cannabis dispensary" means any facility or location, whether fixed or mobile, where cannabis is offered, provided, sold, made available or otherwise distributed for commercial purposes to more than two persons.

"Cannabis products" means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

"Commercial cannabis activity" includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as provided for in Division 10 of the California Business and Professions Code.

"Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

"Delivery" means the commercial transfer of cannabis or cannabis products to a customer. "Delivery" also includes the use by a retailer of any technology platform.

"Distribution" means the procurement, sale, and transport of cannabis and cannabis products between entities licensed pursuant to Division 10 of the California Business and Professions Code.

"Manufacture" means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.

"Non-Storefront Retail" means retail sales of cannabis or cannabis products to customers exclusively via means of delivery by a person authorized to do so by the Department of Cannabis Control.

"Retail" means the retail sale and delivery of cannabis or cannabis products to customers by a person authorized to do so by the Department of Cannabis Control.

"Testing laboratory" or "testing service" means a laboratory, facility, or entity in that offers or performs tests of cannabis or cannabis products and that is both of the following: (1) accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state; and (2) licensed by the **Department** ~~bureau~~ of **C**annabis **C**ontrol.

17.99.030 - Conflict between regulations.

Where a conflict occurs between the Commercial Cannabis Overlay District and any other section of the zoning code, or any provision of the Mendota Municipal Code, the Commercial Cannabis Overlay District regulations shall prevail.

17.99.040 - Use classifications.

The use classifications allowed in the Commercial Cannabis Overlay District shall be those use classifications allowed in the underlying base zoning district.

17.99.050 - Development standards.

The development standards for all development within the Commercial Cannabis Overlay District shall be those standards of the underlying base zoning district.

17.99.060 - Permitted uses.

A. The following uses shall be permitted in the commercial cannabis overlay district if a conditional use permit is obtained:

1. Cannabis cultivation.

2. Cannabis manufacturing.

3. Cannabis testing services.

4. Cannabis distribution.

5. Non-Storefront Retail.

B. In addition to the findings required by section 17.08.050, the following findings shall also be made before any conditional use permit for commercial cannabis activity is granted:

1. That a development agreement has been entered into by and between the city and the applicant, which is consistent with the provisions of this chapter, promotes the purposes and intent of the commercial cannabis overlay district, and ensures that the property will be used for commercial cannabis activity only.

2. That a cannabis odors plan has been developed to mitigate site odors to the maximum extent feasible using best management practices.

3. That all commercial cannabis activities except cultivation will occur within a fully- or partially-enclosed building, or within a temporary structure, and will not be visible from the property boundary or public right-of-way.

4. That all pesticide use will comply with the state department of pesticide regulations.

5. That a site security plan has been prepared demonstrating sufficient site security measures to prevent all unauthorized access to the site.

6. That a power use plan has been prepared demonstrating sufficient power supply for the proposed use.

7. That the applicant has obtained all necessary state permits and authorizations to engage in the proposed use.

8. That the applicant has provided the city all information required by state authorities pursuant to Division 10 of the California Business and Professions Code.

9. That the applicant will provide the city all information required by the state for any renewal of a state license related to commercial cannabis activity as well as the state licensing authority's decision on any such renewal.

10. That the applicant has consented to the city's inspection, without notice, of any and all records required to be maintained under any local, state, or federal law.

11. That the applicant will immediately provide notice to the city of any suspension or revocation of any state license issued pursuant to Business and Professions Code Section 26050 et seq.

17.99.070 - Conditions of development.

The development agreement required pursuant to Section 17.99.060(B)(1) shall include the following terms:

A. The applicant agrees to pay an annual fee based on the total square footage of the developed portions of the property in an amount as follows:

1. Five dollars ($5.00) per square foot for so long as the developed portions of the property are less than two hundred thousand (200,000) square feet.

2. Four dollars ($4.00) per square foot for so long as the developed portions of the property are between two hundred thousand (200,000) square feet and four hundred ninety-nine thousand, nine hundred ninety-nine (499,999) square feet.

3. Mutually agreeable terms between the city and applicant so long as the developed portions of the property are five hundred thousand (500,000) square feet or greater.

B. The fee required pursuant to subdivision (A) shall be paid by the applicant in quarterly installments at times and locations specified by the city, and may not be paid in cash.

C. The applicant shall be responsible for paying the fee required pursuant to subdivision (A) for all developed portions of the property regardless of whether portions of the developed property are leased or otherwise conveyed to third parties. Any transfer of the applicant's interest in the developed property shall not affect the applicant's obligation to pay the fee required pursuant to subdivision (A) unless the recipient assumes the applicant's obligation to pay the fee for all developed portions of the property as required by this Section 17.99.070.

17.99.080 - Reserved.

17.99.090 - Severability.

If any part of this chapter is for any reason held to be invalid, unlawful, or unconstitutional, such invalidity, unlawfulness or unconstitutionality shall not affect the validity, lawfulness, or constitutionality of any other part of this chapter.

SECTION 3. The City Council finds the approval of this ordinance is not subject to the California Environmental Quality Act, Public Resources Code, Section 21000, *et seq*. ("CEQA"), pursuant to Section 15060(c)(2) of the CEQA Guidelines, on the ground that the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment, and Section 15060(c)(3) of the CEQA Guidelines, on the ground that the activity is not a project as defined in Section 15378 of the CEQA Guidelines, because it has no potential for resulting in physical change to the environment, directly or indirectly.

Alternatively, the City Council finds the approval of this ordinance is not a project under Section 15061(b)(3) of the CEQA Guidelines because it has no potential for causing a significant effect on the environment.

SECTION 4. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is held for any reason to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Ordinance. The City Council of the City of Mendota hereby declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional.

SECTION 5. The Mayor shall sign and the City Clerk shall certify to the passage of this Ordinance and will see that it is published and posted in the manner required by law.

SECTION 6. This ordinance shall become effective and in full force at 12:00 midnight on the 31st day following its adoption.

****

The foregoing ordinance was introduced on the 12th day of October, 2021 and duly passed and adopted by the City Council of the City of Mendota at a regular meeting thereof held on the 26th day of October, 2021, and its corrections are made retroactively effective as of the effective date of Ordinance No. 21-04, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Rolando Castro, Mayor

ATTEST:

_____
Celeste Cabrera-Garcia, City Clerk

APPROVED AS TO FORM:

_____
John Kinsey, City Attorney

AGENDA

AGENDA ITEM – STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JEFFREY O'NEAL, AICP, CITY PLANNER

VIA: CRISTIAN GONZALEZ, CITY MANAGER

SUBJECT: APPLICATION NO. 21-01, THE LEFT MENDOTA II, LLC COMMERCIAL CANNABIS PROJECT

DATE: OCTOBER 12, 2021

ISSUE

In the matter of Application No. 21-01, the Left Mendota II, LLC Commercial Cannabis Project, shall the City Council:

1. Adopt a mitigated negative declaration pursuant to the California Environmental Quality Act; and
2. Grant an appeal of the denial of a conditional use permit by the Mendota Planning Commission; and
3. Enter into a development agreement?

BACKGROUND

The State of California's Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) is the primary statute that regulates personal, medicinal, and commercial cannabis activity in the state. In addition to MAUCRSA, Chapters 8.37 (Commercial Cannabis Businesses) and 17.99 (Commercial Cannabis Overly District) of the Mendota Municipal Code (MMC) provide regulations applicable to non-personal cannabis activities at the local level. Pursuant to these local regulations, an applicant wishing to undertake commercial cannabis activities must meet certain location criteria, receive approval of a conditional use permit, and enter into a development agreement with the City.

On January 15, 2021 the Planning Department received an application from Left Mendota II, LLC requesting entitlements and actions to facilitate the construction and operation of a commercial cannabis cultivation facility. At a regular meeting on September 21, 2021 the Mendota Planning Commission, by a combined roll-call vote of one (1) aye and three (3) noes, denied Resolution Nos. PC 21-05, PC 21-06, and PC 21-07, regarding adoption of a mitigated negative declaration pursuant to the California Environmental Quality Act (CEQA), approval of a conditional use permit, and recommendation to the City Council regarding a development agreement, respectively. The stated rationale for the denials was related to the apparent lack of progress at the existing facility at 1269 Marie Street, which is controlled by some of the same individuals but is a separate project. The applicant filed a timely appeal of the Planning Commission's decision on September 23, 2021; that letter is attached.

Owner:	Pilibos Sales, Inc.
Applicant:	Left Mendota II, LLC

Representatives:	Chris Lefkovitz
Location:	APN 013-280-29 See attached map and photo
Site Size:	Approximately 15.05 acres
General Plan:	Light Industrial
Zoning:	M-1/CO (Light Manufacturing with Commercial Cannabis Overlay District)
Existing Use:	Vacant
Surrounding Uses:	North – Industrial uses; M-1 East – Airport, police station; A-D, P-F South – Commercial cannabis uses, industrial uses; M-2/CO West – Industrial uses; M-1
Street Access:	Marie Street via the abutting property to the southeast

The Project Site is currently vacant. The parcel to the immediate southeast is owned by Left Mendota I, LLC and approved for various commercial cannabis activities. APN 013-030-61S to the east contains the remnant infrastructure of the Mendota Biomass (Covanta Energy Corporation) facility, which ceased operation in 2015. The Mendota Police Department and William Robert Johnston Municipal Airport are located to the north and northeast. The San Luis Drain runs south-to-north approximately 400 feet to the east. Across Marie Street to the southwest are the UPRR corridor and various industrial uses.

ANALYSIS

Application No. 21-01 proposes a companion project to the existing commercial cannabis use at 1269 Marie Street via the entitlement of approximately 15 acres (1111 Marie Street; APN 013-280-29) to allow outdoor cannabis cultivation. Cannabis plants would be planted above ground in five- to seven-gallon plastic pots oriented in rows spaced at five-foot intervals. Drip irrigation lines would also be above ground. The Project site is located immediately to the northwest of the existing operation; harvested product from the Project would be processed at the existing indoor facility next door. The Project would connect to the City's municipal water system and is expected to use approximately 9 million gallons or 27 acre-feet of water per year. The site will be graded such that all irrigation water will remain onsite and irrigation timing and duration will be closely monitored to prevent ponding or wastage. Since the irrigation season is opposite of the region's precipitation season and there will not be any impervious surface, there is not anticipated to be any runoff into the City's storm drainage system. The Project does not propose any onsite buildings, including restrooms, so it is not anticipated that any wastewater will be generated and, accordingly, there would be no connection to the City's wastewater system.

Access to the site would be via existing circulation areas on APN 013-280-15; i.e., the Project site would not have direct access to Marie Street. Onsite circulation would consist of a 20-foot-wide, all-weather surface at the site perimeter. The Project site would be enclosed by a six- to eight-foot-high chain link fence with privacy slats or similar obscuring material(s). The fence would be topped with three-strand barbed wire and/or razor wire. As a secondary barrier, electrified fencing with remote monitoring may be installed. Security lighting hooded and oriented toward the center of the property, along with video equipment monitored offsite, would be installed on the top of the fencing.

As currently proposed, an approximately 2.20-acre area at the southeastern corner of the Project site would remain vacant. That area lies within the Runway Protection Zone of the William Robert Johnston Municipal Airport as identified in the 2018 Fresno County Airport Land Use Compatibility Plan (ALUCP). The Project was considered by the Fresno County Airport Land Use Commission (ALUC) at meetings in February and March, 2021. The ALUC determined that, with exclusion of the 2.20-acre area and compliance with Federal Aviation Administration heights requirements, the Project was compatible with the ALUCP.

The Project would employ approximately 20 persons on a year-round basis and an additional 40 persons during planting and harvesting (April through October). Employee commuting would comprise the majority of vehicles trips.

GENERAL PLAN & ZONING

The site is currently designated for Light Industrial (LI) use by the General Plan and is zoned M-1/CO (Light Manufacturing/Commercial Cannabis Overlay District). The M-1 zone allows agricultural uses, and the CO Overlay District facilitates commercial cannabis activities subject to approval of a conditional use permit and a development agreement.

DEVELOPMENT AGREEMENT

Government Section 65867 requires that the planning agency (a role filled in this case by the Planning Commission) and the legislative body (the City Council) conduct public hearings to consider development agreements. However, the law does not expressly state that the Planning Commission must make a specific recommendation to the City Council, only that it conduct a public hearing. Since the Planning Commission denied Resolution No. PC 21-07 as opposed to adopting a resolution recommending that the City Council deny the development agreement, the Planning Commission effectively made no recommendation. Accordingly, the City Council has no formal recommendation of the Planning Commission to consider and may take action on the development agreement as it sees fit.

The Development Agreement (DA), the draft version of which is attached, is largely a contract document but also contain provisions for site development and use related to project entitlements, operations, and allowable cannabis license types, along with discussion of financial considerations. The term of the Agreement is 30 years. During that time, the applicant will pay various public benefit fees to the City:

1. Non-Storefront Payment. An annual payment of $85,000 for each non-storefront retailer or microbusiness operating on the site.
2. Quarterly Payment. An annual payment of $250,000 payable in quarterly installments.
3. Square Foot Charge. $8.00 per square foot of existing buildings on the site occupied by entities actively pursuing commercial cannabis activities.
4. Greenhouse Payment. $0.50 per square foot of mixed-light structures being actively used.
5. Outdoor Payment. $0.50 per square foot of outdoor canopy space.

Note that payments would only be required for activities that are actively being performed (i.e., the Project currently proposes only outdoor cultivation, so there would be no Greenhouse

Payment). The payments are subject to increases each ten years of the agreement. The agreement also contains provisions for late payment.

CONDITIONAL USE PERMIT FINDINGS

The provisions of MMC Section 17.84.050 require that the following findings be made prior to approval of a conditional use permit. These findings are typically the responsibility of the Planning Commission; however, since this case involves appeal of the Planning Commission denial of a conditional use permit, the responsibility instead falls on the City Council.

FINDING No. 1: THE SITE FOR THE PROPOSED USE IS ADEQUATE IN SIZE AND SHAPE TO ACCOMMODATE SUCH USE AND ALL YARDS, SPACES, WALLS AND FENCES, PARKING, LOADING, LANDSCAPING AND OTHER FEATURES TO ADJUST SUCH USE WITH THE LAND AND USES IN THE NEIGHBORHOOD.

Staff believes that the proposed use is compatible with the surrounding uses. The project does not propose any structures, parking or loading areas, or landscaping. It is an agricultural use enclosed by privacy screening and is consistent with the industrial nature of the area.

FINDING No. 2: THE SITE FOR THE PROPOSED USE RELATES TO STREETS AND HIGHWAYS ADEQUATE IN WIDTH AND PAVEMENT TYPE TO CARRY THE QUANTITY AND KIND OF TRAFFIC GENERATED BY THE PROPOSED USE.

The Project is an expansion of an existing use on an abutting property and will access Marie Street, which is intended to support access to industrial facilities, via that property. The Project is anticipated to generate a limited amount of traffic, most of which will be commuter trips.

FINDING No. 3: THE PROPOSED USE WILL HAVE NO ADVERSE EFFECT ON ABUTTING PROPERTY OR THE PERMITTED USE THEREOF.

Uses on the surrounding properties consist of moderate to heavy industrial uses, the Police Department, the airport, and similar uses. The proposed use is considered to be of less or similar intensity to other uses in the vicinity.

FINDING No. 4: THE CONDITIONS STATED IN THE PROJECT APPROVAL ARE DEEMED NECESSARY TO PROTECT THE PUBLIC HEALTH, SAFETY, AND GENERAL WELFARE.

The conditions of approval will serve to accommodate the proposed use while protecting the health, safety, and welfare of the public. Conditions of approval are based upon standards contained within the Mendota General Plan and the Mendota Municipal Code, and upon precedent established through review and approval of similar projects. Further, the proposed conditions will serve to implement the goals and objectives of the General Plan, which itself is intended to provide for logical and orderly development of the City in a manner beneficial to its residents.

ENVIRONMENTAL

The first step in complying with the California Environmental Quality Act (CEQA) is to determine whether the activity in question constitutes a "project" as defined by CEQA, Public Resources Code section 21000, et seq. and the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, section 15000, et seq. A "project" consists of the whole of an action (i.e., not the individual pieces or components) that may have a direct or reasonably foreseeable indirect effect on the environment. The second step is to determine whether the project is subject to or exempt from the statute. This proposal qualifies as a project under CEQA because it involves the issuance to a person of a "lease, permit, license, certificate, or other entitlement for use" as described in CEQA Guidelines section 15378 and will have a direct physical effect on the environment. Additionally, Section 15378 expressly includes amendments to a general plan or a zoning ordinance within the definition of "project."[1]

Assembly Bill 52 (AB 52), codified at Public Resources Code section 21080.3.1, et seq., requires that prior to releasing a CEQA document for public review, a lead agency, in this case the City of Mendota, must notify any Native American Tribe that has presented the City with a written request for notification. The City received such a letter from the Santa Rosa Rancheria Tachi Yokut Tribe on August 8, 2016. As a result, the City is obligated to notify Santa Rosa of any project for which it intends to prepare a negative declaration, mitigated negative declaration, or environmental impact report prior to releasing the document for public review.

Tribes have 30 days from receipt of the notice to provide comments or request that the City initiate formal consultation. Within a further 30 days, the City must initiate that consultation, the intention of which is to identify potential impacts to tribal cultural resources and any mitigation that can reduce or eliminate those impacts. Once initiated, there is no limit to the duration of the formal consultation: either mitigation is agreed upon; the parties agree that no mitigation is needed; or one party determines that a good-faith effort has been made to agree, but no agreement is forthcoming. The City mailed notice of the project to Santa Rosa on March 18, 2021 via certified mail. Although the Tribe did not respond within the designated timeframe, a Tribal representative emailed the City Planner on June 7, 2021 requesting that an archeological records search and archeological survey be conducted and that the City provide the results of those action to the Tribe. The Project applicant reached out to the Tribe and the parties agreed to include cultural sensitivity training as project mitigation.

Based on the results of the initial study, the City Planner made a preliminary finding on July 7, 2021 that, with implementation of mitigation measures, the project would not have a significant impact on the environment, and that a mitigated negative declaration would be prepared. Also on July 7, 2021, a notice of intent to adopt an initial study/ mitigated negative declaration (IS/MND) was published in *The Business Journal* and filed electronically with the State Clearinghouse.[2] The notice of intent indicated that the combined initial study/ mitigated negative declaration ("IS/MND") would be subject to a public review and comment period starting on July 7, 2021 and ending on August 5, 2021. It further stated that the Mendota Planning Commission would consider

[1] Recently clarified by the California Supreme Court regarding zoning in *Union of Medical Marijuana Patients, Inc. v. City of San Diego* (2019) 7 Cal. 5th 1171.

[2] Pursuant to Governor's Executive Order N-80-20, which incorporates by reference EO N-54-20, local filing requirements pursuant to CEQA are conditionally suspended and may be satisfied by filing with the State Clearinghouse.

the CEQA document and other components of the project at a special meeting on August 9, 2021 and that the Mendota City Council would consider the project at a to-be-determined date no sooner than August 24, 2021. Although the August 9 special meeting was cancelled, CEQA does not require that a new or revised notice of intent be provided to advertise the later date. Since this hearing (October 12, 2021) also occurs later than August 24, 2021, no additional notification or public review is required under CEQA.

SCH, having assigned the unique identifier 2021070121 to the IS/MND, distributed the document to numerous State agencies. Additionally, the City provided a digital download link to the County of Fresno, the Fresno County Fire Protection District/CAL FIRE, and Mid Valley Disposal. The City received two formal comments during the review period:

1. Department of California Highway Patrol dated August 2, 2021. CHP expressed concerns about the effects the project could have on public safety and law enforcement. None of the statements in the letter resulted in modifications to the initial study.
2. California Department of Cannabis Control dated August 3, 2021. CDD is a newly-formed agency that combines the previous responsibilities of a number of other agencies related to cannabis regulation in California. DCC has jurisdiction over the issuance of certain cannabis-related licensing and is a responsible agency under CEQA. The letter contained three comments/requests:
    a. That the IS/MND be modified to acknowledge additional regulatory provisions over which CDFA has jurisdiction.
    b. That the IS/MND be modified to address the potential for cumulative impacts.
    c. That the City advise applicants for cannabis licenses to provide all technical documents to CFDA as part of their license applications.

    The CDFA letter did not suggest that the requested revisions would necessitate recirculation of the IS/MND. The initial study has been updated accordingly.

Additionally, staff received an email from the California Department of Fish and Wildlife (CDFW) on July 12, 2021 asking if a biological survey was conducted for the Project. Staff responded via email that a biological survey had not been prepared and noted that the site is vacant and has no trees, is regularly disked, is fenced on three sides, will not construct and structures or buildings, and is in essence an agricultural use. Photos of the site were provided. CDFW staff acknowledged receipt of that information and did not provide additional comments.

Overall, two mitigation measures were included in the document:

> **HYD-1 (Offsite Water Use Reduction).** Prior to commencement of land use, the City shall identify a list and cost of water conservation and/or recharge projects that would reduce the net increase in water to 1.46 million gallons per year. The applicant shall pay its fair share towards the project(s). Such water conservation projects may include:
> - *Funding dishwasher, clothes washer, toilet, or landscape replacement and/or rebate programs.*
> - *Identification and elimination of public water system leaks.*

- *Stormwater capture*
- *Construction of recharge basins*

Agriculture irrigation efficiency projects may be funded and implemented in perpetuity by the project proponent.

TCR-1 (Cultural Sensitivity Training). The [Santa Rosa Rancheria Tachi Yokut] Tribe shall make a presentation at the Project site to all onsite workers. The presentation will show typical artifacts from the area and will explain the laws affecting cultural and tribal resources and the responsibilities of the parties regarding discovery of cultural resources or human remains. To facilitate this training, the applicant shall execute the Tribe's Native American Monitoring Contract.

Staff recommends that the City Council adopts the IS/MND and MMRP as provided.

PUBLIC NOTICE

In addition to the CEQA Notice of Intent published and filed on July 7, 2021, notice of the September 21, 2021 Planning Commission public hearing was published in the September 10, 2021 edition of *The Business Journal*, was individually mailed to property owners within 300 feet of the project site, and was posted at City Hall. Notice of the October 12, 2021 City Council public hearing was published in the September 27, 2021 edition of *The Business Journal*, was individually mailed to property owners within 300 feet of the project site, and was posted at City Hall.

FISCAL IMPACT

Review and processing of the planning applications, engineering plans, and building plans are paid for by the applicant, and the project is responsible for payment of development impact fees. As discussed, the project will be responsible for payment of various public benefit fees that can amount to hundreds of thousands of dollars or more annually. Building fees will be determined when a building permit is requested.

RECOMMENDATION

Staff recommends that the City Council:

1. Adopts Resolution No. 21-81, adopting a mitigated negative declaration and mitigation monitoring and reporting program and determining that, with mitigation incorporated, the project will not result in a significant effect on the environment.
2. Adopts Resolution No. 21-82, ruling on the applicant's appeal of the Mendota Planning Commission's denial of the conditional use permit.
3. Introduces and waives the first reading of Ordinance No. 21-17, which would enter the City into a development agreement with Left Mendota II, LLC.

Attachment(s):

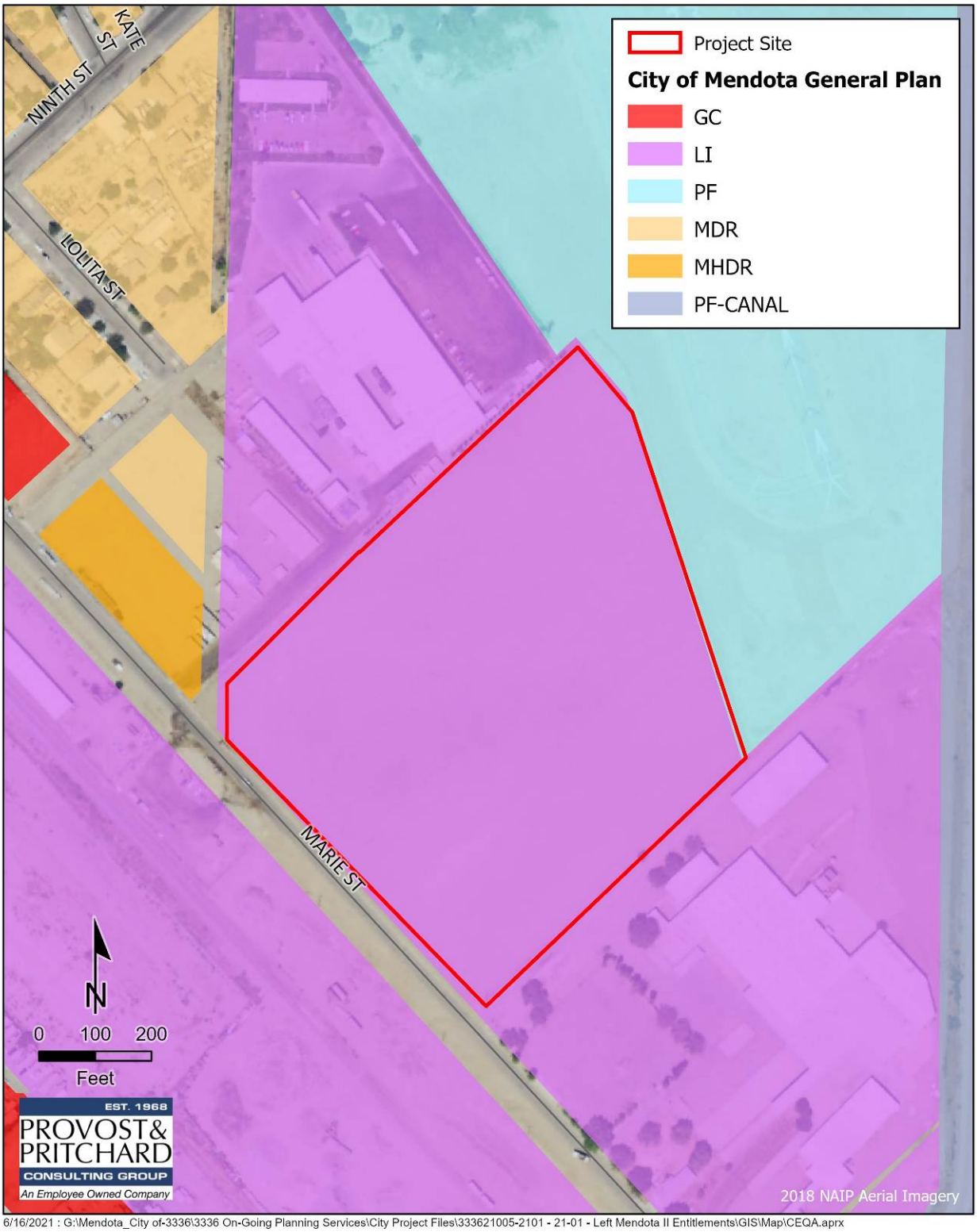
1. Aerial photo and site depiction
2. General Plan Exhibit

3. Zoning Exhibit
4. Assessor’s Parcel Map
5. Site Plan
6. Initial Study
7. Appeal letter
8. Resolution No. 21-81
9. Resolution No. 21-82
10. Ordinance No. 21-17

AERIAL PHOTO AND SITE DEPICTION

9/16/2021 : G:\Mendota_City of-3336\3336 On-Going Planning Services\City Project Files\333621005-2101 - 21-01 - Left Mendota II Entitlements\GIS\Map\CEQA.aprx

GENERAL PLAN EXHIBIT



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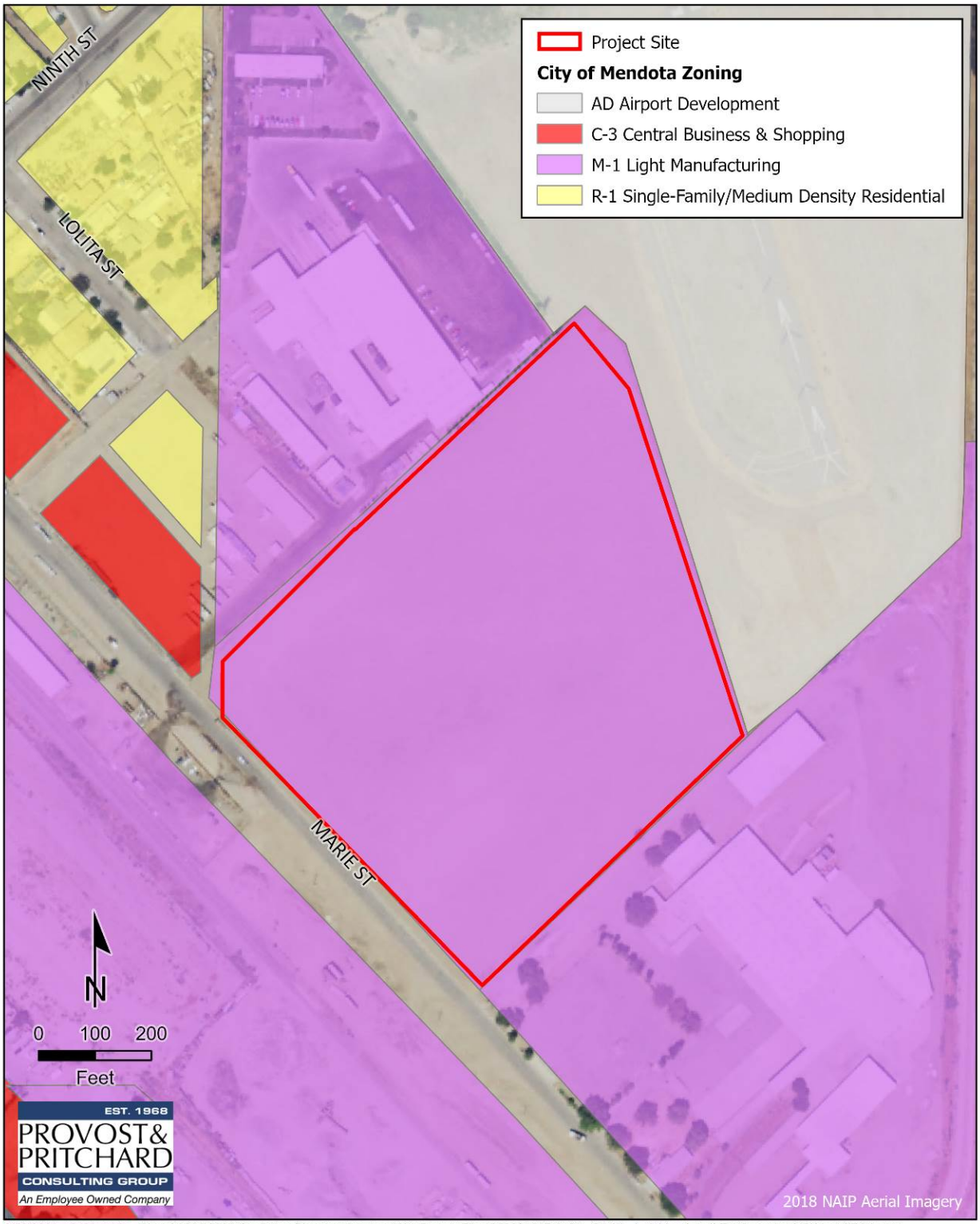
ZONING EXHIBIT



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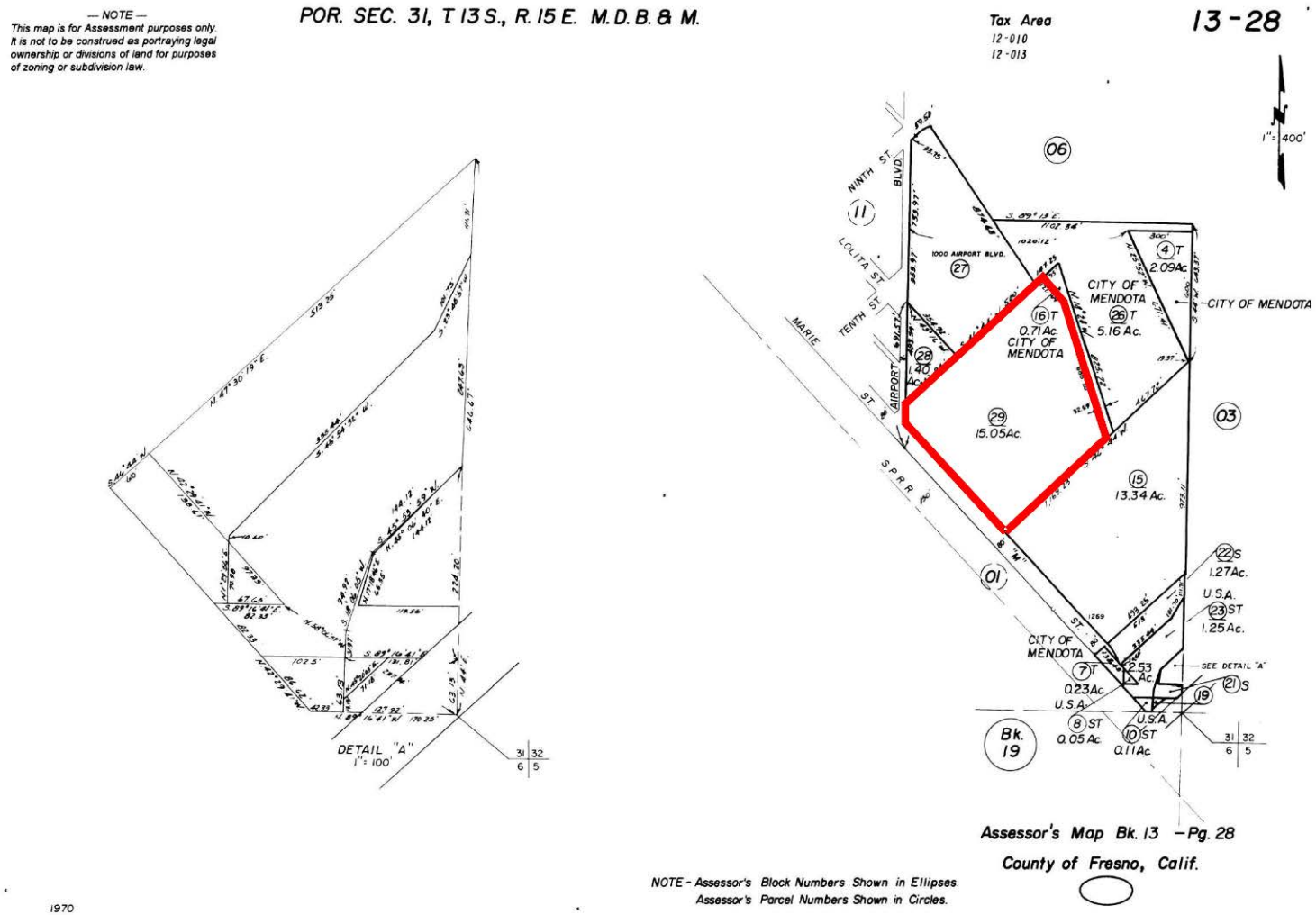

Application No. 21-01
APN 013-280-29

Left Mendota II, LLC
1111 Marie Street

Project

SITE PLAN

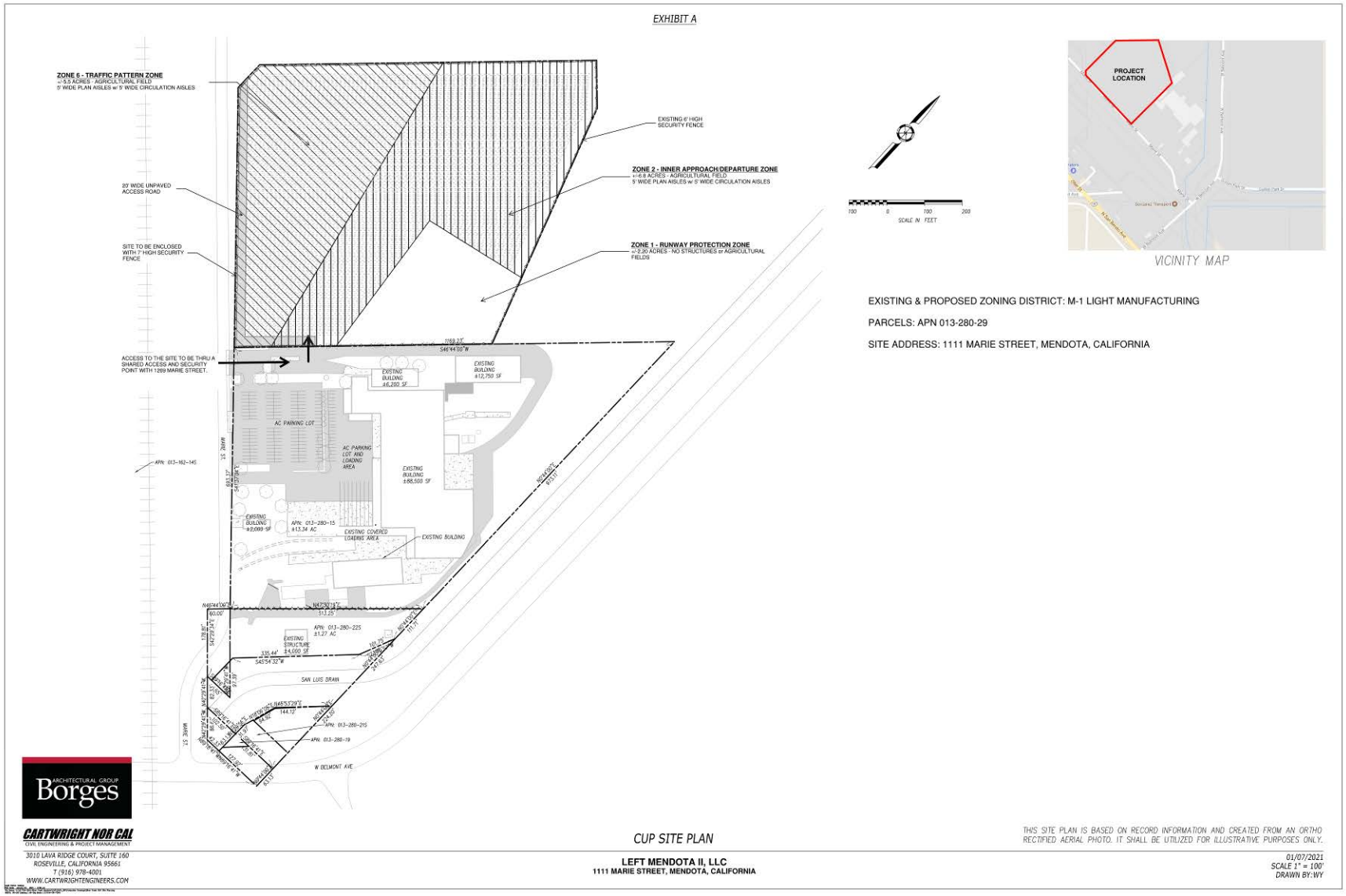
EXHIBIT A
ZONE 5 - TRAFFIC PATTERN ZONE
+/- 5.5 ACRES - AGRICULTURAL FIELD
5' WIDE PLAN AISLES w/ 5' WIDE CIRCULATION AISLES
EXISTING 6' HIGH SECURITY FENCE
ZONE 2 - INNER APPROACH/DEPARTURE ZONE
+/-6.8 ACRES - AGRICULTURAL FIELD
5' WIDE PLAN AISLES w/ 5' WIDE CIRCULATION AISLES
30' WIDE UNPAVED ACCESS ROAD
SITE TO BE ENCLOSED WITH 7' HIGH SECURITY FENCE
ZONE 1 - RUNWAY PROTECTION ZONE
+/-2.20 ACRES - NO STRUCTURES or AGRICULTURAL FIELDS
ACCESS TO THE SITE TO BE THRU A SHARED ACCESS AND SECURITY POINT WITH 1209 MARIE STREET.
EXISTING BUILDING ±6,200 SF
EXISTING BUILDING ±12,750 SF
AC PARKING LOT
AC PARKING LOT AND LOADING AREA
EXISTING BUILDING ±88,500 SF
APN: 013-162-145
EXISTING BUILDING ±2,099 SF
APN: 013-280-15 ±13.34 AC
EXISTING COVERED LOADING AREA
EXISTING BUILDING
APN: 013-280-225 ±1.27 AC
EXISTING STRUCTURE ±4,000 SF
SAN LUIS DRAIN
APN: 013-280-215
APN: 013-280-19
W DELMONT AVE
MARIE ST
100 0 100 200
SCALE IN FEET
PROJECT LOCATION
VICINITY MAP
EXISTING & PROPOSED ZONING DISTRICT: M-1 LIGHT MANUFACTURING
PARCELS: APN 013-280-29
SITE ADDRESS: 1111 MARIE STREET, MENDOTA, CALIFORNIA
Borges ARCHITECTURAL GROUP
CARTWRIGHT NOR CAL
CIVIL ENGINEERING & PROJECT MANAGEMENT
3010 LAVA RIDGE COURT, SUITE 160
ROSEVILLE, CALIFORNIA 95661
T (916) 978-4001
WWW.CARTWRIGHTENGINEERS.COM
CUP SITE PLAN
LEFT MENDOTA II, LLC
1111 MARIE STREET, MENDOTA, CALIFORNIA
THIS SITE PLAN IS BASED ON RECORD INFORMATION AND CREATED FROM AN ORTHO RECTIFIED AERIAL PHOTO. IT SHALL BE UTILIZED FOR ILLUSTRATIVE PURPOSES ONLY.
01/07/2021
SCALE 1" = 100'
DRAWN BY:WY

AGENDA

City of Mendota

Application No. 21-01 – Left Mendota II Commercial Cannabis Project

Final Initial Study / Mitigated Negative Declaration

October 2021

City of Mendota
643 Quince Street
Mendota, CA 93640

Table of Contents

List of Figures

List of Tables

Acronyms and Abbreviations

AB ..... Assembly Bill
AFY ..... acre-feet/year
ALUCP ..... Airport Land Use Compatibility Plan
BPS ..... Best Performance Standards
CAL FIRE ..... California Department of Forestry and Fire Protection
CalEEMod ..... California Emissions Estimator Model (software)
CAP ..... Climate Action Plan
CCAP ..... Climate Change Action Plan
CDFW ..... California Department of Fish and Wildlife
City ..... City of Mendota
County ..... County of Fresno
CUP ..... Conditional use permit
CVRWQCB ..... Central Valley Regional Water Quality Control Board
DA ..... Development agreement
DOGGR ..... Division of Oil, Gas and Geothermal Resources
DTSC ..... Department of Toxic Substances Control
EIR ..... Environmental Impact Report
EPA ..... Environmental Protection Agency
FEMA ..... Federal Emergency Management Agency
GHG ..... Greenhouse gas
GSP ..... Groundwater Sustainability Plan
HUC ..... Hydrologic Unit Code
IS ..... Initial Study
IS/MND ..... Initial Study/Mitigated Negative Declaration
km ..... kilometers
M-1 ..... Light Industrial
mgd ..... million gallons per day
MMRP ..... Mitigation Monitoring and Reporting Program
MND ..... Mitigated Negative Declaration
MRZ ..... Mineral Resource Zone
NAAQS ..... National Ambient Air Quality Standards
ND ..... Negative Declaration
NEPA ..... National Environmental Policy Act

NO_X	nitrogen oxides
O_3	ozone
Pb	lead
PG&E	Pacific Gas and Electric Company
PM_{10}	particulate matter 10 microns in size
$PM_{2.5}$	particulate matter 2.5 microns in size
ppb	parts per billion
ppm	parts per million
Reclamation	U.S. Bureau of Reclamation
SB	Senate Bill
SJVAB	San Joaquin Valley Air Basin
SJVAPCD	San Joaquin Valley Air Pollution Control District
SMARA	Surface Mining and Reclamation Act
SO_2	sulfur dioxide
SR	State Route
SWRCB	State Water Resources Control Board
TAC	Toxic Air Contaminants
TPY	Tons Per Year
USFWS	U.S. Fish and Wildlife Service
$\mu g/m^3$	micrograms per cubic meter

Chapter 1 Introduction

The City of Mendota (City) has prepared this Initial Study/Mitigated Negative Declaration (IS/MND) to address the environmental effects of the Application No. 21-01, the Left Mendota II Commercial Cannabis Project (Project). This document has been prepared in accordance with the California Environmental Quality Act (CEQA; Public Resources Code Section 21000, *et seq.*) and the State CEQA Guidelines (CEQA Guidelines; California Code of Regulations Title 14, Chapter 3, Section 15000, *et seq.*). The City is the CEQA lead agency for this Project.

The site and the proposed Project are described in detail in the **Chapter 2 Project Description**.

1.1 Regulatory Information

An Initial Study (IS) is a document prepared by a lead agency to determine whether a project may have a significant effect on the environment. In accordance with CEQA Guidelines Section 15064(a)(1), an environmental impact report (EIR) must be prepared if there is substantial evidence in light of the whole record that the proposed Project under review may have a significant effect on the environment and should be further analyzed to determine mitigation measures or project alternatives that might avoid or reduce project impacts to less than significant levels. A negative declaration (ND) may be prepared instead if the lead agency finds that there is ***no*** substantial evidence in light of the whole record that the project may have a significant effect on the environment. An ND is a written statement describing the reasons why a proposed Project, not otherwise exempt from CEQA, would not have a significant effect on the environment and, therefore, why it would not require the preparation of an EIR (CEQA Guidelines Section 15371). According to CEQA Guidelines Section 15070, a ND or *mitigated* ND shall be prepared for a project subject to CEQA when either:

a. The IS shows there is no substantial evidence, in light of the whole record before the agency, that the proposed Project may have a significant effect on the environment, or

b. The IS identified potentially significant effects, but:

    1. Revisions in the project plans or proposals made by or agreed to by the applicant before the proposed MND and IS is released for public review would avoid the effects or mitigate the effects to a point where clearly no significant effects would occur is prepared, and

    2. There is no substantial evidence, in light of the whole record before the agency, that the proposed Project *as revised* may have a significant effect on the environment.

1.2 Document Format

This IS/MND contains four chapters. **Chapter 1 Introduction**, provides an overview of the proposed Project and the CEQA process. **Chapter 2 Project Description**, provides a detailed description of proposed Project components and objectives. **Chapter 3 Impact Analysis**, presents the CEQA checklist and environmental analysis for all impact areas, mandatory findings of significance, and feasible mitigation measures. If the proposed Project does not have the potential to significantly impact a given issue area, the relevant section provides a brief discussion of the reasons why no impacts are expected. If the proposed Project could have a potentially significant impact on a resource, the issue area discussion provides a description of potential impacts, and appropriate mitigation measures and/or permit requirements that would reduce those impacts to a less than significant level. **Chapter 3** concludes with the Lead Agency's determination based upon this initial evaluation. **Chapter 4 Mitigation Monitoring and Reporting Program** (MMRP), provides the proposed mitigation measures, implementation timelines, and the entity/agency responsible for ensuring implementation.

Chapter 2 Project Description

2.1 Project Background and Objectives

2.1.1 Project Title

Application No. 21-01 – Left Mendota II Commercial Cannabis Project

2.1.2 Lead Agency Name and Address

City of Mendota
643 Quince Street
Mendota, CA 93640

2.1.3 Contact Person and Phone Number

Lead Agency Contact

Jeffrey O'Neal, AICP
City Planner
559.655.3291

Project Applicant

Left Mendota II, LLC
Chris Lefkovitz, Managing Partner
866.500.3838

2.1.4 Project Location

The Project is located in southeastern Mendota, approximately 162 miles southeast of Sacramento and 137.1 miles northwest of Bakersfield (see **Figure 2-1**). The Project site consists primarily of Fresno County Assessor's Parcel Number 013-280-29 (see **Figure 2-2**); abutting parcels are also affected in a limited fashion as described below. State Route 180/Oller Street runs northwest to southeast and is approximately 850 feet southwest of the Project site. State Route 33/Derrick Avenue runs north-south and is approximately 4,000 feet west of the Project site. The Project site is situated in Section 31, Township 13 South, Range 15 East, Mount Diablo Base & Meridian.

2.1.5 Latitude and Longitude

The approximate centroid of the Project area is 36° 45' 10.39" North, 120° 22' 17.91" West.

2.1.6 General Plan Designation

The Project site is designated Light Industrial.

2.1.7 Zoning

The Project site is zoned M-1/CO, Light Manufacturing with Commercial Cannabis Overlay District.

2.1.8 Description of Project

2.1.8.1 Project Background and Purpose

Since 2017, the City has adopted two cannabis control ordinances and processed various amendments to those ordinances in order to attract and accommodate commercial cannabis activities, which it views as a mechanism to increase employment and provide direct revenue to the City via cannabis regulatory fees. In 2018, the City of Mendota Planning Commission and City Council took actions, respectively, to approve a conditional use permit (CUP) and a development agreement (DA) authorizing the then-applicant to renovate and convert existing structures and facilities at 1269 Marie Street (APNs 013-162-14S and 013-280-15, 19, 21S, and 22S) for commercial cannabis activities, including indoor cultivation, processing, distribution/delivery, and other uses allowed under the Medicinal and Adult Use Cannabis Regulatory and Safety Act and the City's ordinances. In December 2020 and January 2021, the CUP and DA were amended at the request of the current applicant to authorize the construction of approximately 2.0 acres of mixed-light greenhouses on APN 013-280-15.

2.1.8.2 Project Description

Application No. 21-01 proposes to expand the existing commercial cannabis use at 1269 Marie Street via the entitlement of approximately 15 acres (1111 Marie Street; APN 013-280-29) to allow outdoor cannabis cultivation. Cannabis plants would be planted above ground in five- to seven-gallon plastic pots oriented in rows spaced at five-foot intervals. Drip irrigation lines would also be above ground. The Project site is located immediately to the northwest of the existing operation; harvested product from the Project would be processed at the existing indoor facility next door. The Project would connect to the City's municipal water system and is expected to use approximately 9 million gallons or 27 acre-feet of water per year. The site will be graded such that all irrigation water will remain onsite and irrigation timing and duration will be closely monitored to prevent ponding or wastage. Since the irrigation season is opposite of the region's precipitation season and there will not be any impervious surface, there is not anticipated to be any runoff into the City's storm drainage system. The Project does not propose any onsite buildings, including restrooms, so it is not anticipated that any wastewater will be generated and, accordingly, there would be no connection to the City's wastewater system.

Access to the site would be via existing circulation areas on APN 013-280-15; i.e., the Project site would not have direct access to Marie Street. Onsite circulation would consist of a 20-foot-wide, all-weather surface at the site perimeter. The Project site would be enclosed by a six- to eight-foot-high chain link fence with privacy slats or similar obscuring material(s). The fence would be topped with three-strand barbed wire and/or razor wire. As a secondary barrier, electrified fencing with remote monitoring may be installed. Security lighting hooded and oriented toward the center of the property, along with video equipment monitored offsite, would be installed on the top of the fencing.

As currently proposed, an approximately 2.20-acre area at the southeastern corner of the Project site would remain vacant. That area lies within the Runway Protection Zone of the William Robert Johnston Municipal Airport as identified in the 2018 Fresno County Airport Land Use Compatibility Plan. See **Section 3.10**, Hazards and Hazardous Materials for further discussion. This document accounts for the possibility of future use of the 2.20-acre area should regulations change or the land otherwise be permitted to develop. The application includes amendments to the previously-approved CUP and DA to incorporate the proposed activities.

2.1.8.3 Operation and Maintenance

The Project site would be fully operational 24 hours a day, seven days a week, although only security would be present outside of normal business hours (approximately 9:00 am to 6:00 pm). The facility will be closed to the public, so persons entering and exiting the facility will be employees. The primary duties performed by the employees will be to plant, maintain, and harvest the crops. The equipment used for cultivation of the crops is not currently known, although the applicant expects operations to be conducted by hand. The applicant expects

to hire approximately 15 local residents to operate and maintain the facility. This will provide economic benefits to the City and its residents. Throughout its operation, the Project would be subject to the requirements set by the Department of Cannabis Control for licensing, regulation, and enforcement of commercial cultivation activities, as defined in the Medicinal and Adult Use Cannabis Regulation and Safety Act.

2.1.9 Site and Surrounding Land Uses and Setting

William Robert Johnston Municipal Airport abuts the site to the northeast. To the immediate northwest and southeast are industrial developments. The Southern Pacific Railroad is across and parallel to Marie Street to the southwest. Various residential uses are located across the rail corridor and to the northwest of the abutting industrial uses.

See **Figure 2-5** and **Figure 2-6** for the zoning and general plan designations, respectively.

2.1.10 Other Public Agencies Whose Approval May Be Required

The Project may require the following discretionary actions and approvals by regional and/or State agencies:

- Department of Cannabis Control (DCC)
- State Water Resources Control Board (SWRCB)
- Central Valley Regional Water Quality Control Board (CVRWQCB)
- Department of Fish and Wildlife (CDFW)
- Fresno County Department of Environmental Health
- San Joaquin Valley Air Pollution Control District (SJVAPCD)
- Central Valley Flood Protection Board

2.1.11 Consultation with California Native American Tribes

Public Resources Code Section 21080.3.1, *et seq*. (codification of AB 52, 2013-14) requires that a lead agency, within 14 days of determining that it will deeming a project application complete, must notify in writing any California Native American Tribe traditionally and culturally affiliated with the geographic area of the project if that Tribe has previously requested notification about projects in that geographic area. The notice must briefly describe the project and inquire whether the Tribe wishes to initiate request formal consultation. Tribes have 30 days from receipt of notification to request formal consultation. The lead agency then has 30 days to initiate the consultation, which then continues until the parties come to an agreement regarding necessary mitigation or agree that no mitigation is needed, or one or both parties determine that negotiation occurred in good faith, but no agreement will be made.

The City has received written correspondence from the Santa Rosa Rancheria Tachi Yokut Tribe pursuant to Public Resources Code Section 21080.3.1 requesting notification of proposed projects. The City notified the Tribe about the Project on March 24, 2021. The results of the correspondence are detailed in **Section 3.19**, Tribal Cultural Resources.

Figure 2-1. Regional Vicinity Map

Figure 2-2. Area of Potential Effect Map

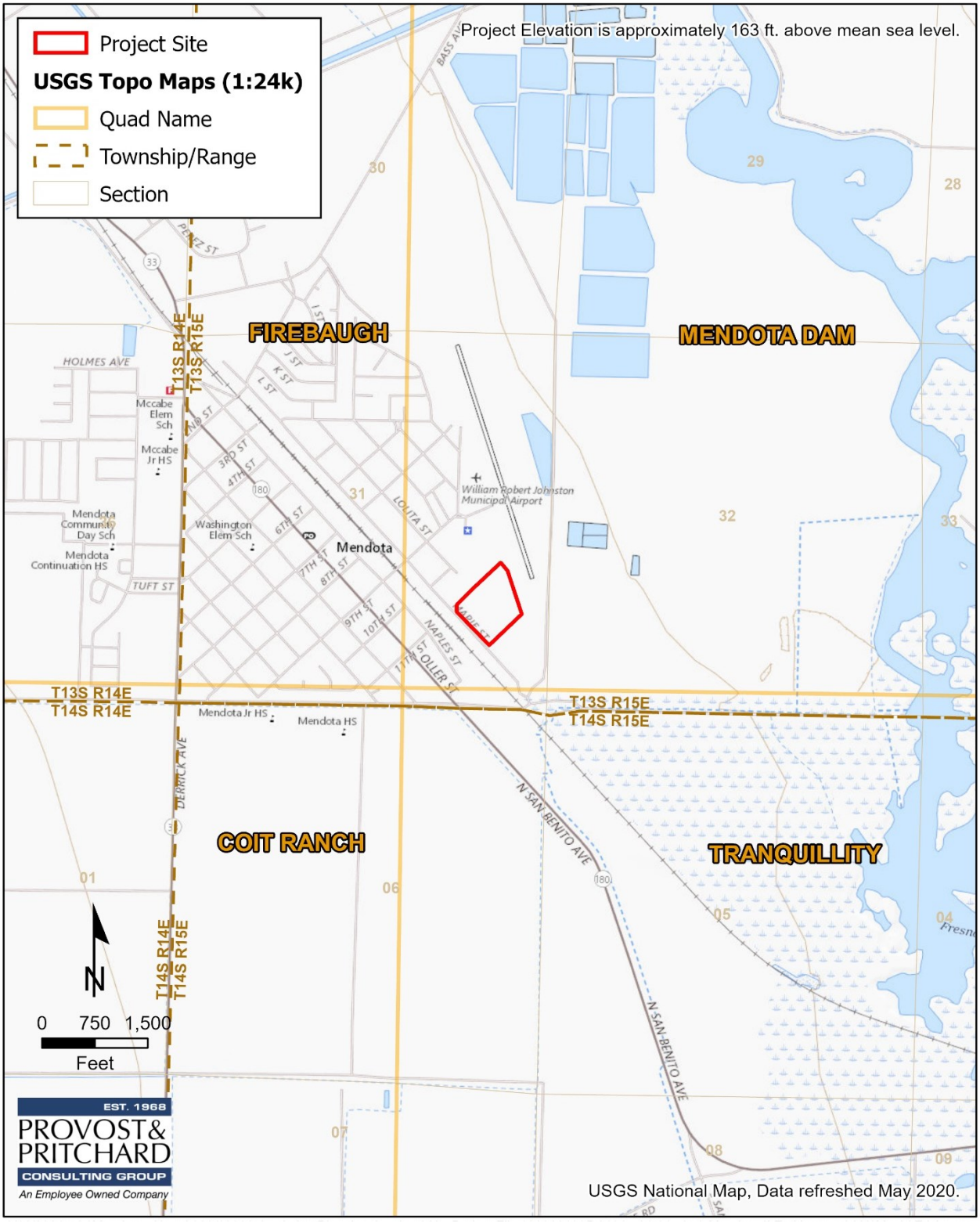

Figure 2-3. Topographic Quadrangle Map

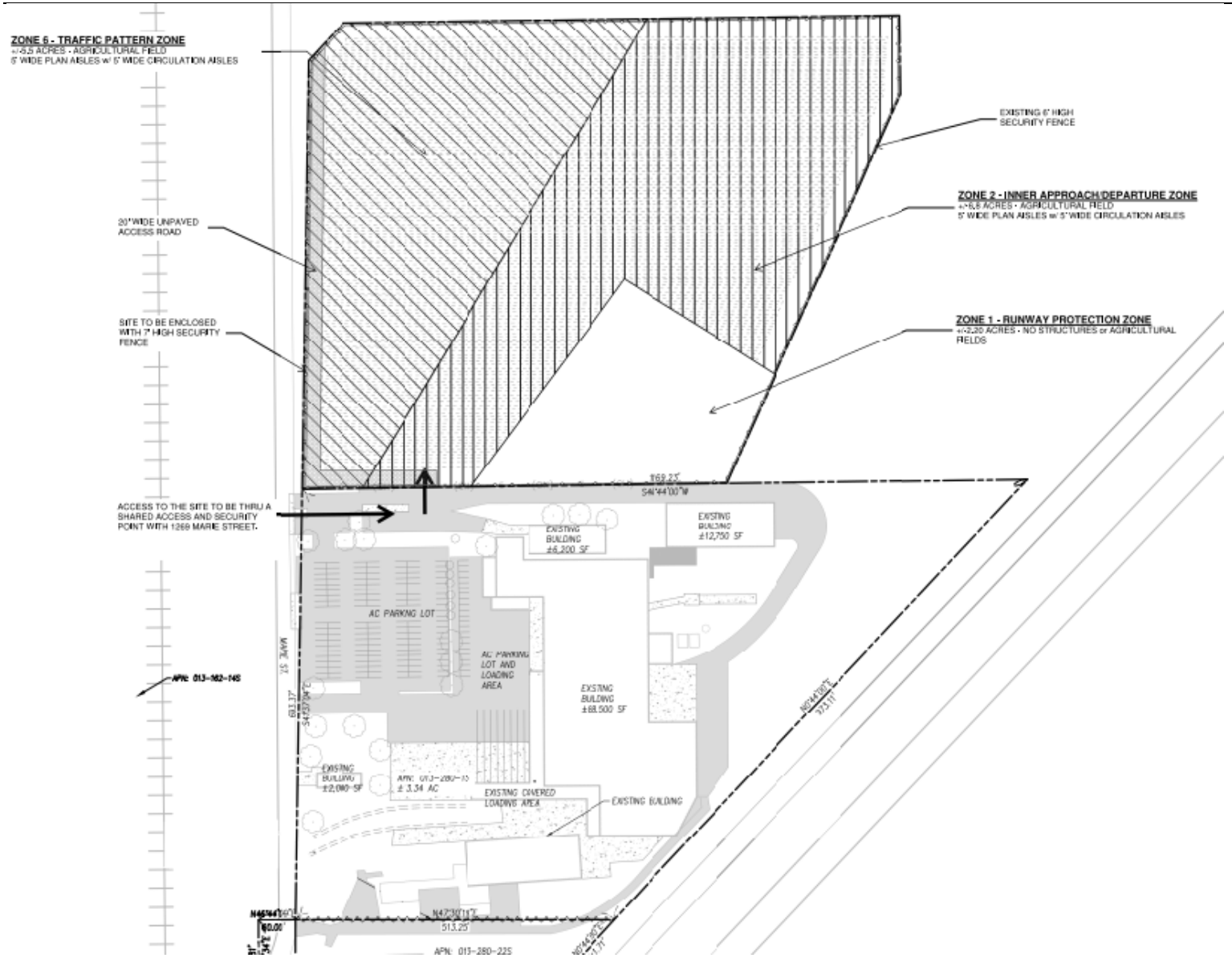

Figure 2-4. Site Plan

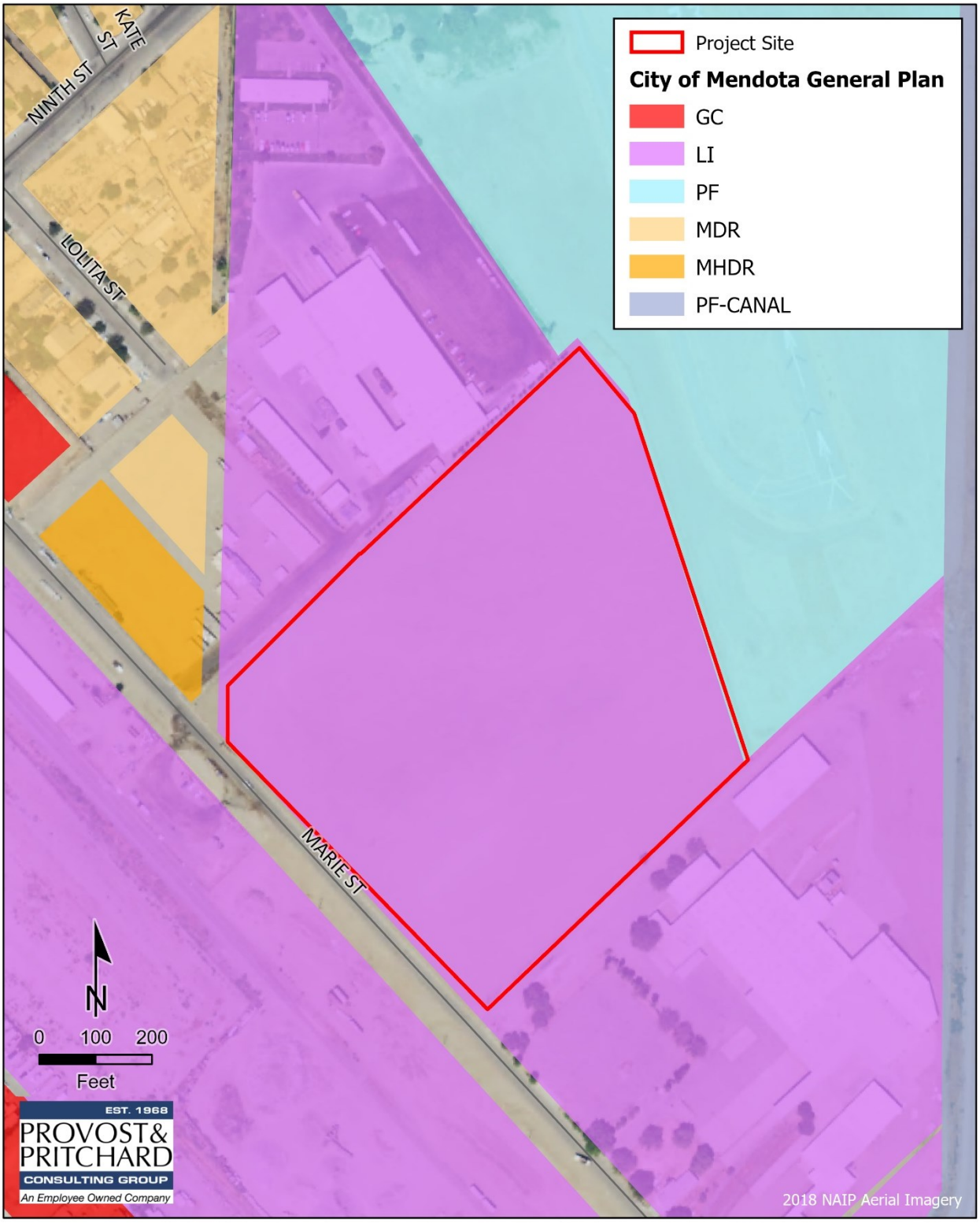

Figure 2-5. General Plan Land Use Designation Map

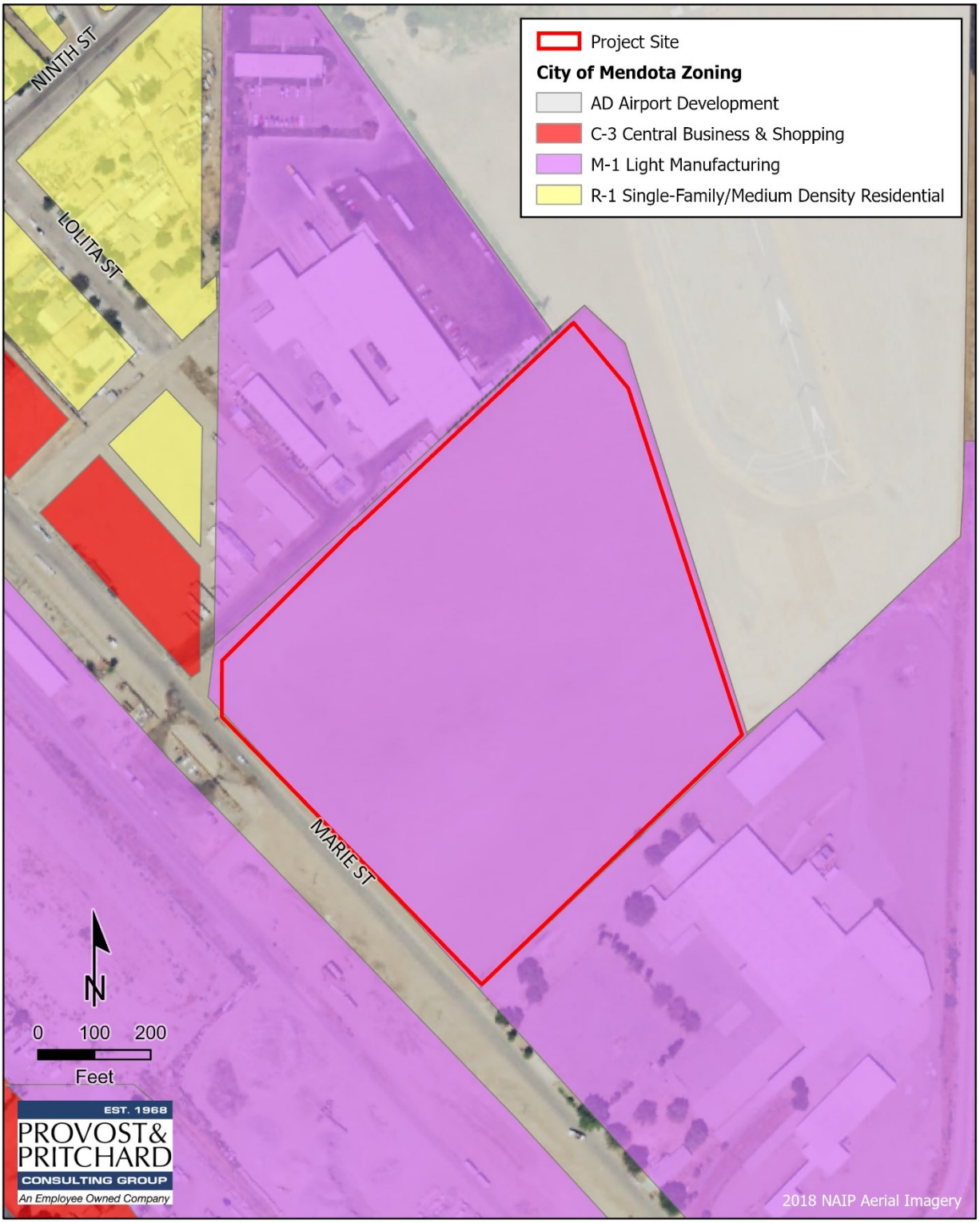

Figure 2-6. Zone District Map

Chapter 3 Impact Analysis

3.1 Environmental Factors Potentially Affected

As indicated by the discussions of existing and baseline conditions, and impact analyses that follow in this Chapter, environmental factors not checked below would have no impacts or less than significant impacts resulting from the project. Environmental factors that are. checked below would have potentially significant impacts resulting from the project. Mitigation measures are recommended for each of the potentially significant impacts that would reduce the impact to less than significant.

☐ Aesthetics	☐ Agriculture & Forestry Resources	☐ Air Quality
☐ Biological Resources	☐ Cultural Resources	☐ Energy
☐ Geology/Soils	☐ Greenhouse Gas Emissions	☐ Hazards & Hazardous Materials
☒ Hydrology/Water Quality	☐ Land Use/Planning	☐ Mineral Resources
☐ Noise	☐ Population/Housing	☐ Public Services
☐ Recreation	☐ Transportation	☒ Tribal Cultural Resources
☐ Utilities/Service Systems	☐ Wildfire	☒ Mandatory Findings of Significance

The analyses of environmental impacts here in **Chapter 3 Impact Analysis** are separated into the following categories:

Potentially Significant Impact. This category is applicable if there is substantial evidence that an effect may be significant, and no feasible mitigation measures can be identified to reduce impacts to a less than significant level. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.

Less than Significant with Mitigation Incorporated. This category applies where the incorporation of mitigation measures would reduce an effect from a "Potentially Significant Impact" to a "Less than Significant Impact." The lead agency must describe the mitigation measure(s), and briefly explain how they would reduce the effect to a less than significant level (mitigation measures from earlier analyses may be cross-referenced).

Less than Significant Impact. This category is identified when the proposed Project would result in impacts below the threshold of significance, and no mitigation measures are required.

No Impact. This category applies when a project would not create an impact in the specific environmental issue area. "No Impact" answers do not require a detailed explanation if they are adequately supported by the information sources cited by the lead agency, which show that the impact does not apply to the specific project (e.g., the project falls outside a fault rupture zone). A "No Impact" answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis)

3.2 Aesthetics

Table 3-1. Aesthetics Impacts

Aesthetics Impacts				
Except as provided in Public Resources Code Section 21099, would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Have a substantial adverse effect on a scenic vista?	☐	☐	☐	☒
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	☐	☐	☐	☒
c) In non-urbanized areas, substantially degrade the existing visual character or quality of public views of the site and its surroundings? (Public views are those that are experienced from publicly accessible vantage point). If the project is in an urbanized area, would the project conflict with applicable zoning and other regulations governing scenic quality?	☐	☐	☐	☒
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	☐	☐	☒	☐

3.2.1 Environmental Setting and Baseline Conditions

The Project site is a vacant lot. To the northeast is the William Robert Johnston Municipal Airport, and industrial developments to the immediate northwest and southeast. To the southwest, across the Southern Pacific Railroad, are various residential land uses.

Concerning regulatory compliance, the Project is subject to Department of Cannabis Control (DCC) regulation that address potential impacts on aesthetic resources under California Code of Regulations Sections 16304(c) and 16304(g) which generally require shielded and downward facing lighting. Compliance with these regulations would help reduce potential impacts to aesthetic resources.

3.2.2 Impact Assessment

a) Would the project have a substantial adverse effect on a scenic vista?

No Impact. The Project would place a six- to eight-foot-tall chain link fence with privacy medium at the property line adjacent to Marie Street. Potted plants, approximately 7 feet in height, would be placed behind the fence.

b) Would the project substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?

No Impact. The Scenic Highway Program was created to preserve and protect scenic highway corridors from change which would diminish the aesthetic value of lands adjacent to highways. A highway may be officially designated "scenic" depending upon how much of the natural landscape can be seen by travelers, the scenic quality of the landscape, and the extent to which development intrudes upon the traveler's enjoyment of the view. As the closest segment of state scenic highway is located approximately 38 miles to the east of the Project, there would be no impact.

c) In non-urbanized areas, would the project substantially degrade the existing visual character or quality of public views of the site and its surroundings? (Public view are those that are experienced from publicly accessible vantage point). If the project is in an urbanized area, would the project conflict with applicable zoning and other regulations governing scenic quality?

No Impact. The City of Mendota is mostly flat and level with no significant hills or topographical features. The Coast Ranges are occasionally visible to the west and the Sierra Nevada Mountains can be seen to the east on clear days. According to the City of Mendota General Plan Update,[1] the City currently has no designated scenic corridors, protected vistas, or policies regulating development in scenic areas.

d) Would the project create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?

Less than Significant Impact. Security lighting would be installed on the Project site; however, these lights are required to be hooded to prevent glare onto adjacent properties. Impacts would be less than significant.

[1] City of Mendota General Plan Update 2005-2025.

3.3 Agriculture and Forestry Resources

Table 3-2. Agriculture and Forest Impacts

Agriculture and Forest Impacts				
Would the project:	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less than Significant Impact	No Impact
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	☐	☐	☐	☒
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	☐	☐	☐	☒
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?	☐	☐	☐	☒
d) Result in the loss of forest land or conversion of forest land to non-forest use?	☐	☐	☐	☒
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?	☐	☐	☐	☒

3.3.1 Environmental Setting and Baseline Conditions

The Project site consists of vacant industrial land surrounded by industrial and other urban land uses. The Project site is designated Urban and Built-Up Land by the Farmland Mapping and Monitoring Program.

3.3.2 Impact Assessment

a) Would the project convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?

No Impact. Pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, the subject property is not considered Prime Farmland, Unique Farmland, or Farmland of Statewide Importance, therefore the project would not convert said Farmland to non-agricultural use.

b) Would the project conflict with existing zoning for agricultural use, or a Williamson Act contract?

No Impact. The subject property is zoned M-1 (Light Manufacturing) in the City of Mendota's Zoning Ordinance. According to the M-1 zone district in the City of Mendota Zoning Ordinance, agricultural uses are a permitted use. There would be no conflict with a Williamson Act contract because the Project site is not subject to such a contract.

c) Would the project conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?

d) Would the project result in the loss of forest land or conversion of forest land to non-forest use?

c) and d) No Impact. The Project is not within the vicinity of a forest as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g)). Therefore, the Project will not conflict with existing zoning for, or cause rezoning of, forest land nor will it result in the loss of forest land or conversion of forest land to non-forest use.

e) Would the project involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?

No Impact. The Project is located in an urbanized area on a vacant lot surrounded by industrial and residential development. The Project proposes to create an urban agricultural land use, where no agricultural land use recently existed. There will be no impact.

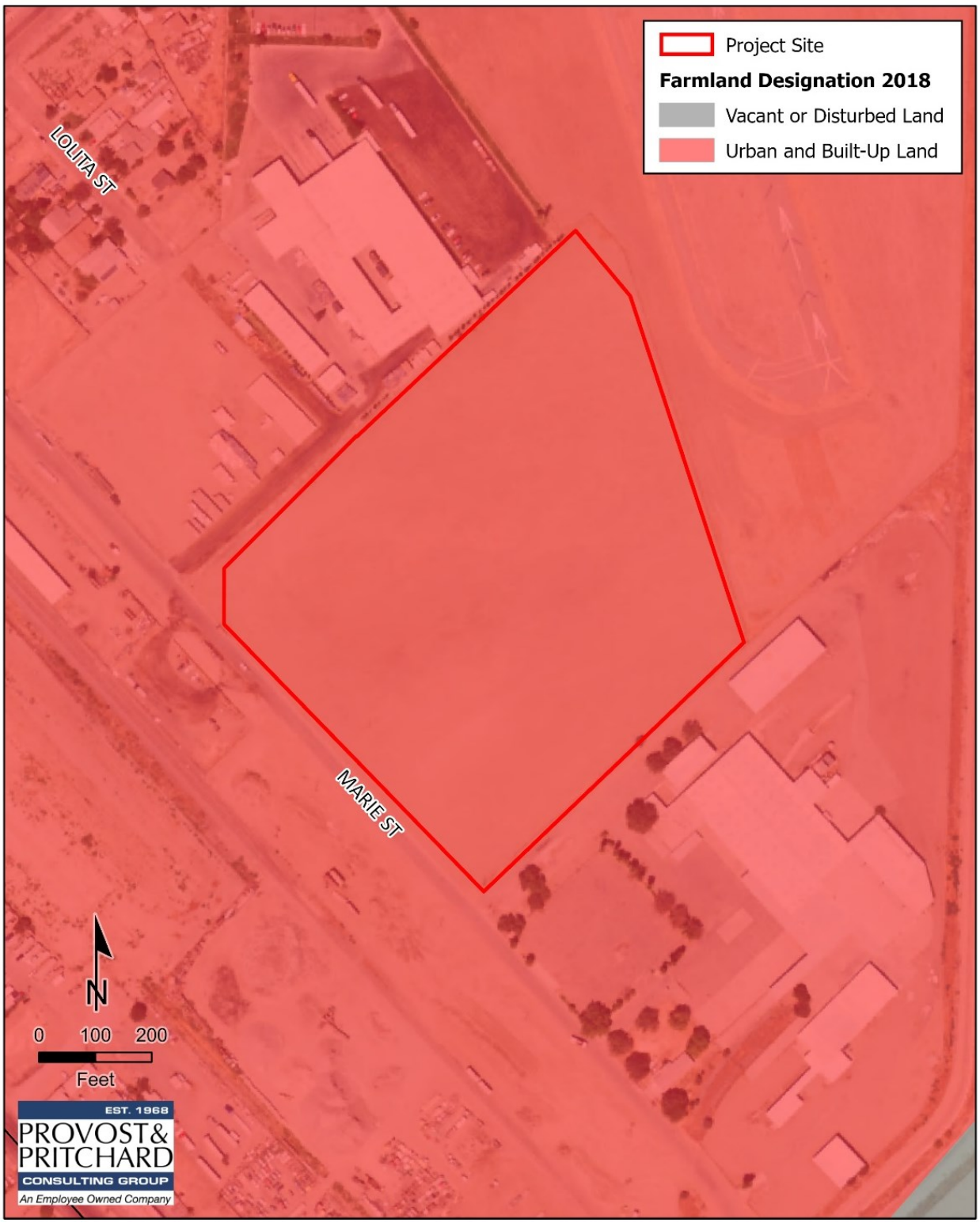

Figure 3-1. Farmland Designation Map

3.4 Air Quality

Table 3-3. Air Quality Impacts

Air Quality Impacts					
Where available, the significance criteria established by the applicable air quality management district or air pollution control district may be relied upon to make the following determinations. Would the project:		Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a)	Conflict with or obstruct implementation of the applicable air quality plan?	☐	☐	☒	☐
b)	Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard?	☐	☐	☒	☐
c)	Expose sensitive receptors to substantial pollutant concentrations?	☐	☐	☒	☐
d)	Result in other emissions (such as those leading to odors) adversely affecting a substantial number of people?	☐	☐	☒	☐

3.4.1 Environmental Setting and Baseline Conditions

3.4.1.1 Regulatory Attainment Designations

Under the CCAA, the CARB is required to designate areas of the State as attainment, nonattainment, or unclassified with respect to applicable standards. An "attainment" designation for an area signifies that pollutant concentrations did not violate the applicable standard in that area. A "nonattainment" designation indicates that a pollutant concentration violated the applicable standard at least once, excluding those occasions when a violation was caused by an exceptional event, as defined in the criteria. Depending on the frequency and severity of pollutants exceeding applicable standards, the nonattainment designation can be further classified as serious nonattainment, severe nonattainment, or extreme nonattainment, with extreme nonattainment being the most severe of the classifications. An "unclassified" designation signifies that the data does not support either an attainment or nonattainment designation. The CCAA divides districts into moderate, serious, and severe air pollution categories, with increasingly stringent control requirements mandated for each category.

The EPA designates areas for ozone, CO, and NO_2 as "does not meet the primary standards," "cannot be classified," or "better than national standards." For SO_2, areas are designated as "does not meet the primary standards," "does not meet the secondary standards," "cannot be classified," or "better than national standards." However, the CARB terminology of attainment, nonattainment, and unclassified is more frequently used. The EPA uses the same sub-categories for nonattainment status: serious, severe, and extreme. In 1991, EPA assigned new nonattainment designations to areas that had previously been classified as Group I, II, or III for PM_{10} based on the likelihood that they would violate national PM_{10} standards. All other areas are designated "unclassified."

The State and national attainment status designations pertaining to the SJVAB are summarized in **Table 3-4** The SJVAB is currently designated as a nonattainment area with respect to the State PM_{10} standard, ozone, and $PM_{2.5}$ standards. The SJVAB is designated nonattainment for the NAAQS 8-hour ozone and $PM_{2.5}$ standards. On September 25, 2008, the EPA re-designated the San Joaquin Valley to attainment status for the PM_{10} NAAQS and approved the PM_{10} Maintenance Plan.

Table 3-4. Summary of Ambient Air Quality Standards and Attainment Designation

Pollutant	Averaging Time	California Standards*		National Standards*	
		Concentration*	Attainment Status	Primary	Attainment Status
Ozone (O_3)	1-hour	0.09 ppm	Nonattainment/ Severe	–	No Federal Standard
	8-hour	0.070 ppm	Nonattainment	0.075 ppm	Nonattainment (Extreme)**
Particulate Matter (PM_{10})	AAM	20 µg/m^3	Nonattainment	–	Attainment
	24-hour	50 µg/m^3		150 µg/m^3	
Fine Particulate Matter ($PM_{2.5}$)	AAM	12 µg/m^3	Nonattainment	12 µg/m^3	Nonattainment
	24-hour	No Standard		35 µg/m^3	
Carbon Monoxide (CO)	1-hour	20 ppm	Attainment/ Unclassified	35 ppm	Attainment/ Unclassified
	8-hour	9 ppm		9 ppm	
	8-hour (Lake Tahoe)	6 ppm		–	
Nitrogen Dioxide (NO_2)	AAM	0.030 ppm	Attainment	53 ppb	Attainment/ Unclassified
	1-hour	0.18 ppm		100 ppb	
Sulfur Dioxide (SO_2)	AAM	–	Attainment	--	Attainment/ Unclassified
	24-hour	0.04 ppm		--	
	3-hour	–		0.5 ppm	
	1-hour	0.25 ppm		75 ppb	
Lead (Pb)	30-day Average	1.5 µg/m^3	Attainment	–	No Designation/ Classification
	Calendar Quarter	–		--	
	Rolling 3-Month Average	–		0.15 µg/m^3	
Sulfates (SO_4)	24-hour	25 µg/m^3	Attainment	No Federal Standards	
Hydrogen Sulfide (H_2S)	1-hour	0.03 ppm (42 µg/m^3)	Unclassified		
Vinyl Chloride (C_2H_3Cl)	24-hour	0.01 ppm (26 µg/m^3)	Attainment		
Visibility-Reducing Particle Matter	8-hour	Extinction coefficient: 0.23/km-visibility of 10 miles or more due to particles when the relative humidity is less than 70%.	Unclassified		

** For more information on standards visit: https://ww3.arb.ca.gov/research/aaqs/aaqs2.pdf*
*** No Federal 1-hour standard. Reclassified extreme nonattainment for the Federal 8-hour standard.*
****Secondary Standard*
Source: CARB 2015; SJVAPCD 2015

3.4.2 Impact Assessment

3.4.2.1 Thresholds of Significance

To assist local jurisdictions in the evaluation of air quality impacts, the SJVAPCD has published the *Guide for Assessing and Mitigating Air Quality Impacts*. This guidance document includes recommended thresholds of significance to be used for the evaluation of short-term construction, long-term operational, odor, toxic air contaminant, and cumulative air quality impacts. Accordingly, the SJVAPCD-recommended thresholds of significance are used to determine whether implementation of the proposed Project would result in a significant air quality impact. Projects that exceed these recommended thresholds would be considered to have a potentially significant impact to human health and welfare. The thresholds of significance are summarized, as follows:

Short-Term Emissions of Particulate Matter (PM_{10}): Construction impacts associated with the proposed Project would be considered significant if the feasible control measures for construction in compliance with Regulation VIII as listed in the SJVAPCD guidelines are not incorporated or implemented, or if project-generated emissions would exceed 15 tons per year (TPY).

Short-Term Emissions of Ozone Precursors (ROG and NO_X): Construction impacts associated with the proposed Project would be considered significant if the project generates emissions of Reactive Organic Gases (ROG) or NO_X that exceeds 10 TPY.

Long-Term Emissions of Particulate Matter (PM_{10}): Operational impacts associated with the proposed Project would be considered significant if the project generates emissions of PM_{10} that exceed 15 TPY.

Long-Term Emissions of Ozone Precursors (ROG and NO_X): Operational impacts associated with the proposed Project would be considered significant if the project generates emissions of ROG or NO_X that exceeds 10 TPY.

Conflict with or Obstruct Implementation of Applicable Air Quality Plan: Due to the region's nonattainment status for ozone, $PM_{2.5}$, and PM_{10}, if the project-generated emissions of either of the ozone precursor pollutants (i.e., ROG and NO_x) or PM_{10} would exceed the SJVAPCD's significance thresholds, then the project would be considered to conflict with the attainment plans. In addition, if the project would result in a change in land use and corresponding increases in vehicle miles traveled, the project may result in an increase in vehicle miles traveled that is unaccounted for in regional emissions inventories contained in regional air quality control plans.

Local Mobile-Source CO Concentrations: Local mobile source impacts associated with the proposed Project would be considered significant if the project contributes to CO concentrations at receptor locations in excess of the CAAQS (i.e., 9.0 ppm for 8 hours or 20 ppm for 1 hour).

Toxic Air Contaminants (TACs): Exposure to toxic air contaminants (TAC) would be considered significant if the probability of contracting cancer for the Maximally Exposed Individual (i.e., maximum individual risk) would exceed 10 in 1 million or would result in a Hazard Index greater than 1.

Odors: Odor impacts associated with the proposed Project would be considered significant if the project has the potential to frequently expose a substantial number of sensitive receptors to objectionable odors.

Concerning regulatory compliance, the Project is subject to DCC regulation that address potential impacts from air quality and greenhouse gas emissions under California Code of Regulations Sections 16102(s), 16304(e), 16305, and 16306, which generally require heating and cooling power identification, requirements for generators, adherence to renewable energy requirements, and generator requirements. Compliance with these regulations would help reduce potential project impacts to air quality.

a) Would the project conflict with or obstruct implementation of the applicable air quality plan?

Less than Significant Impact. Due to the region's nonattainment status for ozone, $PM_{2.5}$, and PM_{10}, if the project-generated emissions of either of the ozone precursor pollutants (i.e., ROG and NO_x) or PM_{10} would exceed the SJVAPCD's significance thresholds, then the project would be considered to conflict with the attainment plans. In addition, if the project would result in a change in land use and corresponding increases in vehicle miles traveled, the project may result in an increase in vehicle miles traveled that is unaccounted for in regional emissions inventories contained in regional air quality control plans. However, as the Project's operational impacts are not anticipated to exceed two (2) tons per year, as described below, impacts would be less than significant.

b) Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard?

Less than Significant Impact.

Short-Term Construction-Generated Emissions

Given the lack of substantial construction generated by the Project, construction-related air quality impacts are expected to be minute and therefore have not been analyzed.

Long-Term Operational Emissions

Operational emissions generated from Project operations would consist of electricity for water pumps and additional electricity and natural gas consumption for processing. The Project is expected to be cultivated by hand and would not require the use of machinery or equipment during cultivation operations. Impacts resulting from natural gas consumption are not likely to be substantial enough to exceed criteria pollutant thresholds. Operational emissions are estimated to be less than two (2) tons per year according to **Appendix A**. Impacts would be less than significant.

c) Would the project expose sensitive receptors to substantial pollutant concentrations?

Less than Significant Impact. Pollutants generated by the Project would consist of diesel particulate matter generated from heavy duty truck trips delivering finished products to and/or from the Project site. The amounts would not be significant given that the Project site is estimated to produce approximately 2,000 kilograms, or 2.2 tons, per acre per year. The Project would generate the equivalent of two (2) heavy duty truck trips annually. Impacts would be less than significant.

d) Would the project result in other emissions (such as those leading to odors) adversely affecting a substantial number of people?

Less than Significant Impact. The cultivation of cannabis is known to generate odorous and airborne constituents. CDFA acknowledges odor as a potential concern, although determination of what constitutes nuisance odor is highly subjective. CDFA cites in its 2017 *Medical Cannabis Cultivation Program Literature Review* findings from the Oregon judicial system that odor from cannabis is offensive to some people and enjoyable to others. Further, the perception of whether an odor is offensive is "linked to the intensity, duration, and frequency of the odor and the location at which the odor occurred."[2] In the instant case, it is anticipated that peak odor would coincide with harvesting, which amounts to an approximately two- to three-week period each year. Harvested crop would not be stored on the site but would immediately be moved indoors to the nearby manufacturing facility. Generation of odor at this facility would not be unlike similar situations involving viticulture/enology, brewing, or dairy/livestock activities that result in offsite odor that some may find offensive.

Further CDFA, BCC, and local agencies' examination of odor, whether in the context of cannabis or otherwise, is limited to "sensitive receptors;" (i.e., schools, churches, residences, apartments, hospitals, licensed daycare

[2] California Department of Food and Agriculture 2017 *Medical Cannabis Cultivation Program Literature Review,* citing a 2015 article from the *Los Angeles Time* discussing *State of Oregon v. Jared William Lang,* CM1320460; A154498, August 19, 2015

facilities, and elderly care facilities) and doesn't apply to commercial, industrial, or most other public or institutional uses. The issue was also examined pursuant to CEQA in the BCC's 2017 Initial Study/Negative Declaration for its Commercial Cannabis Business Licensing Program and CDFA's 2017 Final Environmental Impact Report for the CalCannabis Cultivation Licensing Program, with the same conclusions being reached. The San Joaquin Valley Air Pollution Control District (SJVAPCD) requires permits for certain cannabis-related activities, although it considers cultivation to be an agricultural activity that is exempt from its nuisance odor regulations (Rule 4102). SJVAPCD recommends that local agencies implement odor-reduction policies.

The proposed use is considered an agricultural use, and therefore is not subject to SJVAPCD Rule 4102, Nuisance. Furthermore, the City has not adopted a threshold of significance related to odors. The Project site is approximately 0.35 miles away from Mendota High School, 0.49 miles away from Washington Elementary School, and 0.58 miles away from Mendota Junior High School. The nearest residences are approximately 450 feet to the northwest and 600 feet to the southwest. However, prevailing winds in Mendota are from the northwest, indicating that, for most of the year, wind will carry any potential odors away from sensitive receptors. Although the project is not anticipated to result in adverse effects to a substantial number of people, the applicant has proposed to implement an escalating series of odor-mitigation actions that have had success at other similar facilities:

1. Cultivation of strains or varietals that are known and/or specifically hybridized to produce less odor.
2. Co-planting of fragrant herbs such as mint, lavender, rosemary, or other plants intended to mask the odor of cannabis.
3. Installation of chemical fog machines.

The listed actions would be completed voluntarily by the applicant, and are not designed to serve as mitigation as a result of any significant impact that the Project would result in. Although Action 1 would be implemented at the start of operation, subsequent actions would be implemented as needed based on observations of odor effects through successive harvests.

Related to odor are alleged potential health concerns for persons subjected to the odor. CDFA does not provide guidance on this subject other than to note that symptoms "have been reported to include headaches, eye and throat irritation, nausea, discomfort being outside (exercising, gardening, socializing), mental stress, and lack of desire to entertain due to strong odors,"[3] also noting that these symptoms can result from exposure to common pollen. According to CDFA, most onsite and offsite health issues correlated with cannabis cultivation are related to mold (indoor grows only) and illegal use of rodenticides, fungicides, herbicides, and insecticides,[4] along with substandard storage of pesticides, diesel, gasoline, and butane.[5] Importantly, these violations are related to *illegal* cannabis cultivation sites; the use of chemicals under CalCannabis is highly regulated.

Therefore, impacts due to odor would be less than significant.

[3] California Department of Food and Agriculture 2017 *Medical Cannabis Cultivation Program Literature Review,* citing a 2016 study by Denver Environmental Health.
[4] *Ibid,* citing violations recorded by the State Water Resources Control Board, the North Coast Regional Water Quality Control Board, and the Central Valley Regional Water Quality Control Board.
[5] *Ibid*, citing publications from the Department of Fish and Wildlife.

3.5 Biological Resources

Table 3-5. Biological Resources Impacts

Biological Resources Impacts				
Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	☐	☐	☒	☐
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	☐	☐	☐	☒
c) Have a substantial adverse effect on state or federally protected wetlands (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	☐	☐	☐	☒
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	☐	☐	☒	☐
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	☐	☐	☐	☒
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	☐	☐	☐	☒

3.5.1 Environmental Setting and Baseline Conditions

The Project site is located in The City of Mendota within Fresno County, within the lower San Joaquin Valley, part of the Great Valley of California. The Valley is bordered by the Sierra Nevada Mountain Ranges to the east, the Coast Ranges to the west, the Klamath Mountains and Cascade Range to the north, and the Transverse Ranges and Mojave Desert to the south.

Like most of California, the San Joaquin Valley experiences a Mediterranean climate. Warm, dry summers are followed by cool, moist winters. Summer temperatures often reach above 90 degrees Fahrenheit, and the humidity is generally low. Winter temperatures are often below 60 degrees Fahrenheit during the day and rarely exceed 70 degrees. On average, the Central Valley receives approximately 12 inches of precipitation in the form of rainfall yearly, most of which occurs between October and March.

The Project is located within the Mowry Lake-Fresno Slough watershed; Hydrologic Unit Code (HUC): 180300091003[6], approximately two miles south of the Mendota Pool at the confluence of the San Joaquin River and the Fresno Slough. and seven miles east of Panoche Creek. The San Joaquin River, Fresno Slough, and Mendota Pool have been levied and much of the surrounding land is now intensively cultivated for agricultural production. Historically, the Mendota area supported large areas of riparian wetlands and important waterfowl habitat. Due to alteration of the aquatic features in the vicinity and the conversion of natural habitat to agricultural lands, the riparian habitat is now limited to the margins of these waterways and to undisturbed areas within ecological reserves, managed wildlife areas, and national wildlife refuges.

There are several managed reserves and wildlife areas in the vicinity of Mendota, most of which are dedicated to the preservation of native habitat for waterfowl and special status species. The CDFW-managed Mendota Wildlife Area lies approximately 2.5 miles southeast of the Project and encompasses 11,825 acres of wetland and upland habitats including a portion of the Fresno Slough. The Alkali Sink Ecological Reserve and the Kerman Ecological Reserve are located east-southeast of the Project, at an approximate distance of 5.5 miles and 10 miles, respectively. Little Panoche Reservoir Wildlife Area and the Panoche Hills Ecological Reserve are located west of Interstate 5, approximately 20 miles west of the Project. The southern portion of the San Luis National Wildlife Refuge complex, which encompasses over 26,800 acres of wetlands, riparian forests, native grasslands, and vernal pools lies approximately 20 miles northwest of the Project.

The Project is subject to DCC regulations that address potential impacts on biological resources under California Code of Regulations Sections 16102(w), 16102(dd), 16216, 16304(a-c), and 16304(g), which generally include compliance with CDFW Lake and Streambed Alteration Agreement conditions, consideration for watersheds that could be adversely impacted by cannabis, avoiding impacted watersheds, compliance with section 13149 of the Water Code, compliance with conditions of CDFW and SWRCB, outdoor lighting limits, and shielded lighting. Compliance with these regulations would help reduce potential project impacts to biological resources to less than significant.

Table 3-6. List of Special Status Animals with Potential to Occur Onsite and/or in the Vicinity

Species	Status	Habitat
giant garter snake (*Thamnophis gigas*)	FT, CT	Occurs in marshes, sloughs, drainage canals, irrigation ditches, rice fields, and adjacent uplands. Prefers locations with emergent vegetation for cover and open areas for basking. This species uses small mammal burrows adjacent to aquatic habitats for hibernation in the winter and to escape from excessive heat in the summer.
western yellow-billed cuckoo (*Coccyzus americanus occidentalis*)	FT, CE	Suitable nesting habitat in California includes dense riparian willow-cottonwood and mesquite habitats along a perennial river. Once a common breeding species in riparian habitats of lowland California, this species currently breeds consistently in only two locations in the State: along the Sacramento and South Fork Kern Rivers.
burrowing owl (*Athene cunicularia*)	CSC	Resides in open, dry annual or perennial grasslands, deserts, and scrublands with low growing vegetation. Nests underground in existing burrows created by burrowing mammals, most often ground squirrels.
western pond turtle (*Emys marmorata*)	CSC	An aquatic turtle of ponds, marshes, slow-moving rivers, streams, and irrigation ditches with riparian vegetation. Requires adequate basking sites and sandy banks or grassy open fields to deposit eggs.
San Joaquin kit fox (*Vulpes macrotis mutica*)	FE, CT	Underground dens with multiple entrances in alkali sink, valley grassland, and woodland in valleys and adjacent foothills.
western mastiff bat (*Eumops perotis californicus*)	CSC	Found in open, arid to semi-arid habitats, including dry desert washes, flood plains, chaparral, oak woodland, open ponderosa pine forest, grassland, and agricultural areas, where it feeds on insects in

[6] (United States Environmental Protection Agency, n.d.) Accessed May 2021.

		flight. Roosts most commonly in crevices in cliff faces, but may also use high buildings and tunnels.
blunt-nosed leopard lizard (*Gambelia sila*)	FE, CE, CFP	Inhabits semi-arid grasslands, alkali flats, low foothills, canyon floors, large washes, and arroyos, usually on sandy, gravelly, or loamy substrate, sometimes on hardpan. Often found where there are abundant rodent burrows in dense vegetation or tall grass. Cannot survive on lands under cultivation. Known to bask on kangaroo rat mounds and often seeks shelter at the base of shrubs, in small mammal burrows, or in rock piles. Adults may excavate shallow burrows, but rely on deeper pre-existing rodent burrows for hibernation and reproduction.
longhorn fairy shrimp (*Branchinecta longiantenna*)	FE	Inhabits clear to turbid vernal pools or seasonally ponded areas.
western spadefoot (*Spea hammondii*)	CSC	Prefers open areas with sandy or gravelly soils, in a variety of habitats including mixed woodlands, grasslands, coastal sage scrub, chaparral, sandy washes, lowlands, river floodplains, alluvial fans, playas, alkali flats, foothills, and mountains. Vernal pools or temporary wetlands, lasting a minimum of three weeks, which do not contain bullfrogs, fish, or crayfish are necessary for breeding.

Table 3-7. List of Special Status Plants with Potential to Occur Onsite and/or in the Vicinity

Species	Status	Habitat
Sanford's arrowhead (*Sagittaria sanfordii*)	CNPS 1B	Found in the San Joaquin Valley and other parts of California in freshwater-marsh, primarily ponds and ditches, at elevations below 1000 feet. Blooms May – October.
Lost Hills crownscale (Atriplex coronata var. vallicola)	CNPS 1B	Found in the San Joaquin Valley in chenopod scrub, valley and foothill grassland, and vernal pools at elevations below 1400 feet. Typically found in dried ponds on alkaline soils. Blooms April – September.
recurved larkspur (*Delphinium recurvatum*)	CNPS 1B	Found in the San Joaquin Valley and other parts of California. Occurs in poorly drained, fine, alkaline soils in grassland at elevations between 100 feet and 1965 feet. Most often found in non-wetlands, but occasionally found in wetlands. Blooms March – June.

EXPLANATION OF STATUS CODES

STATUS CODES

FE	Federally Endangered
FT	Federally Threatened
FPE	Federally Endangered (Proposed)
FPT	Federally Threatened (Proposed)
FC	Federal Candidate
CE	California Endangered
CT	California Threatened
CCT	California Threatened (Candidate)
CFP	California Fully Protected
CSC	California Species of Special Concern
CWL	California Watch List
CCE	California Endangered (Candidate)
CR	California Rare

CNPS LISTING

1A	Plants Presumed Extinct in California
1B	Plants Rare, Threatened, or Endangered in California and elsewhere
2	Plants Rare, Threatened, or Endangered in California, but more common elsewhere

3.5.2 Impact Assessment

a) Would the project have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?

Less than Significant Impact. According to a Project site search using the California Department of Fish and Wildlife's California Natural Diversity Database, there may be special status animal and plant species near the

Project site. However, the site is surrounded by urban uses, including an airport, cold storage and warehousing, and the rail corridor. Further, aside from installation of chain-link fencing along the Marie Street frontage, the only activities occurring on the site will consist of potted agriculture; i.e., there will be no construction. The potential to adversely affect candidate, sensitive, or special status species is less than significant.

b) Would the project have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?

c) Would the project have a substantial adverse effect on state or federally protected wetlands (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?

b and c) No Impact. The Project area is located in an urbanized area surrounded by residential uses, industrial uses, and an airport. The Project is not located on or near any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service. Also, the Project is not located on or near any State or federally protected wetlands. Therefore, there will be no impact.

d) Would the project interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?

Less than Significant Impact. The Project area does not contain features that would be likely to function as a wildlife movement corridor. Furthermore, the Project is located in a region often disturbed by intensive agricultural cultivation practices and human disturbance which would discourage dispersal and migration. Therefore, implementation of the Project will have no impact on wildlife movement corridors, and mitigation is not warranted.

e) Would the project conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?

No Impact. The Project description is in compliance with the goals and policies set forth in the City of Mendota General Plan. There will be no impact.

f) Would the project conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?

No Impact. The Project site is not within a designated Habitat Conservation Plan, Natural Conservation Plan, or any other State or local habitat conservation plan. There would be no impact.

Figure 3-2. Wetlands Map

3.6 Cultural Resources

Table 3-8. Cultural Resources Impacts

Cultural Resources Impacts					
Would the project:		Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a)	Cause a substantial adverse change in the significance of a historical resource pursuant to in §15064.5?	☐	☐	☒	☐
b)	Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?	☐	☐	☒	☐
c)	Disturb any human remains, including those interred outside of dedicated cemeteries?	☐	☐	☒	☐

3.6.1 Environmental Setting

The Project site is located in Fresno County within the San Joaquin Valley, which is an archaeologically and historically rich area.

3.6.2 Impact Assessment

a) Would the project cause a substantial adverse change in the significance of a historical resource pursuant to in §15064.5?

Less than Significant Impact. The Project's ground disturbance will be minimal in nature, the Project's potential to cause a substantial adverse change in the significance of a historical resource would be less than significant. Additionally, please see **Section 3.19**, Tribal Cultural Resources.

b) Would the project cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?

Less than Significant Impact. The Project proposes up to 15 acres of cannabis planted in pots on the ground. While no known archaeological deposits are present on the Project site, it is possible that unknown buried archaeological materials could be found during ground disturbing activities, including unrecorded Native American prehistoric archaeological materials. If such resources were discovered, the impact to archeological resources could be significant. In the event that important archaeological or paleontological resources are encountered during construction, all earth-moving activity in the specific construction area shall cease until the applicant retains the services of a qualified archaeologist. The archaeologist shall examine the findings, assess their significance, and offer recommendations for procedures deemed appropriate to either further investigate or mitigate adverse impacts. No additional work shall take place within the immediate vicinity of thew find until the identified appropriate actions have been completed. Implementation of the required condition, in accordance with the provisions of Public Resources Code Section 21083.2, would reduce the impact to less than significant.

c) Would the project disturb any human remains, including those interred outside of dedicated cemeteries?

Less than Significant Impact. As discussed above in subsection b), The Project proposes up to 15 acres of cannabis planted in pots on the ground. There are no known formal cemeteries or known interments to have occurred on the Project site. Though unlikely, there is the possibility human remains may be present beneath the Project site. Should human remains be discovered during ground disturbing construction activities, such

discovery could be considered significant. Any human remain encountered during ground disturbing activities are required to be treated in accordance with California Code of Regulations Section 15064.5(e), Public Resources Code Section 5097.98, and California Health and Safety Code Section 7050.5, which state the mandated procedures of conduct following discovery of human remains. If human remains are found during construction in the planning area, all work must stop in the vicinity of the find and the Fresno County Coroner shall be contacted immediately. In accordance with Section 7050.5 of California's Health and Safety Code. If the remains are determined to be Native American, the procedures outlined in CEQA Section 15064.5 (d) and (e) shall be followed. If human remains are determined to be of possible Native American descent, the Coroner shall notify the Native American Heritage Commission who will appoint a "Most Likely Descendent" and the local Native American Tribe representative to identify and preserve Native American remains, burial, and cultural artifacts. Implementation of the required condition and above-referenced sections would reduce the impact to less than significant.

3.7 Energy

Table 3-9. Energy Impacts

Energy Impacts				
Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Result in potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation?	☐	☐	☒	☐
b) Conflict with or obstruct a state or local plan for renewable energy or energy efficiency?	☐	☐	☒	☐

3.7.1 Environmental Setting

Pacific Gas and Electric (PG&E) supplies electricity and natural gas to the Project area. PG&E obtains its power through hydroelectric, thermal (natural gas), wind, and solar generation or via purchase. PG&E continually produces new electric generation and natural gas sources and implements improvements to gas lines throughout its service areas to ensure the provision of services to customers. New construction would be subject to Titles 20 and 24 of the California Code of Regulations (CCR) which each serve to reduce demand for electrical energy by implementing energy-efficient standards for residential, as well as non-residential buildings.

The Project is also subject to DCC regulations that address potential impacts on energy under California Code of Regulations Sections 16102(s), 16305, and 16306 which generally include heating and cooling power considerations, adhering to renewable energy requirements, and compliance with generator requirements. Compliance with these regulations would help reduce potential project impacts to energy resources to less than significant.

3.7.2 Local

City of Mendota General Plan: The Mendota General Plan sets forth the following goals and policies that pertain to energy of the City and which may be relevant to the Project's CEQA review:

- *Policy OSC-10.10 The City shall encourage new development projects to reduce air quality impacts from area sources and from energy consumption, such as the use of "EPA Energy Star" appliances.*
- *Policy OSC-11.2 The City shall require that new buildings and additions be in compliance with the energy efficiency standards of the California Building Standards Code.*

3.7.3 Impact Assessment

a) Would the project result in potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation?

Less than Significant Impact. The Project proposes to operate up to 15 acres of outdoor cannabis cultivation using natural light and ventilation. Water production-related energy consumption is anticipated to be approximately 31,500 kilowatt-hours annually. The project would not result in potentially significant

environmental impacts due to wasteful, inefficient, or unnecessary consumption of energy resources. Impacts will be less than significant.

b) Would the project conflict with or obstruct a state or local plan for renewable energy or energy efficiency?

Less than Significant Impact. The Project proposes the outdoor cultivation of up to 15 acres of cannabis. While indoor cultivation requires artificial lighting and mechanical ventilation, the Project will utilize natural light and ventilation. Impacts will be less than significant.

3.8 Geology and Soils

Table 3-10. Geology and Soils Impacts

Geology and Soils Impacts				
Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving: i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	☐	☐	☒	☐
ii) Strong seismic ground shaking?	☐	☐	☒	☐
iii) Seismic-related ground failure, including liquefaction?	☐	☐	☐	☒
iv) Landslides?	☐	☐	☐	☒
b) Result in substantial soil erosion or the loss of topsoil?	☐	☐	☐	☒
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	☐	☐	☐	☒
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994) creating substantial direct or indirect risks to life or property?	☐	☐	☐	☒
e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of wastewater?	☐	☐	☐	☒
f) Directly or indirectly destroy a unique paleontological resource or site or unique geological feature?	☐	☐	☐	☒

3.8.1 Environmental Setting and Baseline Conditions

3.8.1.1 Geology and Soils

The Project is located in northwestern Fresno County, in the central section of California's Great Valley Geomorphic Province, or Central Valley. The Sacramento Valley makes up the northern third and the San Joaquin Valley makes up the southern two-thirds of the geomorphic province. Both valleys are watered by large rivers flowing west from the Sierra Nevada Range, with smaller tributaries flowing east from the Coast Ranges. Most of the surface of the Great Valley is covered by Quaternary (present day to 1.6 million years ago) alluvium. The sedimentary formations are steeply upturned along the western margin due to the uplifted Sierra Nevada

Range.[7] From the time the Valley first began to form, sediments derived from erosion of igneous and metamorphic rocks and consolidated marine sediments in the surrounding mountains have been transported into the Valley by streams.

3.8.1.2 Faults and Seismicity

The Project site is not located within an Alquist-Priolo Earthquake Fault Zone and no known faults cut through the local soil at the site. The nearest named fault is the O'Neill fault located approximately 20 miles away.

3.8.1.3 Liquefaction

The potential for liquefaction, which is the loss of soil strength due to seismic forces, is dependent on soil types and density, depth to groundwater, and the duration and intensity of ground shaking. Although no specific liquefaction hazard areas have been identified in the county, this potential is recognized throughout the San Joaquin Valley where unconsolidated sediments and a high-water table coincide. According to the United States Department of Agriculture - Natural Resources Conservation Service soil survey in Fresno County, liquefaction risk in the Project area is low.

3.8.1.4 Soil Subsidence

Subsidence occurs when a large land area settles due to over-saturation or extensive withdrawal of ground water, oil, or natural gas. These areas are typically composed of open-textured soils that become saturated. These areas are high in silt or clay content. The Project site is mostly comprised of calfax clay loam (0–1% slopes). It is moderately well drained with a low risk of subsidence (Soil Survey).

3.8.1.5 Dam and Levee Failure

The Mendota Diversion Dam is located approximately 2.3 miles north of the Project.

3.8.2 Impact Assessment

a) Would the project directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving:

a-i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.

a-ii) Strong seismic ground shaking?

Less than Significant Impact. There are no known faults near the Project area. The Project site is subject to relatively low seismic hazards compared to many other parts of California. Potential ground shaking produced by earthquakes generated on regional faults lying outside the immediate vicinity in the Project area may occur. Due to the distance of the known faults in the region, no significant ground shaking is anticipated on this site.

a-iii) Seismic-related ground failure, including liquefaction?

Less than Significant Impact. As discussed above in Section 3.8.1.3, no subsidence-prone soils, oil or gas production or overdraft exists at the Project site. Furthermore, soil conditions on the site are not prone to soil instability due to its low shrink-swell behavior. The impact would be less than significant.

a-iv) Landslides?

No Impact. As the Project is located on the San Joaquin Valley floor, no major geologic landforms exist on or near the site that could result in a landslide. The potential landslide impact at this location is minimal as the site

[7] Harden, D.R. 1998, California Geology, Prentice Hall, 479 pages

[4] Soil Web: An Online Soil Survey Boundary SoilWeb: An Online Soil Survey Browser | California Soil Resource Lab (ucdavis.edu)

is approximately 20 miles from the foothills and the local topography is essentially flat and featureless. There will be no impact.

b) Would the project result in substantial soil erosion or the loss of topsoil?

No Impact. The Project proposes up to 15 acres of cannabis planted in pots on the ground. Ground disturbance would be minimal; therefore, the Project will not result in substantial soil erosion or the loss of topsoil.

c) Would the project be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?

d) Would the project be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial direct or indirect risks to life or property?

c and d) No Impact. Soils onsite consist of calfax clay loam (0–1% slopes). The Project site and surrounding areas do not contain substantial grade changes. Risk of landslides, lateral spreading, subsidence, liquefaction, and collapse are minimal. The Project does not propose any modification or alteration of the topography of the site and is not located on expansive soil. There will be no impact.

e) Would the project have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?

No Impact. No septic system is proposed. Since the Project does not involve contrition of any buildings, neither will the site be connected to the City's wastewater conveyance system. There will be no impact.

f) Would the project directly or indirectly destroy a unique paleontological resource or site or unique geological feature?

No Impact. The Project proposes up to 15 acres of cannabis planted in pots on the ground. Ground disturbance would be minimal. The placement of these planters will not cause adverse effects as a result of earthquakes, strong seismic ground shaking, landslides, liquefaction, the loss of topsoil or substantial soil erosion. The Project would not disturb existing septic tanks or alternative wastewater disposal systems, nor unique paleontological or geological resources. There would be no impact.

3.9 Greenhouse Gas Emissions

Table 3-11. Greenhouse Gas Emissions Impacts

Greenhouse Gas Emissions Impacts				
Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	☐	☐	☒	☐
b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	☐	☐	☒	☐

3.9.1 Environmental Setting and Baseline Conditions

Commonly identified GHG emissions and sources include the following:

Carbon dioxide (CO_2) is an odorless, colorless natural greenhouse gas. CO_2 is emitted from natural and anthropogenic sources. Natural sources include the following: decomposition of dead organic matter; respiration of bacteria, plants, animals, and fungus; evaporation from oceans; and volcanic out gassing. Anthropogenic sources include the burning of coal, oil, natural gas, and wood.

Methane (CH_4) is a flammable greenhouse gas. A natural source of methane is the anaerobic decay of organic matter. Geological deposits, known as natural gas fields, also contain methane, which is extracted for fuel. Other sources are from landfills, fermentation of manure, and ruminants such as cattle.

Nitrous oxide (N_2O), also known as laughing gas, is a colorless greenhouse gas. Nitrous oxide is produced by microbial processes in soil and water, including those reactions that occur in fertilizer containing nitrogen. In addition to agricultural sources, some industrial processes (fossil fuel-fired power plants, nylon production, nitric acid production, and vehicle emissions) also contribute to its atmospheric load.

Water vapor is the most abundant, and variable greenhouse gas. It is not considered a pollutant; in the atmosphere, it maintains a climate necessary for life.

Ozone (O_3) is known as a photochemical pollutant and is a greenhouse gas; however, unlike other greenhouse gases, ozone in the troposphere is relatively short-lived and, therefore, is not global in nature. Ozone is not emitted directly into the atmosphere but is formed by a complex series of chemical reactions between volatile organic compounds, nitrogen oxides, and sunlight.

Aerosols are suspensions of particulate matter in a gas emitted into the air through burning biomass (plant material) and fossil fuels. Aerosols can warm the atmosphere by absorbing and emitting heat and can cool the atmosphere by reflecting light.

Chlorofluorocarbons (CFCs) are nontoxic, nonflammable, insoluble, and chemically unreactive in the troposphere (the level of air at the earth's surface). CFCs were first synthesized in 1928 for use as refrigerants, aerosol propellants, and cleaning solvents. CFCs destroy stratospheric ozone; therefore, their production was stopped as required by the Montreal Protocol in 1987.

Hydrofluorocarbons (HFCs) are synthetic chemicals that are used as a substitute for CFCs. Of all the greenhouse gases, HFCs are one of three groups (the other two are perfluorocarbons and sulfur

hexafluoride) with the highest global warming potential. HFCs are human-made for applications such as air conditioners and refrigerants.

Perfluorocarbons (PFCs) have stable molecular structures and do not break down through the chemical processes in the lower atmosphere; therefore, PFCs have long atmospheric lifetimes, between 10,000 and 50,000 years. The two main sources of PFCs are primary aluminum production and semiconductor manufacture.

Sulfur hexafluoride (SF_6) is an inorganic, odorless, colorless, nontoxic, nonflammable gas. It has the highest global warming potential of any gas evaluated. Sulfur hexafluoride is used for insulation in electric power transmission and distribution equipment, in the magnesium industry, in semiconductor manufacturing, and as a tracer gas for leak detection.

There are uncertainties as to exactly what the climate changes will be in various local areas of the earth, and what the effects of clouds will be in determining the rate at which the mean temperature will increase. There are also uncertainties associated with the magnitude and timing of other consequences of a warmer planet: sea level rise, spread of certain diseases out of their usual geographic range, the effect on agricultural production, water supply, sustainability of ecosystems, increased strength and frequency of storms, extreme heat events, air pollution episodes, and the consequence of these effects on the economy.

Emissions of GHGs contributing to global climate change are largely attributable to human activities associated with the industrial/manufacturing, utility, transportation, residential, and agricultural sectors. About three-quarters of human emissions of CO_2 to the global atmosphere during the past 20 years are due to fossil fuel burning. Atmospheric concentrations of CO_2, CH_4, and N_2O have increased 31 percent, 151 percent, and 17 percent respectively since the year 1750 (CEC 2008). GHG emissions are typically expressed in carbon dioxide-equivalents (CO_2e), based on the GHG's Global Warming Potential (GWP). The GWP is dependent on the lifetime, or persistence, of the gas molecule in the atmosphere. For example, one ton of CH_4 has the same contribution to the greenhouse effect as approximately 21 tons of CO_2. Therefore, CH_4 is a much more potent GHG than CO_2.

3.9.1.1 Short-Term Construction-Generated Emissions

Due to the nature of the Project, construction equipment is not anticipated. Construction-related emissions are therefore not discussed further.

3.9.1.2 Long-Term Operational Emissions

Operational emissions would consist of additional heavy duty truck deliveries occurring from processing, as well as additional electricity usage related to the additional water pumping.

3.9.1.3 Effects of Climate Change

The sections below detail the methodology of the report and its conclusions.

3.9.2 Impact Assessment

3.9.2.1 Thresholds of Significance

CEQA Guidelines Amendments for GHG became effective March 18, 2010. Included in the Amendments are revisions to the Appendix G Initial Study Checklist. In accordance with these Amendments, a project would be considered to have a significant impact to climate change if it would:

a. Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment; or,
b. Conflict with any applicable plan, policy or regulation of an agency adopted for the purpose of reducing the emissions of greenhouse gases.

In accordance with SJVAPCD's *CEQA Greenhouse Gas Guidance for Valley Land-use Agencies in Addressing GHG Emission Impacts for New Projects*[8], proposed projects complying with Best Performance Standards (BPS) would be determined to have a less-than-significant impact. Projects not complying with BPS would be considered less than significant if operational GHG emissions would be reduced or mitigated by a minimum of 29 percent, in comparison to business-as-usual (year 2004) conditions. In addition, project-generated emissions complying with an approved plan or mitigation program would also be determined to have a less-than-significant impact.

a) Would the project generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?

Less than Significant Impact.

Long-Term Operational Emissions

Estimated long-term operational emissions are summarized in **Table 3-12** (See **Appendix A**).

Table 3-12. Long-Term Operational GHG Emissions

	Emissions (MT CO_2e)(1)
Delivery Emissions	*26.57*
Water Pumping	*2.94*
Total	*29.51*
*AB 32 Consistency Threshold for Land-Use Development Projects**	*1,100*

* As published in the Bay Area Air Quality Management District's CEQA Air Quality Guidelines. Available online at http://www.baaqmd.gov/~/media/files/planning-and-research/ceqa/ceqa_guidelines_may2017-pdf.pdf?la=en

b) Would the project conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?

Less than Significant Impact. The Project will cause the emission of approximately 30 metric tons of CO2e annually, an amount less than established thresholds. Impacts would be less than significant.

[8] Guidance for Valley Land-use Agencies in Addressing GHG Emission Impacts for New Projects under CEQA. http://www.valleyair.org/Programs/CCAP/12-17-09/3%20CCAP%20-%20FINAL%20LU%20Guidance%20-%20Dec%2017%202009.pdf

3.10 Hazards and Hazardous Materials

Table 3-13. Hazards and Hazardous Materials Impacts

Hazards and Hazardous Materials Impacts					
Would the project:		Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a)	Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	☐	☐	☒	☐
b)	Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	☐	☐	☐	☒
c)	Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	☐	☐	☐	☒
d)	Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	☐	☐	☐	☒
e)	For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard or excessive noise for people residing or working in the project area?	☐	☐	☒	☐
f)	Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	☐	☐	☐	☒
g)	Expose people or structures, either directly or indirectly to a significant risk of loss, injury or death involving wildland fires?	☐	☐	☐	☒

3.10.1 Environmental Setting and Baseline Conditions

3.10.1.1 Hazardous Materials

The Hazardous Waste and Substances Sites (Cortese) List is a planning document used by the State, local agencies, and developers to comply with CEQA requirements in providing information about the location of hazardous materials release sites. Government Code Section 65962.5 requires the California Environmental Protection Agency (CalEPA) to develop at least annually an updated Cortese List. The Department of Toxic Substances Control (DTSC) is responsible for a portion of the information contained in the Cortese List. Other State and local government agencies are required to provide additional hazardous material release information for the Cortese List. DTSC's EnviroStor database provides DTSC's component of Cortese List data (DTSC, 2010). In addition to the EnviroStor database, the State Water Resources Control Board (SWRCB) Geotracker database provides information on regulated hazardous waste facilities in California, including underground storage tank (UST) cases and non-UST cleanup programs, including Spills-Leaks-Investigations-Cleanups (SLIC) sites, Department of Defense (DOD) sites, and Land Disposal program. A search of the DTSC

EnviroStor database and the SWRCB Geotracker performed on May 14, 2021 determined that there are no known active hazardous waste generators or hazardous material spill sites within the Project site or immediate surrounding vicinity.

The Project is also subject to DCC regulation addressing potential impacts from hazards and hazardous materials under California Code of Regulations Sections 16102(q), 16106(a)(3), 16304(f), and 16307 which generally include establishing a responsible party for the project, including adhering to conditions requested by CDFW or SWRCB, compliance with pesticide laws, regulations, and use requirements. Compliance with these regulations would help reduce potential project impacts of hazards and hazardous materials to less than significant.

3.10.1.2 Airports

The William Robert Johnston Municipal Airport is approximately one mile northeast of the Project.

3.10.1.3 Emergency Response Plan

The City of Mendota prepared an Emergency Operations Plan (EOP) in 2006. The objective of the EOP is to incorporate and coordinate all the facilities and personnel of the City into an efficient organization capable of responding to any emergency.[9]

3.10.1.4 Sensitive Receptors

Approximately 600 feet southeast of the Project site is mobile home/RV residential area.

3.10.1.5 Local

City of Mendota General Plan:[10] The Mendota General Plan sets forth the following goals and policies that pertain to hazards and hazardous materials of the City and which may be relevant to the Project's CEQA review:

- *S-5.3 Hazardous materials procedures should be consistent the Fresno County Hazardous Waste Management Plan (HWMP).*
- *S-5.5 The City should storage handling, transport and disposal issues.*

3.10.2 Impact Assessment

a) Would the project create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?

Less than Significant Impact. Truck deliveries will be made to and from the Project site, utilizing diesel fuel. However, truck deliveries currently exist in the City of Mendota. In addition, the Project would utilize pesticides, herbicides, and other agricultural materials during operation of the Project. These materials are allowed under the Department of Cannabis Control regulations. Therefore impacts would be less than significant.

b) Would the project create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?

No Impact. The Project is not expected to generate excessive traffic to the Project site and the Project will not produce or utilize and hazardous substances. The Project will not create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment.

[9] (City of Mendota General Plan, n.d.) Accessed May 2021.
[10] (City of Mendota General Plan, n.d.) Accessed May 2021.

c) Would the project emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?

No Impact. The Project site is not within one-quarter mile of an existing or proposed school. There is no impact.

d) Would the project be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?

No Impact. The Project site is not included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5. There will be no impact.

e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard or excessive noise for people residing or working in the project area?

Less than Significant Impact. The Project Site is located within the planning area of the Fresno County Airport Land Use Compatibility Plan (ALUCP). Three Airport Safety Zones overlie the Project site: Runway Protection Zone, Inner Approach Zone, and Traffic Pattern Zone. At a special meeting on March 8, 2021, the Fresno County Airport Land Use Commission made a conditional finding of compatibility with the ALUCP 1) provided that no part of the operation would occur within the 2.20 acres of Runway Protection Zone and 2) pending consultation with the Federal Aviation Administration regarding perimeter fence height. Impacts will be less than significant.

f) Would the project impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?

No Impact. The City of Mendota's adopted Emergency Operations Plan (EOP) would not be significantly affected by the Project. Disturbances to traffic patterns are not to be expected. Therefore, Project-related impacts to emergency evacuation routes or emergency response routes on local roadways would have no impact.

g) Would the project expose people or structures, either directly or indirectly, to a significant risk of loss, injury or death involving wildland fires?

No Impact. The nearest State Responsibility Area is located approximately 15 miles southwest of the Project site. The Project is located in an urbanized area. To the northeast is the William Robert Johnston Municipal Airport, industrial developments to the immediate northwest and southeast, and the southwest, across the Southern Pacific Railroad, is residential land uses of differing types.

3.11 Hydrology and Water Quality

Table 3-14. Hydrology and Water Quality Impacts

Hydrology and Water Quality Impacts					
	Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a)	Violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality?	☐	☐	☒	☐
b)	Substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the project may impede sustainable groundwater management of the basin?	☐	☒	☐	☐
c)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would:				
	i) result in substantial erosion or siltation on- or off-site;	☐	☐	☒	☐
	ii) substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site;	☐	☐	☒	☐
	iii) create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff; or	☐	☐	☒	☐
	iv) impede or redirect flood flows?	☐	☐	☒	☐
d)	In flood hazard, tsunami, or seiche zones, risk release of pollutants due to project inundation?	☐	☐	☐	☒
e)	Conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan?	☐	☒	☐	☐

3.11.1 Environmental Setting and Baseline Conditions

The Project site is located in the Delta-Mendota Subbasin the City of Mendota's three water supply wells are located northeast of the city limits on land leased from a private agricultural interest. These wells have a production capacity of approximately 3,500 to 3,600 gallons per minute (GPM) or 5.0 to 5.2 million gallons per day (MGD). Peak summer water usage is approximately 2.5 MGD for the City. Water from the well field is delivered to the City's water treatment plant prior to distribution throughout the City. The plant can treat approximately 3,000 GPM, or 4.3 MGD. The plant also contains two 1.0-million-gallon water storage tanks.

DCC regulation that governs the Project and addresses potential impacts on hydrology and water quality is included under California Code of Regulations Sections 16102(p), 16102(v), 16102(w), 16102(dd), 16107(b), 16216, 16304(a and b), and 16307 which generally include evidence of enrollment in an order of waste discharge requirements, identification of the water source, adherence to lake or streambed alteration requirements,

avoidance of impacted watersheds, compliance with section 13149 of the Water Code, compliance with conditions requested by CDFW or SWRCB, and compliance with pesticide use requirements. Compliance with these regulations would help reduce potential project impacts to hydrology and water quality to less than significant.

3.11.2 Impact Assessment

a) Would the project violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality?

Less than Significant Impact. The Project proposes up to 15 acres of cannabis planted in pots on the ground. Ground disturbance would be minimal. The site will be graded such that all irrigation water will remain onsite and irrigation timing and duration will be closely monitored to prevent ponding or wastage. Since the irrigation season is opposite of the region's precipitation season and there will not be any impervious surface, there is not anticipated to be any runoff into the City's storm drainage system. The Project does not propose any onsite buildings, including restrooms, so it is not anticipated that any wastewater will be generated and, accordingly, there would be no connection to the City's wastewater system. Impacts will be less than significant.

b) Would the project substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the project may impede sustainable groundwater management of the basin?

Less than Significant Impact with Mitigation. The Applicant estimates approximately 9 million gallons per year, or roughly 3.66 acre-feet per acre per year. The City has sufficient water production capacity to serve the Project; however, if irrigation at the Project coincides with daily peak domestic water use, the City's water treatment plant may not be able to treat water at a rate sufficient to maintain City-wide pressure. Implementation of **HYD-1** below would ensure that the effects are reduced to a less than significant level.

c) Would the project substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would:

c-i) result in substantial erosion or siltation on- or off-site;

c-ii) substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site;

c-iii) create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff; or

c-iv) impede or redirect flood flows?

Less than Significant Impact. The Project proposes up to 15 acres of cannabis planted in pots on the ground. The area of impermeable surface would not increase. The site will be graded such that all irrigation water will remain onsite and irrigation timing and duration will be closely monitored to prevent ponding or wastage. Since the irrigation season is opposite of the region's precipitation season and there will not be any impervious surface, there is not anticipated to be any runoff into the City's storm drainage system. The Project does not propose any onsite buildings that could or impede or redirect flood flows. Impacts will be less than significant.

d) Would the project in flood hazard, tsunami, or seiche zones, risk release of pollutants due to project inundations?

No Impact. The Project is not located in a flood hazard, tsunami, or seiche zone. There will be no impact.

e) Would the project conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan?

Less than Significant Impact with Mitigation. The Project proposes up to 15 acres of cannabis planted in pots on the ground. The Applicant estimates that approximately 9 million gallons per year, or roughly 3.66 acre-feet per acre per year, or 1.83 acre-feet per gross acre, will be used to irrigate the plants. The SJREC GSP states that the City of Mendota has a sustainable yield of 800 AF per year, or roughly 0.3 acre-feet per acre.

As stated in the SJREC GSP, the City is actively pursuing water conservation. In order to maintain sustainability, the City is committed to offsetting an increase in demand based on projected population growth, by developing certain projects. Each project will be analyzed jointly with the City and the SJREC to maximize the regional benefits. The City will develop projects including:

1) *storm water capture;*
2) *demand reduction through reduced watering;*
3) *surface water transfer;*
4) *purchasing groundwater credits;*
5) *participation in recharge projects;*
6) *reclaimed water for outdoor watering; and,*
7) *the city will continue to investigate other types of projects.*

Because there are no identified projects to improve groundwater sustainability, this constitutes a significant impact. Implementation of HYD-1 would reduce impacts to less than significant.

Mitigation Measure

HYD-1 (Off-Site Water Use Reduction). Prior to commencement of land use, the City shall identify a list and cost of water conservation and/or recharge projects that would reduce the net increase in water to 1.46 million gallons per year. The applicant shall pay its fair share towards the project(s). The City shall cause the completion of the identified projects prior to exceedance of the City's sustainable yield amount (800 AFY). Such water conservation projects may include:

- Funding dishwasher, clothes washer, toilet, or landscape replacement and/or rebate programs.
- Identification and elimination of public water system leaks.
- Stormwater capture
- Construction of recharge basins

Agriculture irrigation efficiency projects may be funded and implemented in perpetuity by the project proponent.

Figure 3-3 FEMA Map

3.12 Land Use and Planning

Table 3-15. Land Use and Planning Impacts

Land Use and Planning Impacts					
Would the project:		Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a)	Physically divide an established community?	☐	☐	☐	☒
b)	Cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?	☐	☐	☐	☒

3.12.1 Environmental Setting and Baseline Conditions

The Project is located at the southeastern region of the City of Mendota in the northwestern portion of Fresno County. The Project site is located in an urbanized area, with the William Robert Johnston Municipal Airport to the northeast, industrial developments to the immediate northwest and southeast, and residential land uses across the Southern Pacific Railroad to the southwest.

The Project site consists of Assessor's Parcel Number 013-280-29, an approximately 15-acre site. The site is planned as Light Industrial by the Mendota General Plan and is zoned M-1/CO (Light Manufacturing with Commercial Cannabis Overlay District). Surrounding zone designations and General Plan land use designations are detailed in **Figure 2-5** and **Figure 2-6.**

3.12.2 Impact Assessment

a) Would the project physically divide an established community?

No Impact. The existing site is an undeveloped vacant lot. The Project is not proposing a physical barrier or other physical division within an established community. There is no impact.

b) Would the project cause a significant environmental conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?

No Impact. The Project is consistent with the designated land use and zone district; therefore, the Project will not cause a significant environmental conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect.

3.13 Mineral Resources

Table 3-16. Mineral Resources Impacts

Mineral Resources Impacts				
Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	☐	☐	☐	☒
b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	☐	☐	☐	☒

3.13.1 Environmental Setting and Baseline Conditions

The Project is located in the City of Mendota within the northwestern portion of Fresno County, in the southern section of California's Great Valley Geomorphic Province, or Central Valley. Historically, Fresno County has been a leading producer of a variety of minerals including aggregate, fossil fuels, metals, and other materials used construction or in industrial processes. Currently, aggregate and petroleum are the County's most significant mineral resources. The Coalinga area, in western Fresno County, has been a valuable region for mineral resources as a top producer of commercial asbestos and home to extensive oil recovery operations.

California Department of Conservation's Division of Oil, Gas, and Geothermal Resources (DOGGR) maintains a database of oil wells in the Project area. According to the DOGGR Well Finder there are three plugged and abandoned wells within two miles of the Project site (Donco Co. #1, D.J. Pickrell #1, and Gamma Corp #1). There are no active wells within two miles of the Project site.

There are no known current or historic mineral resource extraction or recovery operations in the Project vicinity nor are there any known significant mineral resources onsite.

3.13.2 Impact Assessment

a) Would the project result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?

b) Would the project result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?

a and b) No Impact. The California Surface Mining and Reclamation Act of 1975 (SMARA) was intended to protect the State's need for a continuing supply of mineral resources, while protecting public an environmental health. SMARA requires that all cities incorporate into their general plans mapped mineral resource designations approved by the State Mining and Geology Board. The State Geologist classifies land in California based on availability of mineral resources. Because available aggregate construction material is limited, five designations have been established for the classification of sand, gravel and crushed rock resources: Scientific Resource, Mineral Resource Zone 1, Mineral Resources Zone 2, and Mineral Resource Zone 3, and Mineral Resource Zone 4.

According to the Department of Conservation Special Report 158, *Mineral Land Classification: Aggregate Materials in the Fresno Production-Consumption Region Sanger Plate,* the Project is in an undefined area of Fresno County. However, there are no known mineral resources locations near the Project. Mineral Resource Zone 3 (MRZ-3) is an area where the significance of mineral deposits cannot be determined from the available data. There are no known sources of mineral resources extraction or recovery operations in the Project vicinity nor any known significant mineral resources onsite.[11] Therefore, the Project could be classified in as MRZ-3. Implementation of the Project would not result in the loss of availability of a known mineral resource since no known mineral resources occur in this area. In addition, DOGGR has no record of active or inactive oil or gas wells or petroleum resources on the Project site or in the vicinity[12] and the Project area has not been designated as a locally important mineral resource recovery site by a general plan, specific plan, or land use plan. There would be no impact.

[11] (Fresno County General Plan Policy Document, 2000) Accessed May 2021.
[12] (California Department of Conservation Well Finder, 2020) Accessed May 2021.

3.14 Noise

Table 3-16. Noise Impacts

Noise Impacts					
	Would the project result in:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a)	Generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	☐	☐	☒	☐
b)	Generation of excessive ground borne vibration or ground borne noise levels?	☐	☐	☐	☒
c)	For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☐	☒

3.14.1 Environmental Setting and Baseline Conditions

There are a variety of sources that produce noise in Mendota including traffic, airport operations, and agricultural operations. Airport, traffic, and railroad noise are the dominant sources of ambient noise near the Project site. The William Robert Johnston Municipal Airport is the largest source of noise in the area due to the airport being immediately adjacent to the Project site. The Southern Pacific Railroad, which runs parallel to the southwest of the property, is a large source of noise as well.

The Project is subject to DCC regulation that address potential impacts from noise under California Code of Regulations Sections 16304(e) and 16306 which generally include requirements for generators and generator use. Compliance with these regulations would help reduce potential project noise impacts to less than significant.

3.14.1.1 Local

City of Mendota General Plan[13]: The Mendota General Plan sets forth the following goal pertaining to noise standards and may have relevance to the Project's CEQA review:

- *N-1 Prevention of noise from interfering with human activities and protection of the community from the harmful effects of exposure to excessive noise, maintaining an amiable community in which to live for the residents of Mendota.*

3.14.2 Impact Assessment

a) Would the project result in generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?

[13] (City of Mendota General Plan, n.d.) Accessed 14 May 2021.

No Impact. Due to the Project's location in relation to the existing airport, which currently generates a significant amount of noise, the project would not result in generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies. During operation, the site would be cultivated by hand and is not expected to utilize machinery or equipment that would result in increased levels of noise for the surrounding area. The impact would be less than significant.

b) Would the project result in generation of excessive ground borne vibration or ground borne noise levels?

No Impact. The Project proposes to cultivate up to 15 acres of cannabis planted in pots placed on the ground. Ground disturbance would be minimal in nature, therefore the Project will not result in generation of excessive ground borne vibration or ground borne noise levels.

c) For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?

No Impact. The Project proposes to cultivate up to 15 acres of cannabis planted in pots placed on the ground. Ground disturbance would be minimal in nature. It is assumed a negligible amount of noise will be generated from the Project. The Project will not expose people residing or working in the Project area to excessive noise levels.

3.15 Population and Housing

Table 3-17. Population and Housing Impacts

Population and Housing Impacts					
Would the project:		Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a)	Induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	☐	☐	☐	☒
b)	Displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere?	☐	☐	☐	☒

3.15.1 Environmental Setting and Baseline Conditions

The City of Mendota's population was 11,014 at the 2010 U.S. Census and was estimated to be at 11,511 as of July 2019. The U.S. Census also estimates approximately 4.06 persons per household in the City.[14] The State Routes 180 and 33 traverse the agricultural city. Mendota is located approximately 8.5 miles south-southeast of Firebaugh, at an elevation of 174 feet.

3.15.2 Impact Assessment

a) Would the project induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?

No Impact. The Project proposes the cultivation of up to 15 acres of cannabis planted in pots placed on the ground. No new homes will be proposed, but the Project will hire employees to plant, maintain, and harvest the crops. The need for employees will not affect population growth because the Project intends to hire local City residents. There will be no impact.

b) Would the project displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere?

No Impact. The Project will utilize vacant land that is located in an urbanized area. It will not result in the displacement of housing or any people. There will be no impact.

[14] https://www.census.gov/quickfacts/mendotacitycalifornia U.S. Census, accessed May 2021.

3.16 Public Services

Table 3-18. Public Services Impacts

Public Services Impacts				
Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
Fire protection?	☐	☐	☒	☐
Police protection?	☐	☐	☒	☐
Schools?	☐	☐	☐	☒
Parks?	☐	☐	☐	☒
Other public facilities?	☐	☐	☒	☐

3.16.1 Environmental Setting and Baseline Conditions

Fire Protection: The closest fire station is Fresno County Fire District/CAL FIRE Station 96 located approximately 0.95 miles northwest of the Project.

Police Protection: The closest law enforcement is the Mendota Police Department located approximately 0.15 miles east of the Project. The next closest law enforcement is the Fresno County Sheriff's Office, San Joaquin Station, located approximately 17.1 miles southeast of the Project site.

Schools: The closest school to the Project is Mendota High School located approximately 0.35 miles west of the Project site.

Parks: The closest park is the Veteran's Park located approximately 0.50 miles northwest of the Project site. There is also Rojas-Pierce Park approximately 0.76 miles west of the Project and the Lindgren-Lozano Park located approximately 1.08 miles northwest of the Project.

Landfills: The closest landfill to the Project site is the American Avenue Landfill located approximately 14 miles southeast.

3.16.2 Impact Assessment

a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the

construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

Fire Protection: Less than Significant Impact. The City of Mendota is located in the Fresno County Fire Protection District (FCFPD). The Project site would be served by Station 96, located approximately 0.95 mile northwest at the intersection of McCabe Street and State Route 33/Derrick Avenue. The Project would be required to comply with the requirements of the FCFPD regarding access, water mains, fire flow, hydrants, and review of engineering plans. Standard fire suppression conditions are incorporated as part of the Project. Increased demands for fire service are funded almost entirely through property taxes. Therefore, impacts to fire protection services are considered less than significant.

Police Protection: Less than Significant Impact. The City of Mendota provides local policing. The Project proposal would be served by the City of Mendota Police Department and the cultivation of cannabis on the Project site is not anticipated to negatively impact police protection. Therefore, adverse impacts would be less than significant.

Schools: No Impact. The closest school to the Project site is Mendota High School at 0.35 miles away. The Project site and Mendota High School are physically divided by residential development and the Project is not expected to generate new students, therefore there will be no impacts to schools.

Parks: No Impact. The closest park is the Veteran's Park located approximately 0.57 miles northwest of the Project site. The Project will have no impact on parks.

Landfills: Less than Significant Impact. Virtually all waste generated at the site would be in the form of green waste or recyclable materials (plastic or metal containers) that would be disposed of in compliance with CalRecycle requirements. Therefore, the Project will have a less than significant impact on landfills.

3.17 Recreation

Table 3-19. Recreation Impacts

Recreation Impacts					
	Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a)	Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	☐	☐	☐	☒
b)	Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?	☐	☐	☐	☒

3.17.1 Environmental Setting and Baseline Conditions

The Mendota General Plan calculated the amount of park and recreational land based upon the combined total of developed park acreage plus 50 percent of the amount of school sites that have adjoining sports fields. The City currently has 23 acres of existing park and recreational land. Mendota's three primary parks developed for recreational use are: Veteran's Park, Lozano-Lindgren Park, and Rojas-Pierce Park. Veteran's Park, the nearest park is approximately 0.57 miles northwest of the Project. Existing recreational opportunities in Mendota range from traditional active sports such as baseball and soccer to passive recreation such as nature observation and simply spending time outdoors. Between these two extremes falls a range of activities enjoyed by many residents, including picnicking in parks, walking and bicycling, and playground activities.

3.17.1.1 Local Regulations

City of Mendota General Plan:[15] The Mendota General Plan sets forth the following goals and policies that pertain to recreational facilities of the City and which have potential relevance to the Project's CEQA review:

- *OSC-2.1 The City shall maintain a standard of 5.0 acres of developed parkland per 1,000 residents.*
- *OSC-2.3 The City shall reserve and promote open space and recreational areas of varying scales and uses in Mendota. The provision of private and common open space shall be required for multi-family residential development projects.*

3.17.2 Impact Assessment

a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?

No Impact. The Project proposes the cultivation of up to 15 acres of cannabis planted in pots placed on the ground. The Project would not increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated.

[15] (City of Mendota General Plan, n.d.) Accessed May 2021.

b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?

No Impact. The Project proposes the cultivation of up to 15 acres of cannabis planted in pots placed on the ground. The Project does not include recreational facilities or require the construction or expansion of recreational facilities therefore there would be no impact.

3.18 Transportation

Table 3-20. Transportation Impacts

Transportation Impacts					
Would the project:		Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a)	Conflict with a program plan, ordinance or policy addressing the circulation system, including transit, roadway, bicycle and pedestrian facilities?	☐	☐	☐	☒
b)	Conflict or be inconsistent with CEQA Guidelines section 15064.3, subdivision (b)??	☐	☐	☒	☐
c)	Substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	☐	☐	☐	☒
d)	Result in inadequate emergency access?	☐	☐	☐	☒

3.18.1 Environmental Settings and Baseline Conditions

The City of Mendota is a small rural community in western Fresno County. The City is located west of Fresno and east of Interstate 5. SR 180/Oller Street runs northwest to southeast and is approximately 850 feet southwest of the Project site. SR 33/Derrick Avenue runs north-south and is approximately 4,000 feet east of the Project site. Both routes provide a transportation corridor for residents of Mendota, farmers, and others in the region.

3.18.2 Impact Assessment

a) Would the project conflict with a plan, ordinance or policy addressing the circulation system, including transit, roadway, bicycle and pedestrian facilities?

No Impact. There will be no work done in the existing right-of-way. The Project will not require any off-site improvements that would conflict with a plan, ordinance, or policy addressing the circulation system, including transit, roadway, bicycle, and pedestrian facilities.

b) Would the project conflict or be inconsistent with CEQA Guidelines section 15064.3 subdivision (b)?

Less than Significant Impact. The project is located within the city limits in an urbanized environment. The Project will not increase vehicles miles traveled (See **Appendix A**). The Project will be consistent with CEQA Guidelines section 15064.3 subdivision (b).

c) Would the project substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?

No Impact. The Project site does not propose any sharp curves or dangerous intersections, nor does it propose any incompatible uses. The Project site is fronting Marie Street at a location that does not have an intersection. The closest intersection is approximately 900 feet northwest of the Project site at 9th Street. There will be no impact.

d) Would the project result in inadequate emergency access?

No Impact. This Project will not result in a modification to any roads that would impact emergency access; therefore, the Project will not result in inadequate emergency access.

3.19 Tribal Cultural Resources

Table 3-21. Tribal Cultural Resources Impacts

Tribal Cultural Resources Impacts				
Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Cause a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is:	☐	☒	☐	☐
i. Listed or eligible for listing in the California Register of Historical Resources, or in the local register of historical resources as defined in Public Resources Code section 5020.1(k), or	☐	☒	☐	☐
ii. A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1. In applying the criteria set forth in subdivision (c) of Public Resources Code Section 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe.	☐	☒	☐	☐

3.19.1 Environmental Setting and Baseline Conditions

Penutian-speaking Yokuts tribal groups occupied the southern San Joaquin Valley region and much of the nearby Sierra Nevada. For a variety of historical reasons, existing research information emphasizes the central Yokuts tribes who occupied both the valley and particularly the foothills of the Sierra Nevada mountains.

Although population estimates vary and population size was greatly affected by the introduction of Euro-American diseases and social disruption, the Yokuts were one of the largest, most successful groups in Native California. Cook estimates that the Yokuts region contained 27 percent of the aboriginal population in the state at the time of contact; other estimates are even higher. Many Yokut descendants continue to live in Fresno County, either on tribal reservations, or in local towns and communities.

3.19.1.1 Local

- *Goal OSC-6 Preservation and enhancement of archaeological, historic and other cultural resources within Mendota.*
- *Policy OSC-6.1 Establish and promote programs that identify, maintain and protect buildings, sites, or other features of the landscape possessing historic or cultural significance.*
- *Policy OSC-6.10 If human remains are discovered, all work shall be halted immediately within 50 feet of the discovery, the City of Mendota Planning Department shall be notified, and the County Coroner must be notified, according to Section 5097.98 of the State Public Resources Code and Section 7050.5 of California's Health and Safety Code. If the*

remains are determined to be Native American, the coroner will notify the Native American Heritage Commission, and the procedures outlined in CEQA Section 15064.5(d) and (e) shall be followed.

- *Policy OSC-6.11 Prior to the commencement of project ground disturbing activities, all construction personnel shall be informed of the type(s) of cultural resources that might be inadvertently uncovered in the area and protocols to be implemented to protect Native American human remains and any subsurface cultural resources.*

3.19.2 Impact Assessment

a) Would the project cause a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is:

a-i) Listed or eligible for listing in the California Register of Historical Resources, or in the local register of historical resources as defined in Public Resources Code section 5020.1(k), or

a-ii) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1. In applying the criteria set forth in subdivision (c) of Public Resources Code Section 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe.

Less Than Significant With Mitigation. As noted in **Section 2.1.11**, the City notified the Santa Rosa Rancheria Tachi Yokut Tribe about the Project on March 24, 2021. On June 7, 2021, the tribe responded via email with requests for an archaeological survey and archaeological records search, and to be notified of any discoveries made on the Project site. Following discussions with the applicant, during which it was made evident that there would be little ground disturbance, the Tribe modified its request to include only cultural sensitivity training for onsite Project personnel. The applicant has agreed to execute a contract with the Tribe for said training. With incorporation of **Mitigation Measure TCR-1**, the Project's potential to cause a substantial adverse change in the significance of a tribal cultural resource would be less than significant.

Mitigation Measure

TCR-1 (Cultural Sensitivity Training) Prior to commencement of construction, the Tribe shall make a presentation at the Project site to all onsite workers. The presentation will show typical artifacts from the area and will explain the laws affecting cultural and tribal resources and the responsibilities of the parties regarding discovery of cultural resources or human remains. To facilitate this training, the applicant shall execute the Tribe's Native American Monitoring Contract.

3.20 Utilities and Service Systems

Table 3-22. Utilities and Service Systems Impacts

Utilities and Service Systems Impacts					
	Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a)	Require or result in the relocation or construction of new or expanded water, wastewater treatment or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects?	☐	☒	☐	☐
b)	Have sufficient water supplies available to serve the project and reasonably foreseeable future development during normal, dry and multiple dry years?	☐	☒	☐	☐
c)	Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	☐	☐	☐	☒
d)	Generate solid waste in excess of State or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals?	☐	☐	☒	☐
e)	Comply with federal, state, and local management and reduction statutes and regulations related to solid waste?	☐	☐	☐	☒

3.20.1 Environmental Setting and Baseline Conditions

The Project is located within the Mowry Lake-Fresno Slough watershed; HUC: 180300091003 (EPA, 2019), approximately 2.5 miles southwest of the Mendota Pool at the confluence of the San Joaquin River and the Fresno Slough. and 7 miles east of Panoche Creek. The San Joaquin River, Fresno Slough, and Mendota Pool have been levied and much of the surrounding land is now intensively cultivated for agricultural production. Historically, the Mendota area supported large areas of riparian wetlands and important waterfowl habitat. Due to alteration of the aquatic features in the vicinity and the conversion of natural habitat to agricultural lands, the riparian habitat is now limited to the margins of these waterways and to undisturbed areas within ecological reserves, managed wildlife areas, and national wildlife refuges.

The City of Mendota's Public Utilities Department's mission is to deliver potable water to the residents of Mendota and provide sewer services for the disposal of wastewater. See **Section 3.11.1** for a discussion of the City's water production capabilities.

The City's wastewater treatment plant (WWTP) has been in operation since 1974 and is located northeast of the city. The Project will not connect to the WWTP.

The Project is subject to DCC regulation that address potential impacts on utilities and service systems under California Code of Regulations Sections 16102(s), 16108, and 16308 which generally include heating and cooling power source identification and consideration, as well as compliance with the need for creation or adherence

to a cannabis waste management plan. Compliance with these regulations would help reduce potential project impacts to utilities and service systems to less than significant.

3.20.1.1 Water Supply

The proposed Project will connect to the City of Mendota's existing water supply system. 10-inch water mains exist in Marie Street as well as along the southeastern and northeastern property lines.

3.20.1.2 Wastewater Collection and Treatment

The proposed Project is not anticipated to generate any wastewater, and thus will not be connected to the City of Mendota's sewer system.

3.20.1.3 Landfills

The City of Mendota is served by the American Avenue Landfill which is located approximately 14 miles southwest of the Project site. Most waste generated at the site is anticipated to be green waste and other plastic and metal recyclables.

3.20.2 Impact Assessment

a) Would the project require or result in the relocation or construction of new or expanded water, wastewater treatment or storm water drainage, electric power, natural gas or telecommunications facilities, the construction or relocation of which could cause significant environmental effects?

b) Would the project have sufficient water supplies available to serve the project and reasonably foreseeable future development during normal, dry and multiple dry years?

a) and b) Less than Significant Impact With Mitigation. The Project is anticipated to use approximately 8,000 gallons of water per day. As discussed in **Section 3.11.2,** the City has a water supply of 5.0 MGD, and a usage rate of 2.5 MGD. The Project would have a minimal impact on the supply of water for the City, and the City has enough water capacity for future development and possible dry years. Therefore, impacts would be less than significant.

c) Would the project result in a determination by the wastewater treatment provider which serves or may serve the **project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?**

No Impact. The project will not generate any wastewater. There is no impact.

d) Would the project generate solid waste in excess of State or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals?

Less than Significant Impact. It is undetermined at this time how much waste the Project will generate, but the Project site will be served by the American Avenue landfill, operated by the County of Fresno, approximately 14 miles southwest, which has sufficient capacity to operate through 2031.

e) Would the project comply with federal, state, and local management and reduction statutes and regulations related to solid waste?

No Impact. The Project will comply with all regulations related to the generation, storage, and disposal of solid waste.

3.21 Wildfire

Table 3-23. Wildfire Impacts

Wildfire Impacts					
If located in or near state responsibility areas or lands classified as very high fire hazard severity zones, would the project:		Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a)	Substantially impair an adopted emergency response plan or emergency evacuation plan?	☐	☐	☐	☒
b)	Due to slope, prevailing winds, and other factors, exacerbate wildfire risks, and thereby expose project occupants to pollutant concentrations from a wildfire or the uncontrollable spread of wildfire?	☐	☐	☐	☒
c)	Require the installation or maintenance of associated infrastructure (such as roads, fuel breaks, emergency water sources, power lines or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment?	☐	☐	☐	☒
d)	Expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes?	☐	☐	☐	☒

3.21.1 Environmental Setting and Baseline Conditions

The Project is located in Fresno County in the City of Mendota. The Project site is in a flat urbanized area of the Central San Joaquin Valley. The Project is not located in or near State Responsibility Areas (SRA) or lands classified as very high fire hazard severity zones.

3.21.2 Impact Assessment

If located in or near state responsibility areas or lands classified as very high fire hazard severity zones, would the project:

a) Substantially impair an adopted emergency response plan or emergency evacuation plan?

b) Due to slope, prevailing winds, and other factors, exacerbate wildfire risks and thereby expose project occupants to pollutant concentrations from a wildfire or the uncontrolled spread of a wildfire?

c) Require the installation or maintenance of associated infrastructure (such as roads, fuel breaks, emergency water sources, power lines or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment?

d) Expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes?

No Impact (a)(b)(c)(d). The Project is not located in or near an SRA or lands classified as very high fire hazard severity zones. The nearest SRA is approximately 15 miles southwest of the Project site. Additionally, the site is approximately 20 miles from the nearest Very High classification of Fire Hazard Severity Zone (FHSZ). The Project will not impair an emergency response plan or exacerbate fire risks. Therefore, further analysis of the Projects potential impacts to wildfire are not warranted. There would be no impacts.

3.22 CEQA Mandatory Findings of Significance

Table 3-24. Mandatory Findings of Significance Impacts

Mandatory Findings of Significance Impacts				
Does the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	☐	☒	☐	☐
b) Have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?	☐	☐	☒	☐
c) Have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	☐	☐	☒	☐

3.22.1 Environmental Settings and Baseline Conditions

The Project site is a vacant lot covered with weeds. To the northeast is the William Robert Johnston Municipal Airport, and industrial developments to the immediate northwest and southeast. To the southwest, across the Southern Pacific Railroad, are residential land uses of differing types.

3.22.2 Impact Assessment

a) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?

Less than Significant Impact with Mitigation Incorporated. The analysis conducted in this Initial Study/Mitigated Negative Declaration results in a determination that the Project, with incorporation of mitigation measures, will have a less than significant effect on the environment. The potential for impacts to hydrological resources and Tribal resources from the implementation of the Project will be less than significant with the incorporation of the mitigation measures discussed in this analysis. Accordingly, the Project will involve no potential for significant impacts through the degradation of the quality of the environment, the reduction in the habitat or population of fish or wildlife, including endangered plants or animals, the elimination of a plant or animal community or example of a major period of California history or prehistory.

b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?

Less than Significant Impact. CEQA Guidelines Section 15064(i) states that a Lead Agency shall consider whether the cumulative impact of a project is significant and whether the effects of the project are cumulatively considerable. The assessment of the significance of the cumulative effects of a project must, therefore, be conducted in connection with the effects of past projects, other current projects, and probable future projects. In addition, the City of Mendota includes a Cannabis Overlay District that encourages additional cannabis related businesses within the City limits that will increase the potential for cannabis related businesses within the area, and as a result would increase the potential for cumulative impacts. Several other outdoor cannabis projects have been proposed that would likely cause some impacts due to water consumption, however these impacts have been reduced to a less than significant level. The City would have the capacity within its existing utility infrastructure to support additional cannabis related businesses.

c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?

Less than Significant Impact. The analysis conducted in this Initial Study results in a determination that the Project would have a less than a substantial adverse effect on human beings, either directly or indirectly.

3.23 Determination: (To be completed by the Lead Agency)

On the basis of this initial evaluation:

☐ I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.

☒ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.

☐ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

☐ I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

☐ I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Signature

October 6, 2021
Date

Jeffrey O'Neal, AICP, City Planner
Printed Name/Position

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Chapter 4 Mitigation Monitoring and Reporting Program

This Mitigation Monitoring and Reporting Program (MMRP) has been formulated based upon the findings of the IS/MND for the Project in the City of Mendota. The MMRP lists mitigation measures recommended in the IS/MND and identifies monitoring and reporting requirements.

Table 4-1 presents the mitigation measures identified for the proposed Project. Each mitigation measure is numbered with a symbol indicating the topical section to which it pertains, a hyphen, and the impact number. For example, AIR-2 would be the second mitigation measure identified in the Air Quality analysis of the IS/MND.

The first column of **Table 4-1** identifies the mitigation measure. The second column, entitled "When Monitoring is to Occur," identifies the time the mitigation measure should be initiated. The third column, "Frequency of Monitoring," identifies the frequency of the monitoring of the mitigation measure. The fourth column, "Agency Responsible for Monitoring," names the party ultimately responsible for ensuring that the mitigation measure is implemented. The last two columns will be used respectively by the City of Mendota to verify the method utilized to confirm or implement compliance with mitigation measures and identify the individual(s) responsible to confirm mitigation measures have been complied with and monitored.

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Table 4-1 Mitigation Monitoring and Reporting Program

Mitigation Measure/Condition of Approval	When Monitoring is to Occur	Frequency of Monitoring	Agency Responsible for Monitoring	Method to Verify Compliance	Verification of Compliance
Hydrology					
HYD-1 (Off-Site Water Use Reduction)					
Prior to commencement of land use, the City shall identify a list and cost of water conservation and/or recharge projects that would reduce the net increase in water to 1.46 million gallons per year. The applicant shall pay its fair share towards the project(s). Such water conservation projects may include: • *Funding dishwasher, clothes washer, toilet, or landscape replacement and/or rebate programs.* • *Identification and elimination of public water system leaks.* • *Stormwater capture* • *Construction of recharge basins* Agriculture irrigation efficiency projects may be funded and implemented in perpetuity by the project proponent.	Prior to commencement of land use	Once	City of Mendota	Permit condition; Receipt of funding for project(s)	
Tribal Cultural Resources					
TCR-1 (Cultural Sensitivity Training)					
The Tribe shall make a presentation at the Project site to all onsite workers. The presentation will show typical artifacts from the area and will explain the laws affecting cultural and tribal resources and the responsibilities of the parties regarding discovery of cultural resources or human remains. To facilitate this training, the applicant shall execute the Tribe's Native American Monitoring Contract.	Prior to commencement of construction	Once	City of Mendota	Permit condition; receipt of sign-in sheet	

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Appendix A

Air Quality and Greenhouse Gas Emissions Output Files

AGENDA

Inputs

2,600,000	grams per year
454	grams per pound
2,000	pounds per ton
2.87	tons per day
34,000	lb cargo per truck
23	tons cargo per truck
0.124609206	trucks per day
340	miles to Frazier Park (SJVAPCD perimeter)
42.36713016	VMT per day
7	days per week operational
15,464	Total SJVAPCD VMT per Year

Source: EMFAC2021 (v1.0.0) Emission Rates
Region Type: County
Region: Fresno
Calendar Year: 2021
Season: Annual
Vehicle Classification: EMFAC2007 Categories
Units: miles/day for CVMT and EVMT, trips/day for Trips, kWh/day for Energy Consumption, g/mile for RUNEX, PMBW an

Region	Calendar Year	Vehicle Category	Model Year	Speed	Fuel
Fresno	2021	HHDT	Aggregate	Aggregate	Diesel

Total Outputs	ROG	NOX	CO	SOx	PM10
grams	665.01	39,513.13	2,735.24	240.31	642.36
pounds	1.47	87.11	6.03	0.53	1.42
tons/metric tons	0.00	0.04	0.00	0.00	0.00

SJVAPCD Outputs	ROG	NOX	CO	SOx	PM10
grams	665.01	39,513.13	2,735.24	240.31	642.36
pounds	1.47	87.11	6.03	0.53	1.42
tons/metric tons	0.00	0.04	0.00	0.00	0.00

Electricity

PG&E Emission Factors			GWP		
CO2	203.983	lbs per MWh	1		
CH4	0.033	lbs per MWh	25		
N2O	0.004	lbs per MWh	298		
Supply	2117	kWh per MG			
Treat	111	kWh per MG			
Distribute	1272	kWh per MG			
Water Consumption	9	MG	31.5	MWh	2.943364389

AGENDA

ıd PMTW, g/trip for STREX, HOTSOAK and RUNLOSS, g/vehicle/day for IDLEX and DIURN

Population	Total VMT	CVMT	EVMT	Trips	Energy Consumption	NOx_RUNEX	NOx_IDLEX	NOx_STREX	PM2.5_RUNEX	PM2.5_IDLEX
12992.99728	1955872.038	1955872.038	0	222218.2777	0	2.555168248	87.87403992	2.362571876	0.039741879	0.074452054

PM2.5	CO2e
1,151.33	26,569,697.11
2.54	58,576.09
0.00	26.57

PM2.5
614.57
1.35
0.00

MT

AGENDA

PM2.5_STREX	PM2.5_PMTW	PM2.5_PMBW	PM10_RUNEX	PM10_IDLEX	PM10_STREX	PM10_PMTW	PM10_PMBW	CO2_RUNEX	CO2_IDLEX
0	0.008917775	0.027553558	0.04153883	0.077818445	0	0.035671098	0.078724452	1641.066272	16859.93754

AGENDA

CO2_STREX	CH4_RUNEX	CH4_IDLEX	CH4_STREX	N2O_RUNEX	N2O_IDLEX	N2O_STREX	ROG_RUNEX	ROG_IDLEX	ROG_STREX	ROG_HOTSOAK
0	0.001997418	0.317869799	0	0.25855066	2.656290025	0	0.043003863	6.843649597	0	0

AGENDA

ROG_RUNLOSS	ROG_DIURN	TOG_RUNEX	TOG_IDLEX	TOG_STREX	TOG_HOTSOAK	TOG_RUNLOSS	TOG_DIURN	NH3_RUNEX	CO_RUNEX
0	0	0.048956624	7.790974119	0	0	0	0	0.20187974	0.176877683

AGENDA

CO_IDLEX	CO_STREX	SOx_RUNEX	SOx_IDLEX	SOx_STREX
92.82041553	0	0.015539916	0.159653526	0

AGENDA

LEFTBANK HOLDINGS

9/23/21

Attn: Celeste Cabrera-Garcia, City Clerk

City of Mendota
643 Quince Street
Mendota, CA 93640
Via email to: ccabrera@cityofmendota.com

Request for Appeal of Planning Commission Decision re: Application No. 21-01, the Left Mendota II, LLC Commercial Cannabis Project, 1111 Marie Street

Appealing Party: Left Mendota II, LLC

Resolutions: No. PC 21-05 adopting a mitigated negative declaration pursuant to the California Environmental Quality Act;

No. PC 21-06 approving a conditional use permit;

No. PC 21-07 making a recommendation to the City Council regarding a development agreement in the matter of Application No. 21-01, the Left Mendota II, LLC Commercial Cannabis Project

Rationale for Appeal: Pursuant to Mendota Municipal Code Section 17.08.050(I)(3), Left Mendota II, LLC is appealing the Planning Commission decision made on September 21, 2021 to disapprove Resolution Nos. PC 21-05, PC 21-06, and PC 21-07 regarding Application No. 21-01. Left Mendota II, LLC believes this project meets all requirements for approval as set out by the City Planner, Jeff O'Neal; Assistant City Attorney, Hunter Castro; and City Manager, Cristian Gonzalez. The primary reason for denial of the application, according to Chairperson Luna, was an alleged lack of progress at 1269 Marie Street. However, the 1269 Marie Street project is an unrelated project and should not have a bearing on the Commission's consideration of Application No. 21-01.

Respectfully,

Left Mendota II, LLC
Christopher Lefkovitz
Managing Member

Leftbank Holdings
+1.866.500.3838
info@leftbankholdings.com
1315 N North Branch St, Floor 1
Chicago, IL 60642

AGENDA

BEFORE THE CITY COUNCIL
OF THE
CITY OF MENDOTA, COUNTY OF FRESNO

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENDOTA ADOPTING A MITIGATED NEGATIVE DECLARATION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT IN THE MATTER OF APPLICATION NO. 21-01, THE LEFT MENDOTA II, LLC COMMERCIAL CANNABIS PROJECT (APN 013-280-29)

RESOLUTION NO. 21-81

WHEREAS, at a regular meeting on October 12, 2021 the Mendota City Council considered Application No. 21-01, submitted by Left Mendota II, LLC, said application proposing to develop Assessor's Parcel No. 013-280-29 with a commercial cannabis facility; and

WHEREAS, to facilitate said development, the applicant has requested that the City undertake various processes, said processes to include:

1. A conditional use permit.
2. A development agreement; and

WHEREAS, the requested processes and the resulting physical development of the Project Site, individually and collectively, constitute a "project" pursuant to the California Environmental Quality Act, Public Resources Code section 21000, *et seq*. ("CEQA") and the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, section 15000, *et seq*.; and

WHEREAS, pursuant to Public Resources Code section 21080.3.1, on March 18, 2021 the City provided notice of the Project to the Santa Rosa Rancheria Tachi Yokut Tribe, and received a response therefrom requesting that cultural sensitivity training be included as mitigation for the project; and

WHEREAS, the City has prepared an initial study pursuant to the provisions of the CEQA and made a preliminary determination that approval of the Project, with mitigation incorporated, would not result in any significant impacts to the environment, and accordingly adoption of a mitigated negative declaration would be appropriate; and

WHEREAS, on July 7, 2021 the City published a notice of intent to adopt a mitigated negative declaration in *The Business Journal,* said notice indicating that the initial study and proposed mitigated negative declaration (IS/MND) would be available for public review starting on July 7, 2021 and ending on August 5, 2021; and

WHEREAS, on July 7, 2021 the City filed the IS/MND and accompanying support documents with the State Clearinghouse pursuant to Governor's Executive Orders N-80-20 and N-54-20, which in pertinent part conditionally suspend CEQA's local filing requirements; and

WHEREAS, the IS/MND was assigned the State Clearinghouse Number 2021070121; and

WHEREAS, on July 7, 2021 the City also provided copies of said IS/MND to various local entities for review; and

WHEREAS, comments were received from the Department of Highway Patrol and the Department of Cannabis Control; and

WHEREAS, comments received from the Department of Cannabis Control have been incorporated into the IS/MND; and

WHEREAS, incorporation of said comments served only to clarify statements and information already contained within the IS/MND and does not constitute new information, new mitigation, new potentially significant effects, or other change in circumstances of the Project that would necessitate recirculation of the IS/MND pursuant to CEQA Guidelines section 15073.5; and

WHEREAS, the City Council finds that it cannot be fairly argued, nor is there any substantial evidence in the record, that the project could have a significant effect on the environment, either directly or indirectly; and

WHEREAS, based upon the initial study and mitigated negative declaration and the record, the project will not individually or cumulatively have an adverse impact on environmental resources; and

WHEREAS, the City of Mendota is the custodian of the documents and other materials that constitute the record of the proceedings upon which the Planning Commission's recommendation is based, and Mendota City Hall, 643 Quince Street, Mendota, CA is the location of this record; and

WHEREAS, the City of Mendota is the custodian of the documents and other materials that constitute the record of the proceedings upon which the City Council's decision is based, and Mendota City Hall, 643 Quince Street, Mendota, CA is the location of this record.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Mendota that the City Council takes the following actions:

1. Finds that the initial study and mitigated negative declaration prepared for the project comply with provisions of the California Environmental Quality Act and the CEQA Guidelines, and affirm that, with incorporation of mitigation, the project will not have a significant effect on the environment; and
2. Adopts the mitigated negative declaration and mitigation monitoring & reporting program as contained in Exhibit "A" and Exhibit "B" hereto, respectively; and

3. Directs the City Manager or his designee to file a notice of determina with the Fresno County Clerk within five (5) business days following approval of the Project.

_____
Rolando Castro, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council held at Mendota City Hall on the 12th day of October 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Celeste Cabrera-Garcia, City Clerk

AGENDA

Exhibit "A"
Resolution No. 21-80

MITIGATED NEGATIVE DECLARATION

LEAD AGENCY: City of Mendota
643 Quince Street
Mendota, CA 93640

PROJECT TITLE: Application No. 21-01 – Left Mendota II, LLC Commercial Cannabis Project

STATE CLEARINGHOUSE: 2020070121

ADDRESS/LOCATION: 1111 Marie Street; Fresno County APN 013-280-29.

PROJECT APPLICANT: Left Mendota II, LLC

PROJECT DESCRIPTION: The Project proposes to develop a 15-acre commercial cannabis cultivation facility. The Project includes a conditional use permit and a development agreement along with various State approvals for cannabis licensing.

CONTACT PERSON: Cristian Gonzalez, City Manager; 559.655.3291

The City Council of the City of Mendota has reviewed the proposed Project described herein along with the initial study prepared pursuant to the California Environmental Quality Act (CEQA), and has found that this Project will have no significant impact on the environment for the following reasons:

1. The project does not have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory.

2. The project does not have the potential to achieve short-term environmental goals to the disadvantage of long-term environmental goals.

3. The project does not have possible environmental effects which are individually limited but cumulatively considerable; "cumulatively considerable" means that the incremental effects of an individual project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.

4. The environmental effects of a project will not cause substantial adverse effects on human beings, either directly or indirectly.

5. Mitigation measures ☒ were, ☐ were not made a condition of the approval of the project.

On October 12, 2021, based upon a recommendation from staff, the Mendota City Council adopted Resolution No. 21-80, determining that with mitigation the above Project would have no significant effect on the environment. Copies of the documents relating to the Project, including the initial study, may be examined by interested parties at Mendota City Hall, 643 Quince Street, Mendota, CA 93640.

Dated: October 12, 2021

Attest: _____
Hon. Rolando Castro, Mayor

AGENDA

Exhibit "B"
Resolution No. 21-80

Mitigation Monitoring and Reporting Program

This Mitigation Monitoring and Reporting Program (MMRP) has been formulated based upon the findings of the IS/MND for the Project in the City of Mendota. The MMRP lists mitigation measures recommended in the IS/MND and identifies monitoring and reporting requirements.

Table 4-1 presents the mitigation measures identified for the proposed Project. Each mitigation measure is numbered with a symbol indicating the topical section to which it pertains, a hyphen, and the impact number. For example, AIR-2 would be the second mitigation measure identified in the Air Quality analysis of the IS/MND.

The first column of Table 4-1 identifies the mitigation measure. The second column, entitled "When Monitoring is to Occur," identifies the time the mitigation measure should be initiated. The third column, "Frequency of Monitoring," identifies the frequency of the monitoring of the mitigation measure. The fourth column, "Agency Responsible for Monitoring," names the party ultimately responsible for ensuring that the mitigation measure is implemented. The last two columns will be used respectively by the City of Mendota to verify the method utilized to confirm or implement compliance with mitigation measures and identify the individual(s) responsible to confirm mitigation measures have been complied with and monitored.

This space intentionally left blank.

Table 4-1 Mitigation Monitoring and Reporting Program

Mitigation Measure/Condition of Approval	When Monitoring is to Occur	Frequency of Monitoring	Agency Responsible for Monitoring	Method to Verify Compliance	Verification of Compliance
Hydrology					
HYD-1 (Off-Site Water Use Reduction)					
Prior to commencement of land use, the City shall identify a list and cost of water conservation and/or recharge projects that would reduce the net increase in water to 1.46 million gallons per year. The applicant shall pay its fair share towards the project(s). Such water conservation projects may include: • Funding dishwasher, clothes washer, toilet, or landscape replacement and/or rebate programs. • Identification and elimination of public water system leaks. • Stormwater capture • Construction of recharge basins Agriculture irrigation efficiency projects may be funded and implemented in perpetuity by the project proponent.	Prior to commencement of land use	Once	City of Mendota	Permit condition; Receipt of funding for project(s)	
Tribal Cultural Resources					
TCR-1 (Cultural Sensitivity Training)					
The Tribe shall make a presentation at the Project site to all onsite workers. The presentation will show typical artifacts from the area and will explain the laws affecting cultural and tribal resources and the responsibilities of the parties regarding discovery of cultural resources or human remains. To facilitate this training, the applicant shall execute the Tribe's Native American Monitoring Contract.	Prior to commencement of construction	Once	City of Mendota	Permit condition; receipt of sign-in sheet	

AGENDA

BEFORE THE CITY COUNCIL
OF THE
CITY OF MENDOTA, COUNTY OF FRESNO

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENDOTA RULING ON THE APPLICANT'S APPEAL OF THE MENDOTA PLANNING COMMISSION'S DENIAL OF A CONDITIONAL USE PERMIT IN THE MATTER OF APPLICATION NO. 21-01, THE LEFT MENDOTA II, LLC COMMERCIAL CANNABIS PROJECT (APN 013-280-29)

RESOLUTION NO. 21-82

WHEREAS, on January 15, 2021 the City of Mendota received Application No. 21-01, submitted by Left Mendota II, LLC and proposing the construction and operation of commercial cannabis cultivation facilities on Fresno Co. APN 013-280-29, consisting of approximately 15 acres; and

WHEREAS, the project site is designated Light Industrial by the City of Mendota 2005-2025 General Plan and is zoned M-1/CO (Light Manufacturing/Commercial Cannabis Overlay District); and

WHEREAS, the proposed use is permitted in the M-1/CO zone subject to approval of a conditional use permit and entrance into a development agreement as described in Mendota Municipal Code Chapters 8.37 and 17.99; and

WHEREAS, on September 10, 2021 a notice of public hearing was published in *The Business Journal*, similar notices were individually mailed to property owners within 300 feet of the project site, and a copy of the notice was posted in the Mendota City Hall bulletin window; and

WHEREAS, on September 21, 2021 the Mendota Planning Commission conducted a public hearing at a regular Planning Commission meeting to consider Application No. 21-01; and

WHEREAS, the Planning Commission, via a roll-call vote of 1 aye to 3 noes, denied Resolution No. PC 21-06, denying the proposed conditional use permit; and

WHEREAS, pursuant to Mendota Municipal Code Section 17.08.050, on September 23, 2021 the applicant timely submitted a letter to the City Clerk appealing the decision of the Planning Commission; and

WHEREAS, approval of the project consists of a "lease, permit, license, certificate, or other entitlement for use", and is therefore a "project" pursuant to the California Environmental Quality Act, Public Resources Code Section 21000, *et seq*. ("CEQA") and

the CEQA Guidelines, California Code of Regulations Title 14, Chapter 3, Section 15000, *et seq*.; and

WHEREAS, via adoption of Resolution No. 21-81, the City Council has determined that, with mitigation incorporated, the Project will not have a significant effect on the environment and that the provisions of the California Environmental Quality Act have been met; and

[***WHEREAS,*** the City Council has made the following findings pursuant to Mendota Municipal Code Section 17.84.050, said findings substantiated in the record:]

a. The site for the proposed use [is] [is not] adequate in size and shape to accommodate such use and all yards, spaces, walls and fences, parking, loading, landscaping and other features to adjust such use with the land and uses in the neighborhood;
b. That the site for proposed use relates to streets and highways [adequate] [inadequate] in width and pavement type to carry the quantity and kind of traffic generated by the proposed use;
c. That the proposed use will have [no] [an] adverse effect on abutting property or the permitted use thereof; and
d. [That the conditions stated in the project approval are deemed necessary to protect the public health, safety, and general welfare.]

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Mendota hereby [grants] [denies] the applicant's appeal of the Planning Commission's denial of the conditional use permit proposed within Application No. 21-01, the Left Mendota II, LLC Commercial Cannabis Project, said conditional use permit being now approved with a site plan as illustrated in Exhibit "A" hereto subject to the conditions of approval contained in Exhibit "B" hereto.

_____
Rolando Castro, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council held at Mendota City Hall on the 12th day of October 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Celeste Cabrera-Garcia, City Clerk

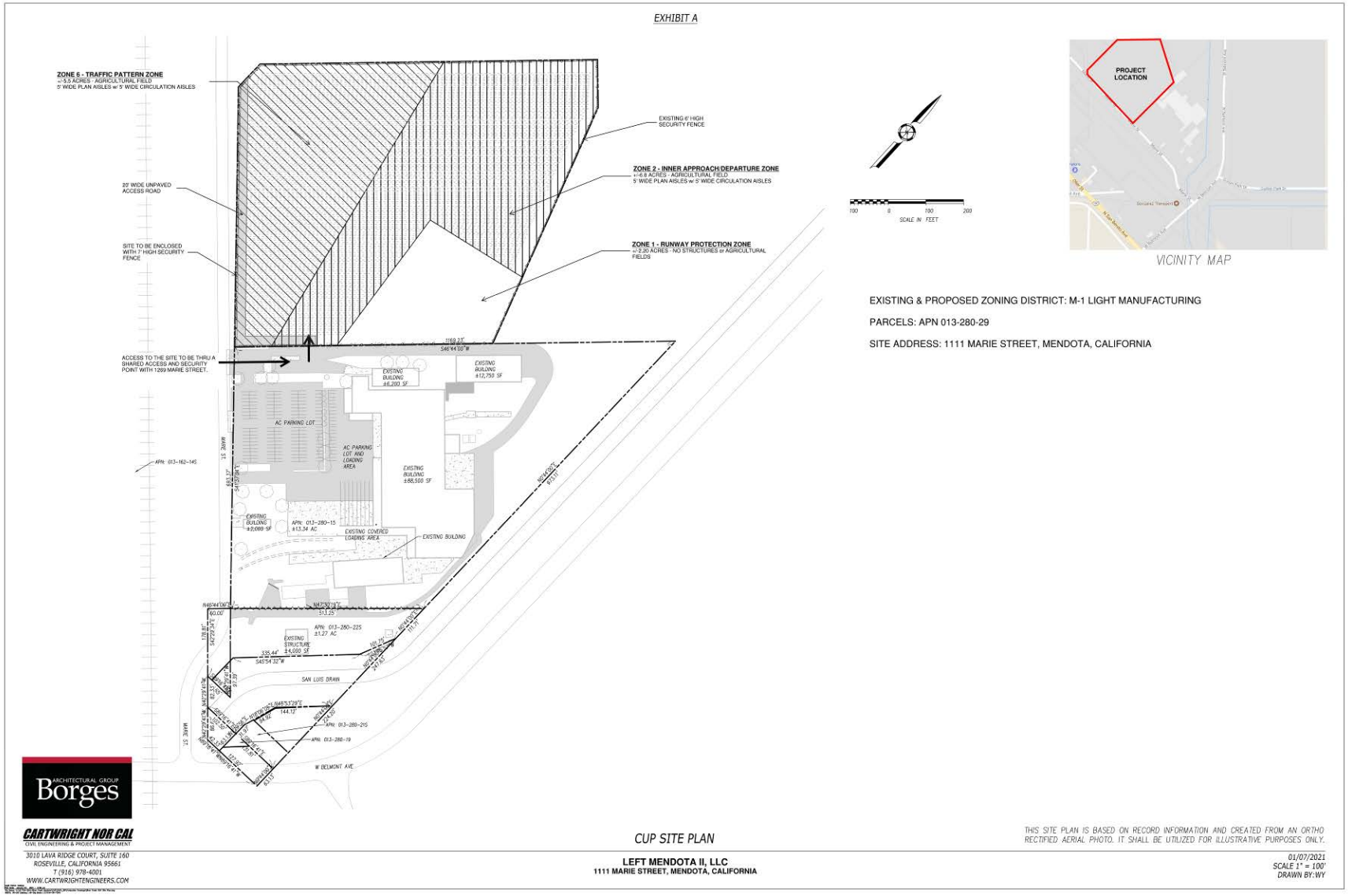
EXHIBIT A
ZONE 6 - TRAFFIC PATTERN ZONE
+/- 5.5 ACRES - AGRICULTURAL FIELD
5' WIDE PLAN AISLES w/ 5' WIDE CIRCULATION AISLES
EXISTING 6' HIGH SECURITY FENCE
ZONE 2 - INNER APPROACH/DEPARTURE ZONE
+/-6.8 ACRES - AGRICULTURAL FIELD
5' WIDE PLAN AISLES w/ 5' WIDE CIRCULATION AISLES
25' WIDE UNPAVED ACCESS ROAD
SITE TO BE ENCLOSED WITH 7' HIGH SECURITY FENCE
ZONE 1 - RUNWAY PROTECTION ZONE
+/- 2.30 ACRES - NO STRUCTURES or AGRICULTURAL FIELDS
ACCESS TO THE SITE TO BE THRU A SHARED ACCESS AND SECURITY POINT WITH 1269 MARIE STREET.
EXISTING BUILDING ±6,200 SF
EXISTING BUILDING ±12,750 SF
AC PARKING LOT
AC PARKING LOT AND LOADING AREA
EXISTING BUILDING ±68,500 SF
APN: 013-162-145
EXISTING BUILDING ±2,000 SF
APN: 013-280-15 ±13.34 AC
EXISTING COVERED LOADING AREA
EXISTING BUILDING
APN: 013-280-225 ±1.27 AC
EXISTING STRUCTURE ±4,000 SF
SAN LUIS DRAIN
APN: 013-280-215
APN: 013-280-19
W BELMONT AVE
MARIE ST.
SCALE IN FEET
PROJECT LOCATION
VICINITY MAP
EXISTING & PROPOSED ZONING DISTRICT: M-1 LIGHT MANUFACTURING
PARCELS: APN 013-280-29
SITE ADDRESS: 1111 MARIE STREET, MENDOTA, CALIFORNIA
Borges ARCHITECTURAL GROUP
CARTWRIGHT NOR CAL
CIVIL ENGINEERING & PROJECT MANAGEMENT
3018 LAVA RIDGE COURT, SUITE 160
ROSEVILLE, CALIFORNIA 95661
T (916) 978-4001
WWW.CARTWRIGHTENGINEERS.COM
CUP SITE PLAN
LEFT MENDOTA II, LLC
1111 MARIE STREET, MENDOTA, CALIFORNIA
THIS SITE PLAN IS BASED ON RECORD INFORMATION AND CREATED FROM AN ORTHO RECTIFIED AERIAL PHOTO. IT SHALL BE UTILIZED FOR ILLUSTRATIVE PURPOSES ONLY.
01/07/2021
SCALE 1" = 100'
DRAWN BY: WY

As may be used herein, the words "applicant", "owner," "operator", and "developer" shall be interchangeable, excepting when the word is indicated in ***bold italics***. In that event, the condition of approval is specific to the entity named.

Operations

1. The operator shall acquire and maintain any licenses, approvals, waivers, or similar that may be issued by the State of California requisite to cannabis operations and shall comply with all provisions of any State regulatory agency that may have oversight over said operations.

2. The operator shall acquire and maintain all City of Mendota licenses pursuant to Mendota Municipal Code Chapter 8.37, including payment of applicable fees.

3. The contractor and any subcontractor(s) shall acquire a City of Mendota business license, including payment of any applicable business license fees, prior to commencing construction.

4. The City will monitor the operation for violations of conditions of approval. Penalty for violation may include but is not limited to warnings, fines, and/or permit revocation.

General & Site

5. Operation of this conditional use permit is contingent upon recordation of a development agreement pursuant to MMC Section 8.37.050(1).

6. The conditional use permit detailed within Application No. 21-01 shall expire two (2) years following the date of its approval unless, prior to expiration, a building permit for the requested site modifications is issued by the City of Mendota and construction is commenced and being diligently pursued. At the discretion of the City Manager, and upon valid request not less than thirty (30) days prior to its expiration, this conditional use permit may be extended for a period or periods not to exceed two (2) additional years in the aggregate.

7. Development shall comply with all applicable provisions of the City of Mendota General Plan and the Mendota Municipal Code (MMC), including but not limited to: potable water protection regulations (Chapter 13.30), business licensing requirements (Title 5), and Building Code Standards (Title 15); the Subdivision Ordinance (Title 16); the regulations of the applicable zone district(s) and other relevant portions of the Zoning Ordinance (Title 17); and the City of Mendota Standard Specifications and Standard Drawings, unless exceptions therefrom are approved by the City Engineer.

8. Use of the site shall conform to all applicable requirements for the M-1 Light Manufacturing Zone District as modified by the provisions of the CO Commercial Cannabis Overlay District.

9. Construction drawings (building and improvement plans; site, grading, irrigation, and landscaping, as applicable) shall be submitted to the Planning and Building Department and City Engineer for review and approval. A building permit shall be acquired prior to start of any construction activities.

10. No new landscaping is required. Any existing landscaping damaged or destroyed as a result of construction shall be repaired or replaced in-kind by the applicant at the discretion of the City Planner.

11. The applicant shall provide a lighting plan for the review and approval of the City Engineer. All exterior lights shall be shielded or otherwise oriented to prevent disturbance to surrounding or neighboring properties or traffic on abutting rights-of-way.

12. The applicant shall consult with and shall comply with the requirements of the San Joaquin Valley Air Pollution Control District, including but not limited to compliance with Regulation VIII (Fugitive PM_{10} Prohibitions) and Rule 9510 (Indirect Source Review).

13. The applicant shall consult with and shall comply with the requirements of the Fresno County Fire Protection District/CAL FIRE, including but not limited to requirements related to sprinklers, fire hydrants, and fire access.

14. The developer shall comply with Health and Safety Code Section 7050.5 and Public Resources Code Sections 5097.98, and 21083.2 and related statutes regarding regulation of cultural and historical resources that may be discovered on the site.

15. Development and operation of the project site shall be in substantial conformance with the Site Plan dated January 7, 2021 and the operational statement submitted January 15, 2021, both as modified pursuant to the determination of the Fresno County Airport Land Use Commission dated March 9, 2021 and as incorporated herein by reference. The City Planner shall determine the extent to which incremental or minor changes to the site plan, the landscape plan, and/or the operational statement meet this requirement.

16. Following any changes made to the site plan as a result of these conditions or other commentary, correspondence, or official requirement, the applicant shall submit a copy of the final site plan as revised to the Planning Department for inclusion in the project file. Changes made pursuant to these conditions shall be considered minor or incremental.

17. Prior to issuance of a certificate of occupancy, all relevant conditions of approval shall be verified as complete by the Planning Department, and any and all

outstanding fees shall have been paid. Any discrepancy or difference in interpretation of the conditions between the subdivider and the Planning Department shall be subject to review and determination by the Planning Commission.

18. All above-ground features including but not limited to lighting, fire hydrants, postal boxes, electrical and related boxes, and backflow devices shall be installed outside of the public-right-of-way. All utilities shall be installed underground.

19. Hours of construction shall be limited to 6:00 AM to 7:00 PM, Monday through Saturday.

20. Construction debris shall be contained within an on-site trash bin and the project site shall be watered for dust control during construction.

21. Any non-structural fencing shall be subject to approval by the Community Development Department consistent with Standard Drawing Nos. M-3 through M-7.

22. The applicant shall comply with all relevant components of the California Building Code and associated trade codes.

23. All signage must be approved pursuant to the standards and guidelines of the Mendota Municipal Code prior to installation.

24. Development shall at all times respect existing or new easements by, for, and between all private and public entities, including but not limited to the City of Mendota.

25. It shall be the responsibility of the subdivider to grant/secure easements as necessary for the installation and maintenance of private utilities, including but not limited to electricity, gas, telephone, and cable television.

26. Connection points for water and wastewater shall be determined by the City Engineer. Connections shall be made in accordance with City of Mendota standards and shall be coordinated with the Director of Public Utilities.

27. The applicant shall comply with the City of Mendota Cross-Connection Control Regulations contained within MMC Section 13.24.

28. The applicant shall coordinate with the City Engineer and Mid Valley Disposal to establish necessary solid waste procedures and facilities.

<u>Water System Improvements</u>

29. The applicant shall execute, and the project is subject to the provisions of, the Conditional Will-Serve Letter issued by the City of Mendota on May 4, 2021.

30. The site plan shall be revised to illustrate existing and proposed water facilities.

31. The project shall make connection(s) to the City water system as determined by the City Engineer.

32. The improvement plans shall include the location of existing water mains, valves, and valve boxes located in adjacent streets that the proposed water system is to be connected to.

33. All connections to the existing water mains shall include a temporary reduced pressure double check backflow preventer (see Standard Drawing No. W-8) and follow the connection procedures outlined in that standard, or exhibit compliance with AWWA Standard C651-05.

34. Fire hydrants shall be spaced not to exceed 300 feet on center and shall be individually valved between the hydrant and the water system.

35. Fire flow conditions are subject to review and approval by the Fresno County Fire Protection District/CAL FIRE.

36. A meter, meter box, and service shall be installed to each unit. Applicant shall obtain meter type, size and service requirements from the Public Utilities Department and/or the City Engineer. The construction of the water service with meter shall be installed per Standard Drawing No. W-1 and Standard Specifications.

37. All water meters shall be Badger Model E Series with Nicor Connector (E-Series Ultra Plus for sizes 3/4" and 5/8") with Badger Model Orion CMNA-N Cellular Endpoint with Nicor Connector fully loaded with through lid mounting kit

38. No water services are allowed within drive approaches.

39. The project shall comply with City of Mendota's Automated Water Meter Reading System

Sewer System Improvements

40. The site plan shall be revised to illustrate existing and proposed sewer facilities.

41. The project shall connect make connection(s) to the City wastewater system as determined by the City Engineer.

42. No sewer laterals are allowed within driveways. All laterals and cleanouts shall be installed per Standard Drawings No. S-7A and M-1.

43. To ensure proper spacing between underground facilities and allow for unimpeded placement of brass cap monuments in the road surfaces at the intersections of the streets, the location of sewer mains shall conform to Standard Drawing No. M-1.

Storm Drain Improvements

44. Storm drainage shall be accommodated onsite unless an alternative is approved by the City Engineer.

45. Storm drainage facilities shall be constructed per City of Mendota Standard Drawings and Specifications.

46. If applicable, valley gutter construction shall be consistent with City of Mendota Standard Drawing No. ST-14 unless an alternate design is approved by the City Engineer.

Streets

47. To ensure continued access to the site from the abutting parcel to the southeast, the applicant shall cause to be recorded reciprocal cross-access agreement or similar instrument meeting the approval of the City Attorney's office.

48. Any work within the City of Mendota right-of-way shall require an encroachment permit.

49. All concrete work, including curbs, gutters, valley gutters, sidewalks, drive approaches, curb ramps, and other concrete features shall contain a minimum of six (6) sacks of cementitious material per cubic yard unless otherwise approved by the City Engineer.

50. Any broken, damaged, or substandard sidewalk, curb, gutter, or pavement along the project frontages, or any of the above damaged during construction wherever located, shall be removed and replaced as directed by the City Engineer consistent with City Standard Drawings.

51. Drive approaches, as necessary, shall be installed consistent with Standard Drawing No. ST-15.

Fees

52. This project is also subject to a development agreement. Fees discussed in that agreement are not included herein and are in addition to this section.

53. The applicant shall be responsible for payment of any and all outstanding planning, building, plan check, engineering, and attorney fees prior to issuance of a certificate of occupancy. This shall include all fees incurred by the City's consultants or contract staff resulting from preliminary review, correspondence, review of formal application materials, peer review of documents, processing of application materials, attendance at and/or participation in meetings and conference calls, or other services rendered in relation to the project.

54. Concurrently with submittal of improvement and/or building plans, the applicant shall deposit with the City of Mendota funds in an amount estimated by the City Engineer

and/or Building Official, respectively, to be sufficient to offset costs to the City for review of such plans. In the event that such funds are not sufficient to cover costs to the City, the City Engineer and/or Building Official, as appropriate, shall contact the applicant to request additional funds, which the applicant shall then deposit with the City.

55. The applicant shall pay to the City of Mendota development impact fees consistent with the City's current Development Impact Fee Schedule (January 2007). Fees are due in full prior to issuance of a certificate of occupancy.

56. The applicant shall be responsible for payment of fees to the Mendota Unified School District and shall provide the City with evidence of payment, or evidence of the District's determination that no payment is required, prior to issuance of a certificate of occupancy.

57. The applicant shall be responsible for payment of Fresno County Regional Transportation Mitigation Fees and Fresno County Public Facilities Impact Fees and shall provide the City with evidence of payment, or evidence of the County's determination that no payment is required, prior to issuance of a certificate of occupancy.

AGENDA

BEFORE THE CITY COUNCIL
OF THE
CITY OF MENDOTA, COUNTY OF FRESNO

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENDOTA APPROVING AND ENTERING INTO A DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF MENDOTA AND LEFT MENDOTA II, LLC IN THE MATTER OF APPLICATION NO. 21-01, THE LEFT MENDOTA II, LLC COMMERCIAL CANNABIS PROJECT (APN 013-280-29)

ORDINANCE NO. 21-17

WHEREAS, on October 9, 2015, Governor Jerry Brown signed three bills into law (Assembly Bill 266, Assembly Bill 243, and Senate Bill 643) which are collectively referred to as the Medical Cannabis Regulation and Safety Act ("MCRSA"). MCRSA establishes a statewide regulatory system for the cultivation, processing, transportation, testing, manufacturing, and distribution of medical marijuana to qualified patients and their primary caregivers; and

WHEREAS, on November 8, 2016, California voters enacted Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act, also known as the Adult Use of Marijuana Act ("AUMA"), which establishes a comprehensive system to legalize, control, and regulate the cultivation, processing, manufacture, distribution, testing, and sale of nonmedical cannabis, including cannabis products, for use by adults 21 years and older, and to tax the growth and retail sale of cannabis for nonmedical use; and

WHEREAS, on June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult- Use Cannabis Regulation and Safety Act ("MAUCRSA"), which creates a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in commercial cannabis activity may operate in a particular jurisdiction; and

WHEREAS, to strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Government Code sections 65864 et seq. (the "Development Agreement Statute") which authorizes cities to enter into agreements for the development of real property with any person having a legal or equitable interest in such property in order to establish certain development rights in such property; and

WHEREAS, on September 12, 2017, the City Council of Mendota ("City Council") adopted Ordinance No. 17-13 establishing zoning limitations and requirements for all

cannabis businesses, including the proposed cannabis facility to be located on a portion of APN 0136-030-68ST.

WHEREAS, since September 12, 2107, the City Council of the City of Mendota has adopted additional regulations for administration of commercial cannabis operations, which regulations are codified in Chapters 8.37 and 17.99 of the Mendota Municipal Code; and

WHEREAS, the City of Mendota ("City") has received an application from Left Mendota II, LLC ("Developer"), to develop a cannabis business for the cultivation, manufacturing, and distribution of cannabis and cannabis products ("the Project"); and

WHEREAS, the City and Developer seek to enter into Development Agreement No. 2021-01 (the "Development Agreement") to: (i) facilitate the orderly development of the Site in general and specifically to ensure that such development is consistent with Title 17 of the Mendota Municipal Code; (ii) create a physical environment that is consistent with, complements, and promotes the purposes and intent of the Commercial Cannabis Overlay District and the regulations adopted therewith; (iii) protect natural resources from adverse impacts; and (vi) reduce the economic risk of development of the Site to both City and Developer; and

WHEREAS, at a regular meeting on September 21, 2021 the Mendota Planning Commission conducted a public hearing to consider the proposed Development Agreement as required by Government Code Section 65867; and

WHEREAS, pursuant to Government Code section 65867.5, the City Council finds that the provisions of the Development Agreement are consistent with the City's general plan and any applicable specific plan; and

WHEREAS, the proposed Development Agreement will have a positive impact on the City by generating significant revenues that would support transportation, parks and recreation, law enforcement, and fire protection in the City.

WHEREAS, approval of the project consists of a "lease, permit, license, certificate, or other entitlement for use" and involves an amendment to the General Plan that may have a reasonably foreseeable indirect effect on the environment, and is therefore a "project" pursuant to the California Environmental Quality Act, Public Resources Code Section 21000, et seq. ("CEQA") and the CEQA Guidelines, California Code of Regulations Title 14, Chapter 3, Section 15000, et seq.; and

WHEREAS, as the agency primarily responsible for carrying out or approving said project, the City of Mendota assumes the role of lead agency pursuant to CEQA; and

WHEREAS, the City Council has adopted Resolution No. 21-81 determining that, with mitigation incorporated, the activities proposed within the Project will not have a significant effect on the environment and, consistent with the California Environmental

Quality Act (CEQA) and the CEQA Guidelines, has adopted a mitigated negative declaration and mitigation monitoring & reporting program.

WHEREAS, the City Council has adopted Resolution No. 21-82 granting Developer's appeal of the Planning Commission's denial of, and thus approving, a conditional use permit for the Project.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MENDOTA, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

SECTION 1. Based upon the findings, as referenced in the recitals above, the Development Agreement attached hereto as Exhibit A and incorporated herein by reference by and between the City of Mendota, and Left Mendota II, LLC, is hereby approved.

SECTION 2. Each and every term and condition of the Development Agreement approved in Section 1 of this Ordinance shall be and is made a part of the Mendota Municipal Code and any appendices thereto. The City Council of the City of Mendota finds that public necessity, public convenience, and general welfare require that any provision of the Mendota Municipal Code or appendices there inconsistent with the provisions of this Development Agreement, to the extent of such inconsistencies and no further, be repealed or modified to make fully effective the provisions of the Development Agreement.

SECTION 3. Any provision of the Mendota Municipal Code or appendices thereto, inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, are hereby repealed or modified to that extent necessary to effect the provisions of this Ordinance.

SECTION 4. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is held for any reason to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Ordinance. The City Council of the City of Mendota hereby declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions be declared invalid or unconstitutional.

SECTION 5. The Mayor shall sign and the City Clerk shall certify to the passage of this Ordinance and will see that it is published and posted in the manner required by law.

* * * * * * * * * * *

The foregoing ordinance was introduced on the 12th day of October 2021 and duly passed and adopted by the City Council of the City of Mendota at a regular meeting thereof held on the 26th day of October 2021 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Rolando Castro, Mayor

ATTEST:

_____
Celeste Cabrera-Garcia, City Clerk

APPROVED AS TO FORM:

_____
John Kinsey, City Attorney

AGENDA

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

City of Mendota
643 Quince Street
Mendota, CA 93640
Attn: City Manager

SPACE ABOVE THIS LINE FOR RECORDER'S USE
Recording Fee Exempt per Government Code §6103

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into on this _____, day of _____, 2021, by and between the **CITY OF MENDOTA**, a municipal corporation of the State of California ("City"), and **LEFT MENDOTA II, LLC**, a Delaware limited liability company ("Developer"). City or Developer may be referred to herein individually as a "Party" or collectively as the "Parties." There are no other parties to this Agreement.

RECITALS

A. On October 9, 2015, Governor Jerry Brown signed three bills into law (Assembly Bill 266, Assembly Bill 243, and Senate Bill 643) which are collectively referred to as the Medical Cannabis Regulation and Safety Act ("MCRSA"). MCRSA establishes a statewide regulatory system for the cultivation, processing, transportation, testing, manufacturing, and distribution of medical marijuana to qualified patients and their primary caregivers.

B. On November 8, 2016, California voters enacted Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act, also known as the Adult Use of Marijuana Act ("AUMA"), which establishes a comprehensive system to legalize, control, and regulate the cultivation, processing, manufacture, distribution, testing, and sale of nonmedical cannabis, including cannabis products, for use by adults 21 years and older, and to tax the growth and retail sale of cannabis for nonmedical use.

C. On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which creates a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in Commercial Cannabis Activity, as defined in Section 1.4 of this Agreement, may operate in a particular jurisdiction.

AGENDA

D. Developer proposes to improve, develop, and use real property for the operation of Cannabis Businesses that engage in cultivation, manufacturing, distribution, delivery or testing of Cannabis and Cannabis Products, as defined in Section 1.4 of this Agreement, in strict accordance with California Cannabis Laws, as defined in Section 1.4 of this Agreement, as they may be amended from time to time, and the Municipal Code of the City of Mendota as it existed on the Effective Date (the "Project"). The Project includes approximately 15.05 acres of land (consisting of approximately 655,578 square feet) for Commercial Cannabis Activity.

E. To strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic risk of development, the California Legislature adopted Government Code section 65864 et seq. (the "Development Agreement Statute"), which authorizes City and an individual with an interest in real property to enter into a development agreement that establishes certain development rights in real property that is subject to a development agreement application.

G. Government Code section 65865 requires an applicant for a development agreement to hold a legal or equitable interest in the real property that is the subject of the development agreement. Developer is the fee simple owner or has an equitable interest in the real property located at 1111 Marie Street, in the City of Mendota, County of Fresno, State of California, Assessor's Parcel Number 013-280-29 (the "Site"), more particularly described in the legal description attached hereto as Exhibit A and the Site Map attached hereto as Exhibit B.

H. On September 12, 2017, the City Council of Mendota ("City Council") adopted Ordinance No. 17-13 establishing zoning limitations and requirements for all cannabis businesses, including the proposed cannabis facility to be located at the Site.

I. On September 8, 2020, the City Council adopted Ordinance No. 20-16, establishing additional requirements for the operation and entitlement of commercial cannabis businesses operating within the City.

J. On May 25, 2021, the City Council adopted Ordinance Nos. 21-07 and 21-08, revising the requirements applicable to the operation and entitlement of commercial cannabis businesses within the City.

K. Government Code section 65867.5 requires the City's legislative bodies to hold a public hearing to review an application for a development agreement and find the development agreement's provisions are consistent with the general plan and any applicable specific plan.

L. On September 21, 2021, after a duly noticed and held Planning Commission meeting, the Planning Commission considered Developer's application for a development agreement for the Project.

M. On October __, 2021, the City Council, in a duly noticed and conducted public hearing, and conducted the first reading of proposed Ordinance No. 21-__, an Ordinance of the

AGENDA

City Council of the City of Mendota Approving Entrance into the Development Agreement No. 21-__ in the matter of Application No. 21-01, the Left Mendota II, LLC Commercial Cannabis Project (APN 013-280-29).

O. City and Developer desire to enter into this Agreement to: (i) facilitate the orderly development of the Site in general and specifically to ensure that such development is consistent with Title 17 of the Mendota Municipal Code; (ii) create a physical environment that is consistent with, complements, and promotes the purposes and intent of the Commercial Cannabis Overlay District and the regulations adopted therewith; (iii) protect natural resources from adverse impacts; and (vi) reduce the economic risk of development of the Site to both City and Developer.

P. The Parties intend through this Agreement to allow Developer to develop and manage the Project in accordance with the terms of this Agreement.

Q. The City Council has determined that this Agreement is consistent with City's General Plan and have conducted all necessary proceedings in accordance with City's Municipal Code for the approval of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

AGREEMENT

ARTICLE 1

GENERAL PROVISIONS

Section 1.2. Recitals. The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 10 of this Agreement, the provisions of Articles 1 through 10 shall prevail.

Section 1.3. Exhibits. The following "Exhibits" are attached to and incorporated into this Agreement:

Designation	Description
Exhibit A	Legal Description
Exhibit B	Site Map
Exhibit C	Notice of Non-performance Penalty
Exhibit D	Notice of Termination
Exhibit E	Assignment and Assumption Agreement

Section 1.4. Definitions. In this Agreement, unless the context otherwise requires, the terms below have the following meaning:

(a) "Additional Insureds" has the meaning set forth in Section 6.1.

(b) "Additional License" means a state license to operate a cannabis business pursuant to the California Cannabis Laws that is not an Authorized License.

(c) "Adult-Use Cannabis" means a product containing cannabis, including, but not limited to, concentrates and extractions, intended for use by adults 21 years of age or over in California pursuant to the California Cannabis Laws.

(d) "Agreement" means this Development Agreement, inclusive of all Exhibits attached hereto.

(e) "Application" means the application for a development agreement submitted by Developer to the City.

(f) "Assignment and Assumption Agreement" has the meaning set forth in Section 10.1.

(g) "AUMA" means the Adult Use of Marijuana Act (Proposition 64) approved by California voters on November 8, 2016.

(h) "Authorized License" has the meaning set forth in Section 2.3.

(i) "Bureau" means the Bureau of Cannabis Control within the Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation.

(j) "California Building Standards Codes" means the California Building Code, as amended from time to time, in Part 2, Volumes I and 2, as part of Title 24 of the California Code of Regulations, as may be adopted by the Mendota Municipal Code.

(k) "California Cannabis Laws" includes AUMA, MAUCRSA and its implementing regulations, CUA, the Medical Marijuana Program Act of 2004, and any other applicable state laws that may be enacted or approved.

(m) "Cannabis Business" means a cannabis business operating pursuant to an Authorized License.

(n) "Cannabis Product" means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

(o) "CEQA" means the California Environmental Quality Act, as set forth in Division 13 (Commencing with Section 21000) of the California Public Resources Code, and the CEQA Guidelines as set forth in Title 14 (Commencing with Section 15000) of the California Code of Regulations.

(p) "City" means the City of Mendota, a municipal corporation having general police powers.

(q) "City Council" means the City of Mendota City Council.

(r) "City Manager" means the City Manager of the City of Mendota, or his or her designee.

(s) "Charged Party" has the meaning set forth in Section 8.1.

(t) "Charging Party" has the meaning set forth in Section 8.1.

(u) "Commercial Cannabis Activity" means to cultivate, manufacture, distribute, process, store, package, label, transport, deliver, or test cannabis or cannabis products as provided for by Division 10 (commencing with Section 26000) of the Business and Professions Code.

(v) "Conditional Use Permit" means a conditional use permit for the Project issued by the City pursuant to Mendota Municipal Code Chapter 17.08.050.

(w) "CUA" means the Compassionate Use Act (Proposition 215) approved by California voters on November 5, 1996.

(x) "Developer" means Left Mendota II, LLC and as further set forth in Section 6.1.

(y) "Developed Portions of the Property" means the designated structure or structures and all land specified in the development agreement application that is owned, leased, or otherwise held under the control of Developer.

(z) "Development Agreement Statute" has the meaning set forth in Recital E.

(aa) "Exhibits" has the meaning set forth in Section 1.3.

(bb) "Major Amendment" means an amendment that shall have a material effect on the terms of the Agreement. Major Amendments shall require approval by the City Council.

(cc) "Marijuana" has the same meaning as cannabis and those terms may be used interchangeably.

(dd) "MAUCRSA" means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code section 26000 et seq. and its implementing regulations.

(ee) "MCRSA" has the meaning set forth in Recital A.

(ff) "Ministerial Fee" or "Ministerial Fees" has the meanings set forth in Section 4.1.

(gg) "Minor Amendment" means a clerical amendment to the Agreement that shall not materially affect the terms of the Agreement (e.g., change of notice address) and any amendment described as minor herein.

(ii) "Non-Performance Penalty" has the meaning set forth in Section 4.3

(jj) "Notice of Non-Performance Penalty" has the meaning set forth in Section 4.3.

(kk) "Notice of Termination" has the meaning set forth in Section 9.1.

(ll) "Processing Costs" has the meaning set forth in Section 1.11.

(mm) "Project" has the meaning set forth in Recital D.

(nn) "Project Litigation" has the meaning set forth in Section 10.7.

(oo) "Public Benefit Fees" has the meaning set forth in Section 4.2.

(pp) "Public Benefit Amount" has the meaning set forth in Section 4.2.

(qq) "Site" has the meaning set forth in Recital G.

(rr) "State Cannabis Manufacturing Regulations" means the regulations related to cannabis manufacturing issued by a State Licensing Authority in accordance with Chapter 13 (commencing with Section 26130) of Division 10 of the Business and Professions Code, which may be amended from time to time.

(ss) "State Licensing Authority" means the state agency responsible for the issuance, renewal, or reinstatement of a state cannabis license, or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

(tt) "State Taxing Authority" has the meaning set forth in Section 4.2.

(uu) "Subsequent City Approvals" has the meaning set forth in Section 3.1.

(vv) "Term" has the meaning described in Section 1.7.

Section 1.5. Project is a Private Undertaking. The Parties agree that the Project is a private development and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent, partner, or joint venturer of Developer or the Project.

Section 1.6. Effective Date of Agreement. This Agreement shall become effective upon the date that the ordinance approving this Agreement becomes effective and title to the Site is vested in the Developer (the "Effective Date").

Section 1.7. Term. The "Term" of this Agreement is thirty (30) years from the Effective Date, unless terminated or extended earlier, as set forth in this Agreement.

(a) **Government Tolling or Termination**. City may provide written notice to Developer to cease all Commercial Cannabis Activity, upon which Developer shall immediately comply, if City is specifically required to comply with federal or state law and such federal or state law requires cessation of Commercial Cannabis Activities. If City temporarily halts this Agreement to comply with federal or state law, this Agreement shall be tolled for an equivalent period of time (the "Tolling Period"). Developer shall not accrue or be liable to City for any Ministerial Fees, Public Benefit Amount, or any other fees contemplated under this Agreement during the Tolling Period. Developer shall resume paying any applicable fees after the Tolling Period ends. City and Developer shall discuss in good faith the termination of this Agreement if the Tolling Period exceeds one (1) calendar year.

(b) **Developer Tolling or Termination**. Developer may not temporarily halt or suspend this Agreement for any purpose without causing a default of this Agreement, except as otherwise allowed by this Agreement.

Cannabis Activity shall be subject to approval by the City Manager. Notwithstanding anything to the contrary herein, temporary termination of Commercial Cannabis Activities to make renovations, repairs, or comply with any applicable laws shall not be considered termination of Commercial Cannabis Activities.

Section 1.8. Priority of Enactment. In the event of conflict between the various land use documents referenced in this Agreement, the Parties agree that the following sequence of approvals establishes the relative priority of the approvals, each approval superior to the approvals listed thereafter: (a) General Plan, (b) Agreement, (d) Conditional Use Permit, and (e) Subsequent City Approvals, as defined in Section 3.1 of this Agreement.

Section 1.9. Amendment of Agreement. This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification of the City Council. A Major Amendment to this Agreement shall be approved by the City Council. The City Manager shall, on behalf of City, have sole discretion for City to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing, unless required by law.

Section 1.10. Recordation of Development Agreement. The City Clerk shall cause a copy of this Agreement to be recorded against the title of the Site within ten (10) business days of the Effective Date.

Section 1.11. Funding Agreement for Processing Costs. Developer has deposited Seven Thousand and Five Hundred Dollars ($7,500) with City to pay for the Application, all actual, reasonable fees and expenses incurred by City that are related to the preparation, processing and annual review of this Agreement, including recording fees, publishing fees, staff time, consultant and reasonable attorney fees and costs (collectively, "Processing Costs"). The Processing Costs are refundable solely to the extent of non-expended Processing Costs. Developer shall be entitled to a refund of available Processing Costs only after City determines all financial obligations associated with the Project have been received and paid by City.

(a) **Apportionment of Processing Costs.** If the amount deposited for purposes of Processing Costs is insufficient to cover all Processing Costs, City shall provide notice to Developer, and Developer shall deposit with City such additional funds necessary to pay for all Processing Costs within thirty (30) calendar days. The failure to timely pay any such additional amounts requested by City shall be considered a material default of this Agreement and City may immediately terminate this Agreement.

(b) **Accounting**. Developer may request, and City shall issue within a reasonable time, an accounting and written acknowledgement of Processing Costs paid to City.

ARTICLE 2

DEVELOPMENT OF PROPERTY

Section 2.1. Vested Right of Developer. During the Term, in developing the Site consistent with the Project described herein, Developer is assured that the development rights, obligation terms, and conditions specified in this Agreement, including, without limitation, the terms, conditions, and limitations set forth in the Exhibits, are fully vested in Developer and may not be modified or terminated by City except as set forth in this Agreement or with Developer's written consent.

Section 2.2. Vested Right to Develop. In accordance with Section 2.1, Developer shall have the vested right to develop and use the Project consistent with this Agreement, the existing City regulations and codes, the Conditional Use Permit, and Subsequent City Approvals.

Section 2.3. Permitted Uses and Development Standards. Developer shall be authorized to develop, construct, and use the Site for Commercial Cannabis Activity consistent with the following license types and uses associated with said license types (the "Authorized License"):

License Description	**State License Type(s)**
Cultivation Indoor	1A/2A/3A/5A
Cultivation Mixed Light	1B/2B/3B/5B
Cultivation	Processor
Cultivation Nursery	4
Manufacturing 1	6
Manufacturing 2	7
Laboratory Testing	8
Distributor	11
Distributor Transport Only (Self-Distribution)	13
Non-storefront Retailer	9
Microbusiness*	12
*Microbusiness Licensees may not engage in Commercial Cannabis Activity associated with a Storefront Retailer license (Type 10), but may engage in Commercial Cannabis Activity usually associated with a Non-Storefront Retailer license (Type 9) provided that they are included within the Non-Storefront Retailer designation for purposes of paying the Non-Storefront Payment laid out in Section 4.2 below.	

Authority. Notwithstanding the foregoing, Developer or each of its tenants or assignees is required to apply for and obtain an Authorized License from the applicable State Licensing Authority. If the State Licensing Authority does not grant the Authorized License to Developer or its tenants or assignees, Developer or the tenant or assignee that was denied a license shall immediately cease Commercial Cannabis Activity on the Site. Developer or its tenants or assignees shall also, within ten (10) calendar days of receiving notice from the State Licensing Authority relating to a denial or rejection of a license, notify City of the State Licensing Authority's denial or rejection of any license. If the Authorized License is not granted by the State Licensing Authority, Developer or its tenants or assignees shall immediately cease operations. In this situation, this Agreement shall terminate immediately. For the purposes of clarification, a denial or rejection of Developer's tenants or assignee's Authorized License shall not result in the termination of this agreement provided (x) other Authorized Licenses have been issued to Developer, its tenants or assignees; or (y) Developer or its tenants or assignees are in the process of applying for an Authorized License. The Parties intend for this Agreement and the Conditional Use Permit to serve as the definitive and controlling documents for all subsequent actions, discretionary or ministerial, relating to development of the Site and Project.

Section 2.5. Development Permit. Prior to commencing operation of any Commercial Cannabis Activity on the Site, Developer shall obtain a Conditional Use Permit and any applicable Subsequent City Approvals. Developer shall be required to comply with all provisions of the Mendota Municipal Code and any other City rules and administrative guidelines associated with implementation of the Commercial Cannabis Overlay District. Nothing in this Agreement shall be construed as limiting the ability of City to amend the Mendota Municipal Code or issue rules or administrative guidelines associated with implementation of the Commercial Cannabis Overlay District or Developer's obligation to strictly comply with the same.

Section 2.6. Subsequent Entitlements, Approvals, and Permits. Successful implementation of the Project shall require Developer to obtain additional approvals and permits from City and other local and state agencies. City shall comply with CEQA in the administration of all Subsequent City Approvals. In acting upon any Subsequent City Approvals, City's exercise of discretion and permit authority shall conform to this Agreement. Notwithstanding the foregoing, in the course of taking action on the Subsequent City Approvals, City will exercise discretion in

Section 2.8. Regulation by Other Government Entities. Developer acknowledges that City does not have authority or jurisdiction over any other government entities' ability to grant governmental approvals or permits or to impose a moratorium or other limitations that may negatively affect the Project or the ability of City to issue a permit to Developer or comply with the terms of this Agreement. Any moratorium imposed by another government entity, including the State Licensing Authority, on City shall not cause City to be in breach of this Agreement.

Section 2.9. Developer's Right to Rebuild. Developer may renovate portions of the Site any time within the Term of this Agreement consistent with the Mendota Municipal Code. Any such renovation or rebuild shall be subject to all design, building code, and other requirements imposed on the Project by this Agreement.

Section 2.10. Changes in California Building Standards Codes. Notwithstanding any provision of this Agreement to the contrary, development of the Project shall be subject to changes occurring from time to time to the California Building Standards Codes.

Section 2.11. Changes Mandated by Federal or State Law. The Site and Project shall be subject to subsequently enacted state or federal laws or regulations that may preempt the Mendota Municipal Code, or mandate the adoption or amendment of local regulations, or are in conflict with this Agreement or local rules or guidelines associated with the Commercial Cannabis Overlay District. As provided in Section 65869.5 of the Development Agreement Statute, in the event state or federal laws or regulations enacted after the Effective Date prevent or preclude compliance with one or more provisions of this Agreement, such provisions shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations. Upon 'discovery of a subsequently enacted federal or state law meeting the requirements of this Section, City or Developer shall provide the other Party with written notice

of the state or federal law or regulation, and a written statement of the conflicts thereby raised with the provisions of the Mendota Municipal Code or this Agreement. Promptly thereafter, City and Developer shall meet and confer in good faith in a reasonable attempt to modify this Agreement, as necessary, to comply with such federal or state law or regulation provided City shall not be obligated to agree to any modification materially increasing its obligations or materially adversely affecting its rights and benefits hereunder. In such discussions, City and Developer will attempt to preserve the terms of this Agreement and the rights of Developer derived from this Agreement to the maximum feasible extent while resolving the conflict. If City, in its judgment, determines it necessary to modify this Agreement to address such conflict, City shall have the right and responsibility to do so, and shall not have any liability to Developer for doing so or be considered in breach or default of this Agreement. City also agrees to process, in accordance with the provisions of this Agreement, Developer's proposed changes to the Project that are necessary to comply with such federal or state law and that such proposed changes shall be conclusively deemed to be consistent with this Agreement without further need for any amendment to this Agreement.

ARTICLE 3

ENTITLEMENT AND PERMIT PROCESSING, INSPECTIONS

Section 3.1. Subsequent City Approvals. City shall permit the development, construction, and conditionally permitted use contemplated in this Agreement. City agrees to timely grant, pursuant to the terms of this Agreement, the Mendota Municipal Code as it existed on the Effective Date, and any Subsequent City Approvals reasonably necessary to complete the goals, objectives, policies, standards, and plans described in this Agreement. The Subsequent City Approvals shall include any applications, permits, and approvals required to complete the improvements necessary to develop the Site, in general accordance with this Agreement ("Subsequent City Approvals"). Nothing herein shall require City to provide Developer with Subsequent City Approvals prior to, or without complying with, all of the requirements in this Agreement, the Mendota Municipal Code as it existed on the Effective Date, and any applicable state law.

Section 3.2. Timely Processing. City shall use its reasonable best efforts to process and approve, within a reasonable time, any Subsequent City Approvals or environmental review requested by Developer during the Term of this Agreement.

Section 3.3. Cooperation between City and Developer. Consistent with the terms set forth herein, City agrees to cooperate with Developer, on a timely basis, in securing all permits or licenses that may be required by City or any other government entity with permitting or licensing jurisdiction over the Project.

Section 3.4. Further Consistent Discretionary Actions. The exercise of City's authority and independent judgment is recognized under this Agreement, and nothing in this Agreement shall be interpreted as limiting City's discretion or obligation to hold legally required public hearings. Except as otherwise set forth herein, such discretion and action taken by City shall, however, be consistent with the terms of this Agreement and not prevent, hinder or compromise development or use of the Site as contemplated by the Parties in this Agreement.

ARTICLE 4
PUBLIC BENEFIT, PROCESSING, AND OVERSIGHT

Section 4.1. Processing Fees and Charges. Developer shall pay to City those processing, inspection, plan checking, and monitoring fees and charges required by City which are in force and effect at the time those fees and charges are incurred (including any post-Effective Date increases in such fees and charges) for processing applications and requests for building permits, inspections, other permits, approvals and actions, and monitoring compliance with any permits issued or approvals granted or the performance of any conditions (each a "Ministerial Fee" and collectively, the "Ministerial Fees").

Section 4.2. Public Benefit.

(a) The parties acknowledge and agree that this Agreement confers substantial private benefit upon Developers that will place burdens upon City infrastructure, services, and neighborhoods. Accordingly, the Parties intend to provide consideration to City to offset these impacts that is commensurate with the private benefits conferred on Developer (the "Public Benefit Fees"). Developer acknowledges that the Public Benefit Fees provided for herein are greater than the annual fee provided for in Mendota Municipal Code section 17.99.070 and, despite this fact, voluntarily agrees to pay the fees acknowledging that the private benefits conferred are of equal or greater consideration to the fees, and waives any right to challenge said fees as a violation of any aw. In consideration of the foregoing, Developer shall remit to City the following payments (collectively referred to as the "Public Benefit Amounts").

(b) An annual payment of Eighty-Five Thousand Dollars ($85,000) for each Non-Storefront Retailer and Microbusiness Authorized License actively operating on the Site and engaging in Commercial Cannabis Activity usually associated with a Non-Storefront Retailer license ("Non-Storefront Payment"), that shall be paid on the last business day of each year; and

(c) An annual payment of Two Hundred and Ten Thousand Dollars ($210,000) paid in equal payments of Fifty-Two Thousand Five Hundred Dollars ($52,500) on the First (1st) business day of every Third (3rd) month ("Quarterly Payment"); and

(i) $8.00 per square foot (the "Square Foot Charge") of the existing buildings on the premises allocated for Authorized Licenses, which are occupied by tenants and such tenants are actually engaging in Commercial Cannabis Activity, including, but not limited to indoor cultivation, manufacturing, distribution, or non-storefront retail of cannabis or cannabis products ***less*** any Quarterly Payments that have been tendered to the City during the applicable period. The Square Foot Charge shall be paid to the City on the First (1st) Business Day of every Sixth (6th) month throughout the Term. For purposes of clarification, the Square Foot Charge shall only become due as to that potion of the Site where the Developer or its tenants or assignees are actively engaging in Commercial Cannabis Activities, and with respect to indoor cultivation, the actual canopy space where indoor cultivation occurs. In the event the Developer or its tenants or assignees are not actively engaging in Commercial Cannabis Activities on the Site, the City shall only receive the Quarterly Payment. In the event the Developer or any of its tenants or assignees are actively engaging in Commercial Cannabis Activities on the Site, the Square Foot Charge shall be reduced by any Quarterly Payments already paid to the City; and

(ii) Fifty Cents ($0.50) per square foot of the canopy space in any structure used for mixed light cultivation type of Authorized Licenses, which are occupied by tenants and such tenants are actually engaging in mixed-light cultivation of cannabis ("Greenhouse Payment"). The Greenhouse Payment shall be paid to the City on the First (1st) Business Day of every Third (3rd) month of the Term. For the purposes of this Section, the basis for calculation of the Greenhouse Payment shall be the actual amount of canopy (measured by the aggregate area of vegetative growth of mature cannabis plants on the premises).

(iii) Fifty Cents ($0.50) per square foot of the canopy space on any land used for outdoor cultivation Authorized Licenses, which are occupied by tenants and such tenants are actually engaging in outdoor cultivation of cannabis ("Outdoor Payment"). For the purposes of this section, tenants shall be considered actually engaging in outdoor cultivation of cannabis when the canopy area of such tenant's Authorized License contains mature cannabis plants. The Outdoor Payment shall be paid to the City annually, on the last business day of each year. For the purposes of this Section, the basis for calculation of the Outdoor Payment shall be the actual amount of canopy (measured by the aggregate area of vegetative growth of mature cannabis plants on the premises).

(d) Developer shall remit the Non-Storefront Payment, Quarterly Payment, Square Foot Charge, Greenhouse Payment, and the Outdoor Payment, as applicable, to City on as described in subdivision (a) of this section. Failure to remit the Quarterly Payment, Non-Storefront Payment, Square Foot Charge, Greenhouse Payment, and the Outdoor Payment, as applicable, is a material breach of this Agreement.

(e) The Square Foot Charge, the Outdoor Payment, and the Greenhouse Payment referred to in subdivision (a) of this section shall be subject to a five percent (5%) increase at the commencement of the tenth (10th) year of the term ("First Adjustment Date"), the twentieth (20th) year of the Term ("Second Adjustment Date"), and the thirtieth (30th) year of the Term (the "Third Adjustment Date"). The Parties hereby agree that there shall be no further increases to the Square Foot Charge after the Third Adjustment Date for the remainder of the Term.

(f) Notification. At least thirty (30) days before the adjustment of the Square Foot Charge as provided in subdivision (c) of Section 4.2 of this Agreement, City shall notify Developer in writing of the amount of the new Square Foot Charge in effect until the next adjustment date. The City's failure to provide Developer with advance notice of an increased Square Foot Charge prior to an adjustment date shall not be deemed a waiver of the City's right and entitlement to receive said increased Square Foot Charge owed by Developer in any way.

S**ection 4.3. Reporting**. Developer shall provide City with copies of Authorized Licenses issued by a State Licensing Authority to Developer and its tenants within forty-five (45) calendar days of issuance of such license to a tenant and each annual renewal thereafter ("State Licenses"). Developer shall also provide City with a list of tenants that have received a rent credit for employing at least fifty percent (50%) of City residents in accordance with Section 4.8 of this Agreement within thirty (30) calendar days of each anniversary of the Effective Date of this Agreement ("Local Workforce Report"). Failure or refusal of Developer to pay the Public Benefit Amount shall constitute full and sufficient grounds for the revocation or suspension of the Conditional Use Permit. Notwithstanding anything to the contrary herein, failure to provide copies of State Licenses or Local Workforce Report within the applicable time period shall not amount to a material default of this Agreement and shall not constitute grounds for the revocation or suspension of the Conditional Use Permit.

Section 4.4. Records. Subsequent tenants or assignees shall keep records of all Commercial Cannabis Activity in accordance with Chapter 16 (commencing with Section 26160) of Division 10 of the Business and Professions Code. All records required by this Article 4 shall be maintained and made available for City's examination and duplication (physical or electronic) upon the City Manager's request at the Site or at an alternate facility as approved in writing by the City Manager or his or her designee. Upon request, Developer shall make all records relating to this Article 4 available to City within three (3) business days.

Section 4.5. Penalty. Developer acknowledges that to ensure proper compliance with the terms of this Agreement and any applicable laws, City must engage in costly compliance review, inspections, and, if necessary, enforcement actions to protect the health, safety, and welfare of its residents. Penalty and interest provisions are necessary to assist City in compliance review and enforcement actions. If Developer fails to make any payment when due as required by this Agreement, including the Public Benefit Amount, and fails to cure such failure within the allotted Cure Period, Extended Cure Period, or any extension thereof mutually agreed upon by the Parties in writing, the City may impose a "Non-Performance Penalty." A Non-Performance Penalty of one percent (1%) shall be applied to all past due payments. City shall deliver to Developer a "Notice of Non-Performance Penalty," attached hereto as Exhibit C. Payment of the Non-Performance Penalty shall be in a single installment due on or before a date fifteen (15) calendar days following delivery of the Notice of Non-Performance Penalty.

Section 4.6. Interest on Unpaid Non-Performance Penalty. If Developer fails to pay the Non-Performance Penalty after City has delivered the Notice of Non-Performance Penalty, then, in addition to the principal amount of the Non-Performance Penalty, Developer shall pay City

interest at the rate of eighteen percent (18%) per annum, computed on the principal amount of the Non-Performance Penalty, from a date fifteen (15) calendar days following delivery of the Notice of Non-Performance Penalty.

Section 4.7. Exempt from City Tax. For the Term of this Agreement, Developer shall be exempt from any City tax on commercial cannabis businesses. Notwithstanding the foregoing, Developer and Project shall be subject to any and all taxes, assessments, or similar charges or fees of general applicability enacted by the federal government, state government, or County of Fresno, including any tax applicable to an area greater than the City limits to which City may be a party (i.e., county tax sharing agreement). In the event that the City applies a new tax on commercial cannabis businesses, the City shall refund or credit the amount owed as Public Benefit Amount by an equal amount up to the amount of Public Benefit Amount owed to the Developer and any assuming owner proportional to the percentage ownership share of the gross land area of the Site. For the purposes of clarification, other than the Public Benefit Amount, the Processing Fees, and any other fees contemplated pursuant to this Agreement, Developer shall be exempt from any and all City taxes and fees relating to commercial cannabis activity and commercial cannabis businesses passed following the execution of this Agreement.

Section 4.8. Employing City Residents. Developer agrees to use its best efforts to promote the hiring and employment of local City residents to construct, if necessary, operate the business(es) within the Project, and provide maintenance and security services to the Project, provided Developer has control over such hiring and employment. As part of such efforts, Developer agrees to include in any lease, license or other conveyance of any right to use the Project such language that any transferee of such interest shall use its best efforts to hire and employ local City residents for its business. Developer further agrees to provide a four percent (4%) base rent credit to any tenant whose workforce consists of at least fifty percent (50%) of local City residents at the end of each fiscal year for the period the tenant's workforce meets the criteria set forth herein.

Section 4.9. Manner of Payment. All payments required to be made to City pursuant to this Agreement shall be paid by Developer via check, ACH payment, or wire transfer through a bank licensed and in good standing with all appropriate regulatory bodies. No payment required pursuant to this Agreement may be made in cash. Developer understands and agrees that any failure to comply with this Section 4.9 shall constitute a material breach of this Agreement.

Section 4.10. Charitable Donation. Upon the full execution of this Agreement, Developer shall make a one-time donation in the amount of Ten Thousand Dollars ($10,000) to a charity or program focused on drug education or rehabilitation as selected by the City.

Section 4.11. Site Beautification. Upon the full execution of this Agreement, Developer shall spend up to Ten Thousand Dollars ($10,000) to clean up the vacant land portions of the Site and building facades. Developer agrees to use its best efforts to promote the hiring and employment of local City residents to complete this work.

PUBLIC FACILITIES, SERVICES, AND UTILITIES

City shall use the Public Benefit Amount to pay for the impact on and maintenance or improvement of City neighborhoods, for the general welfare of the residents of Mendota, and the existing level of service of City infrastructure and services to accommodate for the Project.

ARTICLE 6

Section 6.1. Insurance. Developer shall require all persons doing work on the Project, including its contractors and subcontractors (collectively, "Developer" for purposes of this Article 6 only), to obtain and maintain insurance of the types and in the amounts described in this Article with carriers reasonably satisfactory to City.

(a) **General Liability Insurance.** Developer shall maintain commercial general liability insurance or equivalent form with a limit of not less than One Million Dollars ($1,000,000) (or as otherwise approved, in writing, by City) per claim and Two Million Dollars ($2,000,000) each occurrence. Such insurance shall also:

(i) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insured.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(b) **Automotive Liability Insurance**. Developer shall maintain business, automobile liability insurance or equivalent form with a limit of not less than One Million Dollars ($1,000,000) for each accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles. Such insurance shall also:

(i) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as Additional Insureds by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed Additional Insureds.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(c) **Workers' Compensation Insurance.** Developer shall take out and maintain during the Term of this Agreement, workers' compensation insurance for all of Developer's employees employed at or on the Project, and in the case any of the work is subcontracted, Developer shall require any general contractor or subcontractor similarly to provide workers' compensation insurance for such contractor's or subcontractor's employees, unless such employees are covered by the protection afforded by Developer. In case any class of employee engaged in work on the Project is not protected under any workers' compensation law, Developer shall provide and shall cause each contractor and subcontractor to provide adequate insurance for the protection of employees not otherwise protected. Developer hereby indemnifies City for any damage resulting from failure of Developer, its agents, employees, contractors, or subcontractors to take out or maintain such insurance. Workers' compensation insurance with statutory limits and employer's liability insurance with limits of not less than One Million Dollars ($1,000,000) for each accident shall be maintained.

Section 6.2. Other Insurance Requirements. Developer shall do all of the following:

(a) Prior to taking any actions under this Agreement, furnish City with properly executed certificates of insurance that clearly evidence all insurance required in this Article, including evidence that such insurance will not be canceled, allowed to expire, or be materially reduced in coverage without thirty (30) days prior written notice to City. Provide to City, upon request, and within seven (7) calendar days of said request, certified copies of endorsements and policies, and properly executed certificates of insurance evidencing the insurance required herein.

(b) Replace or require the replacement of certificates, policies, and endorsements for any insurance required herein expiring prior the termination of this Agreement.

(c) Maintain all insurance required herein from the Effective Date of this Agreement to the earlier of the expiration of the Term or the mutual written termination of this Agreement.

(d) Place all insurance required herein with insurers licensed to do business in California with a current Best's Key Rating Guide reasonably acceptable to City.

Section 6.3. Indemnity. To the fullest extent permitted by law, Developer shall defend, indemnify, and hold harmless City and its agents, elected and appointed officials, officers, employees, consultants, and volunteers (collectively, "City's Agents") from any and all liability arising out of a claim, action, or proceeding against City, or City's Agents, to attack, set aside, void, or annul an approval concerning the Project, this Agreement, any applicable Conditional Use Permit, or Subsequent City Approvals.

Upon receiving notice of a claim, action, or proceeding, Developer shall assume the defense of the claim, action, or proceeding and the payment of all attorneys' fees and costs, incurred in good faith and in the exercise of reasonable discretion, of City's counsel in defending such an action prior to Developer's assumption of such defense. In the event City elects to contract with outside counsel, to provide for such a defense, City shall meet and confer with Developer regarding the selection of counsel, and Developer shall pay all costs related to retention of such

counsel. City shall have the absolute and sole authority to control the litigation and make litigation decisions, including, but not limited to, approving counsel to defend City and settlement or other disposition of the matter, provided the City shall not reject any reasonable good faith settlement. If City does reject a reasonable, good faith settlement that is acceptable to Developer, Developer may enter into a settlement of the action, as it relates to Developer, and City shall thereafter defend such action (including appeals) at its own cost and be solely responsible for any judgment rendered in connection with such action. This Section 6.3 applies exclusively to settlements pertaining to monetary damages or damages which are remedial by the payment of monetary compensation. The City's remedies are limited to that portion of the Project that is in breach of this Section 6.3.

Section 6.4. Failure to Indemnify; Waiver. Failure to indemnify City, when required by this Agreement and upon receiving proper notice, shall constitute a material breach of this Agreement and of any applicable Conditional Use Permit and Subsequent City Approvals, which shall entitle City to all remedies available under law, including, but not limited to, specific performance and damages. Failure to indemnify shall constitute grounds upon which City may rescind its approval of any applicable Conditional Use Permit. Developer's failure to indemnify City shall be a waiver by Developer of any right to proceed with the Project, or any portion thereof, and a waiver of Developer's right to file a claim, action or proceeding against City or City's Agents based on City's rescission or revocation of any Conditional Use Permit, Subsequent City Approvals, or City's failure to defend any claim, action, or proceeding based on Developer's failure to indemnify City.

Section 6.5. Waiver of Damages. Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that City would not have entered into this Agreement had it been exposed to liability for damages from Developer and, therefore, Developer hereby waives all claims for damages against City for breach of this Agreement. Developer further acknowledges that under the Development Agreement Statute, land use approvals (including development agreements) must be approved by the City Council and that, under law, the City Council's discretion to vote in any particular way may not be constrained by contract. Developer therefore waives all claims for damages against City in the event that this Agreement or any Project approval is: (l) not approved by the City Council or (2) is approved by the City Council, but with new changes, amendments, conditions, or deletions to which Developer is opposed. Developer further acknowledges that, as an instrument which must be approved by ordinance, a development agreement is subject to referendum; and that, under law, the City Council's discretion to avoid a referendum by rescinding its approval of the underlying ordinance may not be constrained by contract, and Developer waives all claims for damages against City in this regard. Notwithstanding the foregoing, nothing in this Section 6.5 shall amount to a waiver of Developer's right to exercise any of the administrative remedies available to Developer under applicable law and pursue any and all equitable remedies against the City in the event of the City's breach of this Agreement, including without limitation exercising its right to appeal, filing a Writ of Mandamus, or seeking specific performance.

ARTICLE 7

MORTGAGEE PROTECTION

This Agreement, once executed and recorded, shall be superior and senior to any lien placed upon the Site or any portion thereof following recording of this Agreement, including the lien of any deed of trust or mortgage ("Mortgage"). Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish, or impair the lien of any Mortgage made in good faith and for value. This Agreement shall immediately be deemed in default and immediately terminate upon the foreclosure or transfer of any interest in the Site or Project, provided such foreclosure or the transfer of interest results in the change of Developer, whether by operation of law or any other method of interest change or transfer, unless the City Manager has authorized such change or transfer in advance, in writing, which authorization shall not be unreasonably withheld.

ARTICLE 8

DEFAULT

Section 8.1. General Provisions.

(a) Subject only to any extensions of time by mutual consent in writing, or as otherwise provided herein, the failure or delay by any Party to perform in accordance with the terms and provisions of this Agreement shall constitute a default. Subject to Section 8.1(g), any Party alleging a default or breach of this Agreement ("Charging Party") shall give the other Party ("Charged Party") not less than thirty (30) calendar days written notice, which shall specify the nature of the alleged default and the manner in which the default may be cured ("Cure Period"). During any such Cure Period, the Charged Party shall not be considered in default for purposes of termination of this Agreement or institution of legal proceedings for the breach of this Agreement.

(b) After expiration of the Cure Period, if such default has not been cured or is not in the process of being diligently cured in the manner set forth in the notice, or if the breach cannot reasonably be cured within thirty (30) calendar days, the Charging Party may, at its option, institute legal proceedings pursuant to this Agreement or give notice of its intent to terminate this Agreement pursuant to Government Code section 65868. In the event City is the Charging Party, City may, in its sole discretion, give notice, as required by law, to the Charged Party of its intent to revoke or rescind any operable Conditional Use Permit related to or concerning the Project.

(c) Prior to the Charging Party giving notice to the Charged Party of its intent to terminate, or prior to instituting legal proceedings, the matter shall be scheduled for consideration and review by City in the manner set forth in Government Code sections 65865, 65867, and 65868 or the comparable provisions of the Mendota Municipal Code within thirty (30) calendar days from the expiration of the Cure Period.

(d) Following consideration of the evidence presented and said review before City, and after providing the Charged Party an additional thirty (30) calendar day period to cure, the

Charging Party may institute legal proceedings against the Charged Party or may give written notice of termination of this Agreement to the Charged Party.

(f) In the event Developer is in material default under the terms and conditions of this Agreement, no permit application shall be accepted by City nor will any permit be issued to Developer until the default is cured, or the Agreement is terminated.

(g) In the event that a person or entity other than the Developer is in default, the Developer shall use commercially reasonable efforts to bring the person or entity in default into compliance. The City shall provide the Developer with notice and opportunity to cure as provided for in paragraph (a) through (e) above, except that the time periods in paragraphs (a), (b), (c) and (e) shall be ninety (90) days ("Extended Cure Period").

Section 8.2. Annual Review. City shall, every twelve (12) months during the Term of this Agreement, review the extent of good faith, substantial compliance of Developer and City with the terms of this Agreement. Such periodic review by City shall be limited in scope to compliance with the terms of this Agreement pursuant to California Government Code section 65865.1. City shall deposit in the mail or email to Developer a copy of all staff reports and, to the extent practical, related exhibits concerning this Agreement or the Project's performance, at least seven (7) calendar days prior to such annual review. Developer shall be entitled to appeal a determination of City or City Manager to the City Council. Any appeal must be filed within ten (10) calendar days of the Developer's receipt of the written decision of City or the City Manager, respectively. Developer shall be permitted an opportunity to be heard orally or in writing regarding its performance under this Agreement before City, the City Manager, or City Council, as applicable.

Section 8.3. Estoppel Certificates. City shall, with at least twenty (20) calendar days prior written notice, execute, acknowledge, and deliver to Developer, Developer's lender, potential investors, or assignees an Estoppel Certificate in writing which certifies that this Agreement is in full force and effect, that there are no breaches or defaults under the Agreement, and that the Agreement has not been modified or terminated and is enforceable in accordance with its terms and conditions.

(a) At Developer's option, City's failure to deliver such Estoppel Certificate within the stated time period shall be conclusive evidence that the Agreement is in full force and effect, that there are no uncured breaches or defaults in Developer's performance of the Agreement or violation of any City ordinances, regulations, and policies regulating the use and development of the Site or the Project subject to this Agreement.

Section 8.4. Default by City. In the event City does not accept, review, approve, or issue any permits or approvals in a timely fashion, as defined by this Agreement, or if City otherwise defaults under the terms of this Agreement, City agrees that Developer shall not be obligated to proceed with or complete the Project, and shall constitute grounds for termination or cancellation of this Agreement by Developer.

Section 8.5. Cumulative Remedies of Parties. In addition to any other rights or remedies, City or Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, enforce any covenant, or enjoin any threatened or attempted violation of the provisions of this Agreement, so long as any such action conforms to section 8.1 (c) of this Agreement.

Section 8.6. Enforced Delay, Extension of Times of Performance. Delays in performance, by either Party, shall not be deemed a default if such delays or defaults are due to war, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, governmental restrictions imposed where mandated by governmental entities other than City including in the event of a pandemic, enactment of conflicting state or federal laws or regulations, new or supplementary environmental regulations enacted by the state or federal government, litigation, or other force majeure events. An extension of time for such cause shall be in effect for the period of forced delay or longer, as may be mutually agreed upon.

ARTICLE 9

TERMINATION

Section 9.1. Termination Upon Completion of Development. This Agreement shall terminate upon the expiration of the Term, unless it is terminated earlier pursuant to the terms of this Agreement. Upon termination of this Agreement, City shall record a notice of such termination in substantial conformance with the "Notice of Termination" attached hereto as Exhibit D, and this Agreement shall be of no further force or effect except as otherwise set forth in this Agreement.

Section 9.2. Effect of Termination on Developer' Obligations. Termination of this Agreement shall eliminate any further obligation of Developer to comply with this Agreement, or some portion thereof, if such termination relates to only part of the Site or Project. Termination of this Agreement, in whole or in part, shall not, however, eliminate the rights of Developer to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

Section 9.3. Effect of Termination on City's Obligations. Termination of this Agreement shall

eliminate any further obligation of City to comply with this Agreement, or some portion thereof, if such termination relates to only part of the Site or Project. Termination of this Agreement shall not, however, eliminate the rights of City to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

Section 9.4. Survival After Termination. The rights and obligations of the Parties set forth in this Section 9.4, Section 2.8, Section 6.3, Section 10.3, Section 10.4, Section 10.5, Section 10.7, and any right or obligation of the Parties in this Agreement which, by its express terms or nature and context is intended to survive termination of this Agreement, will survive any such termination.

ARTICLE 10

OTHER GENERAL PROVISIONS

Section 10.1. Assignment and Assumption. Developer shall not have the right to sell, assign, or transfer all or any part of its rights, title, and interests in all or a portion of Site, or Project, subject to or a part of this Agreement, to any person, firm, corporation, or entity during the Term of this Agreement without the advance written consent of the City Manager, such consent shall not be unreasonably withheld or conditioned. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement as it applies to the assumed property. If the City Manager approves an assignment or transfer of any interest detailed in this Section 10.1, City and Developer shall execute an "Assignment and Assumption Agreement" in the form attached hereto as Exhibit E. Nothing in this Section 10.1 applies to the Developer's capitalization or ownership provisions.

Section 10.2. Covenants Running with the Land. All of the provisions contained in this Agreement shall be binding upon the Parties and their respective heirs, successors and assigns, representatives, lessees, and all other persons acquiring all or a portion of interest in the Site or Project, whether by operation of law or in any manner whatsoever. All of the provisions contained in this Agreement shall be enforceable as equitable servitudes and shall constitute covenants running with the land pursuant to California law, including California Civil Code Section 1468. Each covenant herein to act or refrain from acting is for the benefit of or a burden upon the Project, as appropriate, runs with the Site, and is binding upon Developer.

Section 10.3. Notices. Any notice or communication required hereunder between City and Developer must be in writing, and may be given either personally, by facsimile or email (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile or email transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile or email

after 5:00 p.m. on a normal business day, or on a Saturday, Sunday, or holiday shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered, as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City:
City of Mendota
643 Quince Street
Mendota, CA 93640
Attention: City Manager

And to:
Wanger Jones Helsley PC
265 E. River Park Circle, Suite 310
Fresno, California 93720
Attention: John P. Kinsey, Esq.

If to Developer:
Left Mendota II, LLC
1315 N North Branch St, Suite D
Chicago, IL 60642
Attention: Chris Lefkovitz

And to:
Katchko Vitiello & Karikomi, PC
11835 W Olympic Blvd 860E
Los Angeles, California 90064
Attention: Yelena Katchko, Esq.

shall apply California substantive law and shall have the power to enforce the rights, remedies, duties, liabilities and obligations of discovery by the imposition of the same terms, conditions and penalties as can be imposed in like circumstances in a civil action by a court of competent jurisdiction of the State of California The arbitrator shall have the power to grant all legal and equitable remedies provided by California law and award compensatory damages provided by California law, except that punitive damages shall not be awarded. The arbitration award shall be final and binding upon the Parties and may be enforced through an action thereon brought in the Superior Court for the State of California in Los Angeles County.

Section 10.5. Invalidity of Agreement/Severability. If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If -any term or provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal.

Section 10.6. Cumulative Remedies. In addition to any other rights or remedies, City and Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, to specifically enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation of the provisions of this Agreement. The prevailing party in any such action shall be entitled to reasonable attorneys' fees and costs. Notwithstanding the foregoing or any other provision of this Agreement, in the event of City default under this Agreement, Developer agrees that Developer may not seek, and shall forever waive any right to, monetary damages against City, but excluding therefrom the right to recover any fees or charges paid by Developer in excess of those permitted hereunder.

Section 10.7. Third Party Legal Challenge. In the event any legal action or special proceeding is commenced by any person or entity challenging this Agreement or any associated entitlement, permit, or approval granted by City to Developer for the Project (collectively, "Project Litigation"), the Parties agree to cooperate with each other as set forth herein. City may elect to tender the defense of any lawsuit filed and related in whole or in part to Project Litigation with legal counsel selected by City. Developer will indemnify, hold City harmless from, and defend City from all costs and expenses incurred in the defense of such lawsuit, including, but not limited to, damages, attorneys' fees, and expenses of litigation awarded to the prevailing party or parties in such litigation. Developer shall pay all litigation fees to City, within thirty (30) days of receiving a written request and accounting of such fees and expenses, from City. Notwithstanding the aforementioned, City may request, and Developer will provide to City

within seven (7) days of any such request, a deposit to cover City's reasonably anticipated Project Litigation fees and costs.

Section 10.8. Constructive Notice and Acceptance. Every person who after the Effective Date and recording of this Agreement owns or acquires any right, title, or interest to any portion of the Site is and shall be conclusively deemed to have consented and agreed to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Site, and all rights and interests of such person in the Site shall be subject to the terms, requirements, and provisions of this Agreement.

Section 10.10. Change in State Regulations. In no event shall Developer operate the Project in violation of the Agreement, or any applicable regulations issued pursuant to the California Cannabis Laws, as may be amended from time to time.

Section 10.11. Standard Terms and Conditions.

(a) **Venue**. Venue for all legal proceedings shall be in the Superior Court of California in and for the County of Fresno.

(b) **Waiver**. A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

(c) **Completeness of Instrument**. This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

(d) **Supersedes Prior Agreement.** It is the intention of the Parties hereto that this Agreement shall supersede any prior agreements, discussions, commitments, or representations, written, electronic, or oral, between the Parties hereto with respect to the Site and the Project.

(e) **Captions**. The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

(f) **Number and Gender**. In this Agreement, the neutral gender includes the feminine and masculine, and the singular includes the plural, and the word "person" includes corporations, partnerships, firms, or associations, wherever the context requires.

(g) **Mandatory and Permissive.** "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

(h) **Term Includes Extensions**. All references to the Term of this Agreement shall include any extensions of such Term.

(i) **Counterparts**. This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

(j) **Other Documents.** The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

(k) **Time is of the Essence.** Time is of the essence in this Agreement in each covenant, term, and condition herein.

(m) **Document Preparation.** This Agreement will not be construed against the Party preparing it, but will be construed as if prepared by all Parties.

(n) **Advice of Legal Counsel.** Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

(o) **Attorney's Fees and Costs**. If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

(q) **Confidentiality**. Both Parties agree to maintain the confidentiality of the other Party's "Confidential Information" under this Agreement and shall not disclose such information to third parties. "Confidential Information" shall include, but not be limited to, business plans, trade secrets, and industry knowledge. Confidential Information shall not apply to information that: (i) is in the public domain at the time of disclosures or (ii) is required to be disclosed pursuant to a court order, governmental authority, or existing state law.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this Agreement has been entered into by and between Developer and City as of the Effective Date of the Agreement, as defined above.

"CITY"

Date: _____, 2021

CITY OF MENDOTA,
a California Municipal Corporation

_____

By: Cristian Gonzalez

Its: City Manager

Attest:

_____

_____
City Clerk

Approved to as Form:

_____
John P. Kinsey
City Attorney

"DEVELOPER"

Date:_____, 2021

LEFT MENDOTA II, LLC, a Delaware
Limited Liability Company

_____

By: _____

Its: _____

Exhibit A

Legal Description

Exhibit B

Site Map

Exhibit C

Notice of Non-Performance Penalty

Pursuant to Article 4, Section 4.5 of the Development Agreement by and between the City of Mendota ("City") and LEFT MENDOTA II, LLC ("Developer") for the development of property located at 1111 Marie Street, Mendota, California 93640 ("Agreement"), if Developer fails to make any payment required by the Agreement, the City may impose a Non-Performance Penalty of one percent (1%) to all past due payments. Pursuant to the Agreement, City shall deliver a Notice of Non-Performance Penalty ("Notice") to Developer, and Developer shall pay the Non-Performance Penalty in a single installment due on or before a date fifteen (15) calendar days following delivery of the Notice.

City hereby informs Developer that Developer has failed to make payment(s) required by the Agreement. The past due amount is _____. Accordingly, pursuant to Section 4.5 of the Agreement, a penalty of _____ ("Penalty Amount") is hereby imposed. Please remit payment of the Penalty Amount by _____.

_____ _____

City Manager Date
City of Mendota

Exhibit D

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

City of Mendota
643 Quince St

Mendota, CA 93640

Attn: City Manager

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Recording Fee Exempt per Government Code §6103

Notice of Termination

Pursuant to Article 9, Section 9.1 of the Development Agreement by and between the City of Mendota ("City") and LEFT MENDOTA II, LLC ("Developer") for the development of property located at 1111 Marie Street, Mendota, California 93640 ("Agreement"), _____ informs _____ that the Agreement is hereby terminated, in accordance with the terms and conditions as stated therein, pursuant to Article ___, Section ____.

In accordance with Article 9, Section 9.1 of the Agreement, City shall record this Notice of Termination.

_____ _____

Title: Date

Entity:

Exhibit E

Assignment and Assumption Agreement

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Agreement") is made and entered into this ___ day of _____, _____, by and between the **CITY OF MENDOTA**, a municipal corporation of the State of California ("City"), **LEFT MENDOTA II, LLC** a Delaware limited liability company ("Assignor"), and _____, a _____ ("Assignee"). City, Assignor, or Assignee may be referred to herein individually as a "Party" or collectively as the "Parties." There are no other parties to this Agreement.

RECITALS

A. City and Assignor entered into a development agreement, dated _____, for the development of property located at 1111 Marie Street, in the City of Mendota, County of Fresno, State of California, Assessor's Parcel Number 013-280-29 ("Development Agreement"), attached hereto as Exhibit "1" and incorporated herein by this reference;

B. Pursuant to Article 10, Section 10.1 of the Development Agreement, Assignor may transfer all or part of its rights, title, and/or interests in all or a portion of Site, or Project, as those terms are defined in the Development Agreement, to any person, firm, corporation, or entity during the Term of the Development Agreement only with the advance written consent of the City Manager, who shall not unreasonably withhold or condition such consent;

C. Assignor desires to transfer to Assignee some or all of Assignor's rights and obligations under the Development Agreement, in accordance with Article 10, Section 10.1 of the Development Agreement;

D. Assignee desires to assume some or all of Assignor's rights and obligations under the Development Agreement, in accordance with Article 10, Section 10.1 of the Development Agreement;

E. The City Manager has agreed to permit Assignor's transfer of some or all of Assignor's rights and obligations under the Development Agreement to Assignee, and to Assignee's assumption of same, subject to the terms and conditions specified in this Agreement;

F. The Parties intend through this Agreement to allow Assignor to transfer, and Assignee to assume, some or all of Assignor's rights and obligations under the Development Agreement, in accordance with Article 10, Section 10.1 of the Development Agreement.

G. The City Council has conducted all necessary proceedings in accordance with City's Municipal Code for the approval of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

AGREEMENT

Section 1. Assignment. Assignor hereby assigns to Assignee (all/some) of Assignor's rights and obligations under the Development Agreement. If Assignor is transferring only some of Assignor's rights and obligations under the Development Agreement, then the specific rights and obligations subject to transfer shall be specified in Exhibit "1," attached hereto and incorporated herein by this reference.

Section 2. Assumption. Assignee hereby accepts and assumes the foregoing transfer or assignment of (all/some) of Assignor's rights and obligations under the Development Agreement.

Section 3. Consent. In accordance with Article 10, Section 10.1 of the Development Agreement, the City Manager hereby consents to Assignor's transfer of, and Assignee's assumption of, Assignor's rights and obligations under the Development Agreement, as specified herein, subject to any reasonable terms and conditions the City Manager may require, as set forth in Exhibit "2," attached hereto and incorporated herein.

Section 4. Conditions of Assignment. The Parties hereby agree to abide by the terms or conditions of assignment, if any, set forth in Exhibit 2, and acknowledge that City's consent would not have been provided but for the Parties' agreement to abide by the terms or conditions of assignment.

Section 4. Effective Date. The assignment and assumption of rights and obligations as specified herein shall be effective on _____.

Section 5. Terms of the Development Agreement. The terms of the Development Agreement are incorporated herein by this reference. Assignor acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Development Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein.

Section 6. Inconsistency. In the event of any conflict or inconsistency between the terms of the Development Agreement and the terms of this Agreement, the terms of the Development Agreement shall govern.

Section 7. Further Actions. Each of the Parties hereto covenants and agrees, at its own expense, to execute and deliver, at the request of the other Parties hereto, such further instruments of transfer and assignment and to take such other action as such the other Parties may reasonably request to more effectively consummate the assignments and assumptions contemplated by this Agreement.

EXHIBIT "A" TO ORDINANCE NO. 21-17
DEVELOPMENT AGREEMENT – LEFT MENDOTA, LLC

"City"

Date: _____, ____

CITY OF MENDOTA, CA
a California Municipal Corporation

_____
By: Cristian Gonzalez
Its: City Manager

Attest:

_____
_____
City Clerk

Approved to as Form:

_____
John P. Kinsey
City Attorney

"Assignor"

Date: _____, ____

Left Mendota II, LLC, a Delaware Limited Liability Company

_____
By:
Its:

"Assignee"

Date: _____, _____

Name:
Corporate Status:

_____
Title:
Name:

Exhibit 1
(Interest Subject to Transfer)

Exhibit 2
(Conditions of Consent)

AGENDA ITEM – STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: NANCY BANDA, FINANCE DIRECTOR

VIA: CRISTIAN GONZALEZ, CITY MANAGER

SUBJECT: GRANTS UPDATE

DATE: OCTOBER 12, 2021

GRANTS UPDATE

- **County of Fresno, Urban Community Development Block Grant (CDBG) Program –** Staff published a request for qualifications on Wednesday, October 6th for CDBG Engineering Services and emailed (8) engineering firms to request qualifications. This is a HUD requirement and will be due on Wednesday, October 27th at 4pm.
- **County of Fresno, Urban Community Development Block Grant Program for Eligible Activities to Support Coronavirus and Other Infectious Disease Response** – The "Mendota Internet Connectivity, Project No. 19741-CV (MIC) is open. Funds need to be disbursed by November 2021. Challenges we are facing is applicant need to be a U.S. citizen or have legal immigration status. This is a funding requirement enforced by the U.S. Department of Housing and Urban Development (HUD). Staff is reviewing other alternatives to expending the remaining funds since we have approximately, $60,774.15. Other alternatives would be to allocate funding to food pantry, senior citizen meals and personal protection equipment.
- **FEMA-4482-DR-CA California Covid-19 Pandemic** – Staff is in the process of submitting for reimbursement.
- **Statewide Park Development and Community Revitalization Program (SPP)** – Staff submitted an application for a new community center, outdoor fitness court and inclusive playground to be located at the Rojas-Pierce Park on Friday, March 12, 2021. We are still waiting for the grant award announcements which have been rescheduled for a Fall announcement.
- **Wonderful Community Grants** – The 2021-2022 grant cycle awardees will be notified on October 15th.
- **Office of Traffic Safety**: Staff will be preparing an application to apply for a grant with the Office of Traffic Safety for DUI checkpoints. This application will be partnership with other cities to host DUI checkpoints in their cities. Mendota will be the lead applicant. This application is due January 2022.
- **Proposition 64**: Staff will be attending a virtual training on October 6-7, 2021. This training will assist with getting familiar with the State's policies and licensing. Staff is the process of establishing program goals and a timeline in accordance with the grant guidelines.

- **Outdoor Equity Program Grant:** Staff will be submitting an application on Friday, October 8th for various outdoor activities to be done in the community and traveling in various places in California. A budget is still in process.
- **T-Mobile Grant**: Staff will be submitting (2) applications on behalf of the City of Mendota and the Mendota Community Corporation (MCC) for Christmas Decorations and Park amenities for Pool Park. There will be a future agenda item for the City Council and the Board of the MCC's support of both applications.

Attachment(s):

1. Grants Spreadsheet

AGENDA

MENDOTA, CITY OF
Grant Report
Oct-21

Grant Information

Grant Name	Application Due Date	Award Date	Agency: Federal/State/County/ Private	Pass-thru	Matching	Award Amount	Purpose of Grant	Notes
T-Mobile	3/30/2022	6/30/2022	Private	N	N	$ 50,000.00	Christmas Decorations & Pool Park amenities	
Outdoor Equity Grant Program	10/8/2021	3/1/2022	State	N	N	TBD	Outdoor activities in the community and traveling inside of California	
Office of Traffic Safety Grants	1/30/2021	3/1/2022	State	N	N	TBD	DUI Checkpoints with partnering cities in the Westside	Mendota will be the lead agency
Small Community Drough Relief Program	TBD	TBD	State	N	N	TBD	Water Storage Tank	
Wonderful Community Grants	8/31/2021	9/30/2021	Private	N	N	$ 50,000.00	(30) Rental Assistance (Continuing) (135) Utility Assistance (100) Dental Care	
Tire-Derived Product Grant	6/1/2021	8/31/2021	State	N	N	$ 149,995.02	Install rubber mulch at (7) project sites citywide for landscape purposes.	
New Alternative Fuel Vehicle Purchase	TBD	TBD	Local	N	N	Up to $20,000 per vehicle	Purchase (2) electric "Zero" motorcylces for the Police Department and (3) vehicles for Public Works & Public Utiliities	
Statewide Park Development and Community Revitalization Program (SPP)	3/12/2021	August/September	State	N	N	Maximum $8,500,000	1) Community Center - Rojas-Pierce Park; 2) Fitness Court - Veterans Park; 3) Renovation - Pool Park	
Proposition 64 Public Health and Safety Grant Program	1/29/2021	5/1/2021	State	N	N	$452,509.75	(2) Community Resource Officers, (2) Administrative Assistants, (1) K-9, (1) vehicle	Partnership with City of Fresno (Lead Applicant), Fresno EOC, The Boys & Girls Clubs of Fresno County
Good Neighbor Citizenship Company Grants	10/31/2020	4/30/2021	Private	N	N	$ 198,825.00	Pocket Park at Bass Avenue and I Street	
CARES County of Fresno	10/1/2020	12/31/2020	County	N	N	$ 229,732.87	COVID-19 relief funds; Non-profit organizations; Message Trailers; Overtime	
Coronavirus Relief Funds (CRF)	10/1/2020	7/1/2020	State	N	N	$ 154,512.00	Expenditures incurred for COVID-19 - Use funds for Police Department MDT's	
FEMA-4482-DR-CA	TBD	TBD	State	N	Y	TBD	Expenditures incurred for COVID-19	25% match
CDGB -Coronavirus and Other	TBD	7/1/2020	County	N	N	$ 104,796.00	Fire Department Equipment & Broadband Assistance for Mendota Residents	
Wonderful Community Grants	8/31/2020	9/15/2020	Private	N	N	$ 50,000.00	COVID-19 relief funds	Mendota Community Corporation Administering
Tobacco Grant Program	8/7/2020	TBD	State	N	N	TBD	Add new tobacco language to our municipal code for enforcement; overtime for educational awareness to local vendors.	
Urban Community Development Block	7/31/2020	7/1/2021	County	N	N	$ 150,000.00	Phase III Rojas-Pierce Park Expansion Project	
California Aid to Airports Program	7/9/2020	3/31/2021	State	N	N	$ 10,000.00	Annual credit grant to fund operational costs at the airport	
Community Facilities Grant	7/1/2020	8/1/2020	Federal	N	Y	$ 50,000.00	Purchase (2) Police Ford Explorers, upfit and equipment. This grant is in conjunction with the New Alternative Fuel Vehicle Purchase Grant.	USDA
New Alternative Fuel Vehicle Purchase	6/22/2020	10/31/2020	Local	N	N	Up to $20,000 per vehicle	Purchase (1) Police Ford Explorer and (1) Ford F-250 Truck	
CARES Act Airport Grant	6/18/2020	TBD	Federal	N	N	$ 1,000.00	Reimburse operational and maintenance expenses or debt service payments for the William Robert Johnston Municipal Airport	
Urban Flood Protection Grant Program	6/15/2020	TBD	State	N	N	$ 4,500,000.00	Removal and replacement of undersized and critically damaged storm drain from 8th Street southeasterly past 10th Street to an existing ditch.	
COPS Hiring Program	3/11/2020	10/1/2020	Federal	N	Y	$ 125,000.00	Hire (1) Full-time Police Officer for 3 years.	25% match
Office of Traffic Safety Grants	1/30/2020	10/1/2020	State	N	N	$ 81,527.00	DUI Saturations, Traffic Enforcements, Car Seat Installation/Giveaway Event, Emergency Medical Services for the Fire Department	We received 2/3 grants applied. Car Seat Installation was not approved.
Fresno COG 2019-2020 CMAQ	1/1/2020	5/1/2020	Federal	Y	Y	$ 458,304.00	Alley Paving Project for 7U & 7U1 (near Unida/Belmont/Derrick) and about 1/3 of the alleys on the eastside.	11.47% match
SB 2 Planning Grant Program	12/20/2019	6/1/2020	State	N	N	up to $160,000	Update planning documents and processes of housing approvals/production	
New Alternative Fuel Vehicle Purchase	12/20/2019	6/1/2020	Local	N	N	Up to $20,000 per vehicle	Purchase (1) Public Works/Utilities Trades Vehicle & (2) Police Explorers Interceptors Vehicles	(2) Police Explorers Vehicles to be paid with funding from USDA
Beverage Container Recycling City/County Payment Program	12/17/2019	2/28/2020	State	N	N	$ 5,000.00	Billboard Advertisement and Radio Advertisement to promote beverage container recycling.	If you don't expend the full $5,000.00, you must repay CalRecycle.
Automatic Meter Read Construction		10/21/2019	State	N	Y	$ 3,074,561.00	Install City-wide Automatic Meter Reading Meters	Grant Component $2,724,912.00
Access to Historical Records: Archival Projects	10/3/2019	7/1/2020	Federal	N	Y	$ 95,907.00	Digitize public records and make freely available online	
National Fitness Campaign 2020	8/1/2019	10/1/2020	Private	N	Y	$ 30,000.00	Outdoor Fitness Court	If the City wishes to pursue this grant, we would need to match $100,000.00.
Urban Community Development Block	7/31/2019	7/1/2020	County	N	N	$ 575,222.00	Phase II Rojas-Pierce Park Expansion Project	For Fiscal Years 2019/2020; 2020/2021 & 2021/2022
California Aid to Airports Program	7/31/2019	10/31/2019	State	N	N	$ 10,000.00	Annual credit grant to fund operational costs at the airport	
Urban County Per Capita Grant Program	6/3/2019	2020	State	N	N	$ 6,969.92	Rojas-Pierce Park Expansion	One-time basis
Per Capita Grant Program	6/3/2019	2020	State	N	N	$ 177,952.00	Rojas-Pierce Park Expansion	One-time basis

Key: Applied for Grants
In process
Approved
Denied
Closed

EST. 1968
PROVOST& PRITCHARD
CONSULTING GROUP
An Employee Owned Company

455 W. Fir A
Clovis, CA 9
Tel: (559) 449-2700
Fax: (559) 449-2715
www.provostandpritchard.com

AGENDA

Memorandum

To:	City Council via Cristian Gonzalez, City Manager
From:	Michael Osborn, City Engineer
Subject:	City Engineer's Report to City Council
Date:	October 6, 2021

Engineering Projects:

1. Rojas Pierce Park:
    - Working with staff for funding for next Phase & sponsorship opportunities
    - Working with contractor to address concrete issues
2. Mowry Bridge Replacement Project (MBRP):
    - COMPLETED!!
3. Well 10 and Water Main Relocation
    - On hold; pending coordination with USBR and BB Limited
4. Mendota Meter Reading Project
    - Construction contract was awarded, developing schedule
    - Construction to start in November 2021 with Waterboard funding
5. Citywide RRXG Improvements:
    - Topographic survey completed and coordinating with Railroad and Caltrans
6. 2021 Alley Paving Project
    - Construction contract awarded, developing schedule
    - Construction to start later this month 2021 with $458,304 of CMAQ funding
7. GIS Mapping Services
    - Development of mapping has begun; funded by REAP grant
8. MJHS Safe Routes to School Project
    - Survey complete and design underway

Planning/Development Projects

1. Salomon Multifamily Project at 755 Marie Street
    - Waiting for revisions to site plan
    - CEQA document mostly complete
2. Rojas Pierce Park Annexation
    - Working with LAFCo and WWD to complete process
    - Staff is reviewing GSPs to ensure that the City can comply with WWD requests
    - Bureau of Reclamation is coordinating a meeting to discuss City/WWD responsibilities
3. CES Mendota
    - Principal project consultant (Larry Trowsdale) retiring; to be replaced by Rebecca Hollis. Project has partnered with international energy/technology companies for funding and expertise.

4. Left Mendota II
    - City Council considering appeal of Planning Commission decision on October 12
5. Regional Housing Needs Allocation
    - Participating in Fresno COG meetings regarding the initial steps of the 6th Cycle Housing Element preparation
    - COG is now investigating the possibility of convening a second multijurisdictional Housing Element effort like the 5th Cycle document
6. Gonzalez Towing
    - Staff preparing CEQA document for General Plan Amendment (Heavy Industrial) and zone change (M-2) to bring existing and proposed uses into conformity with City requirements.

Grant Applications:

1. Mendota Stormwater Improvement Project
    - Prop 68 Urban Flood Protection Grant Program
        - Full funding of $4.2 million AWARDED!!
2. MJHS Safe Routes to School Project:
    - ATP funds authorized; RFP for design services advertised as of 9/8
3. Derrick & Oller Roundabout:
    - CMAQ Competitive Regional Bid application submitted to FCOG to fill $1,798,457 funding gap in project; award notifications in January
4. 5th Street & Quince Street Reconstruction:
    - STBG competitive regional bid application submitted to FCOG for $706,251 to fund construction; award notifications in January

On-going (this month):

1. Representation of the City at FCOG TTC and LRSP stakeholder meetings
2. Representation of the City and westside cities at FCOG RTP/SCS roundtable
3. Discussion of road safety issues with Caltrans

Overall P&P Staff engaged (month of September):

- Engineers: 7
- Planners: 5
- Surveyors: 3
- Environmental Specialist: 1
- GIS/CAD Specialists: 1
- Construction Manager: 0
- Project Administrator: 4

Abbreviations:

EOPCC – Engineer's Opinion of Probable Construction Cost
NTP – Notice to Proceed
CUCCAC – California Uniform Construction Cost Accounting Commission
STBG – Surface Transportation Block Grant
CMAQ – Congestion Mitigation and Air Quality (grant)
ATP – Active Transportation Plan (grant)
RFP – Request for Proposal
RFA- Request for Authorization (for grant funding)
FCOG – Fresno Council of Governments
ADA – Americans with Disabilities Act
DBE – Disadvantaged Business Enterprise
TTC – Technical Transportation Committee (through FCOG)
RTP/SCS – Regional Transportation Plan, Sustainable Communities Strategies