



"The City With a Heart"

Jim Ruane, Mayor  
Ken Ibarra, Vice Mayor  
Rico E. Medina, Councilmember  
Irene O'Connell, Councilmember  
Michael Salazar, Councilmember

**CITY COUNCIL  
SPECIAL MEETING – CLOSED SESSION  
AGENDA**

**December 11, 2012**

**6:00 p.m.**

**Meeting location: Senior Center, 1555 Crystal Springs Road, San Bruno**

**1. CALL TO ORDER:**

**2. ROLL CALL:**

**3. CONDUCT OF BUSINESS:**

- a. Conference with Labor Negotiators Pursuant to Gov't Code Section 54957.6:  
Agency Designated Representatives: City Manager, Human Resources Director,  
Finance Director, Employee Organizations: San Bruno Professional Fire Fighters  
Association, Public Safety Mid-Management Bargaining Unit, Miscellaneous Group, Mid  
Management Bargaining Unit, San Bruno Police Bargaining Unit and San Bruno  
Management Employees Association.
- b. Conference with Legal Counsel: Existing Litigation pursuant to Government Code  
Section 54956.9(a)

Names of cases:

California Public Utilities Commission Order Instituting Investigation Matters:

I.12-01-007

I.11-02-016

I.11-11-009

California Public Utilities Commission Rulemaking Matter:

R.11-02-019

- 4. PUBLIC COMMENT ON ITEMS NOT ON AGENDA:** Individuals allowed three minutes, groups in attendance, five minutes. If you are unable to remain at the meeting, ask the City Clerk to request that the Council consider your comments earlier. It is the Council's policy to refer matters raised in this forum to staff for investigation and/or action where appropriate. The Brown Act prohibits the Council from discussing or acting upon any matter not agendized pursuant to State Law.

**5. ADJOURNMENT:**

The next Regular City Council Meeting will be held on December 11, 2012, at 7:00 p.m. at the Senior Center, 1555 Crystal Springs Road.

# "The City With a Heart"



Jim Ruane, Mayor  
Ken Ibarra, Vice Mayor  
Rico E. Medina, Councilmember  
Irene O'Connell, Councilmember  
Michael Salazar, Councilmember

## AGENDA SAN BRUNO CITY COUNCIL DECEMBER 11, 2012 7:00 p.m.

**Meeting Location: Senior Center, 1555 Crystal Springs Road, San Bruno**

City Council meetings are conducted in accordance with Roberts Rules of Order Newly Revised and City Council Rules of Procedure. You may address any agenda item by standing at the microphone until recognized by the Council. All regular Council meetings are recorded and televised on CATV Channel 1 and replayed the following Thursday, at 2:00 pm. You may listen to recordings in the City Clerk's Office, purchase CD's, access our web site at [www.sanbruno.ca.gov](http://www.sanbruno.ca.gov) or check out copies at the Library. We welcome your participation. In compliance with the Americans with Disabilities Act, individuals requiring reasonable accommodations or appropriate alternative formats for notices, agendas and records for this meeting should notify us 48 hours prior to meeting. Please call the City Clerk's Office 650-616-7058.

Thank you **San Bruno Garden Club** for providing the beautiful floral arrangement.

**1. CALL TO ORDER:**

**2. ROLL CALL/PLEDGE OF ALLEGIANCE:**

**3. ANNOUNCEMENTS:**

There will not be a City Council Meeting on the Fourth Tuesday in December. The only Regular City Council Meeting in December will be held on December 11, 2012.

**4. PRESENTATIONS:**

Receive Presentation from James Porter of the County Dept of Public Works on what they are doing to avoid overflows at Cupid Row.

**5. REVIEW OF AGENDA:**

**6. APPROVAL OF MINUTES:** Special City Council Meeting of November 27, 2012.

**7. CONSENT CALENDAR:** All items are considered routine or implement an earlier Council action and may be enacted by one motion; there will be no separate discussion unless requested by a Councilmember, citizen or staff.

- a. **Approve:** Accounts Payable of November 19 and 26 and December 3, 2012.
- b. **Approve:** Successor Agency Accounts Payable of
- c. **Approve:** Payroll of November 4, 2012.
- d. **Adopt:** Resolution Approving Revisions to the City's Conflict of Interest Code Appendix.
- e. **Adopt:** Resolution Approving Contract with the San Mateo County Housing Department for \$63,000 in Block Grant Funds to make Accessibility Improvements to Library Meeting Room Restrooms.
- f. **Adopt:** Resolution Amending the City Classification Plan by Adopting Position Descriptions for Fire Battalion Chief, Fire Captain, and Fire Fighter Positions.
- g. **Adopt:** Resolution Authorizing Purchase of a Backup Generator from Cummins West in the Amount of \$42,758.75.

**8. PUBLIC HEARINGS:**

Hold Public Hearing and Adopt Urgency Ordinance Amending Contract Between the Board of Administration of the California Public Employees' Retirement System (CalPers) and the City of San Bruno to Include Provisions Pursuant to Government Code Section 20475 Implementing the 2% @ 55 Retirement Formula (Miscellaneous Group) and 3% @ 55 Retirement Formula (Fire Group.)

**9. PUBLIC COMMENT ON ITEMS NOT ON AGENDA:** Individuals allowed three minutes, groups in attendance, five minutes. If you are unable to remain at the meeting, ask the City Clerk to request that the Council consider your comments earlier. It is the Council's policy to refer matters raised in this forum to staff for investigation and/or action where appropriate. The Brown Act prohibits the Council from discussing or acting upon any matter not agendized pursuant to State Law.

**10. CONDUCT OF BUSINESS:**

- a. Conduct Annual Reorganization of the City Council and Appointment of Vice Mayor to Serve a One-Year Term.
- b. Adopt Resolution Authorizing the Sale of Pension Obligation Bonds to Refinance Outstanding Fund Obligations of the City to the California Public Employees' Retirement System, Approving the Form of Related Financing Documents and Approving Official Actions.
- c. Adopt Resolution Accepting Donation from San Bruno Lions Club for Labor and Materials to Make Improvements to Beckner Shelter with the Approximate Value of \$28,000.
- d. Adopt Resolution Adopting a Complete Streets Policy.
- e. Adopt Resolution Authorizing the City Manager to Execute a Contract with Erler & Kalinowski, Inc. for the Well 15 Replacement Project in an Amount Not-to-Exceed \$606,000.
- f. Receive Oral Report from City Clerk on Attendance at New Law Election Seminar in San Jose.

**11. REPORT OF COMMISSIONS, BOARDS, & COMMITTEES:**

Receive Annual Traffic Safety & Parking Committee Report.

**12. COMMENTS FROM COUNCIL MEMBERS:**

**13. CLOSED SESSION:**

**14. ADJOURNMENT:**

The next regular City Council Meeting will be held on January 9, 2013 at 7:00 p.m. at the Senior Center, 1555 Crystal Springs Road, San Bruno.



"The City With a Heart"

Jim Ruane, Mayor  
Ken Ibarra, Vice Mayor  
Rico E. Medina, Councilmember  
Irene O'Connell, Councilmember  
Michael Salazar, Councilmember

**CITY COUNCIL  
SPECIAL MEETING  
MINUTES**

**November 27, 2012**

**6:30 p.m.**

**1. CALL TO ORDER: THIS IS TO CERTIFY THAT** the San Bruno City Council met on November 27, 2012 in the Library at the San Bruno Senior Center, 1555 Crystal Springs Rd., San Bruno, CA. The meeting was called to order at 6:30 p.m.

**2. ROLL CALL:** Presiding was Mayor Ruane, Vice Mayor Ibarra, Council Members Medina, O'Connell and Salazar. Recording by Clerk Bonner.

**3. CONDUCT OF BUSINESS:**

**Mayor Ruane** said they would conduct interviews to fill vacancies resulting from Resignations and term expirations on the City of San Bruno's Citizen Advisory Commissions, Boards and Committees. Applicants present were Tim Ross, Jeffrey Tong, Mathew Sum, Mary Lou Johnson and Sujendra Mishra.

**4. PUBLIC COMMENT ON ITEMS NOT ON AGENDA:** None.

**5. ADJOURNMENT:**

**Mayor Ruane** closed the meeting at 6:48 p.m. The next regular City Council Meeting will be held on November 27, 2012 at 7:00 p.m. at the Senior Center, 1555 Crystal Springs Road, San Bruno.

Respectfully submitted for approval  
at the special City Council Meeting of  
December 11, 2012

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Carol Bonner, City Clerk

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Jim Ruane, Mayor

11/19/12

CITY OF SAN BRUNO  
WARRANT REGISTER  
TOTAL FUND RECAP

FUND	FUND NAME	AMOUNT
001	GENERAL FUND	\$172,514.56
003	ONE-TIME REVENUE	\$4,263.75
132	AGENCY ON AGING	\$3,398.41
133	RESTRICTED DONATIONS	\$25.00
190	EMERGENCY DISASTER FUND	\$5,938.21
201	PARKS AND FACILITIES CAPITAL	\$14,253.94
203	STREET IMPROVE. PROJECTS	\$1,217.81
611	WATER FUND	\$853.54
621	STORMWATER FUND	\$121.00
631	WASTEWATER FUND	\$6,109.86
641	CABLE TV FUND	\$37,191.54
701	CENTRAL GARAGE	\$5,022.66
702	FACILITY MAINT. FUND	\$5,906.31
703	GENERAL EQUIPMENT REVOLVING	\$36,660.12
711	SELF INSURANCE	\$3,397.35
TOTAL FOR APPROVAL		\$296,874.06

HONORABLE MAYOR AND CITY COUNCIL:

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGES NUMBERED FROM 1 THROUGH 4 INCLUSIVE, AND/OR CLAIMS NUMBERED FROM 138469 THROUGH 138587 INCLUSIVE, TOTALING IN THE AMOUNT OF \$296,874.06 HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST THE CITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,

  
FINANCE DIRECTOR

11/24/12  
DATE

T.a.

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
0000012 PACIFIC GAS & ELECTRIC	138542	11/19/2012	13,720.73
0104256 VIBO MUSIC CENTER	138580	11/19/2012	456.00
0092169 DAN VOREYER	138581	11/19/2012	10,245.54
0018385 WFCB - OSH COMMERCIAL SERVICES	138582	11/19/2012	1,109.75
0018580 WILEY PRICE & RADULOVICH LLP	138583	11/19/2012	432.00
0105295 WINGFOOT COMMERCIAL TIRE	138584	11/19/2012	605.10
0013841 WITMER-TYSON IMPORTS INC	138585	11/19/2012	886.45
0102630 XO COMMUNICATIONS, LLC	138586	11/19/2012	5,728.95
0103399 ZUMAR INDUSTRIES, INC.	138587	11/19/2012	2,563.98
0097934 CWEA-TCP	138502	11/19/2012	90.00
0018188 DAU PRODUCTS	138503	11/19/2012	650.45
0000197 DEMCO SUPPLY INC.	138504	11/19/2012	51.20
0018092 DISCOVERY COMMUNICATIONS LLC	138505	11/19/2012	1,377.99
0000198 EBSCO SUBSCRIPTION SVCS.	138506	11/19/2012	77.02
0018799 ECONOMIC&PLANNING SYSTEMS INC.	138507	11/19/2012	4,263.75
0001707 EMPLOYMENT DEVELOPMENT DEPT	138508	11/19/2012	2,364.00
0002025 TELECOMMUNICATIONS ENGINEERING ASSOCIATE	138509	11/19/2012	239.00
0102362 ESPN	138510	11/19/2012	5,163.75
0000944 FEDEX	138511	11/19/2012	22.52
0001782 FLOWERS ELECTRIC & SVC.CO.INC.	138512	11/19/2012	468.00
0016876 GAMA TROPHIES AND GIFTS	138513	11/19/2012	97.42
0018864 GMA NETWORK INC.	138514	11/19/2012	2,512.60
0016969 GOLDEN IDEAS	138515	11/19/2012	4,245.00
0093488 GONZALEZ CONCRETE	138516	11/19/2012	276.00
0000541 GRANITE ROCK COMPANY	138517	11/19/2012	796.60
0105378 HOME MAID RAVIOLI COMPANY INC.	138518	11/19/2012	155.90
0103976 HUB TELEVISION NETWORKS, LLC	138519	11/19/2012	369.74
0017763 J.J.R. CONSTRUCTION, INC	138520	11/19/2012	14,742.78
0014149 THERESA JACKSON	138521	11/19/2012	4,236.67
0098964 JARVIS,FAY,DOPORTO&GIBSON, LLP	138522	11/19/2012	1,302.91
0105453 JOHANNA JEFFEL	138523	11/19/2012	1,610.00
0096924 JOHN ALITA	138524	11/19/2012	125.11
0018498 KONICA MINOLTA BUSINESS SOL.	138525	11/19/2012	1,580.50
0096347 LA LORICK ASSOCIATES	138526	11/19/2012	2,012.00
0018048 CALLANDER ASSOCIATES LANDSCAPE ARCHITECT	138527	11/19/2012	3,224.16
0103049 LAURETTA PRINTING&COPY CENTER	138528	11/19/2012	434.00
0017924 LORAL LANDSCAPING INC.	138529	11/19/2012	4,803.00
0018177 LOWE'S	138530	11/19/2012	1,083.97
0100704 MARTY CARDONE	138531	11/19/2012	77.15

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Vendor Code & Name	Check #	Check Date	Amount
0104343 DARRYL MCCOY	138532	11/19/2012	113.22
0105484 BARBARA J. MEDINA	138533	11/19/2012	137.50
0018397 MICHAEL KU	138534	11/19/2012	200.00
0015839 NOR-CAL SIGNS	138537	11/19/2012	194.20
0092263 OFFICE DEPOT INC	138540	11/19/2012	712.83
0014961 PENINSULA UNIFORMS & EQUIPMENT	138543	11/19/2012	2,766.13
0018867 3M TRAFFIC SAFETY SYSTEMS DIV.	138469	11/19/2012	6,072.01
0096852 ABAG PLAN CORPORATION	138470	11/19/2012	1,033.35
0001170 AIRGAS NCN	138471	11/19/2012	176.04
0000163 AIRPORT AUTO PARTS INC.	138472	11/19/2012	242.78
0017459 ALL CITY MANAGEMENT SVC.INC.	138473	11/19/2012	2,172.48
0018976 ALPHA ANALYTICAL LAB. INC.	138474	11/19/2012	1,794.00
0016688 ALPHA TECHNOLOGIES, INC.	138475	11/19/2012	92.01
0001202 ARAMARK UNIFORM SERVICES	138476	11/19/2012	419.64
0001965 ARISTA BUSINESS	138477	11/19/2012	744.31
0104415 ARNOLD W. GOLDSCHLAGER, M.D.	138478	11/19/2012	1,060.00
0105148 ASTREYA PARTNERS, INC.	138479	11/19/2012	905.40
0016123 AT&T	138480	11/19/2012	488.89
0018465 AT&T MOBILITY	138481	11/19/2012	45.45
0000345 BAKER & TAYLOR BOOKS	138482	11/19/2012	2,052.46
0015628 BAY AREA TREE CO., INC.	138483	11/19/2012	6,225.00
0018093 BBC WORLDWIDE AMERICA INC.	138484	11/19/2012	771.17
0018532 BROADCAST MUSIC INC. (BMI)	138485	11/19/2012	288.00
0096420 BSN SPORTS	138486	11/19/2012	713.65
0091438 MATT CAMPI	138487	11/19/2012	4,967.63
0090000 MARC CATALANO	138488	11/19/2012	9,177.91
0018977 CBS TELEVISION STATIONS	138489	11/19/2012	6,205.83
0017843 CENTRAL COUNTY FIRE DEPT.	138490	11/19/2012	126.00
0105485 MARLON CERVANTES	138491	11/19/2012	89.00
0017284 CHEMSEARCHFE	138492	11/19/2012	385.96
0013595 CITY OF SAN BRUNO	138493	11/19/2012	870.47
0000386 CITY OF SOUTH SAN FRANCISCO	138494	11/19/2012	12,346.91
0018978 CLEAN HARBORS ENV SERVICES INC	138495	11/19/2012	1,759.13
0017802 CLEANSOURCE, INC.	138496	11/19/2012	1,251.56
0018087 COMCAST MEDIA CENTER	138497	11/19/2012	295.80
0098656 COMPLETE LINEN SERVICE	138498	11/19/2012	197.25
0096761 MOWBRAY COQUILLARD	138499	11/19/2012	375.00
0000169 COSTA'S / "JUST THINGS"	138500	11/19/2012	16.24
0002012 CPS	138501	11/19/2012	2,856.95
0000333 MOSS RUBBER & EQUIP. CORP.	138535	11/19/2012	106.63
0000357 NATIONAL CABLE TV CO-OP, INC.	138536	11/19/2012	1,062.36

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Vendor Code & Name	Check #	Check Date	Amount
0102372 NUTRITION SITE COUNCIL OF SB	138538	11/19/2012	3,242.51
0018157 OCLC INC	138539	11/19/2012	320.63
0000210 OLE'S CARBURETOR &ELECTRIC INC	138541	11/19/2012	252.12
0018861 PITNEY BOWES	138544	11/19/2012	6,000.00
0104774 PREFERRED INVESTIGATIONS	138545	11/19/2012	1,000.00
0017432 SAN MATEO COUNTY PUBLIC SAFETY COMMUNICA	138546	11/19/2012	566.25
0104869 PURSUIT NORTH	138547	11/19/2012	1,938.33
0013981 QUILL CORPORATION	138548	11/19/2012	94.70
0000071 R & B COMPANY	138549	11/19/2012	958.29
0104550 RAE & LETSON	138550	11/19/2012	12,500.00
0018761 RENEE RAMSEY	138551	11/19/2012	514.80
0017111 RANDOM HOUSE INC	138552	11/19/2012	40.59
0095148 RAY RAZAVI	138553	11/19/2012	22,512.00
0000175 RECOLOGY SAN BRUNO	138554	11/19/2012	162.54
0094546 RECORDED BOOKS	138555	11/19/2012	26.28
0016729 RICOH AMERICAS CORPORATION	138556	11/19/2012	415.37
0018777 LEXISNEXIS RISK DATA MANAGEMENT	138557	11/19/2012	50.00
0016213 ROZZI REPRODUCTION&SUPPLY INC.	138558	11/19/2012	669.78
0000569 SAN BRUNO AUTO CENTER, INC.	138559	11/19/2012	65.00
0099047 SAN MATEO CTY SHERIFF'S OFFICE	138560	11/19/2012	570.00
0105147 SEEVERS ELECTRIC	138561	11/19/2012	4,110.00
0018461 SERRAMONTE FORD, INC.	138562	11/19/2012	340.08
0103732 SFO MEDICAL CLINIC	138563	11/19/2012	2,277.00
0105474 WILLIAM S. SKALKO	138564	11/19/2012	276.00
0018072 STANDARD INSURANCE COMPANY	138565	11/19/2012	12,571.12
0000801 STEWART AUTOMOTIVE GROUP	138566	11/19/2012	81.64
0018297 PATRICK SWEENEY	138567	11/19/2012	3,687.29
0018813 TANKO LIGHTING	138568	11/19/2012	4,327.83
0098973 JOSEPH TELLES	138569	11/19/2012	5,001.99
0096616 TENNANT SALES AND SERVICE CO.	138570	11/19/2012	487.13
0018717 THE E GROUP LLC	138571	11/19/2012	300.00
0002072 DAVID THOMAS	138572	11/19/2012	3,633.50
0097449 THYSSENKRUPP ELEVATOR CORP.	138573	11/19/2012	367.80
0105045 TINT ON WHEELS	138574	11/19/2012	500.00
0018818 TOSHIBA BUSINESS SOLUTIONS CA	138575	11/19/2012	532.58
0104282 TOWNE FORD SALES	138576	11/19/2012	36,660.12
0000019 U.S. POSTMASTER	138577	11/19/2012	3,800.00
0018618 UNITED SITE SERVICES INC.	138578	11/19/2012	184.95
0102744 UNIVERSAL BUILDING SERVICES	138579	11/19/2012	123.00

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GrandTotal:      296,874.06  
Total count:      119

11/26/12

CITY OF SAN BRUNO  
WARRANT REGISTER  
TOTAL FUND RECAP

FUND	FUND NAME	AMOUNT
001	GENERAL FUND	\$345,889.20
132	AGENCY ON AGING	\$349.24
133	RESTRICTED DONATIONS	\$614.25
190	EMERGENCY DISASTER FUND	\$2,527.23
201	PARKS AND FACILITIES CAPITAL	\$211.76
203	STREET IMPROVE. PROJECTS	\$2,256.75
611	WATER FUND	\$19,498.65
631	WASTEWATER FUND	\$327.45
641	CABLE TV FUND	\$9,118.15
701	CENTRAL GARAGE	\$1,301.05
891	S.B. GARBAGE CO. TRUST	\$532,913.00
TOTAL FOR APPROVAL		\$915,006.73

HONORABLE MAYOR AND CITY COUNCIL:

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGES NUMBERED FROM 1 THROUGH 2 INCLUSIVE, AND/OR CLAIMS NUMBERED FROM 138588 THROUGH 138659 INCLUSIVE, TOTALING IN THE AMOUNT OF \$915,006.73 HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST THE CITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,

  
\_\_\_\_\_  
FINANCE DIRECTOR

11/27/12  
DATE

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
0102770 METLIFE	138622	11/26/2012	1,501.71
0016863 MIDWEST TAPE, LLC	138623	11/26/2012	47.64
0000333 MOSS RUBBER & EQUIP. CORP.	138624	11/26/2012	170.54
0000357 NATIONAL CABLE TV CO-OP, INC.	138625	11/26/2012	171.18
0096724 NATIONAL CONSTRUCTION RENTALS	138626	11/26/2012	228.48
0102408 NATIONAL GEOGRAPHIC CHANNEL HD	138627	11/26/2012	65.60
0105209 NET TRANSCRIPTS, INC.	138628	11/26/2012	301.40
0092263 OFFICE DEPOT INC	138629	11/26/2012	853.47
0000012 PACIFIC GAS & ELECTRIC	138630	11/26/2012	2,258.86
0104697 PBS KIDS SPROUT	138631	11/26/2012	634.10
0001154 PENINSULA LIBRARY SYSTEM	138632	11/26/2012	744.00
0098436 PROFESSIONAL LAND SERVICES	138633	11/26/2012	2,045.00
0000071 R & B COMPANY	138634	11/26/2012	2,157.64
0091044 R.A. METAL PRODUCTS, INC	138635	11/26/2012	1,125.80
0000175 RECOLOGY SAN BRUNO	138636	11/26/2012	532,913.00
0094546 RECORDED BOOKS	138637	11/26/2012	317.98
0093465 SAN MATEO COUNTY SHERIFF	138638	11/26/2012	600.00
0018597 SAN MATEO DAILY JOURNAL	138639	11/26/2012	420.00
0103784 RANDY SCHWARTZ	138640	11/26/2012	187.93
0098030 SHRED-IT SAN FRANCISCO	138641	11/26/2012	37.52
0103492 SMITHSONIAN NETWORKS	138642	11/26/2012	296.03
0015163 PENINSULA SPORTS OFFICIALS ASSOC.INC.	138643	11/26/2012	520.00
0097079 SPRINT	138644	11/26/2012	677.89
0000431 TEAMSTERS LOCAL #856	138588	11/20/2012	320,559.00
0017659 THE CALIFORNIA CHANNEL	138645	11/26/2012	134.18
0103559 THE MLB NETWORK, LLC	138646	11/26/2012	1,358.59
0000036 THOMSON WEST	138647	11/26/2012	436.35
0105031 TMNDRT	138648	11/26/2012	1,006.35
0104135 GLOBAL TRACKING COMMUNICATIONS, INC.	138649	11/26/2012	29.99
0017932 TRILLIUM USA INC.	138650	11/26/2012	26.87
0103095 TUTV	138651	11/26/2012	82.65
0001362 TV GUIDE MAGAZINE, LLC	138652	11/26/2012	247.59
0095538 TV GUIDE NETWORK, INC.	138653	11/26/2012	783.61
0102988 VANTAGEPOINT TRANSFER AGENTS	138656	11/26/2012	8,948.03
0105492 JOAN WOODS	138659	11/26/2012	68.50
0000858 ADECCO EMPLOYMENT SERVICES	138589	11/26/2012	2,388.00
0001170 AIRGAS NCN	138590	11/26/2012	119.31
0017459 ALL CITY MANAGEMENT SVC.INC.	138591	11/26/2012	1,093.68
0016688 ALPHA TECHNOLOGIES, INC.	138592	11/26/2012	362.64

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Vendor Code & Name	Check #	Check Date	Amount
0102355 AMAZON	138593	11/26/2012	483.38
0000082 AMERICAN MESSAGING	138594	11/26/2012	35.00
0104899 ASSOCIATE PARTNERS	138595	11/26/2012	30.00
0017191 AT&T	138596	11/26/2012	161.35
0018222 HEIDI PIERCE, EVENT COORD AYSO REGION 249	138597	11/26/2012	325.00
0000345 BAKER & TAYLOR BOOKS	138598	11/26/2012	1,147.16
0096050 CENTRAL BUSINESS EQUIPMENT	138599	11/26/2012	340.99
0105367 CORIX WATER PRODUCTS	138600	11/26/2012	4,162.49
0096794 MARIO E. CUELLAR	138601	11/26/2012	61.75
0018188 DAU PRODUCTS	138602	11/26/2012	1,235.92
0093479 DEPARTMENT OF JUSTICE	138603	11/26/2012	580.00
0105493 LORETTA DURAN	138604	11/26/2012	111.00
0002025 TELECOMMUNICATIONS ENGINEERING ASSOCIATE	138605	11/26/2012	1,984.00
0000944 FEDEX	138606	11/26/2012	17.65
0102869 FRANCHISE TAX BOARD	138607	11/26/2012	500.00
0105491 FRIENDS OF SAN BRUNO LIBRARY	138608	11/26/2012	614.25
0018272 GALE GROUP INC.	138609	11/26/2012	69.91
0103258 GC MICRO CORPORATION	138610	11/26/2012	637.59
0017983 GLORIA DEETER	138611	11/26/2012	161.31
0104693 DEBBIE GRECH	138612	11/26/2012	777.69
0017914 GSWAW INC.	138613	11/26/2012	869.19
0096837 GYM DOCTORS	138614	11/26/2012	125.00
0102820 DEBRA HALL	138615	11/26/2012	289.00
0017882 HOME BOX OFFICE	138616	11/26/2012	1,208.37
0015531 INTERSTATE BATTERY SYS. OF SF	138617	11/26/2012	565.80
0000732 KRAFT INDUSTRIAL SUPPLY	138618	11/26/2012	314.49
0096316 GREEN CARPET LANDSCAPING & MAINTENANCE	138619	11/26/2012	1,100.00
0105034 LFP BROADCASTING, LLC	138620	11/26/2012	58.46
0104828 MARKETSHARE, INC.	138621	11/26/2012	2,298.75
0000019 U.S. POSTMASTER	138654	11/26/2012	2,300.00
0098625 UPS	138655	11/26/2012	9.03
0000612 WESTVALLEY CONSTRUCTION CO.INC	138657	11/26/2012	6,386.45
0018385 WFCB - OSH COMMERCIAL SERVICES	138658	11/26/2012	124.64
		<b>GrandTotal:</b>	<b>915,006.73</b>
		<b>Total count:</b>	<b>72</b>

12/03/12

CITY OF SAN BRUNO  
WARRANT REGISTER  
TOTAL FUND RECAP

FUND	FUND NAME	AMOUNT
001	GENERAL FUND	\$128,609.36
132	AGENCY ON AGING	\$5,229.66
190	EMERGENCY DISASTER FUND	\$484,215.16
201	PARKS AND FACILITIES CAPITAL	\$34,934.00
611	WATER FUND	\$315,621.48
621	STORMWATER FUND	\$5,416.21
631	WASTEWATER FUND	\$746,751.07
641	CABLE TV FUND	\$95,070.68
701	CENTRAL GARAGE	\$6,761.44
702	FACILITY MAINT. FUND	\$3,937.78
703	GENERAL EQUIPMENT REVOLVING	\$570.94
707	TECHNOLOGY DEVELOPMENT	\$7,548.37
711	SELF INSURANCE	\$28,409.82
891	S.B. GARBAGE CO. TRUST	\$40,000.00

TOTAL FOR APPROVAL \$1,903,075.97

HONORABLE MAYOR AND CITY COUNCIL:

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGES NUMBERED FROM 1 THROUGH 4 INCLUSIVE, AND/OR CLAIMS NUMBERED FROM 138660 THROUGH 138797 INCLUSIVE, TOTALING IN THE AMOUNT OF \$1,903,075.97 HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST THE CITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,

  
FINANCE DIRECTOR

12/5/12  
DATE

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
0000317 L.N. CURTIS & SONS	138735	12/3/2012	1,905.81
0017026 LYNX TECHNOLOGIES, INC.	138736	12/3/2012	2,060.00
0105508 ALMA MACIAS	138737	12/3/2012	18.14
0105496 EDUARDO C. MEDINA	138738	12/3/2012	29.38
0105487 METHOD CONSTRUCTION	138739	12/3/2012	1,000.00
0096219 MIRACLE PLAYSYSTEMS INC.	138740	12/3/2012	1,650.15
0096800 MOBILE CALIBRATION SVCS. LLC	138741	12/3/2012	263.16
0103600 MOMENTUM WHOLESALE, INC.	138742	12/3/2012	21,843.10
0000333 MOSS RUBBER & EQUIP. CORP.	138743	12/3/2012	96.51
0017289 MUNISERVICES LLC	138744	12/3/2012	1,000.00
0000357 NATIONAL CABLE TV CO-OP, INC.	138745	12/3/2012	226.13
0015839 NOR-CAL SIGNS	138746	12/3/2012	21.43
0105238 NORTHERN REFRIGERATION INC.	138747	12/3/2012	2,000.00
0104865 OAKWOOD HOUSING	138748	12/3/2012	150.68
0092263 OFFICE DEPOT INC	138749	12/3/2012	1,028.51
0018284 OFFICEMAX INC.	138750	12/3/2012	199.00
0000210 OLE'S CARBURETOR &ELECTRIC INC	138751	12/3/2012	477.98
0097567 ONE HOUR DRY CLEANING	138752	12/3/2012	177.10
0000012 PACIFIC GAS & ELECTRIC	138753	12/3/2012	15,143.50
0105452 PAGE & TURNBULL	138754	12/3/2012	2,152.71
0105504 BERNICE PARKER	138755	12/3/2012	33.56
0001154 PENINSULA LIBRARY SYSTEM	138756	12/3/2012	53.26
0018283 PERFORMANCE TOW LLC	138757	12/3/2012	240.00
0000294 PITNEY BOWES	138758	12/3/2012	1,869.06
0105507 STEVEN PITOCCHI	138759	12/3/2012	34.06
0096973 POWERPLAN	138760	12/3/2012	38.81
0102915 PRECISE PRINTING & MAILING	138761	12/3/2012	774.99
0016828 PRECISION AUTO SERVICE	138762	12/3/2012	119.95
0000285 PREFERRED ALLIANCE, INC.	138763	12/3/2012	279.30
0000593 PUREWATER BACKFLOW TESTING	138764	12/3/2012	270.00
0013981 QUILL CORPORATION	138765	12/3/2012	30.59
0000071 R & B COMPANY	138766	12/3/2012	37.13
0017111 RANDOM HOUSE INC	138767	12/3/2012	62.51
0000175 RECOLOGY SAN BRUNO	138768	12/3/2012	40,000.00
0090749 RED WING SHOE STORE	138769	12/3/2012	180.23
0104548 RENNE SLOAN HOLTZMAN SAKAI LLP	138770	12/3/2012	9,669.07
0105489 MICAH ROMMASSET	138771	12/3/2012	276.00
0016774 SAN DIEGO POLICE EQUIPMENT CO.	138772	12/3/2012	1,273.11
0013918 SAN MATEO COUNTY TAX COLLECTOR	138773	12/3/2012	68.96

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Vendor Code & Name	Check #	Check Date	Amount
0013918 SAN MATEO COUNTY TAX COLLECTOR	138774	12/3/2012	68.96
0099047 SAN MATEO CTY SHERIFF'S OFFICE	138775	12/3/2012	8,829.82
0017145 SAN MATEO LAWN MOWER SHOP	138776	12/3/2012	34.67
0018461 SERRAMONTE FORD, INC.	138777	12/3/2012	1,774.33
0000074 SFPUC - WATER DEPARTMENT	138778	12/3/2012	289,794.43
0098840 SHAW PIPELINE INC	138779	12/3/2012	177,859.95
0097079 SPRINT	138780	12/3/2012	1,939.86
0105481 STARVISTA	138781	12/3/2012	17,390.50
0001849 BAY AREA WATER SUPPLY & CONSERVATION AGEI	138782	12/3/2012	25,000.00
0018028 SWRCB	138783	12/3/2012	1,521.00
0015691 TEAMSTERS LOCAL 856	138784	12/3/2012	25,987.00
0093300 THE RECORDER	138785	12/3/2012	389.00
0098126 JENNIE TUCKER	138786	12/3/2012	500.00
0017133 TURBO DATA SYSTEMS INC	138787	12/3/2012	3,340.41
0105490 ULTRA CONSTRUCTION	138788	12/3/2012	630.00
0016835 US BANK NATIONAL ASSOCIATION	138789	12/3/2012	187.50
0000584 USA MOBILITY WIRELESS INC.	138790	12/3/2012	33.19
0096757 VERDICTSEARCH	138791	12/3/2012	300.00
0095749 VERIZON WIRELESS	138792	12/3/2012	1,900.01
0098917 VOLIKOS ENTERPRISES	138793	12/3/2012	1,216.22
0105295 WINGFOOT COMMERCIAL TIRE	138794	12/3/2012	410.97
0105497 HSIYANG YANG	138795	12/3/2012	7.87
0104033 ZCORUM, INC.	138796	12/3/2012	21,764.00
0105494 AZIZ ZEIDAN	138797	12/3/2012	7.95
0017188 3T EQUIPMENT COMPANY INC.	138661	12/3/2012	1,570.57
0105503 NICOLE AGRIESTI	138664	12/3/2012	100.00
0001170 AIRGAS NCN	138665	12/3/2012	130.10
0000163 AIRPORT AUTO PARTS INC.	138666	12/3/2012	41.03
0017359 AMERICAN EXPRESS	138667	12/3/2012	5,229.66
0000082 AMERICAN MESSAGING	138668	12/3/2012	32.48
0018672 ANTHONY ROZZI	138669	12/3/2012	400.00
0001965 ARISTA BUSINESS	138670	12/3/2012	383.81
0016123 AT&T	138671	12/3/2012	544.65
0017191 AT&T	138672	12/3/2012	839.99
0018363 AT&T LONG DISTANCE	138673	12/3/2012	16.13
0000345 BAKER & TAYLOR BOOKS	138674	12/3/2012	2,108.21
0105502 JANET BARKER	138675	12/3/2012	36.36
0102657 BASCOM TRIM & UPHOLSTERY	138676	12/3/2012	548.78
0105373 BAY AREA CLEANING	138677	12/3/2012	425.00
0017036 STEVEN'S BAY AREA DIESEL SER., INC.	138678	12/3/2012	96.28
0103924 BEAR DATA SOLUTIONS, INC.	138679	12/3/2012	1,174.50

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Vendor Code & Name	Check #	Check Date	Amount
0017624 BKF ENGINEERS	138660	11/30/2012	191,007.06
0105495 LAUREN DONOVAN BRADFORD	138680	12/3/2012	17.84
0000378 BROADMOOR LANDSCAPE SUPPLY	138681	12/3/2012	71.45
0105324 CAINE COMPUTER CONSULTING, LLC	138682	12/3/2012	3,120.00
0105134 CALIFORNIA CONSERVATION CORPS	138683	12/3/2012	34,934.00
0105483 MANSUETA CASINILLO	138684	12/3/2012	10.00
0105270 GUM-LING CHEN	138685	12/3/2012	1,000.00
0016324 CINTAS CORPORATION #464	138686	12/3/2012	699.07
0102572 CINTAS FIRE PROTECTION	138687	12/3/2012	503.52
0000386 CITY OF SOUTH SAN FRANCISCO	138688	12/3/2012	739,564.50
0105124 CLEAN SCAPES INC.	138689	12/3/2012	1,567.50
0017802 CLEANSOURCE, INC.	138690	12/3/2012	674.22
0105498 THERESA CLEVINGER	138691	12/3/2012	6.83
0018741 CMS COMMUNICATIONS INC.	138692	12/3/2012	587.17
0018911 COMCAST CABLE COMMUNICATIONS	138693	12/3/2012	25,182.63
0104508 COMCAST SPORTSNET CALIFORNIA	138694	12/3/2012	21,438.45
0000858 ADECCO EMPLOYMENT SERVICES	138663	12/3/2012	1,273.72
0104680 ACCESS 24 COMMUNICATIONS INC.	138662	12/3/2012	162.45
0098656 COMPLETE LINEN SERVICE	138695	12/3/2012	198.52
0105187 CONCERN	138696	12/3/2012	664.44
0017011 COPWARE, INC.	138697	12/3/2012	1,221.05
0000169 COSTA'S / "JUST THINGS"	138698	12/3/2012	38.10
0017807 SAN MATEO COUNTY CONTROLLER'S OFFICE	138699	12/3/2012	10,084.50
0015857 COUNTY OF SAN MATEO	138700	12/3/2012	3,477.50
0018331 CSG CONSULTANTS INC.	138701	12/3/2012	868.00
0105506 DAVID CULLINAN	138702	12/3/2012	34.06
0000251 CUMMINS WEST INC.	138703	12/3/2012	651.71
0016604 CUMMINS WEST INC.	138704	12/3/2012	9.82
0017712 RECALL SECURE DESTRUCTION SERVICES, INC.	138705	12/3/2012	67.80
0104771 GILLERAN ENERGY MANAGEMENT SERVICES	138706	12/3/2012	8,127.00
0002025 TELECOMMUNICATIONS ENGINEERING ASSOCIATE	138707	12/3/2012	85.00
0016363 GCS ENVIRONMENTAL & EQUIPMENT SVC.	138708	12/3/2012	2,113.52
0104364 EQUIFAX INFORMATION SVCS LLC	138709	12/3/2012	110.00
0105501 CECILIO EVANGELISTA	138710	12/3/2012	83.36
0018361 FIREHIRE INC.	138711	12/3/2012	2,400.00
0001782 FLOWERS ELECTRIC & SVC.CO.INC.	138712	12/3/2012	643.50
0018117 FLYERS ENERGY, LLC	138713	12/3/2012	10,283.01
0103258 GC MICRO CORPORATION	138714	12/3/2012	3,715.43
0104560 GEO OPTIONS, INC.	138715	12/3/2012	3,807.30
0016969 GOLDEN IDEAS	138716	12/3/2012	452.00
0000162 GRAINGER	138717	12/3/2012	198.50

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
0000541 GRANITE ROCK COMPANY	138718	12/3/2012	196.91
0095966 GREATAMERICA FINANCIAL SVCS.	138719	12/3/2012	734.41
0093817 HAWKINS TRAFFIC SAFETY SUPPLY	138720	12/3/2012	914.19
0104705 HB CONSULTING GROUP	138721	12/3/2012	97,012.50
0105488 HINES EDM	138722	12/3/2012	265.20
0105486 ROBERT AND KAREN HYINK	138723	12/3/2012	169.57
0015531 INTERSTATE BATTERY SYS. OF SF	138724	12/3/2012	688.47
0099054 INTERSTATE TRS FUND	138725	12/3/2012	692.38
0104682 ISG INFRARED SYSTEMS GROUP,LLC	138726	12/3/2012	421.00
0105476 MIKE JAY	138727	12/3/2012	26.55
0000771 JT2 INTEGRATED RESOURCES	138728	12/3/2012	23,248.28
0018376 JT2 INTEGRATED RESOURCES	138729	12/3/2012	5,161.54
0000075 K-119 TOOLS OF CALIFORNIA INC.	138730	12/3/2012	216.71
0018808 KAISER FOUNDATION HEALTH PLAN	138731	12/3/2012	245.00
0105505 LARA KANSA	138732	12/3/2012	28.08
0098373 AHMED KHAN	138733	12/3/2012	10.64
0018498 KONICA MINOLTA BUSINESS SOL.	138734	12/3/2012	570.94
		<b>GrandTotal:</b>	<b>1,903,075.97</b>
		<b>Total count:</b>	<b>138</b>

12/03/12

CITY OF SAN BRUNO  
WARRANT REGISTER  
TOTAL FUND RECAP  
SUCCESSOR AGENCY

FUND	FUND NAME	AMOUNT
153	RDA OBLIGATION RETIREMENT FUND	\$33,171.00
TOTAL FOR APPROVAL		\$33,171.00

HONORABLE MAYOR AND CITY COUNCIL:

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGE NUMBERED 1,  
AND/OR CLAIMS NUMBERED FROM 100043 THROUGH 100044 INCLUSIVE, TOTALING  
IN THE AMOUNT OF \$33,171.00 HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE  
PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST  
THE CITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,

  
FINANCE DIRECTOR

12/5/12  
DATE

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Document group: komalley      Bank: sagny      06995403

Vendor Code & Name	Check #	Check Date	Amount
0092223      PENINSULA CORRIDOR JOINT POWERS BOARD	100043	12/3/2012	30,692.00
0104879      LAW OFFICES OF CRAIG LABADIE	100044	12/3/2012	2,479.00
		<b>GrandTotal:</b>	<b>33,171.00</b>
		<b>Total count:</b>	<b>2</b>



**City Council Agenda Item  
Staff Report**

CITY OF SAN BRUNO

---

**DATE:** December 11, 2012  
**TO:** Honorable Mayor and Members of the City Council  
**FROM:** Kim Juran, Finance Director  
**SUBJECT:** Payroll Approval

City Council approval of the City payrolls distributed November 23, 2012 and December 7, 2012 are recommended. The Labor Summary report reflecting the total payroll amount of \$1,357,789.81 for the bi-weekly pay period ending November 18, 2012 and the total payroll amount of \$1,438,459.61 for the bi-weekly pay period ending December 2, 2012, are attached.

*7.c.*

**LABOR SUMMARY FOR PAY PERIOD ENDING : November 18, 2012**

<b>pyLaborDist</b>	<b>11/23/12</b>
Fund: 001 - GENERAL FUND	1,006,347.03
Fund: 122 - SOLID WASTE/RECYCL.	1,385.09
Fund: 153 -RDA OBLIGATION RETIREMENT FUND	6,829.90
Fund: 190 - EMERGENCY DISASTER FUND	24,334.56
Fund: 201 - PARKS AND FACILITIES CAPITAL	1,945.76
Fund: 203 - STREET IMPROVE. PROJECTS	4,303.58
Fund: 611 - WATER FUND	85,681.01
Fund: 621 - STORMWATER FUND	15,729.62
Fund: 631 - WASTEWATER FUND	60,415.98
Fund: 641 - CABLE TV FUND	93,331.09
Fund: 701 - CENTRAL GARAGE	12,948.89
Fund: 702 - FACILITY MAINT.FUND	24,074.99
Fund: 707 - TECHNOLOGY DEVELOPMENT	13,797.32
Fund: 711 - SELF INSURANCE	6,664.99
<b>Total</b>	<b>1,357,789.81</b>

**LABOR SUMMARY FOR PAY PERIOD ENDING : December 2, 2012**

<b>pyLaborDist</b>	<b>12/07/12</b>
Fund: 001 - GENERAL FUND	1,083,743.73
Fund: 122 - SOLID WASTE/RECYCL.	1,357.56
Fund: 153 -RDA OBLIGATION RETIREMENT FUND	6,811.05
Fund: 190 - EMERGENCY DISASTER FUND	17,780.32
Fund: 201 - PARKS AND FACILITIES CAPITAL	1,411.58
Fund: 207 - TECHNOLOGY CAPITAL	3,316.14
Fund: 203 - STREET IMPROVE. PROJECTS	114.48
Fund: 611 - WATER FUND	91,050.49
Fund: 621 - STORMWATER FUND	15,098.81
Fund: 631 - WASTEWATER FUND	66,851.84
Fund: 641 - CABLE TV FUND	92,668.52
Fund: 701 - CENTRAL GARAGE	9,201.17
Fund: 702 - FACILITY MAINT.FUND	24,332.14
Fund: 707 - TECHNOLOGY DEVELOPMENT	16,337.94
Fund: 711 - SELF INSURANCE	8,383.84
<b>Total</b>	<b>1,438,459.61</b>



## City Council Agenda Item Staff Report

CITY OF SAN BRUNO

**DATE:** December 11, 2012

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Marc Zafferano, City Attorney  
Carol Bonner, City Clerk  
Tami Yuki, Human Resource Director

**SUBJECT:** Adopt Resolution Approving Revisions to the City's Conflict of Interest Code Appendix

### **BACKGROUND:**

The Political Reform Act (PRA) requires designated public officials to disclose their economic interests to the public. Public officials so designated include city council members, planning commissioners, city managers, city attorneys, city clerks, and city treasurers. These officials are sometimes referred to as "code filers." The purpose of the disclosure requirement is to alert both public officials and the public to any personal economic interests that may be affected during the public official's performance of duties. The disclosure occurs through the filing of the "Form 700" upon taking office, on an annual basis, and upon leaving office.

Similarly, the PRA requires local agencies to adopt a conflict of interest code applicable to employees whose financial interests may be affected when participating or making decisions on behalf of the City. Like most cities, San Bruno adopted the conflict of interest code applicable to "code filers" as its own. (Resolution No. 1994-46) Like public officials, designated employees must also file a Form 700, but only to the extent required by the local code. Disclosure levels may differ across departments even for employees of similar levels of responsibility – the issue is whether a particular employee classification makes or participates in decisions that may put his or her financial interests at stake.

The PRA requires every local government agency to review its conflict-of-interest code biennially to determine whether the code must be amended. The last review occurred in 2010 so a review is due this year.

### **DISCUSSION:**

The City's local conflict of interest code has 4 disclosure categories. The categories directly relate to the likelihood that an employee will be called upon to recommend or make decisions that affect his or her financial interests. The disclosure obligations are provided as an attachment, and may be summed up as follows:

#### Category 1

- Similar to code filers (elected officials, city manager, city attorney), requires disclosure all sources of income, investments, interests in real property in San Bruno, and any business entity in which the employee holds a position.

*T.d.*

- This is the broadest category – all department directors are in this category.

#### Category 2

- Requires disclosure of all sources of income, investments, and business positions in companies that engage in land development and construction activities.
- This category typically applies to planning and public works personnel.

#### Category 3

- Requires disclosure of all sources of income, investments, and business positions in companies *of the type* that contract *with the City* to provide goods, services, supplies, etc.
- This category typically applies to positions handling contracts affecting all city departments.

#### Category 4

- Requires disclosure of all sources of income, investments, and business positions in companies *of the type* that typically contract with the employee's *department*.
- This category typically applies to supervisors and managers making contract recommendations and decisions for a particular department.

Staff has reviewed the proposed conflict of interest code to ensure that it specifically enumerates each of the positions within the City that involve making or participation in the making of decisions that may foreseeably have a material financial effect on any financial interest of the person holding that position. Using the format required by state law, an attachment reflects the recommended changes by striking out those positions no longer designated and by highlighting additions to the list. In summary, the recommended changes are as follows:

- Job positions where the employee is likely to be called upon to step in for the director from time to time are re-designated at Category 1.
  - Added new Deputy Fire Chief position which is a shared position with the Millbrae Fire Department
  - Added Assistant City Manager position in City Manager's Office
- Managers and supervisors across the board have disclosure categories 2, 3, or 4, depending on the work that department performs, unless that particular department does not designate managers and supervisors. The following manager and supervisor positions are added:
  - Management Analyst to City Manager's Office
  - Lieutenant position added to Police Department
  - Added additional disclosure categories to certain positions in the Public Services Department: Maintenance Services Manager, Field Supervisor, Management Analyst, and Water System & Conservation Manager.
- Other updates were made to account for changes to job classifications and/or titles:
  - Accounting Services Manager replaced Accounting Services Supervisor
  - Financial Services Manager replaced Financial Services Supervisor

**FISCAL IMPACT:**

These are non-substantive changes to the Designated Employee portion of the Appendix to the Conflict of Interest Code and have no fiscal impact.

**ALTERNATIVES:**

1. Do not adopt Resolution.
2. Direct staff to make other changes to the local conflict of interest code.

**RECOMMENDATION:**

Adopt Resolution Approving Revisions to the City's Conflict of Interest Code Appendix

**ATTACHMENTS:**

- A. Designated Employees List
- B. Disclosure Categories
- C. Resolution

**DATE PREPARED:**

December 4, 2012

**REVIEWED BY:**

\_\_\_\_ City Manager

**Designated Position List**

<b>Department</b>	<b>Position</b>	<b>Disclosure Category</b>
Cable TV	Director	1
	Business Manager	1
	Programming Technology Manager	3
	System Engineer	1
	Field Supervisor	4
City Clerk	Deputy City Clerk	4
City Manager	Assistant City Manager	1
	Management Analyst	4
Community Development	Director	1
	Senior Planner	1
	Associate Planner	2, 4
	Assistant Planner	2, 4
	Housing & Redevelopment Manager	1
	Building Official	1
	Senior Code Enforcement Officer*	2, 4
	Building Inspector	2, 4
	Plan Check Engineer	2, 4
	Code Enforcement Officer	2, 4
	Community Development Technician I / II	2
Finance	Finance Director	1
	Assistant Finance Director	1
	Financial Services Manager	1
	Accounting Services Manager	1
	Financial Services Supervisor	1
	Accounting Supervisor	1
Fire	Chief	1
	Division Chief	1
	Deputy Fire Chief	1
	Battalion Chief	1
Human Resources	Director	1
	Information Technology Analyst I/II	3, 4
	Management Analyst	4
Community Services	Community Services Director	1
	Assistant Library Director	3
	Maintenance Services Manager	2, 3
	Parks & Facilities Manager	2, 3
	Recreation Services Manager	3
	Recreation Services Supervisor	3
	Library Children Services Manager	3
	Library Services Manager	3
	Circulation Services Manager	3
Field Supervisor	4	

**Designated Position List**

<b>Department</b>	<b>Position</b>	<b>Disclosure Category</b>
Police	Chief of Police	1
	Commander	1
	Lieutenant	4
	Sergeant	4
	Records and Communications Supervisor	4
Public Services	Public Services Director	1
	Deputy Director of Public Works	1
	Principal Civil Engineer	1
	Associate Civil Engineer	2, 4
	Maintenance Services Manager	2, 3, 4
	Field Supervisor	2, 3, 4
	Management Analyst	2, 3, 4
	Engineering Technician/Public Works Inspector	2, 4
	Water System and Conservation Manager	2, 3, 4

**APPROVED BY CITY COUNCIL:**

## APPENDIX

### Disclosure Categories

1. All designated employees in this category shall disclose all sources of income, investments, interests in real property in the City of San Bruno, and any business entity in which the designated employee is a director, officer, partner, trustee, employee or holds any management position.
2. All designated employees in this category shall disclose all sources of income, investments, and business positions in business entities if the business entity engages in land development; construction, the provision of architectural, engineering, design or other services in connection with land development or construction; the manufacture, sale or lease of electrical, plumbing, construction materials or supplies and any other equipment or products used in construction; the acquisition, sale or lease of real property or financing of land acquisition, lease, development or construction.
3. All designated employees in this category shall disclose all sources of income, investments, and business positions in business entities if the business entity is of the type that contracts with the City of San Bruno to provides goods, services, supplies, materials, machinery, or equipment, including computer hardware or software of the type utilized by the City of San Bruno.
4. All designated employees in this category shall disclose all sources of income, investment and business positions in business entities if the business entity is of the type that contracts with or sells to the designated employee's department.

#### Consultants\*

- \* Consultants shall disclose in accordance with Category 1, provided, however, that the City Manager may determine in writing that a particular consultant, although a "designated employee," is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The determination of the City Manager is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.

RESOLUTION NO. 2012-\_\_\_\_\_

**RESOLUTION APPROVING REVISIONS TO THE CITY'S  
CONFLICT OF INTEREST CODE APPENDIX**

**WHEREAS**, the Political Reform Act, Government Code Section 8100, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes and pursuant to 2 Cal. Code of Regulations Section 18730, the City of San Bruno adopted the terms of the standard conflict of interest code contained therein pursuant to Resolution No. 1994-46;

**WHEREAS**, this conflict of interest code must be reviewed and revised, if necessary, every two (2) years and due to re-organization of department director classifications and some other personnel changes, it is necessary to revise the designated employees portion of the appendix to the local conflict of interest code;

**NOW, THEREFORE BE IT RESOLVED** by the City Council of the City of San Bruno that the attached Appendix (Exhibit A) Designated Employee List is hereby adopted and incorporated into the existing conflict of interest code.

**BE IT FURTHER RESOLVED** that all prior Designated Employee Lists to the Conflict of Interest Code are hereby superseded.

---o0o---

I hereby certify that the foregoing Resolution No. 2012-\_\_\_\_\_ was duly introduced and adopted by the San Bruno City Council at a regular meeting held December 11, 2012, by the following vote:

AYES: COUNCILMEMBERS: \_\_\_\_\_

NOES: COUNCILMEMBERS: \_\_\_\_\_

ABSENT: COUNCILMEMBERS: \_\_\_\_\_

\_\_\_\_\_  
Carol Bonner, City Clerk



## City Council Agenda Item Staff Report

CITY OF SAN BRUNO

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**DATE:** December 11, 2012

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Randy Schwartz, Community Services Director  
John Alita, Assistant Library Director

**SUBJECT:** Adopt Resolution Approving Contract with the San Mateo County Housing Department for \$63,000 in Block Grant Funds to Make Accessibility Improvements to Library Meeting Room Restrooms

### **BACKGROUND:**

Since January 2009, the City Council has authorized and approved two grant contracts with the San Mateo County Housing Department for accessibility improvements to the Library facility. A total of \$78,500 in grant funds was received to make the public restroom on the main floor accessible in accordance with Americans with Disabilities Act (ADA) standards and to add two wheelchair lifts, one to the mezzanine and one to the downstairs meeting room. These projects have all been completed.

On January 10, 2012 the City Council gave approval to apply for a third round of grant funds in the amount of \$63,000 to make accessibility improvements to the remaining downstairs public restrooms. On October 17, 2012 staff was notified by the San Mateo County Housing Department that the grant application was approved in the amount requested.

### **DISCUSSION:**

With the completion of the wheelchair lift to the Library lower level, all floors of the facility are accessible to persons with disabilities. The lower level meeting room is used for City and Library functions and for facility rentals. Due to the improved access and use of the downstairs meeting room it is desirable to remodel the existing two restrooms in order to create one accessible and one standard bathroom. The existing men's and women's restrooms will be converted into unisex facilities, with one being ADA accessible and one being a standard bathroom.

If the contract is approved, staff will conduct a bid process and return to the City Council for approval of the selected contractor.

### **FISCAL IMPACT:**

Approval of the contract will provide the City with \$63,000 in grant funds to complete this project. No general fund expenditures will be required.

*T.e.*

**RECOMMENDATION:**

Adopt resolution approving contract with the San Mateo County Housing Department for \$63,000 in block grant funds to make accessibility improvements to Library meeting room restrooms

**ALTERNATIVES:**

1. Do not approve contract.
2. Direct staff to seek other funding sources for accessibility improvements.

**DISTRIBUTION:** None

**ATTACHMENTS:**

1. Resolution

**DATE PREPARED:**

November 20, 2012

**REVIEWED BY:**

\_\_\_\_\_ CM

RESOLUTION NO. 2012- \_\_\_\_

**ADOPT RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH THE SAN MATEO COUNTY HOUSING DEPARTMENT FOR \$63,000 IN BLOCK GRANT FUNDS TO MAKE ACCESSIBILITY IMPROVEMENTS TO LIBRARY MEETING ROOM RESTROOMS**

**WHEREAS**, the City Library facility is over 50 years old and constructed prior to the passage of the Americans with Disabilities Act; and

**WHEREAS**, the City Council granted approval on January 10, 2012 for staff to apply for Community Development Block Grant Funds to make accessibility improvements to public restrooms on the lower level of the Library; and

**WHEREAS**, the San Mateo County Housing Department has approved a grant in the amount of \$63,000 for accessibility improvements;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council hereby authorizes the City Manager to execute a contract with the San Mateo County Housing Department for \$63,000 in block grant funds to make accessibility improvements to Library meeting room restrooms

Dated: December 11, 2012

ATTEST:

\_\_\_\_\_  
Carol Bonner, City Clerk

-o0o-

I, Carol Bonner, City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 11th day of December 2012 by the following vote:

AYES: COUNCILMEMBERS: \_\_\_\_\_  
NOES: COUNCILMEMBERS: \_\_\_\_\_  
ABSENT: COUNCILMEMBERS: \_\_\_\_\_



## City Council Agenda Item Staff Report

CITY OF SAN BRUNO

**DATE:** December 11, 2012  
**TO:** Honorable Mayor and Members of the City Council  
**FROM:** Tami Yuki, Human Resources Director  
**SUBJECT:** Adopt Resolution Amending the City Classification Plan by Adopting Position Descriptions for Fire Battalion Chief, Fire Captain, and Fire Fighter Positions

### **BACKGROUND:**

One of the major responsibilities of the Personnel Board is to review the City's classification plan and review proposed or revised job descriptions for recommendation to the City Council for final approval.

Both the Personnel Board and City staff have been reviewing each of the department's job descriptions to reflect job changes and to correct formatting, typographical and grammatical errors. Job descriptions are typically reviewed and revised in anticipation of the recruitment process or in response to significant changes in industry standards.

The Personnel Board reviewed the Fire Battalion Chief, Fire Captain, and Fire Fighter job descriptions which were developed in coordination with the San Bruno Fire Department, Central County Fire, and the Millbrae Fire Department.

### **DISCUSSION:**

As part of their continuing work program, the Personnel Board reviews all City job descriptions for recommendation to the City Council for final adoption. The Personnel Board has reviewed the listed position descriptions and recommends their final approval.

The job descriptions are being modified as part of the continued process of consolidating the fire departments of San Bruno, Millbrae and Central County. A committee with representatives from all agencies was established to merge the job descriptions of all three departments. A matrix was established to compare each agencies job descriptions and to establish an agreed upon set of minimum requirements suitable to all agencies. To assure the inclusion of all requirements for the agencies, the job descriptions will be phased in over a period of four years. This allows all candidates the opportunity to prepare for the minimum qualifications that will be required in upcoming years. This will also broaden the applicant pool to insure the inclusion of all prospective applicants from each agency.

The Teamsters Union has also received copies of the position descriptions and agreed to their content.

**FISCAL IMPACT:**

No fiscal impact.

**ALTERNATIVES:**

1. Do not approve amendment of the Fire Department job descriptions.
2. Direct changes to any job description.

**RECOMMENDATION:**

Adopt Resolution Amending the City Classification Plan by Adopting Position Descriptions for Fire Battalion Chief, Fire Captain, and Fire Fighter Positions.

**DISTRIBUTION:**

1. Teamsters Union

**ATTACHMENTS:**

1. Resolution
2. Fire Battalion Chief (2013) job description
3. Fire Battalion Chief (2016) job description
4. Fire Captain (2014) job description
5. Fire Captain (2016) job description
6. Fire Fighter job description

**DATE PREPARED:**

November 29, 2012

**REVIEWED BY:**

\_\_\_\_\_ CM

**RESOLUTION NO. 2012 -**

**ADOPT RESOLUTION AMENDING THE CITY CLASSIFICATION PLAN BY  
ADOPTING POSITION DESCRIPTIONS FOR FIRE BATTALION CHIEF,  
FIRE CAPTAIN, AND FIRE FIGHTER POSITIONS**

**WHEREAS**, that pursuant to Rule IV, Section I through 6 of the Personnel Rules and Regulations of the City of San Bruno, Resolution No. 1958-148, as amended, the Classification Plan of said Personnel Rules and Regulations is amended by immediately adopting the Fire Battalion Chief, Fire Captain, and Fire Fighter job descriptions.

**NOW, THEREFORE, BE IT RESOLVED** that the description of typical duties and responsibilities, training, experience and other qualifications required for said position, more particularly set forth in Exhibit A, attached, is made a part hereof, and are hereby approved and adopted.

Dated: December 11, 2012

ATTEST:

\_\_\_\_\_  
Carol Bonner, City Clerk

-o0o-

I, Carol Bonner, City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 11th day of December 2012 by the following vote:

AYES: COUNCILMEMBERS: \_\_\_\_\_  
NOES: COUNCILMEMBERS: \_\_\_\_\_  
ABSENT: COUNCILMEMBERS: \_\_\_\_\_



## BATTALION CHIEF

Department: Fire  
FLSA Status: Non-Exempt

Revision Date: 01/01/13

### DEFINITION

Reporting to the Deputy Fire Chief, and exercising supervision over Fire Captains, performs responsible supervisory, technical and administrative work in commanding and supervising fire suppression, emergency medical, and rescue activities or fire prevention activities. May work a 56-hour or other work schedule depending on duty assignment and needs of the department. Provides highly responsible and technical staff assistance to the Deputy Fire Chief.

### ESSENTIAL DUTIES

- Assist in the development and implementation of goals, objectives, policies and procedures for the various divisions of the Fire Department
- Assume command in a leadership role for fires or other significant incidents
- Ascertain the need for and type of additional equipment necessary to handle emergencies; make technical decisions as to the best methods of extinguishing fires after observing the fire and receiving reports from company officers
- Assist in coordinating the department's fire inspection program
- Assist in the investigation of fires to determine cause and origin
- Assist in the preparation of the department budget and budget implementation
- Assist in coordinating Fire Department activities with other departments and divisions within the jurisdictions
- Serve on committees to update and revise the disaster plans and emergency operations
- Supervise, train, evaluate and maintain personnel records of assigned staff
- Participate in recommending the appointment of personnel; provide or coordinate staff training; work with employees to correct deficiencies and implement discipline procedures
- Participate in related training classes; conduct multi-company training exercises and assess readiness needs of fire personnel
- Assist in coordinating public fire safety training programs
- Assist in coordinating the development of specifications and acquisition of specialized firefighting support equipment
- Supervise the annual testing of fire apparatus
- Supervise the acquisition, testing, maintenance, inventory and records of fire hose
- Perform related duties as assigned
- Assists in the preparation and implementation of the department budget.

## **REQUIRED QUALIFICATIONS**

### Knowledge of:

- Principles, practices and procedures of modern firefighting including uses, operations, fire investigation methods, programs and equipment
- Principles of supervision and departmental management
- Geography of the local jurisdiction including the locations of major fire hazards
- Principles of fire administration including personnel, purchasing, training, safety and report writing
- Laws, ordinances and regulations affecting the work of the department including city, county, state and national fire protection and prevention codes, laws and rules
- Microsoft Office and other software programs used in fire administration
- Knowledge of and limited use of fire apparatus, pumps, hose, ladders, and other standard firefighter and emergency medical equipment.

### Ability to:

- Assume command of the department in the absence of the Fire Chief
- Prepare clear, concise and complete oral and written reports and maintain accurate and complete records
- Supervise subordinates under normal and emergency conditions
- Conduct pre-fire planning
- Apply the principles, practices and procedures of firefighting to specific situations
- Gain cooperation from the public in observing fire prevention laws and regulations
- Exercise good judgment in emergency situations
- Establish and maintain cooperative working relationships with all those encountered in the course of work
- Communicate clearly and concisely on the phone, in person and in writing;
- Deal calmly with citizens; enforce necessary regulations with firmness and tact
- Analyze facts and exercise independent judgment
- Crawl, twist upper body, climb ladders and work at heights
- Frequently lift and/or move up to 25-pounds and occasionally lift and/or move up to 150-pounds
- Effectively use the following: emergency medical equipment, fire apparatus, fire pumps, hoses, and other standard fire fighting equipment, ladders, radio, pager, personal computer, phone, and motor vehicle

### Skills:

- Visual and aural abilities as well as physical stamina and endurance required to perform aforementioned duties

### License:

- Possession of a valid Class B or C driver's license issued by DMV
- California EMT- Basic

### Education & Experience:

- At least eight (8) years experience with at least two (2) years of experience as a Fire Captain in current department
- AA/AS Degree or completion of 60 units of college
- Fire Officer Certification and completion of Chief Officer Certification within three (3) years of hire

*The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.*

APR 11 2011



## BATTALION CHIEF

Department: Fire  
FLSA Status: Non-Exempt

Revision Date: 03/01/2016

### DEFINITION

Reporting to the Deputy Fire Chief, and exercising supervision over Fire Captains, performs responsible supervisory, technical and administrative work in commanding and supervising fire suppression, emergency medical, and rescue activities or fire prevention activities. May work 56-hour or other work schedule depending on duty assignment and needs of the department. Provides highly responsible and technical staff assistance to the Deputy Fire Chief.

### ESSENTIAL DUTIES

- Assist in the development and implementation of goals, objectives, policies and procedures for the various divisions of the Fire Department
- Assume command in a leadership role for fires or other significant incidents
- Ascertain the need for and type of additional equipment necessary to handle emergencies; make technical decisions as to the best methods of extinguishing fires after observing the fire and receiving reports from company officers
- Assist in coordinating the department's fire inspection program
- Assist in the investigation of fires to determine cause and origin
- Assist in the preparation of the department budget and budget implementation
- Assist in coordinating Fire Department activities with other departments and divisions within the jurisdictions
- Serve on committees to update and revise the disaster plans and emergency operations
- Supervise, train, evaluate and maintain personnel records of assigned staff
- Participate in recommending the appointment of personnel; provide or coordinate staff training; work with employees to correct deficiencies and implement discipline procedures
- Participate in related training classes; conduct multi-company training exercises and assess readiness needs of fire personnel
- Assist in coordinating public fire safety training programs
- Assist in coordinating the development of specifications and acquisition of specialized firefighting support equipment
- Supervise the annual testing of fire apparatus
- Supervise the acquisition, testing, maintenance, inventory and records of fire hose
- Perform related duties as assigned
- Assists in the preparation and implementation of the department budget.

## REQUIRED QUALIFICATIONS

### Knowledge of:

- Principles, practices and procedures of modern firefighting including uses, operations, fire investigation methods, programs and equipment
- Principles of supervision and departmental management
- Geography of the local jurisdiction including the locations of major fire hazards
- Principles of fire administration including personnel, purchasing, training, safety and report writing
- Laws, ordinances and regulations affecting the work of the department including city, county, state and national fire protection and prevention codes, laws and rules
- Microsoft Office and other software programs used in fire administration
- Knowledge of and limited use of fire apparatus, pumps, hose, ladders, and other standard firefighter and emergency medical equipment.

### Ability to:

- Assume command of the department in the absence of the Fire Chief
- Prepare clear, concise and complete oral and written reports and maintain accurate and complete records
- Supervise subordinates under normal and emergency conditions
- Conduct pre-fire planning
- Apply the principles, practices and procedures of firefighting to specific situations
- Gain cooperation from the public in observing fire prevention laws and regulations
- Exercise good judgment in emergency situations
- Establish and maintain cooperative working relationships with all those encountered in the course of work
- Communicate clearly and concisely on the phone, in person and in writing;
- Deal calmly with citizens; enforce necessary regulations with firmness and tact
- Analyze facts and exercise independent judgment
- Crawl, twist upper body, climb ladders and work at heights
- Frequently lift and/or move up to 25-pounds and occasionally lift and/or move up to 150-pounds
- Effectively use the following: emergency medical equipment, fire apparatus, fire pumps, hoses, and other standard fire fighting equipment, ladders, radio, pager, personal computer, phone, and motor vehicle

### Skills:

- Visual and aural abilities as well as physical stamina and endurance required to perform aforementioned duties

### License:

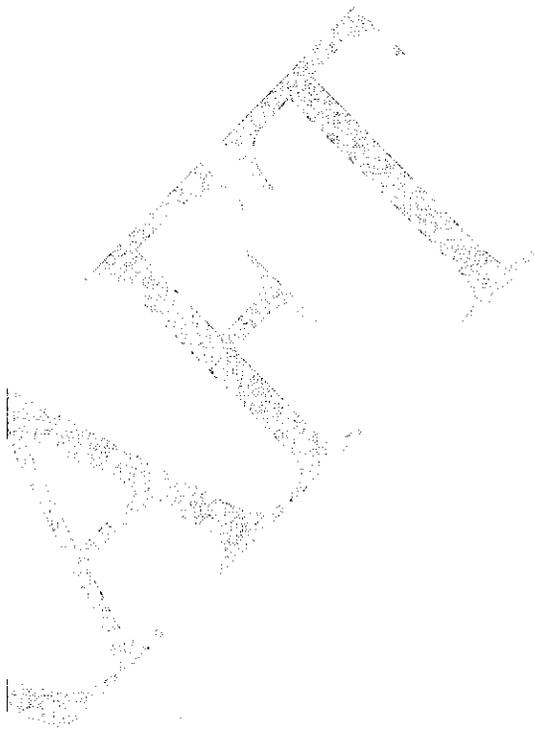
- Possession of a valid Class B or C driver's license issued by DMV
- California EMT- Basic

### Education & Experience:

- At least ten (10) years experience with at least five (5) years of experience as a Fire Captain in current department
- AA or AS Degree with completion of all Chief Officer Certification classes and paperwork submitted to State Fire Marshal's Office prior to applying for Battalion Chief Test or BA or BS Degree and completion of five (5) classes towards Chief Officer Certification
- Bachelor degree, S-290 and S-334 are desirable

*The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable*

*accommodations may be made to enable individuals with disabilities to perform the essential functions.*





## FIRE CAPTAIN

Department: Fire  
FLSA Status: Non-Exempt

Revision Date: 05/01/2014

### DEFINITION

Under direction of Battalion Chief or above, to have responsibilities for fire station operations on an assigned shift and to supervise subordinate personnel engaged in fire fighting and other activities.

### ESSENTIAL DUTIES

- Respond to fire, emergency rescue, EMS alarms and public service calls
- Assign firefighters and equipment
- Designate route to be taken to emergency and order placement of equipment in proper position for efficient operation
- Direct fire control operations until relieved by supervisor
- Direct subordinates and personally assists in extinguishing fires and in performing life saving and property protection work
- Supervise the return and servicing of equipment after calls
- Take charge of fire station and supervise and participate in the maintenance of quarters and equipment
- Evaluate performance of subordinates
- Maintain records and submits reports
- Conduct drills and classes
- Develop and present training to improve the service and safety level of fire fighting force
- Conduct fire prevention inspections to eliminate fire hazards through enforcement of fire codes and providing fire safety education
- Attends conferences and meetings to keep abreast of current trends in the field; represents the City Fire/ Emergency Medical Services (EMS) in local, county, state and other meetings.

### ESSENTIAL REQUIREMENTS:

#### Knowledge of:

- Principles, practices and procedures of modern fire fighting and protection of lives and property
- Policies and standards of the Fire Department and operation and maintenance of the types of apparatus and equipment used in fire fighting
- Local geography including location of mains, hydrants and major fire hazards of local jurisdictions
- EMS, rescue and resuscitation equipment and protection
- Principles of supervision and training
- Fire code and local codes

- Extrication procedures, hose evolutions, and ladder principles
- Fire ground tactics and strategy, salvage and overhaul techniques, ventilation practices and sprinkler operations
- Rescue practices, knots and ropes

Ability to:

- Lead people effectively under normal and emergency conditions
- Interpret and explain fire prevention laws and regulations
- Prepare clear, concise and complete reports
- Conduct training and drill sessions
- Understand and carry out written directions
- Crawl; twist upper body, climb ladders and work at heights
- Frequently lift and/or move up to 25-pounds and occasionally lift and/or move up to 150-pounds
- Work in a hazardous environment including electrical and mechanical hazards, to work in confined spaces; to work with hazardous materials and the ability to produce extreme effort/energy for short periods of time plus endurance
- Analyze situations quickly and draw logical conclusions; to remain calm and follow instructions under pressure, stress and emergency situations
- Work cooperatively with all those contacted in the course of work, tolerate others and their attitudes and get along in a community living environment
- Effectively use the following: emergency medical aid equipment, fire apparatus, fire pumps, hoses, and other standard fire fighting equipment, ladders, radio, pager, personal computer, phone, and motor vehicle.

Skills:

- Safe and efficient use of hydraulic rescue tool, rescue ropes and pulley, EMS equipment, ventilation, salvage and communication equipment, manual forcible entry tools, and power saws
- Drive motorized apparatus defensively
- Visual and aural abilities as well as physical stamina and endurance required to perform the aforementioned duties

License:

- Class B or C Driver's License issued by the California DMV
- California EMT – Basic license

Education & Experience:

- At least five (5) years fire fighting experience within current department
- Associate of Arts or Associate of Science Degree *or* 60 units of college with at least eight (8) years experience in current department
- Completion of the State Officer Certification classes, Fire Officer I certification or Company Officer certification classes and paperwork submitted to State Fire Marshal's Office prior to applying for Captain's Test

*The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable*

*accommodations may be made to enable individuals with disabilities to perform the essential functions.*

APR 11 2008



## FIRE CAPTAIN

Department: Fire  
FLSA Status: Non-Exempt

Revision Date: 05/01/2016

### DEFINITION

Under direction of Battalion Chief or above, to have responsibilities for fire station operations on an assigned shift and to supervise subordinate personnel engaged in fire fighting and other activities.

### ESSENTIAL DUTIES

- Respond to fire, emergency rescue, EMS alarms and public service calls
- Assign firefighters and equipment
- Designate route to be taken to emergency and order placement of equipment in proper position for efficient operation
- Direct fire control operations until relieved by supervisor
- Direct subordinates and personally assists in extinguishing fires and in performing life saving and property protection work
- Supervise the return and servicing of equipment after calls
- Take charge of fire station and supervise and participate in the maintenance of quarters and equipment
- Evaluate performance of subordinates
- Maintain records and submits reports
- Conduct drills and classes
- Develop and present training to improve the service and safety level of fire fighting force
- Conduct fire prevention inspections to eliminate fire hazards through enforcement of fire codes and providing fire safety education
- Attends conferences and meetings to keep abreast of current trends in the field; represents the City Fire/ Emergency Medical Services (EMS) in local, county, state and other meetings.

### ESSENTIAL REQUIREMENTS:

#### Knowledge of:

- Principles, practices and procedures of modern fire fighting and protection of lives and property
- Policies and standards of the Fire Department and operation and maintenance of the types of apparatus and equipment used in fire fighting
- Local geography including location of mains, hydrants and major fire hazards of local jurisdictions
- EMS, rescue and resuscitation equipment and protection
- Principles of supervision and training
- Fire code and local codes

- Extrication procedures, hose evolutions, and ladder principles
- Fire ground tactics and strategy, salvage and overhaul techniques, ventilation practices and sprinkler operations
- Rescue practices, knots and ropes

Ability to:

- Lead people effectively under normal and emergency conditions
- Interpret and explain fire prevention laws and regulations
- Prepare clear, concise and complete reports
- Conduct training and drill sessions
- Understand and carry out written directions
- Crawl, twist upper body, climb ladders and work at heights
- Frequently lift and/or move up to 25-pounds and occasionally lift and/or move up to 150-pounds
- Work in a hazardous environment including electrical and mechanical hazards, to work in confined spaces; to work with hazardous materials and the ability to produce extreme effort/energy for short periods of time plus endurance
- Analyze situations quickly and draw logical conclusions; to remain calm and follow instructions under pressure, stress and emergency situations
- Work cooperatively with all those contacted in the course of work, tolerate others and their attitudes and get along in a community living environment
- Effectively use the following: emergency medical equipment, fire apparatus, fire pumps, hoses, and other standard fire fighting equipment, ladders, radio, pager, personal computer, phone, and motor vehicle

Skills:

- Safe and efficient use of hydraulic rescue tool, rescue ropes and pulley, EMS equipment, ventilation, salvage and communication equipment, manual forcible entry tools, and power saws
- Drive motorized apparatus defensively
- Visual and aural abilities as well as physical stamina and endurance required to perform the aforementioned duties

License:

- Class B or C Driver's License issued by the California DMV
- California EMT – Basic license

Education & Experience:

- At least five (5) years fire fighting experience within current department
- Completion of an Associate of Arts or Associate of Science Degree
- Completion of the State Officer Certification classes, Fire Officer I certification or Company Officer certification classes and paperwork submitted to State Fire Marshal's Office prior to applying for Captain's Test

*The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.*



# FIREFIGHTER

Department: Fire  
FLSA Status: Non-Exempt

Revision Date:

## DEFINITION

Under general supervision of Fire Captain or designee, engages in firefighting, provides medical aid, paramedic services if so certified and assigned, and all other suppression, and prevention activities in protecting life and property; drives, operates and maintains all fire department apparatus and equipment; assists and participates in training programs; participates in inspections and related fire prevention activities; participates in public education activities; and performs related work as required.

## ESSENTIAL DUTIES

- Respond to fires, emergency rescue, medical emergency and public service calls
- Assist in maintaining fire station and assist in maintenance
- Operate resuscitator and other rescue equipment
- Study Fire Department policies and standards, fire hazards and fire fighting techniques as well as participate in fire drills and exercises
- Perform medical emergency techniques
- Perform periodic fire prevention inspections of businesses and apartment buildings, writing correction notices as necessary
- Educate public on response procedures, fire safety and emergency preparedness, conduct presentations when necessary
- Assist with developing plans for special assignments such as emergency preparedness, hazardous communications, training programs, firefighting, hazardous materials, and emergency aid activities.
- Lay hose lines and operate engine pumping equipment
- Assist in holding nozzle to direct stream of water on fire
- Carry, raise, lower and climb ladders
- Conduct salvage and clean up of operations
- Assist in the repair and maintenance of fire equipment
- If assigned as a Paramedic, the individual must adhere to all state and local policies, principles, practices and procedures and provide BLS and ALS care when appropriate
- Handling related duties as assigned.

## ESSENTIAL REQUIREMENTS:

### Knowledge of:

- Principles, practices and procedures of modern fire fighting and protection of lives and property
- Policies and standards of the Fire Department and operation and maintenance of the types of apparatus and equipment used in fire fighting

- Local geography of the area including location of hydrants, mains and major fire hazards of the jurisdiction
- Standard broadcasting procedures of a fire radio system

Ability to:

- Learn the operation of fire suppression and other emergency equipment
- Learn to apply standard firefighting, emergency aid, hazardous materials, and fire prevention techniques
- Work with hazardous materials
- Work in a hazardous environment including electrical and mechanical hazards, to work in confined spaces
- Perform strenuous or peak physical effort during emergency, training, or station maintenance activities for prolonged periods of time under conditions of extreme heights, intense heat, cold or smoke
- Produce extreme effort/energy for short periods of time plus endurance
- Remain calm and follow instructions under pressure, stress and emergency situations
- Analyze situations quickly and draw logical conclusions
- Follow verbal and written instructions
- Communicate effectively orally and in writing
- Establish effective working relationships with employees, other agencies, and the general public
- Work cooperatively with all those contacted in the course of work, tolerate others and their attitudes and get along in a community living environment
- Perform cooperatively and effectively as a member of a team
- Meet departmental physical standards
- Crawl, twist upper body, climb ladders and work at heights
- Frequently lift and/or move up to 25-pounds and occasionally lift and/or move up to 150-pounds
- Effectively use the following: medical equipment, fire apparatus, vehicle, fire pumps, hoses, and other standard firefighting equipment, ladders, radio, pager, personal computer, phone.

Skills:

- Safe and efficient use of motorized rescue tools, rescue ropes and pulley, defibrillator, ventilation, salvage and communication equipment, manual forcible entry tools, and power saws
- Drive motorized apparatus defensively
- Visual and aural abilities as well as physical stamina and endurance required to perform the aforementioned duties

License:

- Current California Class B Drivers License or Class C Drivers License with Firefighter Endorsement prior to completion of probationary period
- Must possess and maintain a valid California EMT Basic or National EMT Certification

Education & Experience:

- High School diploma or equivalent
- Graduation from Firefighter I Academy
- AA or AS is highly desirable.

*The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.*



## City Council Agenda Item Staff Report

CITY OF SAN BRUNO

**DATE:** December 11, 2012

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Al Johnson, Cable System Engineer  
Steve Firpo, Cable Business Manager

**SUBJECT:** Adopt Resolution Authorizing Purchase of a Backup Generator from Cummins West in the Amount of \$42,758.75

### **BACKGROUND:**

San Bruno Cable employs two backup generators at the Headend facility to assure continuous service delivery in the event power is lost. The Headend facility is the building that is the origination point for all of the City's Cable TV services and programs. One of the backup generators is 25+ years old and the second one is 15 years old. Each generator is capable of powering a portion of the equipment at that facility. The two generators together provide full back up power coverage at the Headend. Failure of either generator would mean a loss of some services for the entire system.

### **DISCUSSION:**

San Bruno Cable has an ongoing maintenance and testing program for all of its generators. Recently, staff was advised by the service contractor that the department should replace the older of the two generators at the Headend facility. It is outdated, may not start efficiently and has become increasingly difficult to find replacement parts. Recently, during a PG&E power failure, this particular generator failed to auto start, eventually it was started manually, but not before essential Internet services were interrupted. To avoid further disruption, San Bruno Cable staff has rented a back-up unit in its place at a cost of \$1,500 per month until a permanent solution can be implemented.

Staff circulated a Request for Proposals (RFP) detailing the specifications to purchase a new generator. The current electrical loads at that facility are 100 amps and 170 amps respectively per generator at the Headend. Briefly, the RFP specified that the new generator must have enough capacity to back-up the entire load at the Headend with enough headroom for surges and additional loads. The specification calls for a 400 amp load capacity at 120/240 volts.

While this unit will be based at the Headend as its primary use, it does have portability. In an emergency it could be moved to the Cable office building or other City facility to backup power in the event the back-up power units at those facilities fail.

7.9.

Seven bids were received as part of the bid process:

Global Power	\$86,448.45
California Diesel and Power	\$66,268.24
Statewide Traffic	\$62,596.44
Alpine Power Systems	\$59,073.13
Electro-Motion, Inc.	\$56,993.63
Cummins West	\$42,758.75
Lightning Electronics	\$40,366.08

The lowest bidder was Lightning Electronics at \$40,366.08; however, the delivery date for this unit will take up to 14 weeks. The City could incur an additional \$5,250 of rental expense of the back up unit until the delivery of a new generator. Due to the emergency nature of this purchase and the continued rental expenses currently being incurred, the second lowest bidder Cummins West for \$42,758.75 is recommended for the award of bid. Their delivery timeline is within 2 weeks from issuance of a Purchase Order.

Staff also investigated whether leasing would be a more cost effective alternative; however, the warranty period is the same whether the generator is leased or purchased and the cost to lease would be an additional \$3,849.01 over the purchase price. Given that regular maintenance service of all the generators is already handled through a single City-wide contract and the unit would be replaced, if necessary, under the warranty, it was determined that there would not be a cost benefit to leasing the generator.

**FISCAL IMPACT:**

The cost of this equipment at \$42,758.75 is included in the Cable TV Department's 2012-13 total funding amount for Cable Services Equipment Replacement Project in the City's Capital Improvement Program Budget of \$531,628.

**ALTERNATIVES:**

1. Direct staff not to purchase the equipment.
2. Direct staff to lease the equipment.
3. Direct staff to re-bid the project.

**RECOMMENDATION:**

Adopt Resolution Authorizing Purchase of a Backup Generator from Cummins West in the Amount of \$42,758.75

**DISTRIBUTION:**

None.

**ATTACHMENTS:**

1. Resolution
2. 2012-13 Capital Improvement Program Budget Sheet

**DATE PREPARED:**

November 25, 2012

**REVIEWED BY:**

\_\_\_\_\_ CM

**RESOLUTION NO. 2012-\_\_\_\_\_**

**ADOPT RESOLUTION AUTHORIZING PURCHASE OF A BACK-UP GENERATOR  
FROM CUMMINS WEST IN THE AMOUNT OF \$42,758.75**

WHEREAS, the Cable Department currently utilizes two back-up generators in the headend facility for the purpose of supplying AC power in the event of a PG&E power outage,

WHEREAS, the Cable Department is in need of replacing one of these units that is outdated and has failed to provide reliable power,

WHEREAS, the Cable Department has performed a bid process and is choosing the lowest qualified bid for this purchase,

WHEREAS, the Cable Department is purchasing the unit with a 36-month warranty and will continue it's maintenance program for this unit,

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of San Bruno authorizes the purchase of a back-up generator from Cummins West in the amount of \$42,758.75

ATTEST:

\_\_\_\_\_  
Carol Bonner, City Clerk

-o0o-

I, Carol Bonner, City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 11th day of December 2012 by the following vote:

AYES: COUNCILMEMBERS: \_\_\_\_\_  
NOES: COUNCILMEMBERS: \_\_\_\_\_  
ABSENT: COUNCILMEMBERS: \_\_\_\_\_

## Cable Services Equipment Replacement Project

### PROJECT INFORMATION

Origination Year: 2007-08	Project Number: 84425
Projected Completion Date: Ongoing program	Life Expectancy: 10 years
Total Project Cost: \$ 4,260,000	

#### Project Description:

The Cable Services Equipment Replacement project encompasses the purchase of general cable services equipment to restock inventory and implement service enhancements and plant and headend improvements. These purchases allow San Bruno Cable to continue to grow the customer base for cable, internet, and phone services and to ensure optimum network performance and experience for its customers. It is anticipated that the level of investment needed to satisfy customer demand and technological advances in the coming years will be approximately \$300,000 per year, but this amount may vary depending on actual customer demand and technology changes.

#### 2011-12 Status:

Purchased 30 Enhanced Multi-Media Terminal Adapters (EMTA's), 260 Modems, 25 Cable Cards, 100 DVR's, 230 High Definition boxes, Internet Caching system, Interdiction Taps and Fiber transmitters.

#### 2012-13 Work Plan:

The purchases planned for the 2012-13 fiscal year include: Channel Module Replacement Unit for SIMS (Full Redundancy), DAC Addressability Software upgrade, 200 2-Line EMTA's; 300 DOCSIS Modems; 250 HDDVR's; and 350 DCX700 HD boxes. These purchases allow San Bruno Cable to meet the growing demand for digital services and strengthen the capabilities of the Cable headend by enhancing system reliability.

#### Project Appropriations

##### Current Year Appropriations:

Funding Source	Prior Appropriation	Prior Expense	Carryover Appropriation	2012-13 Funding Request	2012-13 Total Funds Available
Cable Fund	2,528,372	2,528,372	0	531,628	531,628
Total	2,528,372	2,528,372	0	531,628	531,628

##### Five-Year Work Program Appropriations:

Funding Source	2012-13	2013-14	2014-15	2015-16	2016-17	Total Future Request
Cable Fund	531,628	300,000	300,000	300,000	300,000	1,731,628
Total	531,628	300,000	300,000	300,000	300,000	1,731,628



**City Council Agenda Item  
Staff Report**

CITY OF SAN BRUNO

**DATE:** December 11, 2012

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Kim Juran, Finance Director  
Tami Yuki, Human Resources Director  
Marc Zafferano, City Attorney

**SUBJECT:** Hold Public Hearing and Adopt Urgency Ordinance Amending Contract Between The Board of Administration Of the California Public Employees' Retirement System (CalPERS) and the City of San Bruno Pursuant to Government Code Section 20475 Implementing the 2% @ 55 Retirement Formula (Miscellaneous Group) and 3% @ 55 Retirement Formula (Fire Group)

**BACKGROUND:**

The City of San Bruno currently contracts with the California Public Employees' Retirement System (CalPERS) for a 2.7% @ 55 retirement plan for Miscellaneous employees and a 3% @ 50 retirement plan for Safety employees. The City has reached agreements with four of its six bargaining units and one Tentative Agreement (TA) with a fifth unit, with one unit still remaining in negotiations. All of the new agreements and the TA include a second tier retirement plan formula of 2% @ 55 for Miscellaneous employees and 3% @ 55 for Fire employees.

On November 15, 2012, the City Council unanimously adopted a Resolution of Intention to approve an amendment to the CalPERS contract to provide for these second tier retirement plans. Valuations from CalPERS, which were attached to the November 15 staff report, indicated that for Miscellaneous employees, the City's rate reduction will occur gradually and will depend on the rate at which new employees are hired in the new second tier. The contribution rate for these new miscellaneous employees would decrease from 8% to 7%. For Fire employees entering the new second tier, the actual employer dollar savings is anticipated to be 1.8% of the second tier annual payroll.

**DISCUSSION:**

As described in the November 15 staff report, if the City wishes to implement these changes and meet the deadlines imposed by state law and CalPERS, the City must now adopt an urgency ordinance that would take effect before the end of the calendar year. Otherwise, employees hired by the City after December 31, 2012 who are already members of CalPERS or a reciprocal retirement system would be eligible for the City's current 2.7% @ 55 formula (Miscellaneous) or 3% @ 50 formula (Fire).

The City recently reached a tentative agreement with the Police bargaining unit that provides for a second tier retirement for miscellaneous PERS employees; however, final vote of this TA by the bargaining unit will not be complete until December 19, 2012. If the TA fails to be ratified, the City will repeal this ordinance and not proceed with the contract amendment. Similarly, the City continues to negotiate with the Public Safety Mid Management Bargaining Unit and will be unable to proceed with the proposed contract amendment for Fire if an agreement fails to be ratified by the bargaining unit in December.

State law requires four affirmative votes to adopt an urgency ordinance.

**FISCAL IMPACT:**

The total fiscal impact of these new second tiers is unknown at this time, as it depends on the rate at which new employees are hired. But given that these formulas are less expensive than the current enhanced benefit formulas offered, the City can expect savings in the long run. These plans should also experience less volatility during periods of economic recession, and therefore provide more stable employer contribution rates.

**ALTERNATIVES:**

1. Do not adopt the urgency ordinance. Newly-hired employees that are current members of CalPERS or a reciprocal retirement plan would be subject to the City's current 2.7% @ 55 plan or 3% @ 50 plan.

**RECOMMENDATION:**

Adopt Urgency Ordinance Amending Contract Between The Board of Administration Of the California Public Employees' Retirement System (CalPERS) and the City of San Bruno Pursuant to Government Code Section 20475 Implementing the 2% @ 55 Retirement Formula (Miscellaneous Group) and 3% @ 55 Retirement Formula (Fire Group)

**ATTACHMENTS:**

1. Urgency Ordinance
2. Amendment to Contract

**DATE PREPARED:**

December 5, 2012

**REVIEWED BY:**

\_\_\_\_\_ CM

ORDINANCE NO. \_\_\_\_\_

**AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN BRUNO AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY OF SAN BRUNO AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO INCLUDE PROVISIONS PURSUANT TO GOVERNMENT CODE SECTION 20475 IMPLEMENTING THE 2% @ 55 RETIREMENT FORMULA (MISCELLANEOUS GROUP) AND 3% @ 55 RETIREMENT FORMULA (FIRE GROUP)**

**WHEREAS**, due to ongoing economic conditions, the City of San Bruno ("City") recently negotiated and approved revised agreements with its employees whereby new employees who are current CalPERS members or members of a reciprocal retirement system would participate in new second-tier retirement plans; and

**WHEREAS**, the City has been working with CalPERS in order to effectuate these changes; and

**WHEREAS**, the passage of Assembly Bill 340/Public Employee Pension Reform Act of 2012 ceases the ability of CalPERS member agencies to amend current contracts after December 30, 2012; and

**WHEREAS**, additionally, CalPERS procedures for contract amendments requires the effective date of the contract amendment as the first day of a payroll period and may not be earlier than the day after the effective date of the Ordinance; and

**WHEREAS**, on November 15, 2012, Resolution of Intention No. 2012-90 was approved by the City Council; and

**WHEREAS**, in order to ensure the effective date of the contract amendment is in accordance with the payroll period an urgency ordinance is required; and

**WHEREAS**, this ordinance is an urgency ordinance pursuant to Government Code Section 65858, necessary for the immediate preservation of the public peace, health and safety; and

**WHEREAS**, without this urgency ordinance, the City would be unable to implement the cost-saving second-tier retirement plans it negotiated with the various employee bargaining units;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN BRUNO DOES HEREBY ORDAIN AS FOLLOWS:**

**Section 1.** That an amendment to the contract between the City Council of the City of San Bruno and the Board of Administration of the California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit "A," and by such reference made a part hereof as though herein set out in full.

**Section 2.** The Mayor of the City of San Bruno is hereby authorized, empowered, and directed to execute said amendment for and on behalf of said Agency.

**Section 3.** The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published and posted pursuant to the provisions of law.

**Section 4.** This Ordinance shall take effect and be in full force immediately from and after its passage, and prior to the expiration of fifteen (15) days from its passage shall be published once in a newspaper of general circulation, printed and published in the City of San Bruno or, in the alternative, the City Clerk may cause to be published a summary of this Ordinance and a certified copy of the text of this Ordinance shall be posted in the office of the City Clerk five (5) days prior to the date of adoption of this Ordinance, and within fifteen (15) days after adoption, the City Clerk shall cause to be published the aforementioned summary and shall post in the office of the City Clerk a certified copy of this Ordinance together with the names and member of the City Council voting for and against the same.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM

\_\_\_\_\_  
City Attorney

---o0o---

I hereby certify that the foregoing Ordinance No. \_\_\_\_\_ was introduced on \_\_\_\_\_, 2012, and adopted at a regular meeting of the San Bruno City Council on \_\_\_\_\_, 2012, by the following vote:

AYES: COUNCILMEMBERS: \_\_\_\_\_

NOES: COUNCILMEMBERS: \_\_\_\_\_

ABSENT: COUNCILMEMBERS: \_\_\_\_\_

\_\_\_\_\_  
City Clerk



**EXHIBIT**

California  
Public Employees' Retirement System

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**AMENDMENT TO CONTRACT**

Between the  
Board of Administration  
California Public Employees' Retirement System  
and the  
City Council  
City of San Bruno

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The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective January 1, 1945, and witnessed April 27, 1945, and as amended effective October 1, 1949, December 1, 1953, May 1, 1954, December 1, 1957, April 1, 1959, April 1, 1963, November 1, 1964, November 1, 1966, May 26, 1971, January 6, 1977, January 1, 1978, January 1, 1981, December 1, 1984, June 13, 1989, June 14, 1994, April 23, 1996, February 25, 2000, June 9, 2001, December 14, 2001, October 26, 2002 and December 16, 2002 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 13 are hereby stricken from said contract as executed effective December 16, 2002, and hereby replaced by the following paragraphs numbered 1 through 16 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for local miscellaneous members; age 50 for local police members and those local fire members entering membership in the fire classification on or prior to the effective date of this amendment to contract and age 55 for fire members entering membership for the first time in the fire classification after the effective date of this amendment to contract.

2. Public Agency shall participate in the Public Employees' Retirement System from and after January 1, 1945 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
  
3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorneys fees that may arise as a result of any of the following:
  - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
  - (b) Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than existing retirement benefits, provisions or formulas.
  - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
  - (d) Public Agency's election to file for bankruptcy under Chapter 9 (commencing with section 901) of Title 11 of the United States Bankruptcy Code and/or Public Agency's election to reject this Contract with the CalPERS Board of Administration pursuant to section 365, of Title 11, of the United States Bankruptcy Code or any similar provision of law.
  - (e) Public Agency's election to assign this Contract without the prior written consent of the CalPERS' Board of Administration.
  - (f) The termination of this Contract either voluntarily by request of Public Agency or involuntarily pursuant to the Public Employees' Retirement Law.

- (g) Changes sponsored by Public Agency in existing retirement benefits, provisions or formulas made as a result of amendments, additions or deletions to California statute or to the California Constitution.
- 4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
  - a. Local Fire Fighters (herein referred to as local safety members);
  - b. Local Police Officers (herein referred to as local safety members);
  - c. Employees other than local safety members (herein referred to as local miscellaneous members).
- 5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
  - a. **PERSONS EMPLOYED AFTER MARCH 1, 1994 WHO HAVE ATTAINED THE AGE OF 60 YEARS PRIOR TO EMPLOYMENT; AND**
  - b. **PERSONS COMPENSATED ON AN HOURLY BASIS HIRED ON OR AFTER APRIL 1, 1963.**
- 6. The percentage of final compensation to be provided for each year of credited prior and current service for local miscellaneous members in employment before and not on or after December 16, 2002 shall be determined in accordance with Section 21354 of said Retirement Law, subject to the reduction provided therein for service on and after January 1, 1956, the effective date of Social Security coverage, and prior to December 31, 1980, termination of Social Security, for members whose service has been included in Federal Social Security (2% at age 55 Full and Modified).
- 7. The percentage of final compensation to be provided for each year of credited prior and current service for local miscellaneous members in employment on or after December 16, 2002 and not entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract shall be determined in accordance with Section 21354.5 of said Retirement Law, subject to the reduction provided therein for service on and after January 1, 1956, the effective date of Social Security coverage, and prior to December 31, 1980, termination of Social Security, for members whose service has been included in Federal Social Security (2.7% at age 55 Full and Modified).

8. The percentage of final compensation to be provided for each year of credited current service as a local miscellaneous member entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract shall be determined in accordance with Section 21354 (2% at age 55 Full)
9. The percentage of final compensation to be provided for each year of credited prior and current service as a local police member and those local fire members entering membership in the fire classification on or prior to the effective date of this amendment to contract shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).
10. The percentage of final compensation to be provided for each year of credited current service as a local fire member entering membership for the first time in the fire classification after the effective date of this amendment to contract shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55 Full).
11. Public Agency elected and elects to be subject to the following optional provisions:
  - a. Section 20020.1 ("Local Police Officer" shall include employees of a police department who were employed to perform identification or communication duties on August 4, 1972 and who elected to be local safety members within six months of January 6, 1977). Legislation repealed said Section effective January 1, 1985.
  - b. Section 20042 (One-Year Final Compensation).
  - c. Section 21037 (Cancellation of Payment for Optional Service Credit Upon Retirement for Industrial Disability).
  - d. Section 21024 (Military Service Credit as Public Service).
  - e. Section 21574 (Fourth Level of 1959 Survivor Benefits).
  - f. Section 21023.5 (Public Service Credit for Peace Corps, AmeriCorps VISTA, or AmeriCorps Service).
  - g. Section 20475 (Different Level of Benefits). Section 21354 (2% @ 55 Full formula) is applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract.

Section 21363.1 (3% @ 55 Full formula) is applicable to local fire members entering membership for the first time in the fire classification after the effective date of this amendment to contract.

12. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on January 6, 1977. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
13. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.
14. Public Agency shall also contribute to said Retirement System as follows:
  - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members and local safety members.
  - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
  - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
15. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

16. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BOARD OF ADMINISTRATION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL  
CITY OF SAN BRUNO

BY \_\_\_\_\_  
KAREN DE FRANK, CHIEF  
CUSTOMER ACCOUNT SERVICES DIVISION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
Witness Date

Attest:

\_\_\_\_\_  
Clerk



# CITY ROSTER

Last Updated 5-26-12

## ELECTED OFFICIALS

Meets the 2<sup>nd</sup> and 4<sup>th</sup> Tuesdays of each month at 7:00 pm at the Senior Center, 1555 Crystal Springs Road

					<u>Term Ends</u>
Mayor	Jim Ruane	567 El Camino Real	616-7676	<a href="mailto:jruane@sanbruno.ca.gov">jruane@sanbruno.ca.gov</a>	Nov. 2013
Vice Mayor	Ken Ibarra	567 El Camino Real	589-4613	<a href="mailto:kibarra@sanbruno.ca.gov">kibarra@sanbruno.ca.gov</a>	Nov. 2013
Councilmember	Rico E. Medina	567 El Camino Real	872-0500	<a href="mailto:rmedina@sanbruno.ca.gov">rmedina@sanbruno.ca.gov</a>	Nov. 2013
Councilmember	Irene O'Connell	567 El Camino Real	589-9985	<a href="mailto:ioconnell@sanbruno.ca.gov">ioconnell@sanbruno.ca.gov</a>	Nov. 2015
Councilmember	Michael Salazar	567 El Camino Real	871-7507	<a href="mailto:msalazar@sanbruno.ca.gov">msalazar@sanbruno.ca.gov</a>	Nov. 2015
City Clerk	Carol Bonner	567 El Camino Real	616-7058	<a href="mailto:cbonner@sanbruno.ca.gov">cbonner@sanbruno.ca.gov</a>	Nov. 2013
Treasurer	John Marty	567 El Camino Real	616-7061	<a href="mailto:jmarty@sanbruno.ca.gov">jmarty@sanbruno.ca.gov</a>	Nov. 2013

## CITY OFFICIALS

**Mailing Address for All City Officials:** 567 El Camino Real, San Bruno, CA 94066

City Manager	Connie Jackson	<a href="mailto:cjackson@sanbruno.ca.gov">cjackson@sanbruno.ca.gov</a>	616-7056
City Attorney	Marc Zafferano	<a href="mailto:mzafferano@sanbruno.ca.gov">mzafferano@sanbruno.ca.gov</a>	616-7057
Public Services Director	Klara Fabry	<a href="mailto:kfabry@sanbruno.ca.gov">kfabry@sanbruno.ca.gov</a>	616-7065
Fire Chief	Don Dornell	<a href="mailto:ddornell@sanbruno.ca.gov">ddornell@sanbruno.ca.gov</a>	616-7096
Chief of Police	Neil Telford	<a href="mailto:ntelford@sanbruno.ca.gov">ntelford@sanbruno.ca.gov</a>	616-7110
Community Development Director	Mark Sullivan, Interim	<a href="mailto:msullivan@sanbruno.ca.gov">msullivan@sanbruno.ca.gov</a>	616-7074
Finance Director	Kim Juran	<a href="mailto:kjuran@sanbruno.ca.gov">kjuran@sanbruno.ca.gov</a>	616-7054
Community Services Director	Randy Schwartz	<a href="mailto:rschwartz@sanbruno.ca.gov">rschwartz@sanbruno.ca.gov</a>	616-7180
Interim CATV Directors	Steve Firpo, Interim	<a href="mailto:firpo@sanbruno.ca.gov">firpo@sanbruno.ca.gov</a>	616-3106
	Al Johnson, Interim	<a href="mailto:ajohnson@sanbruno.ca.gov">ajohnson@sanbruno.ca.gov</a>	616-3110
Human Resources Director	Tami Yuki	<a href="mailto:tyuki@sanbruno.ca.gov">tyuki@sanbruno.ca.gov</a>	616-7055

## COUNCIL STANDING COMMITTEES

- \* **Climate Change/Sustainability:** O'Connell/Ruane
- \* **Surface Infrastructure:** Ibarra/Medina
- \* **Utilities:** O'Connell/Salazar
- \* **Cable:** Ruane/O'Connell

*10.2.11*

## 2012 – 13 COUNTY & REGIONAL AGENCIES

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- **Advanced Life Support** – Joint Powers Board (ALS) (County 599-1420) – Meet as scheduled  
**Representative:** Councilmember O'Connell
- **Airport Community Roundtable** (County/Dave Carbone 821-3571) – Meet 1<sup>st</sup> Wednesday of the month  
**Representative:** Vice Mayor Ibarra      **Alternate:** Councilmember Medina
- **Airport Land Use Committee** (ALUC) (County/Dave Carbone 821-3571) – Meet 2<sup>nd</sup> Thursday of the month  
**Representative:** Vice Mayor Ibarra      **Alternate:** Councilmember Medina
- **Association of Bay Area Governments** (ABAG) (Regional) – Meet as scheduled  
**Representative:** Councilmember Medina      **Alternate:** Mayor Ruane
- **Bay Area Water Supply and Conservation Agency** (BAWSCA) (Regional) – Meet Quarterly  
**Representative:** Councilmember O'Connell      **Alternate:** None
- **City/County Association of Governments** (CCAG) (County 599-1420) – Meet 2<sup>nd</sup> Thursday of the month  
**Representative:** Councilmember O'Connell      **Alternate:** Mayor Ruane
- **Colma Creek Flood Control District** (Regional)- Meet as scheduled (Citizen Representative)  
**Representative:** Councilmember O'Connell
- **League of California Cities/Peninsula Division** (Regional) – Meet as scheduled  
**Representative:** Councilmember O'Connell
- **North County Council of Cities** – Meet 1<sup>st</sup> Thursday every other month (Jan/Mar/May/Jul/Sept/Nov)  
**Representative:** Not limited
- **San Mateo County Mosquito Abatement District** – (Regional) Meet as scheduled (Citizen Representative)  
**Representative:** Robert Riechel
- **Peninsula Traffic Congestion Relief Alliance** (Angela Rae, 588-8170, 1150 Bayhill, #107, S.B.) - Meet monthly  
**Representative:** Mayor Ruane      **Alternate:** Councilmember Medina
- **San Mateo County Council of Cities** – Meet the 4<sup>th</sup> Friday of the month  
**Representative:** Councilmember O'Connell      **Alternate:** Vice Mayor Ibarra
- **San Mateo County Operational Area Emergency Services Council** (Lt. John Quinlan 363-4955) – Meet quarterly  
**Representative:** Councilmember Medina      **Alternate:** Vice Mayor Ibarra
- **Sustainable Communities Strategy/RHNA Policy Advisory Committee:** Councilmember O'Connell
- **System Advisory Board/Peninsula Library System** (Citizen Rep.) – Meet quarterly  
**Representative:** Monica Ocon

## LOCAL LEGISLATORS

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US Senator Leland Yee	400 S. El Camino Real, #630, San Mateo, 94402	(650) 340-8840 (650) 340-1661 Fx
Congresswoman Jackie Speier	400 S. El Camino Real, #410, San Mateo 94402	(650) 342-0300 (650) 375-8270 Fx
Assemblyman Jerry Hill	1528 S. El Camino Real, #302, San Mateo 94402	(650) 349-1900 (650) 341-4676 Fx

Jessica Stanfill Mullin, League of California Cities, Regional Public Affairs Mgr., P.O. Box 5630, South San Francisco, CA 94080, [jstanfill@cacities.org](mailto:jstanfill@cacities.org) (650) 238-4111

**CITY COUNCIL APPOINTED CITIZEN ADVISORY COMMITTEES**

**City Council Liaison**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Planning Commission</b>	Medina	Salazar	Ibarra	Ruane
<b>Redevelopment Advisory Committee</b>	" " " "	" " "	" " "	" " " "
<b>Parks and Recreation Commission</b>	O'Connell	Medina	Salazar	Ibarra
<b>Senior Citizens Advisory Board</b>	" " " "	" " " "	" " "	" " "
<b>Culture and Arts Commission</b>	Ruane	O'Connell	Medina	Salazar
<b>Personnel Board</b>	" " " "	" " " "	" " " "	" " "
<b>Citizens Crime Prevention Committee</b>	Ibarra	Ruane	O'Connell	Medina
<b>Community Preparedness Committee</b>	" " "	" " " "	" " " "	" " " "
<b>Traffic, Safety &amp; Parking Committee</b>	Salazar	Ibarra	Ruane	O'Connell
<b>Bicycle &amp; Pedestrian Advisory Committee</b>	" " "	" " "	" " " "	" " " "

-- Rotations Occur in December Each Year --



## City Council Agenda Item Staff Report

CITY OF SAN BRUNO

---

**DATE:** December 11, 2012

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Connie Jackson, City Manager  
Kim Juran, Finance Director

**SUBJECT:** Receive Report and Adopt Resolution Authorizing the Sale of Pension Obligation Bonds to Refinance Outstanding Safety Side Fund Obligations of the City to the California Public Employees' Retirement System and Approving the Final Form of Related Financing Documents and Approving Official Actions

### BACKGROUND

The City of San Bruno is a contracting member with the California Public Employees Retirement System ("CalPERS"). In 2003, CalPERS combined the retirement plans for those public agencies with groups less than 100 people into risk pools in an attempt to reduce volatility of employer contribution rates. The City's Safety group, consisting of Police and Fire employees, was one of the groups that were merged into the risk pool. At the time that each agency entered the risk pool, a "side fund" was created which represented each agency's unfunded liability at that point in time and amortized the pay-off of this liability over a period of 25 years.

Based on the most recent valuation report dated October 2012, the City's current side fund liability as of June 30, 2011, is \$12,604,211. The rate of interest on this side fund was changed from 7.75% to 7.50% in March 2012, which is the anticipated rate of return that PERS expects on its investments over an average of twenty years. Per the 2011 actuarial report, the amortization of this side fund amounts to 11.898% or approximately 1/3, of the employer contribution to CalPERS, which is currently 36.604% of total safety employee salary costs. This side fund is payable over a remaining term of 14 years through June 30, 2027.

On June 26, 2012, City Council approved the filing of a judicial validation action to confirm that the CalPERS side fund, and in turn, the Pension Obligation Bonds ("the Bonds") issued to refund this obligation, are in fact an obligation of the City created by law. The City's Bond Counsel, Jones Hall, filed the validation action and on September 19, 2012, the court issued a default judgment that the PERS Contract and the Bonds are valid and binding obligations of the City under the Constitution and laws of the State. No challenge to the judgment was filed, and the judgment became binding and conclusive in accordance with California law.

### DISCUSSION

In November 2012, the City retained Fieldman Rolapp & Associates to serve as Financial Advisor to the City on the Pension Obligation Bond issuance. City staff and the Financing Team, which includes the City's Underwriter, Prager, Sealy, & Co., have determined that due to extremely favorable market conditions, the time is right to move forward with this issuance of Pension Obligation Bonds in 2012. The City's Financing Team has completed the final

documents for the Bonds, which are presented to City Council for review and consideration of approval. These documents are included as attachments to this report and are described in further detail below:

### **1) Resolution**

The attached resolution enables the City Council to take official action necessary to issue the Bonds to pay the City's CalPERS side fund obligation. The resolution, if adopted by the City Council, provides:

- Authorization for the sale of the Bonds;
- Approval of the issuance of the Bonds;
- Approval of the Indenture of Trust between the City and Union Bank, N.A. as trustee;
- Approval of a bond purchase agreement with Prager & Company, as underwriter;
- Approval of the appointment of Fieldman, Rolapp & Associates to serve as the City's Financial Advisor
- Approval of the Preliminary Official Statement describing the Bonds;
- Approval of a Continuing Disclosure Certificate;
- Authorizes and directs officials to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the Bonds and the consummation of the transaction approved herein.

### **2) Preliminary Official Statement**

The Preliminary Official Statement (the "POS") is the document that will be printed and circulated to potential investors of the Bonds. The POS has been prepared by the City's Disclosure Counsel, Jones Hall, in coordination with City staff. The POS presents all information an investor should consider in making an informed investment decision with respect to the Bonds. It includes a description of the terms of the Bonds (principal maturity amounts and dates, interest payment dates and call features), and the security for the Bonds (available moneys in the City's General Fund). The POS presents a description of and historical data regarding the City's revenue sources, and includes the City's most recent audit as an exhibit, as well as includes a section describing to investors certain risk factors to be considered in connection with investments in the Bonds. The securities laws require that a POS i) not contain any misleading information and (ii) not omit any material information. In authorizing the issuance of securities and related disclosure documents, a public official may not authorize disclosure that the official knows to be false; nor may a public official authorize disclosure while recklessly disregarding facts that indicate that there is a risk that the disclosure may be misleading.

If a Council member is aware of something that should be considered and disclosed in the POS relating to the City's ability to pay the Bonds from its general fund revenues, that member should advise the financing team so it can be considered and possibly disclosed to investors.

The Resolution delegates authority to City staff to make changes to the POS following approval but before the POS is printed and distributed to investors.

### **3) Indenture Of Trust**

The bond indenture is the agreement between the City and Union Bank as trustee that represents the bondholder's interest by highlighting the rules and responsibilities that each party must adhere to. This legal document describes the funds to be established and held by the Trustee. It also establishes the City's obligation for annual bond payments, the covenant to make annual appropriations in the budget each year and describes the form of the Bond.

### **4) Bond Purchase Agreement**

The bond purchase agreement is between the City and the underwriter Prager & Company. It shall be a condition to the obligation of the underwriter to purchase, accept delivery of, and pay for the Bonds. The terms of the bond purchase contract include sale conditions, sale price, bond interest rate, bond maturity, bond redemption provisions, sinking fund provisions and conditions under which the agreement may be cancelled. After the City delivers the Bonds to the underwriter and the underwriter pays the City for them, the underwriter will put the Bonds on the market at the price and yield established in the bond purchase contract and investors will purchase the Bonds from the underwriter. The underwriter has agreed to a not to exceed compensation of 1% of the par amount of the Bonds.

Assuming City Council approval of the above-described items, there are three key steps in the process to follow:

1. Secure underlying credit rating for the Bonds from Standard & Poor's. Staff anticipates the rating will be received on or before December 17<sup>th</sup>.
2. Conduct an order period to secure investors and execute the bond purchase contract. Staff anticipates entering into the market on or before December 20<sup>th</sup> based on the advice of the City's Financial Advisor and Underwriter.
3. Close the Bonds and pay off the City's safety side fund obligation to CalPERS on December 28<sup>th</sup>.

This schedule anticipates the City would begin making the subsequent bond payments semi-annually beginning in June 2013 for a fourteen-year period.

### **FISCAL IMPACT**

The impact to the City's General Fund by issuing the Bonds to pay off the City's safety side fund obligation to CalPERS is estimated to result in total net present value savings of approximately \$2.5 Million utilizing the CalPERS discount rate of 7.50%. As a percentage, these savings represent in excess of 20% of the safety side fund pay off amount. All costs associated with the issuance of the Bonds are factored into the savings and are due upon the successful closing of the Bonds, except for the costs to file the judicial validation action (\$15,000), which were non-contingent.

### **ALTERNATIVES**

1. Do not go forward with the issuance of the Bonds and continue to make annual payments to CalPERS.

2. Direct staff to conduct additional analysis to confirm City's side fund liability and wait to issue the Bonds in 2013.

### **RECOMMENDATIONS**

Adopt Resolution Authorizing the Sale of Pension Obligation Bonds to Refinance Outstanding Safety Side Fund Obligations of the City to the California Public Employees' Retirement System and Approving the Final Form of Related Financing Documents and Approving Official Actions

### **DISTRIBUTION**

None

### **ATTACHMENTS**

1. Resolution
2. Preliminary Official Statement
3. Indenture of Trust
4. Bond Purchase Contract

### **DATE PREPARED:**

December 7, 2012

### **REVIEWED BY:**

\_\_\_\_\_ CM

RESOLUTION NO. 2012-\_\_\_\_\_

**A RESOLUTION OF THE SAN BRUNO CITY COUNCIL AUTHORIZING THE SALE OF PENSION OBLIGATION BONDS TO REFINANCE OUTSTANDING SIDE FUND OBLIGATIONS OF THE CITY TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, APPROVING THE FINAL FORM OF RELATED FINANCING DOCUMENTS AND APPROVING OFFICIAL ACTIONS**

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

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

**WHEREAS**, on June 26, 2012, the City Council adopted its resolution (the "Authorizing Resolution") authorizing the issuance of bonds under the Bond Law (the "Bonds"), to be payable from the General Fund of the City, the proceeds of which will be applied to pay the PERS Side Fund Obligations, thereby refunding the PERS Side Fund Obligations; and

**WHEREAS**, on September 19, 2012, the San Mateo County Superior Court entered default and issued a final court judgment to the effect, among other things, that the contract between the City and the Board of Administration of PERS, effective January 1, 1945, as amended (the "PERS Contract") and the Bonds are valid and binding obligations of the City under the Constitution and laws of the State; and

**WHEREAS**, in accordance with Section 2 of the Authorizing Resolution the City Council wishes at this time to approve the final form of the documents relating to the issuance and sale of the Bonds, and to approve official actions relating to the closing of the Bonds;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN BRUNO DOES HEREBY RESOLVE AS FOLLOWS:

**SECTION 1. *Approval of Bond Indenture.*** The City Council hereby approves the issuance of the Bonds under the Authorizing Resolution and the Bond Law in the aggregate principal amount of not to exceed \$15,000,000 (the "Bonds"). The City Council hereby approves the Indenture of Trust between the City and Union Bank of California, N.A., as trustee, prescribing the terms and provisions of the Bonds, in substantially the form on file with the City Clerk, together with any additions thereto or changes therein which are deemed necessary or advisable by the City Manager or the Finance Director (each, an "Authorized Officer"), and the execution thereof by the Authorized Officer shall be conclusive evidence of such approval. An Authorized Officer

is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest to, the final form of the Indenture of Trust for and in the name and on behalf of the City. The City Council hereby authorizes the delivery and performance of the Indenture of Trust.

SECTION 2. *Sale of Bonds; Approval of Bond Purchase Contract.* The City Council hereby authorizes the sale of the Bonds to Prager & Co., LLC, as purchaser (the "Underwriter") under the Bond Purchase Contract in substantially the form on file with the City Clerk together with any additions thereto or changes therein approved by an Authorized Officer, whose execution thereof shall be conclusive evidence of such approval. The City Council hereby delegates to an Authorized Officer the authority to accept an offer from the Underwriter to purchase the Bonds and to execute the Bond Purchase Contract for and in the name and on behalf of the City. The amount of Underwriter's discount shall not exceed 1% of the par amount of the Bonds.

The Bonds shall be sold only if the net present value savings of refunding the PERS Side Fund Obligations are at least equal to 5.00% of the principal amount of the PERS Side Fund Obligations which are refunded. For purposes of determining the net present value savings of the refunding, the rate of interest on the PERS Side Fund Obligations shall be assumed to be 7.50%. Determination of such net present value savings shall be made by Fieldman, Rolapp & Associates, which firm is hereby appointed as financial advisor to the City with respect to the Bonds.

SECTION 3. *Approval of Official Statement and Continuing Disclosure Certificate.* The City Council hereby approves the Preliminary Official Statement describing the Bonds in substantially the form on file with the City Clerk. An Authorized Officer is hereby authorized to approve any additions to or changes in such Preliminary Official Statement necessary or appropriate to deem the resulting Preliminary Official Statement nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 and to execute an appropriate certificate stating such Authorized Officer's determination that the Preliminary Official Statement has been deemed nearly final within the meaning of such Rule. Distribution of the Preliminary Official Statement by the Underwriter is hereby approved. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to a Final Official Statement, and the execution thereof by an Authorized Officer is hereby authorized and shall be conclusive evidence of approval of any such changes and additions. The City Council hereby authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the City by an Authorized Officer.

The City Council hereby approves the Continuing Disclosure Certificate in substantially the form set forth as Appendix E to the Preliminary Official Statement. An Authorized Officer is hereby authorized to approve any additions to or changes in such Continuing Disclosure Certificate, and is hereby authorized and directed to execute the final form of the Continuing Disclosure Certificate for and in the name and on behalf of the City. The City Council hereby authorizes the delivery and performance of the Continuing Disclosure Certificate.

SECTION 4. *Taxable Status of the Bonds.* The City Council hereby determines that interest payable on the Bonds will be subject to federal income taxation, and that the provisions of Section 5900 et seq. of the California Government Code (the "Taxable Bond Act") apply to the Bonds. The City may take any action and exercise any power

permitted to be taken by it under the Taxable Bond Act in connection with the issuance and sale of the Bonds.

SECTION 5. Official Actions. The Mayor, the City Manager, the Finance Director, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the Bonds and the consummation of the transactions approved herein. Whenever in this Resolution any officer of the City is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

SECTION 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

ATTEST:

\_\_\_\_\_  
Carol Bonner, City Clerk

**-o0o-**

I, Carol Bonner, City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 11th day of December 2012 by the following vote:

AYES: COUNCILMEMBERS: \_\_\_\_\_

NOES: COUNCILMEMBERS: \_\_\_\_\_

ABSENT: COUNCILMEMBERS: \_\_\_\_\_

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2012**

**NEW ISSUE — BOOK-ENTRY ONLY**

**RATING: S&P: “\_\_\_”**

**(See “CONCLUDING INFORMATION — Rating” herein.)**

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, based upon existing laws, regulations, rulings, court decisions, and assuming (among other things) compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes, although interest on the Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. For a more complete description, see “CONCLUDING INFORMATION – Tax Matters.”*

**\$13,045,000\***  
**CITY OF SAN BRUNO**  
**2012 TAXABLE PENSION OBLIGATION BONDS**

**Dated: Date of Delivery**

**Due: June 1; see inside cover**

**The Bonds.** The captioned City of San Bruno, 2012 Taxable Pension Obligation Bonds (the “Bonds”) will be issued by the City of San Bruno (the “City”) as fully registered bonds in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company (“DTC”), New York, New York. Individual purchases of the Bonds will be in principal amounts of \$5,000 or in any integral multiples of \$5,000. Interest on the Bonds will be payable on June 1 and December 1 of each year, commencing June 1, 2013, and principal payable on the Bonds will be paid on June 1 in the years set forth on the maturity schedule on the inside cover of this Official Statement. Payments of principal of and interest on the Bonds will be paid by Union Bank of California, N. A., San Francisco, California, as trustee (the “Trustee”), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. See “THE BONDS” as described herein.

**Purpose.** The Bonds are being issued pursuant to the provisions of an Indenture of Trust, dated as of December 1, 2012 (the “Indenture”) between the City and the Trustee, and Resolutions of the City Council of the City adopted on June 26, 2012 and December 11, 2012 to (i) refund the outstanding “side fund” obligation of the City to the California Public Employees’ Retirement System (“PERS”) with respect to the City’s Safety Plan (the “Safety Plan”), and (ii) pay costs of issuing the Bonds. See “PLAN OF FINANCING” as described herein.

**Redemption.** The Bonds are subject to optional “make-whole” redemption prior to their stated maturity. The Bonds are also subject to mandatory sinking fund redemption prior to maturity as described herein. See “THE BONDS – Redemption of Bonds.”

**Security.** Payment of the principal of and interest on the Bonds is not limited to any special source of funds and is payable from any legally available moneys or funds of the City. The City is not empowered or obligated to levy or pledge taxes to make payments on the Bonds. The City is not funding a reserve fund for the Bonds. See “SECURITY FOR THE BONDS” and “RISK FACTORS.”

**MATURITY SCHEDULE**

(See inside cover)

THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

THIS COVER PAGE CONTAINS INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT A SUMMARY OF THE SECURITY OR TERMS OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SECTION ENTITLED “RISK FACTORS”, FOR A DISCUSSION OF SPECIAL FACTORS WHICH SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH IN THIS OFFICIAL STATEMENT, IN CONSIDERING THE INVESTMENT QUALITY OF THE BONDS. CAPITALIZED TERMS USED ON THIS COVER PAGE AND NOT OTHERWISE DEFINED SHALL HAVE THE MEANINGS SET FORTH IN THE INDENTURE.

*The Bonds are offered when, as and if sold and issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Jones Hall is also serving as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the Bonds in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2012.*

**[Prager & Co., LLC - LOGO]**

The date of this Official Statement is \_\_\_\_\_, 2012

\*Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**CITY OF SAN BRUNO  
2012 TAXABLE PENSION OBLIGATION BONDS**

**MATURITY SCHEDULE\***  
**(Base CUSIP<sup>†</sup>: \_\_\_\_\_)**

<b>Maturity Date (June 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP<sup>†</sup></b>
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*\*Preliminary; subject to change.*

*† Copyright 2012, American Bankers Association. CUSIP data are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. This CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. The CUSIP number of a specific maturity is subject to change following the issuance of the Bonds as a result of various actions, including, but not limited to, a refunding in whole or in part or as the result of the procurement of a secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the bonds. Neither the City nor the Underwriter assume any responsibility for the accuracy of these CUSIP data.*

# **CITY OF SAN BRUNO, CALIFORNIA**

## **ELECTED OFFICIALS**

Jim Ruane, *Mayor*  
Ken Ibarra, *Vice Mayor*  
Michael Salazar, *Council Member*  
Irene O'Connell, *Council Member*  
Rico E. Medina, *Council Member*  
Marc L. Zafferano, *City Attorney*  
Carol Bonner, *City Clerk*

## **CITY STAFF**

Connie Jackson, *City Manager*  
Kim Juran, *Finance Director*  
John Marty, *City Treasurer*

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## **SPECIAL SERVICES**

### **Financial Advisor**

Fieldman, Rolapp & Associates, Inc.  
*Irvine, California*

### **Bond Counsel and Disclosure Counsel**

Jones Hall, A Professional Law Corporation  
*San Francisco, California*

### **Trustee**

Union Bank of California, N.A.  
*San Francisco, California*

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the City or the Underwriter.

**No Offering Except by This Official Statement.** No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter.

**No Unlawful Offers or Solicitations.** This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Information in Official Statement.** The information set forth in this Official Statement has been furnished by the City and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the City in any press release and in any oral statement made with the approval of an authorized officer of the City or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements." Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City or any other entity described or referenced herein since the date hereof.

**Involvement of Underwriter.** The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**Stabilization of and Changes to Offering Prices.** The Underwriter may over allot or take other steps that stabilize or maintain the market prices of the Bonds at levels above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

**Document Summaries.** All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

**No Securities Laws Registration.** The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, the County, the other parties described in this Official Statement, or the condition of the property within the City since the date of this Official Statement.

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

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION .....	1	Assessed Value of Taxable Property;	
General.....	1	Delinquent Payment of Property	
The City .....	1	Taxes .....	17
Authority for the Bonds.....	1	Pension Benefit Liability.....	18
Purpose .....	2	Proposition 218.....	18
Judicial Validation.....	2	Natural and Physical Calamities .....	18
Security for the Bonds.....	2	Natural Gas Transmission Pipelines.....	19
No Reserve Fund .....	2	Hazardous Substances.....	20
Redemption .....	2	Litigation.....	20
Limited Obligations.....	2	Impact of State Budget on City	
Summaries Not Definitive.....	3	Revenues .....	20
PLAN OF FINANCING.....	4	Vehicle License Fees.....	23
General.....	4	Impact of Sales and Use Tax	
Refunding of Obligations Under the		Redirection .....	24
PERS Contract .....	4	State Law Limitations on	
ESTIMATED SOURCES AND USES OF		Appropriations .....	24
BOND PROCEEDS.....	5	Change in Law .....	25
THE BONDS .....	6	Secondary Market.....	25
General.....	6	CONSTITUTIONAL AND STATUTORY	
Redemption of the Bonds.....	7	LIMITATIONS ON TAXES AND	
Book-Entry System.....	8	APPROPRIATIONS .....	26
DEBT SERVICE SCHEDULE.....	10	Article XIII A of the State Constitution....	26
SECURITY FOR THE BONDS .....	11	Article XIII B of the State Constitution....	26
Source of Payment.....	11	Proposition 62.....	27
Debt Service Fund.....	11	Article XIII C and XIII D of the State	
The Bonds Are Not Lease Revenue		Constitution .....	28
Bonds .....	12	Proposition 1A and Proposition 22.....	29
PERS Pension plans .....	12	Unitary Property .....	30
General.....	12	Future Initiatives.....	30
Actuarial Valuations.....	13	FINANCIAL STATEMENTS .....	31
PERS Actuarial Assumptions and		VALIDATION PROCEEDINGS .....	31
Policies .....	13	Continuing Disclosure .....	31
PERS Discount Rate Adjustment.....	14	CONCLUDING INFORMATION .....	32
2012 Legislation Relating to Pension		Underwriting.....	32
Reform: AB 340 .....	14	Financial Advisor.....	32
THE CITY'S PENSION PLAN.....	15	Legal Opinion.....	33
The City's PERS Plan Generally.....	15	Tax Matters .....	33
RISK FACTORS .....	17	Circular 230 Disclaimer.....	33
Limitations on Remedies Available;		ERISA Considerations .....	33
Bankruptcy.....	17	Litigation.....	34
		Rating.....	34
		Miscellaneous .....	35
APPENDIX A - CITY OF SAN BRUNO GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION			
APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE			
APPENDIX C - COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED			
JUNE 30, 2011			
APPENDIX D - PROPOSED FORM OF FINAL OPINION			
APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE			
APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM			

## Location Map

# OFFICIAL STATEMENT

**\$13,045,000\***  
**CITY OF SAN BRUNO**  
**2012 TAXABLE PENSION OBLIGATION BONDS**

## INTRODUCTION

*This Introduction is not a summary of this Official Statement. It is only a brief description of, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

### General

The purpose of this Official Statement (which includes the cover page and the Appendices) is to provide information concerning the issuance of the captioned 2012 Taxable Pension Obligation Bonds (the “**Bonds**”) by the City of San Bruno (the “**City**”).

### The City

The City is located in the County of San Mateo (the “**County**”) between the City of South San Francisco and the City of Millbrae, near San Francisco International Airport and about 12 miles (19 km) south of downtown San Francisco. Incorporated as a city on December 23, 1914, the City consists of 6.4 square miles. The City is largely built-out with residential properties and serves a population of approximately 42,451 (estimate reported as of January 1, 2012 by the State of California Department of Finance).

For other selected information concerning the City, see “APPENDIX A - CITY OF SAN BRUNO GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION.”

### Authority for the Bonds

The City is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “**Bond Law**”), to issue its bonds for the purpose of refunding certain outstanding obligations of the City. The Bonds are being issued pursuant to the provisions of an Indenture of Trust, dated as of December 1, 2012 (the “**Indenture**”), between the City and Union Bank of California, N.A., as trustee (the “**Trustee**”), and Resolutions of the City Council of the City adopted on June 26, 2012 and December 11, 2012.

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*\*Preliminary; subject to change.*

## **Purpose**

The proceeds of the sale of the Bonds will be used to (i) refund the City's outstanding "side fund" obligations to the California Public Employees' Retirement System ("PERS") with respect to the City's Safety Plan (the "**Safety Plan**"), which is due pursuant to a contract between the City and the Board of Administration of PERS, effective December 30, 1944, as amended (the "**PERS Contract**"), and (ii) pay costs of issuance of the Bonds. See "PLAN OF FINANCING."

## **Judicial Validation**

The City filed a complaint in the Superior Court of the State of California for the County of San Mateo pursuant to the procedures available to it under California Code of Civil Procedure Section 860 and following, seeking judicial validation of the transactions relating to the issuance of the Bonds. On September 19, 2012, the court entered default and subsequently issued a final court judgment to the effect, among other things, that the PERS Contract and the Bonds are valid and binding obligations of the City under the Constitution and laws of the State. No challenge to the judgment was filed, and the judgment became binding and conclusive in accordance with California law. See "VALIDATION PROCEEDINGS" herein.

## **Security for the Bonds**

As confirmed by the California Superior Court, County of San Mateo, by court judgment entered in favor of the City on September 19, 2012, the obligations of the City to make all payments of principal of and interest on the Bonds when due are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim.

The City covenants pursuant to the Indenture to take such action as may be necessary to include in each of its annual budgets the payments required to be made by the City under the Indenture, and to make the necessary annual appropriations for all such payments. If any payment of Debt Service requires the adoption by the City of a supplemental budget or appropriation, the City covenants to promptly adopt the same.

See "SECURITY FOR THE BONDS," "VALIDATION PROCEEDINGS" and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

## **No Reserve Fund**

The City is not funding a debt service reserve fund for the Bonds. See "RISK FACTORS – No Reserve Fund."

## **Redemption**

The Bonds are subject to optional "make-whole" redemption prior to their stated maturity, as described in the Indenture and this Official Statement. The Bonds are also subject to mandatory sinking fund redemption. See "THE BONDS – Redemption of the Bonds."

## **Limited Obligations**

**The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligations of**

**the City to make payments on the Bonds constitute an indebtedness of the City, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.**

### **Summaries Not Definitive**

The summaries and references of documents, statutes, reports and other instruments referred to in this Official Statement do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each document, statute, report, or instrument. The capitalization of any word not conventionally capitalized, or otherwise defined in this Official Statement, indicates that such word is defined in a particular agreement or other document and, as used in this Official Statement, has the meaning given it in such agreement or document. See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" for summaries of certain of such definitions.

Copies of the documents described in this Official Statement will be available at the City Manager's office, City of San Bruno, 567 El Camino Real, San Bruno, California 94066.

*END OF INTRODUCTION*

## PLAN OF FINANCING

### General

The Bonds are being issued to: (i) refund the City's obligation to PERS with respect to the "side fund" obligation of its Safety Plan evidenced by the PERS Contract, and (ii) pay the costs of issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

### Refunding of Obligations Under the PERS Contract

**City Pension Plans in General.** PERS maintains two pension plans for the City, the Safety Plan and a Miscellaneous Plan (each, a "PERS Plan"). The City contributes to PERS amounts equal to the recommended employer contribution rate for each PERS Plan as determined by the PERS actuary multiplied by the payroll of those employees of the City who are eligible under PERS. See "THE CITY'S PENSION PLAN" below for additional information.

**Side Funds in General.** Since June 30, 2003, when a pension plan has fewer than 100 members, PERS includes such members in a risk pool with other public agency plans. At the time a local agency enters a risk pool, if it has an existing unfunded actuarial accrued liability (the "Prior UAAL"), the Prior UAAL is put in a side fund (a "Side Fund") for the individual agency to pay outside of the risk pool. A Side Fund functions like a loan with possible negative amortization. The loan repayment schedule to pay off the Prior UAAL is developed by PERS, and is amortized over a fixed number of years. The current annual interest rate applied by PERS to Side Funds is 7.50%.

**The City's Side Fund.** The Safety Plan has a Prior UAAL in a Side Fund. The Miscellaneous Plan is not included in a PERS risk plan and does not have a Side Fund.

**Purpose of the Bonds.** *The Bonds are being issued solely for the purpose of refunding the Prior UAAL obligation of the City's Safety Plan, which has been placed in a Side Fund and is payable to PERS. Upon issuance of the Bonds, the Side Fund obligation to PERS with respect to the City's Safety Plan will be extinguished.*

The City will pay off its Safety Plan Side Fund balance with proceeds of the Bonds. Based upon "pay-off" letters provided by PERS, the lump sum payment due with respect to the Safety Plan Side Fund on the Closing Date is \$\_\_\_\_\_, as set forth in a "pay-off letter" from PERS to the City dated \_\_\_\_\_, 2012. See "CITY'S PENSION PLAN."

The PERS Contract is an absolute and unconditional obligation imposed upon the City by law, and is not limited as to payment from any source of funds of the City. Upon the refunding of the PERS Contract with the proceeds of the Bonds, the City's obligation with respect to Bonds will also be an absolute and unconditional obligation imposed upon the City by law, and will not be limited as to payment from any special source of funds of the City. See "SECURITY FOR THE BONDS" and "VALIDATION PROCEEDINGS."

\*Pay-off amount provided by PERS assumes payment by \_\_\_\_\_, 2012.

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\* Preliminary, subject to change.

## ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The proceeds to be received from the sale of the Bonds are anticipated to be applied as follows:

### Sources of Funds

Principal Amount of Bonds  
Less Underwriter's Discount

#### **Total Sources:**

### Uses of Funds

Payment of Side Fund balance  
Deposit into Costs of Issuance Fund <sup>(1)</sup>

#### **Total Uses:**

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(1) *Includes financial advisor fees, legal fees, trustee fees, rating agency fees, printing expenses, and other costs of issuing the Bonds.*

## THE BONDS

### General

The City is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “**Bond Law**”), to issue its bonds for the purpose of refunding certain outstanding obligations of the City. The Bonds are being issued pursuant to the provisions of an Indenture of Trust, dated as of December 1, 2012 (the “**Indenture**”), between the City and Union Bank of California, N.A., as trustee (the “**Trustee**”), and Resolutions of the City Council of the City adopted on June 26, 2012 and December 11, 2012.

The Bonds will be issued in the form of fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple of \$5,000, and will be dated the date of issuance to the original purchaser. The Bonds will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement.

The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“**DTC**”). So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Certificates, all payments on the Bonds will be made directly to DTC, and disbursement of such payments to the DTC “Participants” (as defined in Appendix F) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (as defined in Appendix F) will be the responsibility of the Participants, as more fully described in APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Interest on the Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2013, and continuing to and including the date of maturity or redemption, whichever is earlier.

Principal represented by the Bonds is payable on June 1 in each of the years and in the amounts set forth on the inside front cover of this Official Statement.

Any Bond may be transferred upon the registration books kept by the Trustee by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed and the payment of such reasonable transfer fees as the Trustee may establish.

Bonds may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity. The Trustee may charge the Owner a reasonable sum for each new Bond issued upon any exchange and the Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee is not required to register the transfer or exchange of any Bond during the period the Trustee is selecting Bonds for redemption or any Bond selected for redemption.

## Redemption of the Bonds

**Optional Make-Whole Redemption.** The Bonds are subject to redemption prior to their stated maturity, at the option of the City, in whole or in part (and if in part, to be selected by lot as described below), on any Business Day, at the respective Make-Whole Redemption Price (as defined below) for such maturity.

The "Make-Whole Redemption Price" for a particular maturity means the greater of:

(i) 100% of the initial public offering price of such maturity, but in no case less than the principal amount of the Bonds of such maturity to be redeemed, or

(ii) the sum of the present value of the remaining scheduled payments of principal of and interest on the Bonds of such maturity to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds of such maturity are to be redeemed, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the "Comparable Treasury Issue Rate" plus \_\_\_ basis points,

**plus**, in each case, accrued and unpaid interest with respect to the Bonds of such maturity to be redeemed on the redemption date.

The Make-Whole Redemption Price will be determined by an independent accounting firm, investment banking firm, or financial advisor retained by the City, at the City's expense, to make such calculation. The Trustee and the City may conclusively rely on such determination and will not be liable for such reliance.

For the purpose of determining the Make-Whole Redemption Price, the definitions of "Comparable Treasury Issue Rate" and "Valuation Date" set forth in the Indenture shall apply.

The City shall give the Trustee written notice of its intention to redeem Bonds under the Indenture, and the manner of selecting such Bonds for redemption from among the maturities thereof and the amount of the redemption premium thereon, at least forty-five (45) days prior to the date set for redemption (or such lesser number of days acceptable to the Trustee, such notice for the convenience of the Trustee) to enable the Trustee to give notice of such redemption in accordance with the Indenture.

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

Sinking Fund  
Redemption Date  
(June 1)

Principal Amount  
To Be Redeemed

**Selection of Bonds for Redemption.** Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a single maturity, the Trustee shall select the Bonds of that maturity to be redeemed by lot in any manner that the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate \$5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond.

**Notice of Redemption.** The Trustee on behalf and at the expense of the City will mail (by first class mail) notice of any redemption to the respective owners of Bonds designated for redemption at their respective addresses appearing on the registration books, to the Securities Depositories and the Municipal Securities Rulemaking Board, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice of redemption must state the date of the notice, the redemption date and the redemption place, and must designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and must require that such Bonds be then surrendered at the office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Such notice of redemption shall also state the redemption price of the Bonds being redeemed, if the redemption price is known at the time the notice of redemption is provided, and, if the redemption price of the Bonds is not known at the time the notice of redemption is provided, such notice of redemption shall state that the redemption price shall be determined in accordance with the provisions of the Indenture on the second Business Day preceding the date fixed for redemption.

### **Book-Entry System**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered certificates registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium, if any, with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City and the

Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

*[Remainder of Page Intentionally Left Blank]*

## DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Bonds.

### CITY OF SAN BRUNO 2012 Taxable Pension Obligation Bonds Debt Service Schedule

Period Ending (June 30)	Principal	Interest	Total Debt Service
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Total: \_\_\_\_\_

## SECURITY FOR THE BONDS

### Source of Payment

The City is obligated to satisfy its obligations under the Bonds from any legally available funds. As confirmed by the California Superior Court, County of San Mateo, by court judgment entered in favor of the City on September 19, 2012, The obligations of the City to make all payments of principal of and interest on the Bonds when due are an obligation of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The City has other obligations payable from its General Fund, and the Indenture does not limit the amount of General Fund obligations that the City may incur.

The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligations of the City to make payments on the Bonds constitute an indebtedness of the City, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Pursuant to the Indenture, the City covenants to take such action as may be necessary to include in each of its annual budgets the payments required to be made by the City to pay principal of and interest on the Bonds, and to make the necessary annual appropriations for all such payments. If any payment of debt service requires the adoption by the City of a supplemental budget or appropriation, the City has covenanted in the Indenture to promptly adopt the same. The covenants on the part of the City are deemed to constitute duties imposed by law and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Indenture.

As required pursuant to the Indenture, each year promptly following the adoption of an annual budget which includes the appropriations required with respect to payment of debt service on the Bonds, but in any event not later than July 15 in each fiscal year, the City must certify to the Trustee that it has complied with the requirements of the Indenture with respect to the annual budget and appropriation of annual debt service payments on the Bonds with respect to such Fiscal Year.

***The assets of PERS are not available for payment of the Bonds and the Bonds do not constitute an obligation of PERS. Moreover, any changes in future pension plan benefits and any pension reform measures will not impact the obligation of the City to pay the Bonds, which obligation is absolute and unconditional.***

For information on the finances of the City see “APPENDIX A – CITY OF SAN BRUNO GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION” and “APPENDIX C - COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2011.”

### Debt Service Fund

Pursuant to the Indenture, the City will transfer an amount of legally available funds to the Trustee for deposit in the debt service fund established pursuant to the Indenture (the “**Debt Service Fund**”) at the times and in the amounts sufficient to pay debt service on the Bonds.

The Debt Service Fund will be held by the Trustee and so long as any Bonds are outstanding, the amounts on deposit therein will be used to pay principal of, premium, if any, and interest on the Bonds.

Not later than the third Business Day immediately preceding each Interest Payment Date, the City is required to transfer to the Trustee for deposit in the Interest Account and the Principal Account, as applicable, of the Debt Service Fund, an amount which, when added to the amount then on deposit in such Account, equals the aggregate amount coming due and payable on the Bonds on such date.

Funds held by the Trustee may be invested in Permitted Investments (as defined in the Indenture) specified by the City. In the absence of any such direction from the City, the Trustee will invest any such amounts in Permitted Investments consisting of money market funds.

### **The Bonds Are Not Lease Revenue Bonds**

The Bonds are an obligation of the City payable from any legally available funds. The source of payment for the Bonds is the general fund of the City. The Bonds are not lease revenue bonds and City's obligation to pay debt service is not a contingent lease obligation that is based on the availability of a leased asset and is not subject to abatement in the event the leased asset is not available for use and occupancy of the City. In addition, because the Bonds are not lease revenue bonds, the City's obligation to pay debt service is subject to acceleration in the event of a default by the City under the Indenture.

## **PERS PENSION PLANS**

### **General**

The following information concerning PERS is excerpted from publicly available sources, which the City believes to be accurate. PERS is not obligated in any manner for payment of debt service on the Bonds, and the assets of PERS are not available for such payment. PERS should be contacted directly at CalPERS, Lincoln Plaza, 400 P Street Sacramento, California 95814 or (888) 225-7377 for other information, including information relating to its financial position and investments.

The City provides retirement benefits to certain of their employees through contracts with PERS, a multiple-employer public sector employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to PERS members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments.

PERS maintains more than one pension plan for cities based on the type of employee (i.e. a city may have a plan for "Safety Employees" and a separate plan for "Miscellaneous Employees"). In addition, plans which have fewer than 100 active members are required to join PERS risk pools in order to reduce volatility in employer contribution rates. Assignment to a PERS risk pool is based on the service retirement formula. PERS currently maintains ten risk pools. The City is a member of the PERS risk pools with respect to the Safety Plan (and is not

a member of a PERS Risk Pool with respect to its Miscellaneous Plan). The City contributes to PERS amounts equal to the recommended employer rates for the PERS Plans multiplied by the payroll of those employees of the City who are eligible under PERS. Employer rates are determined by PERS and are based on the experience of each pool. See also "APPENDIX A - CITY OF SAN BRUNO GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION - Retirement Programs - Pension Plans."

## **Actuarial Valuations**

The staff actuaries at PERS prepare annually an actuarial valuation which is based upon investment results and actuarial experience for the fiscal year which ended approximately 15 months before the actuarial valuation is prepared and expresses the required employer contribution rates for the fiscal year following the year in which the actuarial report is prepared. For example, an actuarial valuation provided by PERS in October 2010 is based upon investment and actuarial experience for the fiscal year ended June 30, 2010, and sets forth the employer contribution rates for fiscal year 2011-12. PERS rules require the City to implement the actuary's recommended rates.

In calculating the annual actuarially recommended contribution rates, the PERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that PERS will fund under the PERS Plans, which includes two components, the normal cost and the unfunded actuarial accrued liability (the "**UAAL**"). The normal cost represents the actuarial present value of benefits that PERS will fund under the PERS Plans that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions such as, among others, the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL may be considered an estimate of the unfunded actuarial present value of the benefits that PERS will fund under the PERS Plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the City owes to PERS under its respective PERS Plans.

In each actuarial valuation, the PERS actuary estimates the actuarial value of the assets (the "**Actuarial Value**") of the PERS Plans at the end of the Fiscal Year. The PERS actuary assumes, among other things, that the rate of return during that Fiscal Year, which assumed rate of return is established by PERS. The City has no ability to predict the assumed rate of return from time to time. The PERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies. As described below, these policies changed significantly in April 2005, affecting the Actuarial Value calculation for Fiscal Year 2006-07 and beyond.

## **PERS Actuarial Assumptions and Policies**

As a result of the economic downturn in 2008 and 2009, PERS experienced a negative investment return of approximately 24% for its Fiscal Year ended on June 30, 2009. The PERS Board has adopted policies aimed at stabilizing rising employer costs and mitigating the impact of such investment declines. These policies are used to set employer contribution rates for each

city. Current policies, as described in Circular Letter #200-056-09 dated August 25, 2009, include, but are not limited to:

- Using a 3-year phase in for Fiscal Year 2008-09 investment losses and allowing time for the economy to recover. This phased in approach will be achieved by temporarily relaxing the constraints on the smoothed value of assets around the actual market value of assets. This corridor which constrains the smoothed value of assets will be allowed to expand and then contract with the following conditions:
  1. Increase the corridor limits for the actuarial value of assets from 80-120% of the market value of 60-140% of market value on June 30, 2009, which impacts the Fiscal Year 2011-12 contribution rate.
  2. Reduce the corridor limits for the actuarial value of assets to 70-130% of market value on June 30, 2010, which impacts the Fiscal Year 2012-13 contribution rate.
  3. Return to the 80-120% of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter which impacts the Fiscal Year 2013-14 and Fiscal Years beyond contribution rates.
- Isolate the asset loss outside of the 80-120% corridor and pay for it with a fixed and certain 30 year amortization schedule.

Except as otherwise described herein, the City is not aware of any measures similar to those provided in Circular Letter #200-056-09 that have been utilized by PERS to mitigate the impact of any prior economic downturns.

For complete updated inflation and actuarial assumptions, please contact PERS at the above-referenced address. In addition, for more information regarding the PERS Risk Pools, see [www.calpers.ca.gov/index.jsp?bc=/employer/actuarial-gasb/risk-pooling/home.xml](http://www.calpers.ca.gov/index.jsp?bc=/employer/actuarial-gasb/risk-pooling/home.xml). *The reference to this internet website is shown for reference and convenience only and is not incorporated herein by reference. None of the City, the Financial Advisor nor the Underwriter guarantee the accuracy of any of the information contained in such website.*

### **PERS Discount Rate Adjustment**

On March 14, 2012, the PERS Board voted to reduce its discount rate, which rate is attributable to its expected price inflation and investment rate of return (net of administrative expenses), from 7.75% to 7.50%. As a result of such discount rate decrease, among other things, the amounts of PERS member public agency contributions such as the City will increase by 1 to 2% for Miscellaneous plans and 2 to 3% for Safety plans beginning Fiscal Year 2013-14.

### **2012 Legislation Relating to Pension Reform: AB 340**

On September 12, 2012, Governor Brown signed AB 340, a bill that will enact the California Public Employees' Pension Reform Act of 2013 ("PEPRA") and that will also amend various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. PEPRA (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual

PERS pension benefit payout, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRRA will apply to all public employers *except* the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of PEPRRA will go into effect on January 1, 2013 with respect to State employees hired on that date and after. Local government employee associations, including employee associations of the City, will have a five-year window to negotiate compliance with PEPRRA through collective bargaining. Under PEPRRA, if no deal is reached by January 1, 2018 which meets the terms set forth in PEPRRA, a city, public agency or school district could force employees to pay their half of the costs of PERS pension benefits, up to 8% of pay for civil workers and 11% or 12% for public safety workers.

PERS predicts that the impact of PEPRRA on employers, including the City, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce and, thus, the City's future payments to PERS may decrease. This change would, in some circumstances, result in lower retirement benefits for employees than they currently earn. Additionally, PERS notes that changes arising from PEPRRA could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

More information about PEPRRA can be accessed through PERS's web site at [www.calpers.ca.gov/index.jsp?bc=/member/retirement/pension-reform-impacts.xml&pst=ACT&pca=ST](http://www.calpers.ca.gov/index.jsp?bc=/member/retirement/pension-reform-impacts.xml&pst=ACT&pca=ST). *The reference to this internet website is shown for reference and convenience only; the information contained within the website may not be current and has not been reviewed by the City, the Financial Advisor or the Underwriter and is not incorporated herein by reference.*

## **THE CITY'S PENSION PLAN**

### **The City's PERS Plan Generally**

The PERS Contract represents the City's contractual and statutory obligation to make payments to PERS on behalf of plan participants. As confirmed in judicial validation proceedings and a related court judgment obtained by the City dated September 19, 2012 (see "VALIDATION PROCEEDINGS" herein), payments under the PERS Contract are an absolute and unconditional obligation imposed upon the City and enforceable against the City and are not limited as to payment as to any special source of funds of the City.

As described in "PLAN OF FINANCING," PERS maintains two pension plans for the City: the Miscellaneous Plan and the Safety Plan. The City contributes to PERS amounts equal to the recommended rates for the PERS Plans multiplied by the payroll of those employees of the City who are eligible under PERS. See "PERS PENSION PLANS."

As described in "PLAN OF FINANCING," above, in 2003, because the City's Safety Plan had less than 100 members at that time, a "Safety Plan Side Fund" was created in order to amortize the unfunded liability that existed at the time pools were created. This Safety Plan Side Fund is being repaid over amortization periods, the last of which ends in Fiscal Year 2027, currently bearing interest at 7.50% per annum.

The Bonds are being issued for the purpose of refunding the obligations represented by the Safety Plan Side Fund and thereby realizing interest rate savings. See "PLAN OF FINANCING." ***The City is only refinancing the liability owed to PERS relating to its Safety Plan Side Fund; it is not refinancing other pension obligations of the City relating to its Miscellaneous Plan.*** For information regarding the City's PERS Plans and their funded status, see "APPENDIX A – CITY OF SAN BRUNO GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION, Employee Retirement System."

**Table 1  
CITY OF SAN BRUNO  
Safety Plan  
Employer Contribution Rates**

Fiscal Year	Pool's Employer Normal Cost	Pool's Payment on Amort. Bases	Surcharge Benefits	Phase Out of Normal Cost Difference	Amortization of Side Fund	Total Employer Contribution	Total Employer Contribution Rate <sup>(1)</sup>
2009-10	\$1,273,668	\$140,647	\$74,571	(7,890)	\$1,071,810	\$2,552,806	31.225%
2010-11	1,463,871	230,201	85,463	0	1,106,644	2,886,179	30.968
2011-12	1,678,461	579,599	99,843	0	1,142,610	3,500,513	35.796
2012-13	1,709,984	638,182	101,637	0	1,179,745	3,629,548	36.604

(1) Expressed as a percentage of payroll.  
Sources: PERS actuarial valuations dated as of June 30, 2008, as of June 30, 2009 and as of June 30, 2010.

**Table 2  
CITY OF SAN BRUNO  
Safety Plan  
Funded Status of Side Fund**

Valuation Date (June 30)	Safety Side Fund
2009	\$(13,252,131)
2010	(13,166,603)
2011	(13,038,288)
2012	(12,862,695)

Sources: PERS actuarial valuations dated as of June 30, 2008, as of June 30, 2009 and as of June 30, 2010.

**Pay-off of Side Fund Balance.** The City will pay off its Safety Plan Side Fund balance with proceeds of the Bonds, based upon "pay-off" letters provided by PERS. The lump sum payment due with respect to the Safety Plan Side Fund on the Closing Date is \$\_\_\_\_\_.\*

\* Preliminary, subject to change.

## **RISK FACTORS**

*The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the Bonds. However, the following is not an exhaustive listing of risk factors and other considerations that may be relevant to an investment in the Bonds. There can be no assurance that other risk factors will not become evident at any future time.*

### **Limitations on Remedies Available; Bankruptcy**

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance of the Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

In addition, failure by large property owners to pay property taxes when due may have an adverse impact on general fund revenues available to make debt service payments on the Bonds.

### **Assessed Value of Taxable Property; Delinquent Payment of Property Taxes**

Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause moderate to extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, toxic dumping, coastal erosion or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the regional economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets as has been experienced recently. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for taxes. Section 2(b) of Article XIII A of the California Constitution and Section 51 of the Revenue and Taxation Code, which follow from "Proposition 8," require the County assessor to annually enroll either a property's adjusted base year value (its "**Proposition 13 Value**") or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 Value on the assessor's roll, that lower value is referred to as its "**Proposition 8 Value**."

Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds its Proposition 13 Value attributable to a piece of property (adjusted for inflation), the County assessor reinstates the Proposition 13 Value.

Decreases in the aggregate value of taxable property within the City resulting from natural disaster or other calamity, reclassification by ownership or use, or as a result of the operation Proposition 8 all may have an adverse impact on the General Fund revenues available to make debt service payments on the Bonds.

In addition, failure by large property owners to pay property taxes when due may also cause a decrease in General Fund revenues available to make debt service payments on the Bonds.

See “- Natural and Physical Calamities” and “APPENDIX A – CITY OF SAN BRUNO GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION, *Ad Valorem* Property Taxes.”

### **Pension Benefit Liability**

Many factors influence the amount of the City’s pension benefit liabilities, including, without limitation, inflationary factors, changes in statutory provisions of PERS retirement system laws, changes in the levels of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between actual and anticipated investment experience of PERS. Any of these factors could give rise to additional liability of the City to its pension plans as a result of which the City would be obligated to make additional payments to its pension plans, in addition to making payments to amortize the Bonds, in order to fully fund the City’s obligations to its pension plans.

### **Proposition 218**

See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218,” for information about certain risks to the City’s general fund revenues under Articles XIIC and Article XIID of the California Constitution.

### **Natural and Physical Calamities**

**General.** From time to time, the City is subject to natural calamities, including, but not limited to, earthquake, flood, wildfire, or tsunami that may adversely affect economic activity in the City, and which could have a negative impact on City finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial interference to and costs for the City. See “-Seismic,” “Flood” and “Tsunami” below.

Additionally, physical calamities such as the recent pipeline explosion or a disaster at the San Francisco International Airport (the “**Airport**”) in and near the City may adversely affect

economic activity and assessed valuations in the City. See “Proximity to San Francisco International Airport” and “ Natural Gas Transmission Pipelines,” below.

**Seismic.** Earthquakes pose risks to the City due to the City’s close proximity to active faults with histories of regular movements. The City straddles the San Andreas Fault and is approximately 18 miles southwest of the Hayward Fault. The San Andreas and Hayward faults are the two principally active, strike-slip faults in the San Francisco Bay Area. Other principal faults capable of producing significant ground shaking in the City include the San Gregorio-Hosgri, Rodger’s Creek-Healdsburg, Calaveras, Concord-Green Valley, and Pilarcitos faults. The four major hazards associated with earthquakes include fault surface rupture, groundshaking, ground failure (landslides), and settlement.

**Flood.** Flooding is not considered a significant natural hazard in The City. No part of the City lies within the 100-year flood plain meaning that the statistical probability of flooding is less than one percent in any part of the City on any given year. The City has been designated Flood Zone C (Flood Hazard No. 060317) per letter from the Federal Insurance Administration dated July 13, 1979.

**Tsunami.** Tsunamis are long-period waves usually caused by off-shore earthquakes or landslides. Because the City does not face the open ocean, the City believes that its risk of experiencing a tsunami is very low.

### **Proximity to San Francisco International Airport**

The Airport is a major international airport located near the City, with flights to points throughout North America, Europe and Asia. It is the largest airport in the San Francisco Bay Area and the second busiest airport in the State, after Los Angeles International Airport. In 2011, San Francisco International Airport was the tenth busiest in the United States and the 22nd largest airport in the world, by passenger count, with 41,045,431 passengers traveling to and from the Airport, 403,564 flights arriving and departing from the Airport, and 340,766 metric tons of cargo passing through the Airport. The City lies directly within the flight path of the Airport, and a major disaster occurring at the Airport could adversely affect economic activity and assessed valuations in the City

### **Natural Gas Transmission Pipelines**

On September 9, 2010 a Pacific Gas and Electric Company (“**PG&E**”) high pressure natural gas transmission pipeline exploded in the City, with catastrophic results, including the destruction of 38 homes and the loss of 8 lives. There are similar transmission pipelines and numerous other types of pipelines owned, operated and maintained by PG&E located throughout the City, none of which is currently considered to be one of PG&E’s top 100 at-risk pipelines.

Following the explosion, PG&E has decommissioned its Transmission Line 132 in the City and has completed significant inspection and testing of its pipelines within the City. Ongoing regulatory proceedings conducted by the California Public Utilities Commission will require PG&E to make safety improvements to its system in the City and throughout the State.

PG&E’s website ([www.pge.com](http://www.pge.com)) provides additional information regarding the pipeline explosion in the City, efforts to repair, upgrade and secure all pipelines within the City, PG&E’s high pressure natural gas transmission pipelines generally and PG&E’s long range natural gas

transmission pipeline planning. *The reference to this internet website is shown for reference and convenience only; the information contained within the website may not be current and has not been reviewed by the City, the Financial Advisor or the Underwriter and is not incorporated herein by reference.*

## **Hazardous Substances**

Discovery of hazardous substances on parcels within the City could impact the City's ability to pay debt service with respect to the Bonds.

In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "**CERCLA**" or the "**Superfund Act**" is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has any thing to do with creating or handling the hazardous substance.

The effect, therefore, should any substantial amount of property within the City be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of, and any liability incurred by, remedying the condition, since the purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Reduction in the value of property in the City as a whole could reduce property tax revenues received by the City and deposited in the General Fund, which could significantly and adversely affect the ability of the City to make payments on the Bonds.

## **Litigation**

**Generally.** The City may be or become a party to litigation which has an impact on the City's General Fund. Although the City maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents (see Appendix C for further information), the City cannot predict what types of liabilities may arise in the future. See also "CONCLUDING INFORMATION – Litigation."

## **Impact of State Budget on City Revenues**

The State of California is experiencing significant financial and budgetary stress. State budgets are affected by national and state economic conditions and other factors over which the City has no control. The State's financial condition and budget policies affect communities and local public agencies throughout California. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. Set forth in the following paragraphs are descriptions of the State budget process, the current State budget situation, and the potential impacts on the City.

**The Budget Process.** Through the State budget process, the State can enact legislation that significantly impacts the source, amount and timing of the receipt of revenues by local agencies, including the City. As in recent years, State budget deficits can result in legislation that adversely impacts local agency and city and public agency budgets.

The State's fiscal year begins on July 1 and ends on June 30. The annual budget is

proposed by the Governor by January 10 of each year for the next fiscal year (the “**Governor’s Budget**”). Under State law, the annual proposed Governor’s Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor’s Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. Prior to the November 2, 2010 California General Election, the Budget Act required approval by a two-thirds majority vote of each House of the Legislature. On November 2, 2010, California voters passed Proposition 25, which amended this legislative vote requirement to a simple majority. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Certain information about the State budgeting process and the State Budget is available through several State of California sources. The references to internet websites listed here are shown for reference and convenience only; the information contained within the websites has not been reviewed by the City and is not incorporated in this Official Statement by reference. The California State Treasurer’s Internet home page at [www.treasurer.ca.gov](http://www.treasurer.ca.gov), under the heading “Financial Information,” posts the State’s audited financial statements. In addition, the “Financial Information” section includes the State’s Rule 15c2-12 filings for State bond issues. The “Financial Information” section also includes the “Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation” from the State’s most current Official Statement, which discusses the State budget and its impact on cities and public agencies. The California Department of Finance’s Internet home page at [www.dof.ca.gov](http://www.dof.ca.gov), under the heading “California Budget,” includes the text of proposed and adopted State Budgets.

The State Legislative Analyst’s Office (the “**LAO**”) prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst’s Internet home page at [www.lao.ca.gov](http://www.lao.ca.gov) under the heading “Products.”

***Information on State Economic Challenges, Prior Year State Budgets and Related Events.*** The State’s financial condition and budget policies affect communities, local public agencies and cities, throughout California. The State of California is experiencing significant financial and budgetary stress. Exacerbating the State’s challenges, as the State entered recession in 2008, annual revenues generally were less than annual expenses, creating a “structural” budget deficit. This structural deficit is due in part to overreliance on temporary budgetary remedies in prior State Budget years, including one-time revenues, internal

borrowing, payment deferrals, accounting shifts and expenditure reduction proposals that have not materialized.

In recent years, Governor Edmund G. Brown Jr. has employed a strategy of proposing revenue raising measures coupled with automatic expenditure and service cuts, which cuts go into effect if the revenue raising measures are not approved by the State Legislature or State voters, into his State budget packages. The State's 2011-12 Budget (the "**2011-12 Budget**") relied on \$4 billion of additional tax revenue, which when not realized, automatically triggered nearly \$1 billion further cuts to universities, welfare, courts and schools (the "**Trigger Cuts**"). "**Tier 1 Trigger Cuts**" were to be triggered if, by January 2012, State revenues fell short of projections by \$1-2 billion. Tier 1 Trigger Cuts related to cuts in university, social services and library funding and would total approximately \$600 million. "**Tier 2 Trigger Cuts**" were to be triggered if, by January 2012, revenues were projected to fall short by more than \$2 billion. Tier 2 Trigger Cuts related to K-12 revenue limit funding and home-to-school transportation and were to total approximately \$1.9 billion.

On December 13, 2011, Governor Brown announced the State would fall \$2.2 billion short of the revenue forecast contained in the 2011-12 Budget, and that \$980 million in Trigger Cuts, comprised of all Tier 1 Trigger Cuts and a portion of Tier 2 Trigger Cuts, were to be implemented. Effective January 1, 2012, Trigger Cuts to funding for University of California, California State University, community colleges, developmental services, local libraries and state-subsidized child care and K-12 school bus service funding, among others, became effective. Effective February 1, 2012, Trigger Cuts to general revenue limit funding for K-12 school districts totaling \$79.6 million were implemented.

The 2011-12 Budget was also premised on \$2.8 billion in deferrals to K-12 schools and community colleges and \$1.7 billion to be directed from State redevelopment agency funds following the restriction of redevelopment agency actions to create new debt and the agencies' subsequent dissolution.

**2012-13 State Budget.** On June 15, 2012, the Legislature passed a \$92 billion General Fund State Budget that closed the State's then-remaining \$15.7 billion deficit and rebuilt a \$1 billion State General Fund reserve. The 2012-13 State Budget relied upon the Schools and Local Public Safety Protection Act, a \$6.9 billion tax increase approved by California voters at a regular election in November 2012 (the "**2012 Initiative**"). The 2012 Initiative enacted temporary increases on high-income earners, raising income taxes by up to three percent on the wealthiest Californians for seven years and increase the state sales tax by one-quarter of one cent for four years, and averted \$5.9 billion of planned Trigger Cuts that would have affected public education funding in the State. The 2012-13 State Budget also contains reductions in expenditures from prior years spending totaling \$8.1 billion, including reductions caused by elimination of the Healthy Families program and by reforms relating to the CalWORKs, Medi-Cal, Judiciary and Cal Grant programs. The 2012-13 State Budget expects \$1.5 billion in savings will be generated as the result of the transfer of cash assets previously held by redevelopment agencies to cities, counties and special districts to fund core public services and to schools to offset State General Fund costs. An additional \$1.9 billion in savings will arise due to prepayment of the State's Proposition 98 funding as required by a court settlement. Governor Brown signed the 2012-13 State Budget on June 27, 2012.

The complete 2012-13 State Budget is available from the California Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov). The City can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information

posted there, and such information is not incorporated in this Official Statement by such reference. The information referred to above should not be relied upon in making an investment decision with respect to the Bonds.

The execution of 2012-13 State Budget may be affected by numerous factors, including but not limited to: (i) national, State and international economic conditions, (ii) litigation risk associated with proposed spending reductions, (iii) failure to generate expected savings as a result of the transfer of cash assets previously held by redevelopment agencies and (iv) other factors, all or any of which could cause the revenue and spending projections made in 2012-13 State Budget to be unattainable. The City cannot predict the impact that the 2012-13 State Budget, or subsequent budgets, will have on its own finances and operations. Additionally, the City cannot predict the accuracy of any projections made in the State's 2012-13 State Budget, or the accuracy of its attempts to project and budget for past and future Trigger Cuts that may affect it.

See "APPENDIX A – CITY OF SAN BRUNO GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION" for information about the impact on the City of the recent dissolution of redevelopment agencies.

**Future State Budgets.** The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets are affected by national and state economic conditions, political conditions and other factors over which the City has no control. The City cannot predict what impact any future budget proposals will have on the financial condition of the City. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budgets. Decreases in such revenues may have an adverse impact on the City's ability to pay the Bonds.

*The State has not entered into any contractual commitment with the City or the owners of the Bonds to provide State budget information to the City or the owners of the Bonds. Although the City believes the State sources of information listed above are reliable, the City assumes not responsibility for the accuracy of the State budget information set forth or referred to in this Official Statement.*

## **Vehicle License Fees**

Vehicle license fees ("VLF") imposed for the operation of vehicles on state highways are collected by the State Department of Motor Vehicles. VLFs were historically assessed in the amount of two percent of a vehicle's depreciated market value for the privilege of operating a vehicle on the State's public highways. Beginning in 1999, the VLF paid by vehicle owners was offset (or reduced) to the effective rate of 0.65 percent.

In connection with the offset of the VLF, the State Legislature authorized appropriations from the State General Fund to "backfill" the offset so that local governments, which receive all of the vehicle license fee revenues, would not experience any loss of revenues. The legislation that established the VLF offset program also provided that if there were insufficient State General Fund moneys to fully "backfill" the VLF offset, the percentage offset would be reduced proportionately (i.e., the license fee payable by drivers would be increased) to assure that local governments would not be underfunded.

In June 2003, the State Director of Finance ordered the suspension of VLF offsets due to a determination that insufficient State General Fund moneys would be available for this purpose, and, beginning in October 2003, the VLF paid by vehicle owners were restored to the two percent level. However, the offset suspension was rescinded by the Governor on November 17, 2003, and State offset payments to local governments resumed.

As part of the 2004 Budget Act negotiations, an agreement was made between the State and local government officials (the "**State-local agreement**") under which the VLF rate was permanently reduced from two percent to 0.65 percent. In order to protect local governments, the reduction in VLF revenue to cities and counties from this rate change was replaced by an increase in the amount of property tax they receive. Under the State-local agreement, for Fiscal Years 2004-05 and 2005-06 only, the replacement property taxes that cities and counties receive were reduced by \$700 million. Commencing in Fiscal Year 2004-05, local governments began to receive their full share of replacement property taxes, and those replacement property taxes now enjoy constitutional protection against certain transfers by the State due to the approval of Proposition 1 at the November 2004 election.

### **Impact of Sales and Use Tax Redirection**

The State will temporarily redirect local sales and use taxes to the State, including 0.25% that would otherwise be available to the City, to pay debt service on its "economic recovery" bonds; the State will increase local governments' share of local property tax by a corresponding amount.

However, it should be noted that certain features and consequences of this redirection could impact the City. First, there may be a timing issue associated with the "backfill" of redirected sales and use taxes with property tax revenue: while sales and uses taxes are distributed by the State Board of Equalization on a monthly basis, the State would only backfill with property taxes on a semi-annual basis. This timing issue would not only impact the City's cash flow, but would cause the City to lose investment earnings on the sales and uses taxes it otherwise would have received on a monthly basis.

Second, it is possible that the fees charged by the County for property tax administration, which are subtracted from property tax revenue collected by the County before it is allocated to the City, could increase as a result of the various tasks required of the County by the redirection. In addition, the State Board of Equalization administration fee is likely to increase as a percentage of local sales and use tax received by the City unless the State Board of Equalization reduces its fee, which it is unlikely to do because the cost of collecting the sales and use taxes on a per-transaction basis will not go down.

Third, the redirection of sale and use taxes by the State reflects the vulnerability of local government to the State budget process. If, in the future, the State elects to further reallocate sales and use taxes or property tax revenue, or any other source of revenue used by the City to make debt service payments on the Bonds, the City may not know the exact amount of revenue available to pay debt service on the Bonds.

### **State Law Limitations on Appropriations**

Article XIII B of the California Constitution limits the amount that local governments can appropriate annually. The ability of the City to make debt service payments on the Bonds may be affected if the City should exceed its appropriations limit. The State may increase the

appropriation limit of cities in the State by decreasing the State's own appropriation limit. The City does not anticipate exceeding its appropriations limit. See " CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS - Article XIIIB of the State Constitution" below.

### **Change in Law**

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State in a manner that could result in a reduction of the City's revenues and therefore a reduction of the funds legally available to the City to make debt service payments on the Bonds. See, for example, "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIC and Article XIID of the State Constitution."

### **Secondary Market**

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. 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, or changes in interpretation of existing law.

## CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

### Article XIII A of the State Constitution

Article XIII A of the State Constitution, known as Proposition 13, was approved by the voters in June 1978 and has been amended on occasions, including most recently on November 7, 2000 to reduce the voting percentage required for the passage of school bonds. Section I(a) of Article XIII A limits the maximum *ad valorem* tax on real property to 1% of “full cash value,” and provides that such tax shall be collected by the counties and apportioned according to State statutes. Section I(b) of Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest or redemption charges on any (1) indebtedness approved by the voters prior to July 1, 1978, (2) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition and (3) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the proposition.

Section 2 of Article XIII A defines “**full cash value**” to mean the county assessor’s valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. See “Litigation Relating to Two Percent Limitation” below. Legislation implementing Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIII A, which is \$1.00 per \$100 of assessed market value.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when it is purchased, newly constructed or undergoes a change in ownership. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City.

Both the State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

### Article XIII B of the State Constitution

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “**appropriations limit**” imposed by Article XIII B which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, approved by the voters in

July 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “**proceeds of taxes**,” which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services.

Proposition 111 requires that each agency’s actual appropriations be tested against its limit every two years. If the aggregate “proceeds of taxes” for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency’s taxpayers through tax rate or fee reductions over the following two years.

The City’s Article XIII B appropriations limits for the three most recent Fiscal Years are as follows:

Fiscal Year	Appropriations Limit	Amount Subject to Appropriations Limit
2010-11	\$29,035,917	\$17,370,728
2011-12	30,605,771	18,644,113
2012-13	32,359,865	19,858,084

**Proposition 62**

On November 4, 1986, California voters adopted Proposition 62, which requires that (i) any local tax for general governmental purposes (a “**general tax**”) must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a “**special tax**”) must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency’s property tax allocation.

Most of the provisions of Proposition 62, which was a statutory initiative, were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. Claims for

taxpayer relief where a local entity may have violated Proposition 62 are subject to a three-year statute of limitations, created by statute. In the case *Howard Jarvis Taxpayers Association v. City of La Habra* (2001), the California Supreme Court determined that this statute of limitations begins to run anew every time the city collects the challenged tax.

The City believes that all of the general and special taxes it collects as of the date hereof, and that all general and special taxes it has collected during the past three years, have been approved in compliance with the mandates set forth in Proposition 62.

### **Article XIIC and XIID of the State Constitution**

**General.** On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIIC and XIID to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIIC of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIIC define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

**Taxes.** Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City (“**general taxes**”) require a majority vote; taxes for specific purposes (“**special taxes**”), even if deposited in the City’s General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

**Property-Related Fees, Charges and Assessments.** Article XIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a “special benefit,” as defined in Article XIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

**Reduction or Repeal of Taxes, Fees and Charges.** Article XIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or

charges currently comprising a substantial part of the City's General Fund. If such repeal or reduction occurs, the City's ability to pay debt service on the Bonds could be adversely affected.

**Burden of Proof.** Article XIIC provides that local government "bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity." Similarly, Article XIID provides that in "any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance" with Article XIID.

**Impact on City's General Fund.** The approval requirements of Articles XIIC and XIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

**Judicial Interpretation.** The interpretation and application of Articles XIIC and XIID will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

## **Proposition 1A and Proposition 22**

**Proposition 1A of 2004.** Proposition 1A of 2004, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A of 2004 generally prohibited the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any Fiscal Year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county had to be approved by two-thirds of both houses of the Legislature.

Proposition 1A of 2004 provided, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaimed that the shift is needed due to a severe state financial hardship, the shift was approved by two-thirds of both houses and certain other conditions were met. The State could also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

See the section entitled "RISK FACTORS – Impact of State Budget on City Revenues" for information about the State's Fiscal Year 2009-10 budget and a shift of local property revenues under Proposition 1A of 2004 (which must be repaid within three years).

**Proposition 22.** Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010.

Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

### **Unitary Property**

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("**Unitary Property**"), commencing with the 1988-89 fiscal year, will be allocated as follows: (i) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (ii) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

### **Future Initiatives**

Article XIII A, Article XIII B, XIII C and XIII D, Proposition 1A and Proposition 22 were each adopted as measures that qualified for the ballot through California's initiative process. From time to time other initiative measures could be adopted, further affecting the City's revenues.

## FINANCIAL STATEMENTS

Vavrinek, Trine, Day & Company, LLP, Certified Public Accountants, Palo Alto, California (the “**Auditor**”), audited the financial statements of the City for the Fiscal Year ended June 30, 2011. The examination by the Auditor was made in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. See “APPENDIX C - COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2011.”

The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Additionally, the Auditor has not performed any review of this Official Statement.

## VALIDATION PROCEEDINGS

The City, acting pursuant to the provisions of Sections 860 *et seq.* of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California for the County of San Mateo seeking judicial validation of the transactions relating to the issuance of the Bonds, and certain other matters (*City of San Bruno vs. All Persons Interested, etc.*, Case No. CIV51532). On September 19, 2012, the court entered default and issued a court judgment to the effect, among other things, that the PERS Contract and the Bonds are valid and binding obligations of the City under the Constitution and laws of the State. Pursuant to Section 870 of the California Code of Civil Procedure and Rule 2(a) of the California Rules of Court, the period during which a notice of appeal to this judgment could be timely filed expired, no challenge to the judgment was filed, and at that time the judgment became final, binding, and conclusive in accordance with California law. In issuing its approving opinion, Jones Hall, A Professional Law Corporation, has relied, among other things, upon the above-described validation judgment.

## CONTINUING DISCLOSURE

The City will covenant in a Continuing Disclosure Certificate, the form of which is set forth in “Appendix E – FORM OF CONTINUING DISCLOSURE CERTIFICATE,” for the benefit of holders and beneficial owners of the Bonds, to provide certain financial information not later than nine months after the end of the City’s fiscal year, March 31 of each year, beginning with an initial report due by of March 31, 2013. The Continuing Disclosure Certificate also requires the City to provide notices of the occurrence of certain enumerated events.

The covenants of the City in the Continuing Disclosure Certificate will be 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 (the “**Rule**”).

A default under the Continuing Disclosure Certificate will not, by itself, constitute an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Certificate in the event of any failure of the City to comply will be an action to compel specific performance.

During the past five years, the City has entered into disclosure undertakings under the Rule in connection with the issuance of long-term obligations (See “APPENDIX A – CITY OF

SAN BRUNO GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION, Long-Term General Fund Obligations”). The City has not, on two occasions during the past five years, fully complied, in all technical respects, with its disclosure undertakings. Specifically, in 2007, the City’s annual reports for two outstanding series of bonds were not properly filed with the applicable information repository, although such were and have been available for review on the City’s website. Additionally, the City has not properly filed material event notices timely basis reporting underlying and bond insurer-related ratings downgrades.

The City will make filings to correct all known instances of non-compliance during the last five years prior to issuance of the Bonds, and the City believes it has established processes to ensure it will make required filings on a timely basis in the future.

## CONCLUDING INFORMATION

### Underwriting

Prager & Co., LLC (the “**Underwriter**”) has agreed, subject to certain conditions, to purchase the Bonds from the City at a purchase price of \$\_\_\_\_\_ (being the principal amount of the Bonds, *less* an Underwriter’s discount in the amount of \$\_\_\_\_\_, *plus/less* a net original issue premium/discount of \$\_\_\_\_\_). The obligations of the Underwriter are subject to certain conditions precedent, and it will be obligated to purchase all such Bonds if any Bonds are purchased. The Underwriter intends to offer the Bonds to the public initially at the prices and/or yields set forth on the cover page of this Official Statement, which prices or yields may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers. In reoffering Bonds to the public, the Underwriter may overallocate or effect transactions which stabilize or maintain the market prices for Bonds at levels above those which might otherwise prevail. Such stabilization, if commenced, may be discontinued at any time.

### Financial Advisor

The City has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as its Financial Advisor (the “**Financial Advisor**”) in connection with the authorization and delivery of the Bonds. The payment of the Financial Advisor’s fees for services rendered with respect to the sale of the Bonds is contingent upon the authorization and delivery of the Bonds. The Financial Advisor assumes no responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor is not obligated to undertake, and has not undertaken, to make an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

## Legal Opinion

Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will render an opinion substantially in the form of Appendix D hereto with respect to the validity of the Bonds. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Official Statement. Jones Hall is also serving as Disclosure Counsel to the City. Certain matters will be passed upon for the City by the City Attorney.

Fees payable to Bond Counsel and Disclosure Counsel are contingent upon issuance of the Bonds.

## Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, based upon existing laws, regulations, rulings and court decisions, and assuming (among other things) compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes, although interest on the Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel express no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

A copy of the proposed opinion of Bond Counsel is set forth in Appendix D hereto.

## Circular 230 Disclaimer

This official statement contains advice with respect to federal tax issues. Some of that advice, including all of the federal tax advice contained in the form of bond counsel opinion attached hereto, concerns only the excludability of interest on the Bonds from gross income under section 103 of the Internal Revenue Code of 1986 (the “**Code**”) and original issue premium and/or discount on the Bonds. With respect to all advice related to original issue premium and/or discount on the Bonds the following apply:

(a) The advice was not intended or written to be used and cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer;

(b) The advice was written to support the promotion or marketing of the transactions or matters addressed by this official statement; and

(c) Each taxpayer should seek advice based on that taxpayer’s particular circumstances from an independent tax advisor.

## ERISA Considerations

Section 406 of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) and Section 4975 of the Code, prohibit employee benefit plans (“**Plans**”) subject to ERISA or Section 4975 of the Code from engaging in certain transactions involving “plan assets” with persons that are “parties in interest” under ERISA or “disqualified persons” under the Code (collectively, “**Parties in Interest**”) with respect to the Plan. ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of a Plan is considered to be a fiduciary of such Plan (subject to certain exceptions not

relevant here). A violation of these “prohibited transaction” rules may generate excise tax and other liabilities under ERISA and the Code for fiduciaries and Parties in Interest.

The Underwriter, as a result of its own activities or because of the activities of an affiliate, may be considered Parties in Interest, with respect to certain plans. Prohibited transactions may arise under Section 406 of ERISA and Section 4975 of the Code if Series 2012 Bonds are acquired by a Plan with respect to which any Underwriter or any of its affiliates are Parties in Interest. Certain exemptions from the prohibited transaction rules could be applicable, however, depending in part upon the type of Plan fiduciary making the decision to acquire a Bond and the circumstances under which such decision is made. Included among these exemptions are those transactions regarding securities purchased during the existence of an underwriting, investments by insurance company pooled separate accounts, investments by insurance company general accounts, investments by bank collective investment funds, transactions effected by “qualified professional asset managers,” and transactions affected by certain “in-house asset managers.” Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. In order to ensure that no prohibited transaction under ERISA or Section 4975 of the Code will take place in connection with the acquisition of a Bond by or on behalf of a Plan, each prospective purchaser of a Bond that is a Plan or is acquiring on behalf of a Plan will be required to represent that either (i) no prohibited transactions under ERISA or Section 4975 of the Code will occur in connection with the acquisition of such Bond or (ii) the acquisition of such Bond is subject to a statutory or administrative exemption.

Any Plan fiduciary who proposes to cause a Plan to purchase Bonds should (i) consult with its counsel with respect to the potential applicability of ERISA and the Code to such investments and whether any exemption would be applicable and (ii) determine on its own whether all conditions have been satisfied. Moreover, each Plan fiduciary should determine whether, under the general fiduciary standards of investment prudence and diversification, an investment in the Bonds is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan’s investment portfolio.

## **Litigation**

**Generally.** The City is not aware of any pending or threatened litigation concerning the validity of the Bonds or challenging any action taken by the City with respect to the Bonds. Furthermore, the City is not aware of any pending or threatened litigation to restrain, enjoin, question or otherwise affect the Indenture of Trust or in any way contesting or affecting the validity or enforceability of any of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

There are a number of lawsuits and claims pending and threatened against the City unrelated to the Bonds or actions taken with respect to the Bonds. It is the opinion of the City as of this date that such litigation, claims and threatened litigation will not materially affect the City’s finances or impair its ability to make debt service payments on the Bonds.

## **Rating**

Standard & Poor’s Financial Services LLC, a subsidiary of the McGraw-Hill Companies, Inc. (“**S&P**”), has assigned its municipal bond rating of “\_\_\_\_\_” to the Bonds. This rating reflects

only the view of S&P, and an explanation of the significance of the rating, and any outlook assigned to or associated with the rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to the rating agencies (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 the ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

### **Miscellaneous**

All of the descriptions of applicable law, the Indenture of Trust, the City, and the agreements and other documents contained herein 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. Reference is hereby made to such documents on file with the City for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will realize.

The execution and delivery of this Official Statement has been duly authorized by the City Council of the City.

**CITY OF SAN BRUNO, CALIFORNIA**

By: \_\_\_\_\_  
City Manager

## APPENDIX A

### CITY OF SAN BRUNO GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION

#### General

The City is located on the San Francisco Peninsula, approximately 12 miles south of San Francisco, 14 miles north of Redwood City (the San Mateo County seat), and immediately adjacent to the San Francisco International Airport. The City consists of 6.4 square miles. The City is largely built-out with residential properties and serves a population of approximately 42,451.

The City hosts several distinct micro climates. Prevailing winds are northwest at approximately 10.5 mph. On the average, the City experiences temperatures between 48 degrees to 65 degrees Fahrenheit. The average annual rainfall is approximately 19.71" with humidity ranging from 83% at 4 AM to 62% at 4 PM.

#### Population

As of January 1, 2012 the population of the City was estimated to be 42,451, which has increased slowly over the past few years. The following table presents population data for both the City and County, as well as the State.

**Table A-1  
POPULATION**

Year	City of San Bruno	San Mateo County	State of California
1990 <sup>(1)</sup>	38,961	649,623	29,758,213
2000 <sup>(1)</sup>	40,165	707,163	33,873,086
2005	39,655	700,350	35,869,173
2006	39,474	699,347	36,116,202
2007	39,592	701,838	36,399,676
2008	40,773	707,820	36,704,375
2009	40,993	713,818	36,966,713
2010	41,157	718,614	37,223,900
2011	41,663	722,372	37,427,946
2012	42,451	729,443	37,678,563

*(1) As of April 1; other years as of January 1.*

*Source: California Department of Finance (Demographic Research Unit)*

#### Municipal Government

The City was incorporated on December 23, 1914 under the general laws of the State of California. The City has a Council-Manager form of government. All major changes in direction or emphasis and organizational changes must be approved by the City Council. The City Council sets the policy and adopts the City budget. The City Manager and staff enforce the laws and implement the programs and policies, which are established by the City Council.

The City has an elected five member City Council. The Mayor, who is also a member of the City Council, is directly elected for a two-year term. Other members are elected for four-year staggered terms with elections held in November of odd numbered years. Although the Mayor is expected to provide political leadership on City issues, the Mayor has no greater authority than any other Council member. The Mayor and City Council, as a collective body, represent the power of authority; the Mayor and Council members have no authority as individuals; they must act by a majority to achieve their objectives.

## **Employment**

The City is included in the San Francisco Metropolitan Statistical Area. The unemployment rate in the San Francisco-San Mateo-Redwood City MD was 7.3% in July 2012, down from a revised 7.4% in June 2012, and below the year-ago estimate of 8.6%. This compares with an unadjusted unemployment rate of 10.9% for California and 8.6% for the nation during the same period. The unemployment rate was 6.7% in Marin County, 7.6% in San Francisco County, and 7.0% in San Mateo County.

The following table presents the annual average distribution of persons in various wage and salary employment categories for the San Francisco Metropolitan Statistical Area for calendar years 2007 through 2011.

**Table A-2**  
**SAN FRANCISCO METROPOLITAN STATISTICAL AREA**  
**Annual Average Labor Force**  
**Employment by Industry Group**

	2007	2008	2009	2010	2011
Civilian Labor Force <sup>(1)</sup>	935,400	963,100	965,300	964,600	978,200
Employment	898,000	915,000	883,000	877,500	898,300
Unemployment	37,300	48,100	82,300	87,100	79,900
Unemployment Rate	4.0%	5.0%	8.5%	9.0%	8.2%
<u>Wage and Salary Employment:</u> <sup>(2)</sup>					
Agriculture	2,700	2,700	2,500	2,400	2,200
Mining and Logging	200	200	200	200	200
Construction	45,400	44,300	35,100	32,400	32,500
Manufacturing	43,500	42,100	38,100	37,000	37,000
Wholesale Trade	27,100	26,800	24,500	23,900	24,000
Retail Trade	95,000	94,000	87,700	86,800	87,600
Transportation, Warehousing, Utilities	40,600	39,800	37,800	36,400	35,900
Information	39,500	40,800	39,600	38,800	40,800
Finance and Insurance	67,700	65,600	60,100	58,100	57,500
Real Estate and Rental and Leasing	21,100	21,200	19,500	19,000	19,200
Professional and Business Services	203,900	210,100	198,300	193,600	201,800
Educational and Health Services	105,200	107,400	108,700	109,000	109,800
Leisure and Hospitality	124,300	126,800	122,200	122,700	127,100
Other Services	38,600	39,400	38,000	37,800	39,100
Federal Government	19,400	19,200	18,900	20,200	19,000
State Government	34,900	35,600	35,400	35,500	35,800
Local Government	82,700	83,500	81,400	80,600	81,000
Total, All Industries <sup>(3)</sup>	991,800	999,300	947,800	934,300	950,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

## Major Employers

The following table lists the major employers within the City as of June 2011.

**Table A-3**  
**CITY OF SAN BRUNO**  
**Major Employers As of June, 2011**

Employer Name	No. of Employees
You Tube, Inc.	481
Lash Group, Inc.	323
Sears, Roebuck & Co.	293
Target Store T1054	292
Cisco Ironport Systems, Inc.	262
Inquire, Inc.	160
Lowe's HIW, Inc.	150
Melody Toyota	68
Vantagepoint Capital Partners	57
Daviata RX, LLC	52
SNK SB Crossing LLC	6

*Source: City of San Bruno Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2011.*

The following table lists the major employers within the County as of June 2012.

**Table A-4**  
**SAN MATEO COUNTY**  
**Major Employers As of June, 2012 (Listed Alphabetically)**

Employer Name	Location	Industry
AB SCIEX	Foster City	Scientific Apparatus & Instruments-Mfrs
Burlingame Millbrae Yellow Cab	Burlingame	Taxicabs & Transportation Service
Electronic Arts Inc	Redwood City	Game Designers (Mfrs)
Forced Dump Debris Box Svc	Burlingame	Garbage Collection
Franklin Resources Inc	San Mateo	Investment Management
Franklin Templeton Investments	San Mateo	Banks
Franklin Trust Co	San Mateo	Mutual Funds
Genentech Inc	South San Francisco	Drug Millers (Mfrs)
Gilead Sciences Inc	Foster City	Pharmaceutical Consultants
Guckenheimer Inc	Redwood City	Marketing Programs & Services
Health Science Library	Daly City	Services NEC
Kaiser Permanente Medical Ctr	Redwood City	Hospitals
Kaiser Permanente Medical Ctr	South San Francisco	Hospitals
Oracle Corp	Redwood City	Computer Software-Manufacturers
Peninsula Medical Ctr	Burlingame	Hospitals
Rudolph & Sletten Inc	Redwood City	Building Contractors
San Mateo County Human Svc	Belmont	County Government-Social/Human Resources
San Mateo County Mental Health	San Mateo	County Government-Public Health Programs
San Mateo County Transit Dist	San Carlos	County Govt-Transportation Programs
San Mateo Medical Ctr	San Mateo	Crisis Intervention Service
SRI International Inc	Menlo Park	Research Service
Stanford Linear Accelerator	Menlo Park	Research Service
US Interior Dept	Menlo Park	Federal Government-Conservation Depts
Visa International Svc Assn	Foster City	Marketing Programs & Services
Visa USA Inc	Foster City	Credit Card & Other Credit Plans

*Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2012 2<sup>nd</sup> Edition.*

## Assessed Valuation

See “- *Ad Valorem* Property Taxes” below for information regarding assessed valuation data of properties in the City.

## City Accounting Policies and Financial Reporting

The City’s accounting records are maintained on a modified accrual basis of accounting for all governmental fund types and agency funds. Under this basis, revenues are recognized when susceptible to accrual, i.e., both measurable and available and expenditures are recorded when paid, and recognized when the liability is expected to be liquidated with expendable, available resources. The full accrual basis of accounting is used for the City’s proprietary fund types that recognize revenues when earned and expenses when incurred.

The City maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Redevelopment Agency, Measure A Transportation Tax and the Street Improvement Capital Projects Fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in financial statements. The basis of accounting for all funds is more fully explained in the “Notes to the Basic Financial Statements” contained in APPENDIX C hereto.

The City Council employs, at the beginning of each fiscal year, an independent certified public accountant who, at such time or times as specified by the City Council, at least annually, and at such other times as he or she shall determine, examines the combined financial statements of the City in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, a final audit and report is submitted by such accountant to the City Council and a copy of the financial statements as of the close of the fiscal year is published.

The City’s current auditor (the “**Auditor**”) is the firm of Vavrinek, Trine, Day & Company, LLP, Certified Public Accountants, Palo Alto, California. The audited financial statements of the City for fiscal year 2010-11 are contained in APPENDIX C. *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 of the financial condition of the City.*

The City General Fund finances the legally authorized activities of the City not provided for in other restricted funds. General fund revenues are derived from such sources as taxes; licenses and permits, fines, forfeits and penalties; use of money and property; aid from other governmental agencies; charges for current services; and other revenue. General Fund expenditures are classified by the functions of general government, public safety, highways and streets, culture and recreation and community development.

## General Fund Financial Summary

Set forth below are excerpts from the City's general fund financial statements for fiscal years 2007-08 through 2010-11. Also shown are estimates provided by the City for the 2011-12 fiscal year.

**Table A-5**  
**CITY OF SAN BRUNO**  
**General Fund - Audited Revenues, Expenditures and Fund Balances**  
**For Fiscal Years 2007-08 through 2010-11 (Audited); Fiscal Year 2011-12 (Estimates)**

	Audited 2007-08	Audited 2008-09	Audited 2009-10	Audited 2010-11	Estimates 2011-12
<b>REVENUES</b>					
Taxes	\$17,305,240	\$16,857,432	\$16,758,077	\$17,016,483	\$18,616,173
Licenses and permits	2,973,910	2,013,146	1,959,326	2,097,713	3,159,472
Intergovernmental	3,365,156	3,544,320	3,350,849	3,374,101	3,255,434
Charges for services	3,534,085	2,812,413	3,319,982	4,178,851	4,456,979
Fines and forfeitures	576,878	595,645	758,680	734,722	754,934
Use of money and property	1,987,796	1,477,523	1,779,590	1,750,450	1,677,401
Other revenues	4,248,464	4,680,041	4,711,368	3,592,457	3,548,348
<b>Total Revenues</b>	<b>33,991,529</b>	<b>31,980,520</b>	<b>32,637,872</b>	<b>32,744,777</b>	<b>35,468,741</b>
<b>EXPENDITURES:</b>					
Current:					
General government	1,114,968	3,831,772	3,424,030	3,918,992	3,614,475
Public safety	20,849,179	19,606,624	19,730,618	18,537,862	19,169,609
Public works	1,449,992	1,174,750	723,479	768,453	899,159
Highways and streets	1,239,686	1,232,836	1,350,295	1,065,816	1,061,284
Parks and recreation	4,748,877	4,560,678	4,177,844	3,956,830	4,012,684
Library	1,985,820	1,832,611	1,740,437	1,649,755	1,607,253
Community development	1,899,600	1,460,989	1,004,153	1,087,080	1,301,692
<b>Total Expenditures</b>	<b>33,288,122</b>	<b>33,700,260</b>	<b>32,150,856</b>	<b>30,984,788</b>	<b>31,666,156</b>
<b>REVENUE OVER (UNDER)</b>	<b>703,407</b>	<b>(1,719,740)</b>	<b>487,016</b>	<b>1,759,989</b>	<b>3,802,585</b>
<b>OTHER FINANCIAL SOURCES (USES)</b>					
Proceeds from sale of assets	3,380	--	--	--	--
Transfers In	377,882	219,913	586,776	467,586	578,251
Transfers Out	(291,011)	(284,637)	(541,663)	(653,584)	(467,281)
<b>Total other financing sources (uses)</b>	<b>90,251</b>	<b>(64,724)</b>	<b>45,113</b>	<b>(185,998)</b>	<b>110,970</b>
<b>Net Change in Fund Balance</b>	<b>793,658</b>	<b>(1,784,464)</b>	<b>532,129</b>	<b>1,573,991</b>	<b>3,913,555</b>
<b>Fund Balance – Beg. (July 1)</b>	<b>8,703,550</b>	<b>9,497,208</b>	<b>7,712,744</b>	<b>8,244,873</b>	
<b>Prior Period Adjustment <sup>(1)</sup></b>					<b>9,818,864</b>
<b>Fund Balance – Restated (July 1)</b>					
<b>Fund Balance - Ending (July 1)</b>	<b>9,497,208</b>	<b>\$7,712,744</b>	<b>\$8,244,873</b>	<b>\$9,818,864</b>	<b>\$13,732,419</b>

(1) The City has adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions which was effective June 15, 2010. GASB 54 establishes Fund Balance Classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund Financial statements conform to this new classification.

Source: *City of San Bruno Comprehensive Annual Financial Reports (2007-08 through 2010-11)*, *City of San Bruno for fiscal year 2011-12 estimates*.

## **Budgetary Process**

Generally. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Council holds budget study sessions at the beginning of the annual budget process to provide input and set priorities for the development of the budget and then to review the recommended budget in detail prior to the adoption each year. The City Council annually adopts the budget for the ensuing fiscal year prior to July 1st.

2. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for all Governmental, Proprietary and Fiduciary Fund Types.

3. Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America ("GAAP").

4. Under Article XIII B of the California Constitution (the GANN Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2012, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

5. Budgeted revenue and expenditure amounts represent the original budget modified by adjustments authorized during the year.

6. Appropriations, except for those encumbered under purchase orders, lapse at the end of the fiscal year. Encumbered amounts are then carried over for the coming year.

7. Budgeted appropriations for the various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level.

8. Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the Federal and State Grants, Police Asset Seizure and Streets Special Revenue Fund, which is not budgeted

Budgetary Efforts for the Fiscal Year 2012-13 Budget. The most significant consideration impacting the City's preparation of its 2012-13 General Fund Budget were the consequences of the dissolution of the San Bruno Redevelopment Agency in February 2012 pursuant to State law. See " - Ad Valorem Property Taxes, Dissolution of the City's Redevelopment Agency," below.

While the City's initial estimates indicated that the dissolution of the City's redevelopment agency could have a material, detrimental impact on the City's ability to achieve its 2012-13 budget targets, continuing growth in several sources of City revenues, coupled with targeted expenditure reductions, enabled the City's 2012-13 proposed budget to be balanced

without the need for one-time fund transfers or dramatic budget reductions. The City utilizes a conservative approach to budgeting to minimize the need for mid-year budget reductions.

2011-12 Budget and Comparison and 2012-13 Budget. The following table summarizes the City's 2011-12 General Fund Budget, as compared with 2011-12 actual figures and 2012-13 budgeted figures.

**Table A-6**  
**CITY OF SAN BRUNO**  
**SUMMARY OF GENERAL FUND BUDGET AND OPERATING RESERVES**  
**Fiscal Years 2011-12 and 2012-13**

	2011-12 Budget	2011-12 Actual	2012-13 Budget
<b>General Revenues:</b>			
Property Taxes	\$5,566,400	\$5,641,633	\$5,701,300
Sales Taxes	6,600,000	6,861,036	6,700,000
Transient Occupancy Taxes	1,977,200	2,183,947	2,000,000
Other Taxes	6,565,100	6,856,777	6,638,700
Franchise Fees	1,758,584	1,734,662	1,745,180
Use of money and property	1,829,000	1,651,270	1,591,000
Allocations & Other Revenues	3,366,783	3,696,013	2,916,952
<b>Departmental Revenue:</b>			
Police	1,124,158	1,380,126	1,402,433
Fire	350,000	384,740	395,800
Public Works Engineering	48,500	240,228	90,000
Public Works Streets	805,051	812,775	805,051
Planning	55,050	36,518	37,500
Building	1,542,105	1,525,085	1,134,000
Recreation Services	1,008,000	1,036,335	1,055,000
Parks Maintenance	15,716	18,098	15,110
Senior Services	192,000	164,615	165,346
Library Services	185,900	175,900	111,000
<b>TOTAL REVENUES</b>	<b>\$32,989,547</b>	<b>\$34,399,758</b>	<b>\$32,504,372</b>
<b>Expenditures:</b>			
General Administration	3,478,541	3,231,303	3,475,182
Police	13,350,583	13,146,551	13,559,246
Fire	8,050,407	8,023,094	7,785,272
Public Works	2,411,771	2,565,277	2,381,016
Planning	751,774	695,029	709,596
Building	1,146,196	1,141,062	1,241,191
Recreation Services	1,459,922	1,478,381	1,413,679
Parks Maintenance	2,232,900	2,170,230	2,233,052
Senior Services	846,214	853,384	848,482
Library Services	1,880,681	1,810,860	1,802,972
Non-Departmental	(2,839,606)	(2,916,017)	(2,960,902)
<b>TOTAL EXPENDITURES</b>	<b>\$32,769,383</b>	<b>\$32,199,154</b>	<b>\$32,488,786</b>
Revenues Over (Under)			
Expenditures / Net change in fund balances	\$220,164	\$2,200,604	\$15,586
<b>FUND BALANCES:</b>			
Beginning of year		\$9,818,864	\$12,019,463
End of year	\$9,818,864	\$12,019,468	\$12,035,054

Source: City of San Bruno.

## General Fund Reserves

The City has an informal policy of maintaining a general fund reserve that is equal to 15-25% of City general fund expenditures. In addition, the City maintains separate reserve funds for the purchase of equipment, facilities maintenance, and self-insurance. The City has been discussing reserve policies with the City Council and anticipates establishing formal reserve policies in early 2013.

Through its fiscal management and use of budgetary controls, the City has managed to grow its general fund reserve accounts during the past several years despite the economic downturn that began in 2008. Pursuant to its informal policy, the City currently limits the use of one-time/non-recurring revenues and does not use such funds to balance the City's budget, instead, directing such funds to reserves whenever feasible. During fiscal year 2011-12, the City's general fund reserves were funded at 37% of general fund expenditures, and the City projects general fund reserve levels to be at the same percentage of expenditures in fiscal year 2012-13.

## Taxes and Other Revenue

The City receives the following local taxes and revenue. In the following sections, each of these sources of local tax revenue is described in greater detail.

**Table A-7  
CITY OF SAN BRUNO  
GENERAL TAX REVENUES BY SOURCE<sup>(1)</sup>**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 <sup>(1)</sup>
Property Taxes	\$5,315,026	\$5,792,092	\$5,564,956	\$6,561,286	\$5,035,244	\$5,641,633
Sales & Use Taxes	6,862,845	6,637,010	6,402,912	5,366,248	6,498,220	6,861,036
Transit Occupancy Tax	1,276,830	1,478,039	1,339,877	1,344,364	1,763,680	2,183,947
Other Taxes <sup>(2)</sup>	4,516,560	4,856,968	6,608,177	6,334,903	5,006,903	6,856,777
<b>Total</b>	<b>\$17,971,261</b>	<b>\$18,764,109</b>	<b>\$19,915,922</b>	<b>\$19,606,801</b>	<b>\$18,304,047</b>	<b>\$21,543,393</b>

(1) Estimated.

(2) Other Taxes include \_\_\_\_\_

Source: City of San Bruno.

## Sales Taxes

Sales and use taxes represent the largest source of general fund revenue for the City, representing approximately 31.8% of general fund revenue to the City. This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State. However, the State budget situation has resulted in a temporary redirection of sales tax revenues from the City to the State (see " – Impact of State Budget" below).

**Sales Tax Rates.** The City's sales tax revenue represents the City's share of the sales and use tax imposed on taxable transactions occurring within the City's boundaries. The sales tax is governed by the Bradley-Burns Uniform Local Sales and Use Tax Law (the "**Sales Tax Law**").

Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

**Table A-8  
CITY OF SAN BRUNO  
Sales Tax Rates  
Effective July 1, 2012**

State (General Fund)	5.000%
State (Fiscal Recovery Fund)	0.250
State (Local Revenue Fund)	0.500
State (Local Public Safety Fund)	0.500
Local (City and County Operations)	0.750
Local (County Transportation Funds)	0.250
Total State-Wide Tax Rate	7.250%
San Mateo County Transportation Authority	0.50%
San Mateo County Transit District	0.50
Total City of San Bruno Tax Rate	8.250%

(1) See "RISK FACTORS – Impact of Sales and Use Tax Redirection."  
Source: California State Board of Equalization.

The State's actual administrative costs with respect to the portion of sales taxes allocable to the City are deducted before distribution and are determined on a quarterly basis.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State. The use tax is imposed on the purchase, for storage, use or other consumption in the State, of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State where the use will occur within the State. The Sales Tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's May 2003 publication entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the State Board of Equalization's website at [www.boe.ca.gov](http://www.boe.ca.gov). See also "RISK FACTORS – Impact of Sales and Use Tax Redirection "

**Sales Tax Collection Procedures.** Collection of the sales and use tax is administered by the California State Board of Equalization. According to the State Board of Equalization, it distributes quarterly tax revenues to cities, counties and special districts using the following method:

Using the prior year's like quarterly tax allocation as a starting point, the Board first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. The State Board of Equalization disburses 90% to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents 40%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

Under the Sales and Use Tax Law, all sales and use taxes collected by the State Board of Equalization under a contract with any city, city and county, redevelopment agency, or county are required to be transmitted by the Board of Equalization to such city, city and county, redevelopment agency, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, the State Board of Equalization projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon the State Board of Equalization's quarterly projection. During the last month of each quarter, the State Board of Equalization adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

The Board of Equalization receives an administrative fee based on the cost of services provided by the Board to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

**Impact of State Budget.** The State will temporarily redirect local sales and use taxes to the State, including 0.25% that would otherwise be available to the City, to pay debt service on its “economic recovery” bonds; the State will increase local governments’ share of local property tax by a like amount. See “RISK FACTORS – Impact of Sales and Use Tax Redirection,” in the main body of this Official Statement.

**History of Taxable Transactions.** In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 is not comparable to that of prior years.

A summary of historic taxable sales within the City for calendar years 2006 through 2010 is shown in the following table. Total taxable transactions reported during the first quarter of calendar year 2011 in the City were reported to be \$132.2 million, a 4.7% increase over the total taxable transactions of \$126.2 million reported during the first quarter of calendar year 2010. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the County is presented in the following table. Annual figures are not yet available for 2011. See “RISK FACTORS - Impact of State Budget on City Revenues” in the main body of this Official Statement.

**Table A-9  
CITY OF SAN BRUNO  
TAXABLE TRANSACTIONS  
For Calendar Years 2006 Through 2010  
(Dollars in thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits as of July 1	Taxable Transactions	Number of Permits as of July 1	Taxable Transactions
2006	558	\$594,140	1,013	\$637,686
2007	556	596,639	979	639,846
2008	533	528,494	960	576,356
2009	595	497,668	899	541,428
2010	597	519,207	886	560,249

*Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).*

### **Ad Valorem Property Taxes**

*Ad valorem* property taxes represent the second largest source of general fund revenue for the City, representing approximately 26.2% of overall general fund revenues in fiscal year 2011-12. This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property tax payers in the City.

**General.** In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the County assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over other liens (except certain federal claims) on the secured property, regardless of the time of the creation of other liens. A tax

levied on unsecured property does not become a lien against the taxes on unsecured property, but may become a lien on certain other property owned by the taxpayer.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. If such taxes remain unpaid as of June 30 of the fiscal year in which the taxes are levied, the property securing the taxes may only be redeemed by a payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of 1-1/2% per month from the original June 30th date to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted properties are thereafter subject to sale by the county tax collector as provided by law.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if unpaid by August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1-1/2% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing of a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) secure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

**Historic Secured Property Tax Revenues.** The following table sets forth the secured property tax levy in the City for Fiscal Years 2007-08 through 2011-12, together with delinquency information

**Table A-10**  
**CITY OF SAN BRUNO**  
**HISTORICAL SECURED PROPERTY TAX CHARGES AND DELINQUENCIES**  
(As of June 30)

Year	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2007-08			
2008-09			
2009-10	[Information to be provided by – Ordered 12/4]		
2010-11			
2011-12			

(1) All taxes collected by the county within the city. Reflects County-wide delinquency rate.  
Source: California Municipal Statistics.

**Teeter Plan.** The Board of Supervisors of San Mateo County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in the California Revenue and Taxation Code beginning at Section 4701. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured property taxes credited to its fund, in the same manner as if the amount credited had been collected. The County currently includes the City in the Teeter Plan, and thus the City currently receives 100% of its property taxes levied by it in exchange for foregoing any interest and penalties collected on delinquent property tax payments.

So long as the Teeter Plan remains in effect and the County continues to include the City in the Teeter Plan, the City’s receipt of revenues with respect to the levy of its property taxes will not be dependent upon actual collections of such property taxes by the County.

However, under the statute creating the Teeter Plan, the Board of Supervisors of the County could, under certain circumstances, terminate the Teeter Plan in its entirety. In addition, the Board of Supervisors of the County could terminate the Teeter Plan with respect to the City if the delinquency rate for all *ad valorem* property taxes levied within the City in any year exceeds 3%. If the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the City would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced by the City.

**Assessed Valuations.** The City experienced a slight increase in total assessed value (\_\_\_\_%) in fiscal year 2012-13. The following table shows assessed valuations in the fiscal years 2008-09 through 2012-13.

**Table A-11**  
**CITY OF SAN BRUNO**  
**ASSESSED VALUE OF TAXABLE PROPERTY**  
**Fiscal Years 2008-09 through 2012-13**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2008-09				
2009-10				
2010-11	[Information to be provided by CalMuni – Ordered 12/4]			
2011-12				
2012-13				

*Source: California Municipal Statistics, Inc.*

**Dissolution of the City’s Redevelopment Agency.** The California Legislature adopted a bill, AB1X 26, during the fiscal year 2011-12 State budget process, which amended the California Community Redevelopment Law to dissolve redevelopment agencies on a State-wide basis. On December 29, 2011, the California Supreme Court upheld AB1X 26 in the face of a legal challenge. As a result, all California redevelopment agencies, including the San Bruno Redevelopment Agency, were dissolved as of February 1, 2012.

The City presently serves as the “Successor Agency” to the San Bruno Redevelopment Agency. As Successor Agency, the City believes that all outstanding obligations of the City’s former Redevelopment Agency are considered enforceable obligations and will continue to be paid through the distribution of funds received in the City’s Redevelopment Property Tax Trust Fund. At the time of dissolution of the City’s former Redevelopment Agency, a total of \$2,977,033 in outstanding advances owed to the City by the Redevelopment Agency were outstanding. These advances were initially made from the City’s Revolving Equipment Reserve Fund to the San Bruno Redevelopment Agency to fund start-up costs during the early years of the Redevelopment Agency’s operations (2000-2005) when tax increment generated by the agency was insufficient to fund operations and capital costs. The City anticipates that the entire amount of these advances will be repaid over time, in accordance with the provisions outlined in “trailer bill” legislation (AB 1484) effective on July 1, 2012, which further amended the Community Redevelopment Law.

According to AB 1484, the San Mateo County Auditor-Controller, the State Department of Finance and the State Controller may require the return of funds improperly spent or transferred to a public entity from a redevelopment agency in conflict with the provisions of the Community Redevelopment Law, as amended by ABx1 26 and AB 1484, and, if funds are not returned by the public agency to such redevelopment agency within 60 days, the funds may be recovered through an offset of sales and use tax or property tax allocations to the public agency. The State, under ABx1 26, has the right to examine transactions that occurred after January 1, 2011, and can, as a result, order the return of these funds. The City has not received any transferred amounts from the Redevelopment Agency, other than repayment of the advanced amounts described above, since January 1, 2011.

**Land Use.** More than \_\_\_\_\_% of the City's parcels are used for residential purposes. The following table shows assessed valuations and parcels by land use for fiscal year 2012-13.

**Table A-12  
CITY OF SAN BRUNO  
ASSESSED VALUATION AND PARCELS BY LAND USE  
Fiscal Year 2012-13**

	2012-13 <u>Assessed Valuation (1)</u>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<b>Non-Residential:</b>				
Commercial/Office				
Vacant Commercial				
Industrial				
Vacant Industrial				
Recreational				
Government/Social/Institutional				
Subtotal Non-Residential				
	[Information to be provided by CalMuni – Ordered 12/4]			
<b>Residential:</b>				
Single Family Residence				
Condominium/Townhouse				
Mobile Home Park				
2-4 Residential Units				
5+ Residential Units/Apartments				
Vacant Residential				
Subtotal Residential				

Total

(1) Local Secured Assessed Valuation; excluding tax-exempt property.  
Source: California Municipal Statistics, Inc.

The following table shows the 2012-13 per parcel assessed valuation of single family homes in the City.

**Table A-13  
CITY OF SAN BRUNO  
Per Parcel 2012-13 Assessed Valuation  
of Single Family Homes**

Single Family Residential	<u>No. of Parcels</u>	<u>2012-13 Assessed Valuation</u>		<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>	
<u>2012-13 Assessed Valuation</u>	<u>No. of Parcels (1)</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$99,999						
\$100,000 - \$199,999						
\$200,000 - \$299,999						
\$300,000 - \$399,999						
\$400,000 - \$499,999						
\$500,000 - \$599,999						
\$600,000 - \$699,999						
\$700,000 - \$799,999						
\$800,000 - \$899,999						
\$900,000 - \$999,999						
\$1,000,000 - \$1,099,999						
\$1,100,000 - \$1,199,999						
\$1,200,000 - \$1,299,999						
\$1,300,000 - \$1,399,999						
\$1,400,000 - \$1,499,999						
\$1,500,000 - \$1,599,999						
\$1,600,000 - \$1,699,999						
\$1,700,000 - \$1,799,999						
\$1,800,000 - \$1,899,999						
\$1,900,000 - \$1,999,999						
\$2,000,000 and greater						
Total						

[Information to be provided by CalMuni – Ordered 12/4]

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.  
Source: California Municipal Statistics, Inc.

**Proposition 8 Reductions in Assessed Valuation.** The San Mateo County Assessor (the “County Assessor”) assesses property as of its assessed valuation on January 1 of each year. If the market value as of January 1 is less than its base year value, annually adjusted by the inflation factor (generally 2 percent) pursuant to Article XIII A of the State Constitution, then Proposition 8, adopted in November, 1978, allows for a temporary reduction in assessed value. In these cases, the County Assessor may lower the assessed valuation of any such real property.

The County Assessor’s Office has been proactively reviewing properties since 2008 which has resulted in declines in assessed values for homeowners. The review for 2012 assessment year included all properties that had been granted a decline-in-value assessment for the 2011 assessment year as well as single-family homes or condominiums located in areas that continue to experience market value declines. Of the 480,000 homes in the County reviewed, there are now approximately 255,000 single-family residences and 110,000 condominiums with reduced values caused by the declining real estate market. The average value reduction for single-family residences is about \$165,000 amounting to an average tax savings of approximately \$1,850. The average reduction for condominiums is \$143,000,

amounting to an average property tax savings of approximately \$1,600. However, for the second straight year, the County experienced an increase in assessed value, with a 2.24% increase in value for the 2012 tax year.

**Largest Taxpayers.** The ten largest secured property taxpayers for fiscal year 2012-13, which comprise less than 15 percent of the total secured assessed valuation, are as follows:

**Table A-14  
CITY OF SAN BRUNO  
2012-13 Top Twenty Local Secured Taxpayers**

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2012-13 Assessed Valuation</u>	<u>% of Total (1)</u>
-----------------------	-------------------------	---------------------------------------	---------------------------

[Information to be provided by CalMuni – Ordered 12/4]

(1) 2012-13 Local Secured Assessed Valuation: \$ \_\_\_\_\_.  
Source: California Municipal Statistics, Inc.

**State Legislative Shift of Property Tax Allocation.** See “RISK FACTORS — Impact of State Budget on City Revenues” in the body of the Official Statement for a discussion of circumstances which may adversely impact certain of the City’s receipts.

**Other Taxes**

“Other Taxes” and “Transient Occupancy Taxes”, together, represent approximately 42.0% of general fund revenues for fiscal year 2011-12. Other Taxes include:

- Franchise taxes,
- Business license tax,
- Utility users tax,
- Public safety sales tax, and
- Supplemental property tax In-Lieu payments.

**Long-Term General Fund Obligations**

**Certificates of Participation.** On December 13, 2000 the City issued \$9,600,000 Certificates of Participation, Series 2000 (Police Facility Financing) (the “**2000 Certificates**”). The payment schedule for the 2000 Certificates, which are currently outstanding in the aggregate principal amount of \$7,680,000, is shown below.

**Table A-15**  
**CITY OF SAN BRUNO**  
**2000 CERTIFICATES OF PARTICIPATION**  
**Remaining Payment Schedule**

Year Ending February 1	Principal	Interest	Total
2013	\$250,000	\$398,357.50	\$648,357.50
2014	260,000	386,357.50	646,357.50
2015	275,000	373,716.50	648,716.50
2016	285,000	359,867.50	644,867.50
2017	300,000	345,617.50	645,617.50
2018	315,000	330,467.50	645,467.50
2019	335,000	314,402.50	649,402.50
2020	350,000	297,150.00	647,150.00
2021	370,000	278,775.00	648,775.00
2022	390,000	259,350.00	649,350.00
2023	410,000	238,875.00	648,875.00
2024	430,000	217,350.00	647,350.00
2025	450,000	194,775.00	644,775.00
2026	475,000	171,150.00	646,150.00
2027	500,000	146,212.50	646,212.50
2028	530,000	119,962.50	649,962.50
2029	555,000	92,137.50	647,137.50
2030	585,000	63,000.00	648,000.00
2031	615,000	32,287.50	647,287.50

Payments de under the 2000 Certificates are supported by a Reimbursement Agreement between the City and the San Bruno Redevelopment Agency dated as of December 1, 2000. The City believes the Reimbursement Agreement is an enforceable obligation of the former Redevelopment Agency. See “- Dissolution of the City’s Redevelopment Agency.”

**Capital Lease Obligations.** In August 2005, the City entered into a \$2,253,665 capital lease with GE Capital Public Finance, Inc. to retire a lease for energy conservation improvements and to finance City Hall remodeling and improvements. Principal and interest payments are due semi-annually on June 1 and December 1 with an interest rate of 4.69%.

In August 2011, the City entered into a \$540,306 capital lease-purchase agreement with JP Morgan Chase Bank, N.A. to finance a fire engine. Principal and interest payments are due annually on September 15 with an interest rate of 2.95%.

**Compensated Absences.** Compensated absences at June 30, 2011, amounted to \$2,284,746 for the governmental activities. The City utilizes a methodology based upon actual vacation and sick leave usage in the fund in which the related compensation is paid. All governmental balances are liquidated through the General Fund. There is no fixed payment schedule for compensated absences.

**Direct and Overlapping Bonded Debt**

The ability of land owners within the City to pay property tax installments as they come due could be affected by the existence of other taxes and assessments imposed upon the land.

The statement of direct and overlapping debt (the “**Debt Report**”) set forth below was prepared by California Municipal Statistics, Inc. as of \_\_\_\_\_ 1, 2012. The Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. The City takes no responsibility for its completeness or accuracy.

**Table A-16**  
**CITY OF SAN BRUNO**  
**Direct and Overlapping Bonded Debt**  
**(As of \_\_\_\_\_ 1, 2012)**

[Information to be provided by CalMuni – Ordered 12/4]

*Source: California Municipal Statistics, Inc.*

### **Retirement Programs**

Pension Plans. As previously discussed in this Official Statement, The City contributes to the California Public Employees Retirement System (“**PERS**”), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. See “PERS PENSION PLANS” AND “THE CITY’S PENSION PLAN” in the main body of this Official Statement.

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of some City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2011-12 was 17.942% for miscellaneous employees, and 35.796% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS

Those contributions amounted to \$5,086,910 for the year ended June 30, 2012. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% of investment rate of return (net of administrative expenses) and (b) 3.25% to 14.45% projected annual salary increases that vary by age, duration of service and type of employment. Both (a) and (b) included an inflation component of 3%. See “PERS PENSION PLANS” AND “THE CITY’S PENSION PLAN” in the main body of this Official Statement for information regarding City historical and projected contribution rates.

The City's annual pension costs for its past four fiscal years are shown in the following tables:

**Four-Year Information for City of San Bruno Safety Plan**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>
June 30, 2009	\$2,923,174
June 30, 2010	3,011,105
June 30, 2011	2,896,889
June 30, 2012	3,236,668

**Four-Year Information for City of San Bruno Miscellaneous Plan**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>
June 30, 2009	\$1,542,127
June 30, 2010	1,407,892
June 30, 2011	1,518,367
June 30, 2012	1,850,242

***Unfunded Actuarial Accrued Liability.*** The table below shows the recent history of the actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability to payroll for the City. More information is available in Note 15 and in Item 2 of the Required Supplemental Information of the City's Fiscal Year 2010-11 audited financial statements attached as Appendix C.

Because the City has less than 100 active members in the Safety Plan as reported in one valuation in the June 30, 2003 PERS valuation and since June 30, 2004, the City is required to participate in a risk pool with other cities and agencies with less than 100 members in their own plans. An actuarial valuation of this single risk pool has been performed, and, standalone information of the schedule of the funding progress for any pooled individual entity's plan, including the City's Safety Plan is not available. A separate, standalone financial statement has been prepared for the City's Side Fund. See "THE FINANCING PLAN" and "THE CITY'S PENSION PLAN" for information about the Safety Plan Side Fund obligations being refunded with proceeds of the Bonds; the City is not refunding any obligations with respect to the Miscellaneous Plan.

**Table A-17  
CITY OF SAN BRUNO  
Trend Information for PERS  
Miscellaneous Plans**

<u>Valuation Date</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded AAL/Excess Assets</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/2007	\$66,778,802	\$58,767,880	\$ 8,010,922	88.00%	\$11,019,013	72.70%
6/30/2008	73,892,565	63,208,726	10,683,839	85.54	11,779,042	90.70
6/30/2009	81,938,381	66,592,530	15,345,851	81.27	12,051,504	127.34
6/30/2010	86,182,562	69,676,239	16,506,323	80.85	11,862,764	139.14

*Source: City of San Bruno*

**Post-Employment Healthcare Coverage.** The City contracts with the Teamsters Local #856 Health and Welfare Trust Fund to provide health benefits to both active and retired

employees. The City provides no direct financial contribution towards retiree health benefits; however, due to the fact that retirees and active employees are insured in the same pool it indirectly subsidizes their premiums through payments for current employees. At this time, the City has not established a trust for the purpose of holding assets accumulated for plan benefits.

As of June 30, 2011, the date of the latest actuarial valuation, there were 108 retirees and beneficiaries receiving benefits, 36 other participants fully eligible for benefits, and 198 other participants not yet fully eligible for benefits.

The Teamsters Local #856 Health and Welfare Trust Fund determine the contribution requirements of the City. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2010-11, the City's estimated benefit payment was \$811,700 to the plan; this amount is different than the City's actual contribution to the Teamsters Local #856 Health and Welfare Fund since this is the calculated benefit cost for the City's retirees and includes the cost of implicit subsidies where applicable.

The City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost at June 30, 2012, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$ 3,920,800
Interest on net OPEB obligation	279,300
Adjustment to annual required contribution	<u>(403,200)</u>
Annual OPEB cost (expense)	3,796,900
Contributions made	<u>(917,700)</u>
Increase in net OPEB obligation	2,879,200
Net OPEB obligation, beginning of year	<u>6,982,700</u>
Net OPEB obligation, end of year	\$ 9,861,900

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$2,744,300	30.80%	\$3,939,400
6/30/2011	3,855,000	21.06	6,982,700
6/30/2012	3,796,900	24.17	9,861,900

The funded status of the plan as of June 30, 2012, was as follows:

Actuarial accrued liability (AAL)	\$ 46,746,800
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	46,746,800
Funded Ratio (actuarial value of plan Assets/AAL)	0%
Covered payroll (active plan members)	20,954,900
UAAL as a percentage of covered payroll	223%

## Employee Relations and Collective Bargaining

City employees are represented by six labor union associations which negotiate six separate labor contracts. The number of employees represented by these unions are as follows, together with the termination date of each relevant labor contract:

**Table A-18**  
**CITY OF SAN BRUNO**  
**NEGOTIATED EMPLOYEE AGREEMENTS**  
**(As of December 1, 2012)**

Bargaining Unit	Number of Employees	Termination Date of Labor Contract
San Bruno Management Employees	6	12/31/2014
Mid-Management Bargaining Unit	39	12/31/2014
Miscellaneous Group	91	12/31/2014
Public Safety Mid-Management Bargaining	13	6/30/2012 <sup>(1)</sup>
Professional Fire Fighters Association	29	12/31/2014

(1) The City has completed bargaining with representatives of its Public Safety Mid-Management Bargaining labor organization for renegotiation of the labor agreement between the City and such organization. The terms and conditions of the expired contract currently remain in full force. At this time, the City does not anticipate the results of such renegotiation to cause a material fiscal impact upon the City's General Fund, and the City expects the tentative agreement resulting from such renegotiation to be approved by the City Council by December 31, 2012.

*Source: City of San Bruno.*

The City has never had an employee work stoppage.

## Risk Management

The City participates in the Association of Bay Area Government Plan Corporation (ABAG Plan), a non-profit benefit corporation established to provide liability insurance coverage, claims, risk management, and legal defense to its participating members. The ABAG Plan provides \$5,000,000 of general liability and automobile coverage, \$20,000,000 excess liability coverage per occurrence, \$25,000,000 of catastrophic liability coverage, and is responsible for paying the claims in excess of the City's \$100,000 self-insurance retention. ABAG Plan also provides for property coverage up to \$1 billion per occurrence subject to lower categorical sub-limits in excess of the City's self-insurance retention of \$5,000 for property and vehicle loss.

No claim settlement exceeded either this self-insured amount or the insurance coverage for any of the past three years. For more information, see "APPENDIX C - COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2011, Note 11- Risk Management."

## City Investment Policy and Portfolio

The City administers a pooled investment program, except for those funds which are managed separately by trustees appointed under bond indentures. This program enables the City to combine available cash from all funds and to invest cash that exceeds current needs.

The City's pooled investment portfolio as of September 30, 2012, had a market value of \$43,890,475 (including cash). The following table illustrates the current composition of investments:

**Table A-19**  
**CITY OF SAN BRUNO**  
**Investment Portfolio as of September 30, 2012<sup>(1)</sup>**

	Par Value	Market Value	Cost	Percent of Portfolio	Yield
Federal agency securities	\$5,000,000	\$5,021,390	\$4,999,000	11%	0.600 – 1.390
Money Market	5,550,330	5,550,330	5,550,330	13	0.000
San Mateo County Pool	14,087,958	14,087,958	14,087,958	32	0.980
Local Agency Investment Fund (LAIF)	19,230,797	19,230,797	19,230,797	44	0.348
<b>Total</b>	<b>\$43,869,085</b>	<b>\$43,890,475</b>	<b>\$43,868,085</b>	<b>100%</b>	<b>--</b>

(1) Most recent report available.  
Source: *City of San Bruno*.

## Personal Income

The following table is based on effective buying income, as reported in the annual publication "Survey of Buying Power," published by Sales and Marketing Management. Effective buying income is defined as personal income less personal taxes and non-tax payments. Personal income includes wages and salaries, other labor-related income, proprietor's income, rental income, dividends, personal interest income and transfer payments. Deductions are then made for federal, state and local taxes, non-tax payments (such as fines and penalties) and personal contributions for social insurance. The following items are not included in the definition of effective buying income: (1) employer contributions to private pension funds, supplemental unemployment insurance funds and privately administered workers' compensation programs; (2) imputed personal income, which includes the imputed value of services provided by depository institutions and income earned by life insurance carriers and private noninsured pension funds on the principal amounts contributed by policy holders and pension beneficiaries; and (3) imputed rental income of owner-occupied nonfamily dwellings.

The table below summarizes the total effective buying income and the median household effective buying income for the City, the County, the State and the United States from 2007 through 2011.

**Table A1-20  
PERSONAL INCOME  
For Calendar Years 2007 Through 2011**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2007	City of San Bruno	\$985,213	\$57,101
	County of San Mateo	23,043,253	65,262
	State of California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of San Bruno	\$1,025,825	\$59,436
	County of San Mateo	23,925,603	67,466
	State of California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of San Bruno	\$1,066,448	\$61,003
	County of San Mateo	23,835,480	69,276
	State of California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of San Bruno	\$1,028,573	\$58,870
	County of San Mateo	23,489,013	66,508
	State of California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of San Bruno	\$1,012,798	\$58,211
	County of San Mateo	23,717,578	66,434
	State of California	814,578,458	47,062
	United States	6,438,704,664	41,253

*Source: The Neilson Company Inc.*

## Construction Activity

The following table provides a summary of residential building permit valuations and nonresidential building permit valuations, and the total number of all building permit valuations in the City during the past five years.

**Table A-21**  
**CITY OF SAN BRUNO BUILDING PERMIT ACTIVITY**  
**For Calendar Years 2007 Through 2011**  
**(Valuation in Thousands of Dollars)**

Fiscal Year Ended 6/30	Residential		Commercial	
	No. of Permits	Valuation	No. of Permits	Valuation
2007	1,093	\$46,594	255	\$6,811
2008	906	107,046	208	5,981
2009	887	11,909	290	7,940
2010	1,288	21,181	287	6,597
2011	1,115	29,541	260	48,994 <sup>(1)</sup>

(1) The City issued a single, large commercial building permit in 2011 that resulted in a large increase in new permit valuation from prior years.

Source: *City of San Bruno Building Department.*

**APPENDIX B**

**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

**APPENDIX C**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2011**

**APPENDIX D**

**PROPOSED FORM OF FINAL OPINION**

\_\_\_\_\_, 2012

City Council  
City of San Bruno  
567 El Camino Real  
San Bruno, CA 94066-4299

Prager & Co., LLC  
One Maritime Plaza  
Suite 1000  
San Francisco, CA 94111

*OPINION:*     \$ \_\_\_\_\_ City of San Bruno  
                  2012 Taxable Pension Obligation Bonds

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and delivery by the City of San Bruno (the "City") of \$ \_\_\_\_\_ aggregate principal amount of bonds of the City designated the "City of San Bruno 2012 Taxable Pension Obligation Bonds" (the "Bonds"), issued under the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"), an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), between the City and Union Bank of California, N.A., as trustee, and Resolution No. 2012-42 adopted by the City Council of the City on June 26, 2012 (the "Resolution of Issuance"). The Bonds have been issued to provide funds to refund certain obligations of the City to California Public Employees' Retirement System.

We have examined the Bond Law, the Indenture and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation. In rendering our opinion, we are also relying upon the judgment of the San Mateo Superior Court rendered on September 19, 2012, in *City of San Bruno vs. All Persons Interested, etc.*, Case No. CIV515323.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The City is a municipal corporation duly organized and existing under the laws of the State of California, with power to adopt the Resolution of Issuance, to enter into the Indenture and perform the agreements on its part contained therein, and to issue the Bonds.

2. The Bonds constitute legal, valid and binding obligations of the City enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture.

3. The Indenture has been duly authorized, executed and delivered by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

4. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

To ensure compliance with requirements imposed by the Internal Revenue Service, we inform you that any U.S. federal tax advice contained herein is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
CITY OF SAN BRUNO  
2012 TAXABLE PENSION OBLIGATION BONDS

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the CITY OF SAN BRUNO (the "City") in connection with the execution and delivery of the bonds captioned above (the "Bonds"). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of December 1, 2012 (the "**Indenture**"), between Union Bank of California, N.A., as trustee (the "**Trustee**") and the City.

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 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*" means the date that is nine months after the end of the City's Fiscal Year (currently March 31 based on the City's Fiscal Year end of June 30).

"*Dissemination Agent*" means 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.

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

"*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 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.

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

*"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, 2013, 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 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 tables in the Official Statement:

- (i) information concerning the actual revenues, expenditures and beginning and ending fund balances relating to the General Fund of the City for the most recent completed Fiscal Year, including information showing tax revenue collections by source;
- (ii) information showing the aggregate principal amount of long-term bonds, leases and other obligations of the Issuer which are payable out of the General Fund of the City, as of the close of the most recent completed Fiscal Year;
- (iii) information concerning the assessed valuation of properties within the City from the most recently available County Assessor's Roll, showing the valuation for secured and unsecured property;
- (iv) information showing the total secured property tax levy and actual amounts collected for the most recent completed Fiscal Year;
- (v) table showing General Fund tax revenues by source, and
- (vi) information, based on the most recent actuarial report received by PERS, on the City's unfunded liability with respect to its PERS retirement plans, and the current year's contribution rate.

(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 Significant 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 security, or other material events affecting the tax status of the security.
- (vii) Modifications to rights of security holders, if material.
- (viii) Bond calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution, or sale of property securing repayment of the securities, if material.
- (xi) Rating changes.
- (xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(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 of Listed Events described in subsections (a)(8) and (9) 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)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of

these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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 Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual 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(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. 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 to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bondholders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the 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.

Date: December \_\_, 2012

**CITY OF SAN BRUNO**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of San Bruno

Name of Issue: \$\_\_\_\_\_ City of San Bruno 2012 Taxable Pension  
Obligation Bonds

Date of Issuance: \_\_\_\_\_, 2012

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate dated \_\_\_\_\_, 2012. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

**DISSEMINATION AGENT:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

## APPENDIX F

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions 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.*

*None of the issuer of the Bonds (the “Issuer”), the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) or the Underwriters 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 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, 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 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 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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**”). On August 8, 2011, Standard & Poor’s downgraded its rating of DTC from AAA to 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds 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 such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from 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 nor its nominee, 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 securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities 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.

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**INDENTURE OF TRUST**

**Dated as of December 1, 2012**

**between the**

**CITY OF SAN BRUNO**

**and**

**UNION BANK OF CALIFORNIA, N.A.,  
*as Trustee***

**Relating to**

**\$ \_\_\_\_\_  
City of San Bruno  
2012 Taxable Pension Obligation Bonds**

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## TABLE OF CONTENTS

ARTICLE I	
DEFINITIONS; RULES OF CONSTRUCTION	
SECTION 1.01. Definitions .....	3
SECTION 1.02. Authorization .....	3
SECTION 1.03. Interpretation .....	3
ARTICLE II	
AUTHORIZATION AND TERMS OF BONDS	
SECTION 2.01. Authorization and Purpose of Bonds .....	4
SECTION 2.02. Terms of the Bonds .....	4
SECTION 2.03. Redemption of Bonds .....	5
SECTION 2.04. Book Entry System .....	7
SECTION 2.05. Form and Execution of Bonds .....	9
SECTION 2.06. Transfer and Exchange of Bonds .....	9
SECTION 2.07. Registration Books .....	10
SECTION 2.08. Bonds Mutilated, Lost, Destroyed or Stolen .....	10
ARTICLE III	
DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS	
SECTION 3.01. Issuance of the Bonds .....	11
SECTION 3.02. Deposit and Application of Proceeds .....	11
SECTION 3.03. Costs of Issuance Fund .....	11
SECTION 3.04. Validity of Bonds .....	11
ARTICLE IV	
SECURITY OF BONDS; FLOW OF FUNDS; INVESTMENTS	
SECTION 4.01. Security of Bonds; Equal Security .....	12
SECTION 4.02. Debt Service Fund; Transfer of Amounts to Trustee .....	12
SECTION 4.03. Investment of Moneys in Funds .....	13
ARTICLE V	
OTHER COVENANTS OF THE CITY	
SECTION 5.01. Punctual Payment .....	14
SECTION 5.02. Budget and Appropriation of Debt Service; Certification to Trustee .....	14
SECTION 5.03. Extension of Payment of Bonds .....	14
SECTION 5.04. Books and Accounts; Financial Statements; Additional Information .....	14
SECTION 5.05. Continuing Disclosure .....	15
SECTION 5.06. Protection of Security and Rights of Owners .....	15
SECTION 5.07. Further Assurances .....	15
ARTICLE VI	
THE TRUSTEE	
SECTION 6.01. Duties, Immunities and Liabilities of Trustee .....	16
SECTION 6.02. Merger or Consolidation .....	17
SECTION 6.03. Liability of Trustee .....	17
SECTION 6.04. Right to Rely on Documents .....	19
SECTION 6.05. Preservation and Inspection of Documents .....	19
SECTION 6.06. Compensation and Indemnification .....	19
SECTION 6.07. Accounting Records and Financial Statements .....	19
ARTICLE VII	
MODIFICATION OR AMENDMENT OF THIS INDENTURE	
SECTION 7.01. Amendments Permitted .....	21

SECTION 7.02. Effect of Supplemental Indenture.....	21
SECTION 7.03. Endorsement or Replacement of Bonds After Amendment.....	22
SECTION 7.04. Amendment by Mutual Consent.....	22
SECTION 7.05. Trustee's Reliance .....	22

ARTICLE VIII  
EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01. Events of Default.....	23
SECTION 8.02. Remedies on Default .....	23
SECTION 8.03. Notice of Event of Default .....	23
SECTION 8.04. Application of Funds Upon Event of Default .....	24
SECTION 8.05. Power of Trustee to Control Proceedings .....	24
SECTION 8.06. Limitation on Owners' Right to Sue.....	24
SECTION 8.07. Non-waiver.....	25
SECTION 8.08. Actions by Trustee as Attorney-in-Fact.....	25
SECTION 8.09. Remedies Not Exclusive .....	26

ARTICLE IX  
MISCELLANEOUS

SECTION 9.01. Benefits Limited to Parties; Rights of Bond Insurer .....	27
SECTION 9.02. Successor is Deemed Included in All References to Predecessor .....	27
SECTION 9.03. Defeasance of Bonds.....	27
SECTION 9.04. Execution of Documents and Proof of Ownership by Owners.....	28
SECTION 9.05. Disqualified Bonds .....	28
SECTION 9.06. Waiver of Personal Liability.....	28
SECTION 9.07. Destruction of Canceled Bonds .....	29
SECTION 9.08. Notices .....	29
SECTION 9.09. Partial Invalidity.....	29
SECTION 9.10. Unclaimed Moneys .....	29
SECTION 9.12. Execution in Counterparts.....	30
SECTION 9.13. Governing Law .....	30

APPENDIX A - DEFINITIONS

APPENDIX B - FORM OF BOND

APPENDIX C - FORM OF CITY CERTIFICATE REGARDING BUDGET AND APPROPRIATION OF  
DEBT SERVICE AND COMPLIANCE WITH CONTINUING DISCLOSURE  
UNDERTAKINGS

APPENDIX D - FORM OF NOTICE TO TRUSTEE REGARDING PRO RATA REDEMPTION OF BONDS

## INDENTURE OF TRUST

This INDENTURE OF TRUST (this "Indenture") dated as of December 1, 2012, is between the CITY OF SAN BRUNO, a municipal corporation duly organized and existing under the Constitution and laws of the State of California (the "City"), and Union Bank of California, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

### BACKGROUND:

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

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

3. In order to refund the PERS Side Fund Obligations and thereby realize substantial cash flow savings in the current and immediately succeeding fiscal years, and to accomplish a more prudent amortization of its unfunded actuarial accrued liability in respect of the PERS Side Fund Obligations, the City has determined to issue its \$\_\_\_\_\_ aggregate principal amount of City of San Bruno 2012 Taxable Pension Obligation Bonds (the "Bonds") under the Bond Law and this Indenture, and under a Resolution adopted by the City Council of the City on June 26, 2012 and a Resolution adopted by the City Council on December \_\_, 2012.

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

5. The Bonds have been determined to be legal, valid and binding obligations of the City by judgment of the San Mateo County Superior Court rendered on September 19, 2012 in *City of San Bruno v. All Persons Interested, etc.*, Case No. CIV515323.

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

## *A G R E E M E N T :*

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

## ARTICLE I

### DEFINITIONS; RULES OF CONSTRUCTION

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

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

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

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

## ARTICLE II

### AUTHORIZATION AND TERMS OF BONDS

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

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

SECTION 2.02. *Terms of the Bonds.* The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated as of the Closing Date and mature on June 1 in the years and in the respective principal amounts and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the respective rates per annum, as set forth in the following table:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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Interest on the Bonds is payable from the Interest Payment Date immediately preceding the date of authentication thereof unless:

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

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on a Bond which is not

punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than ten (10) days prior to such special record date.

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

#### SECTION 2.03. *Redemption of Bonds.*

(a) **Optional Redemption.** The Bonds are subject to redemption prior to their stated maturity, at the option of the City, in whole or in part (and if in part, to be selected as described in subsection (d) below), on any Business Day, at the respective Make-Whole Redemption Price (as defined below) for such maturity.

The "Make-Whole Redemption Price" for a particular maturity means the greater of

(i) 100% of the initial public offering price of such maturity, but in no case less than principal amount of the Bonds of such maturity to be redeemed, or

(ii) the sum of the present value of the remaining scheduled payments of principal of and interest on the Bonds of such maturity to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds of such maturity are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the "Treasury Rate" (defined below) plus [ ] basis points,

plus, in each case, accrued and unpaid interest with respect to the Bonds of such maturity to be redeemed on the redemption date.

The Make-Whole Redemption Price will be determined by an independent accounting firm, investment banking firm, or financial advisor retained by the City, at the City's expense, to make such calculation. The Trustee and the City may conclusively rely on such determination and will not be liable for such reliance.

For the purpose of determining the Make-Whole Redemption Price, the following definitions apply:

"Treasury Rate" means, with respect to any redemption of a particular Bond, the rate per annum truncated to the fifth decimal, expressed as a percentage of such Bond,

equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price resulting in the Comparable Treasury Issue Rate (which was determined on the Valuation Date).

"Comparable Treasury Issue" means, with respect to any redemption date of a particular Bond, the United States Treasury security which has an actual or interpolated maturity comparable to the remaining average life of the Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Bonds to be redeemed.

"Comparable Treasury Issue Rate" means, with respect to any redemption date for a particular Bond, the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation Date.

"Valuation Date" means the fifth Business Day preceding the redemption date.

The Bonds maturing on or after June 1, 20\_\_ are also subject to redemption at the option of the City prior to their respective maturity dates in whole or in part (and if in part, to be selected as described in subsection (d) below), on any Business Day on or after June 1, 20\_\_, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The City shall give the Trustee written notice of its intention to redeem Bonds under this subsection (a), and the manner of selecting such Bonds for redemption from among the maturities thereof and the amount of the redemption premium thereon, at least forty-five (45) days prior to the date set for redemption to enable the Trustee to give notice of such redemption in accordance with subsection (c) of this Section.

(b) Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption, within a maturity on a pro rata basis among the Beneficial Owners of the Term Bonds of such maturity, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on June 1 in the respective years as set forth in the following table.

<u>Sinking Fund Redemption Date (June 1)</u>	<u>Principal Amount To Be Redeemed</u>
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(c) Notice of Redemption. The Trustee on behalf and at the expense of the City will mail (by first class mail) notice of any redemption to the respective Owners of Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and the Municipal Securities Rulemaking Board, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; *provided, however*, that

neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice must state the date of the notice, the redemption date, the redemption place and the redemption price and must designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and must require that such Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

(d) Manner of Redemption. Whenever provision is made in this Section 2.03 for the redemption of less than all of the Bonds of a maturity, the Trustee shall select the Bonds of such maturity to be redeemed on a pro rata basis among the Beneficial Owners of the Bonds of such maturity. For purpose of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

So long as the Bonds are registered in book-entry-only form and so long as the Depository or a successor securities depository is the sole registered Owner of the Bonds, partial redemptions will be done in accordance with procedures of the Depository. It is the City's intent that redemption allocations made by the Depository be made in accordance with the proportional provisions described herein. However, neither the City nor the Trustee has a duty to assure, and can provide no assurance, that DTC will allocate redemptions among Beneficial Owners on such a proportional basis, and neither the City nor the Trustee shall have any liability whatsoever to Beneficial Owners in the event redemptions are not done on a proportionate basis for any reason. The portion of any registered Bonds of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or any integral multiple thereof.

On or before each [May 1] preceding a mandatory sinking fund redemption date pursuant to Section 2.03(b), commencing [May 1, 20\_\_], the City shall file with the Trustee the notice in the form of and containing the information contained in Appendix D hereto.

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

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

#### SECTION 2.04. *Book Entry System.*

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

in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds will be registered in the name of the Nominee on the Registration Books.

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

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

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the City determines to terminate the Depository as such, then the City will thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the City and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the

City fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

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

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

SECTION 2.05. *Form and Execution of Bonds.* The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

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

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

SECTION 2.06. *Transfer and Exchange of Bonds.*

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

amount. The City will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

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

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

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

SECTION 2.08. *Bonds Mutilated, Lost, Destroyed or Stolen*. If a Bond is mutilated, the City, at the expense of the Owner of that Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to or upon the order of the City. If a Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and if indemnity satisfactory to the Trustee is given, the City, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and are equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

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

## ARTICLE III

### DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS

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

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

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

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

SECTION 3.03. *Costs of Issuance Fund.* There is hereby established a separate fund to be known as the "Costs of Issuance Fund," to be held by the Trustee. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Request of the City stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the City; in each case together with a statement or invoice for each amount requested thereunder. On June 1, 2013, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Debt Service Fund.

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

## ARTICLE IV

### SECURITY OF BONDS; FLOW OF FUNDS; INVESTMENTS

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

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

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

- (a) Interest Account. On or before the 3<sup>rd</sup> Business Day preceding each date on which interest on the Bonds is due and payable, the City will transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on that date. The Trustee will apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.
- (b) Principal Account. On or before the 3<sup>rd</sup> Business Day preceding each date on which principal of the Bonds is due and payable at maturity or upon mandatory sinking fund redemption, the City will transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on that date on the Outstanding Bonds, including the principal amount of the Term Bonds which are subject to mandatory sinking fund redemption on that date under Section 2.03(b). The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at the maturity thereof and the

principal of the Term Bonds upon the mandatory sinking fund redemption thereof.

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

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

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic transaction statements which include detail for all investment transactions made by the Trustee hereunder.

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

## ARTICLE V

### OTHER COVENANTS OF THE CITY

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

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

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

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

SECTION 5.04. *Books and Accounts; Financial Statements; Additional Information.* The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect), the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

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

SECTION 5.05. *Continuing Disclosure.* The City will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision hereof, failure of the City to comply with the Continuing Disclosure Certificate does not constitute an Event of Default hereunder; *provided, however,* that any Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate) or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section 5.05. Not later than July 15 in each Fiscal Year, the City shall execute and deliver to the Trustee a Certificate of the City in substantially the form attached hereto as Appendix C, which shall evidence the compliance by the City with the covenants set forth in this Section 5.05 with respect to such Fiscal Year.

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

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

## ARTICLE VI

### THE TRUSTEE

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

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

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

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

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, any Owner (on behalf of such Owner and all other Owners) may petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and

conditions herein set forth. Upon request of the successor Trustee, the City will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the City will mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds and to the Owners at the addresses shown on the Registration Books. If the City fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the City.

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

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

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

SECTION 6.03. *Liability of Trustee.*

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the City, and the Trustee assumes no responsibility for the correctness of the same, nor does it have any liability whatsoever therefor, nor does it make any representations as to the validity or sufficiency of this Indenture or of the Bonds nor does it incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee is, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee is not liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the City.

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

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

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

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

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

(g) The Trustee has no responsibility or liability whatsoever with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, nor shall the Trustee have any obligation to review any such material, and any such review by the Trustee will not be deemed to create any obligation, duty or liability on the part of the Trustee.

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

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

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

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

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

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

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

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

SECTION 6.06. *Compensation and Indemnification.* Absent any agreement to the contrary, the City shall pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture.

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

SECTION 6.07. *Accounting Records and Financial Statements.* The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance

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

## ARTICLE VII

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

#### SECTION 7.01. *Amendments Permitted.*

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

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

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

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

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

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

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

SECTION 7.05. *Trustee's Reliance.* The Trustee may conclusively rely, and is protected in relying, upon a Certificate of the City and an opinion of counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Bond Owners.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

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

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

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

SECTION 8.03. *Notice of Event of Default.* Immediately upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee shall give notice of such Event of Default to the City by telephone confirmed in writing. Such notice must also state whether the principal of the Bonds has been declared to be or have immediately become due and payable as provided in Section 8.02(a). With respect to any Event of Default described in Section 8.01(a) or (b), the Trustee shall, and with respect to any Event of Default described in Section 8.01(c) the Trustee in its sole discretion may, also give such notice to the Bond Owners in the same manner as provided herein for notices of redemption of the Bonds, which must include the statement that interest on the Bonds will cease to accrue from and after the date, if any, on which the Trustee

declares the Bonds to become due and payable under Section 8.02 (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

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

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

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

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

- (a) said Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;

- (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and
- (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

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

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

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

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

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

SECTION 8.08. *Actions by Trustee as Attorney-in-Fact.* Any suit, action or proceeding which any Owner has the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI. Notwithstanding the foregoing provisions of this Section 8.08, the Trustee has no duty to enforce any such right or remedy unless it has

been indemnified to its satisfaction for any additional fees, charges and expenses of the Trustee related thereto, including without limitation, fees and charges of its attorneys and advisors.

SECTION 8.09. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Bond Law or any other law.

## ARTICLE IX

### MISCELLANEOUS

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

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

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

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

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

- (a) the obligation of the Trustee to transfer and exchange Bonds hereunder,

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

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

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

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

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

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

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

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

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

SECTION 9.06. *Waiver of Personal Liability.* No member, officer, agent or employee of the City is individually or personally liable for the payment of the principal of or interest or any

premium on the Bonds. However, nothing contained herein relieves any such member, officer, agent or employee from the performance of any official duty provided by law.

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

SECTION 9.08. *Notices.* All written notices under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice is effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in any other case, upon actual receipt. The City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are given hereunder.

*If to the City:* City of San Bruno  
567 El Camino Real  
San Bruno, CA 94066-4299  
Attention: Finance Director  
Fax: (650) 876-0256

*If to the Trustee:* [TO COME]  
Fax:  
Reference: City of San Bruno 2012 POB

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

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

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

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

IN WITNESS WHEREOF, the CITY OF SAN BRUNO has caused this Indenture to be signed in its name by its City Manager and attested to by its City Clerk, and \_\_\_\_\_ in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

**CITY OF SAN BRUNO**

By \_\_\_\_\_  
City Manager

Attest:

\_\_\_\_\_  
City Clerk

**[TO COME], as *Trustee***

By \_\_\_\_\_  
Authorized Officer

## APPENDIX A

### DEFINITIONS

“Authorizing Resolution” means, together, the Resolution adopted by the City Council of the City on June 26, 2012 and December \_\_, 2012, authorizing the issuance of the Bonds.

“Beneficial Owner” means the beneficial owner of each such Bond, determined under the rules of DTC.

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

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

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

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

“Certificate of the City” means a certificate in writing signed by the Mayor, City Manager or Finance Director of the City, or any other officer of the City duly authorized by the City for that purpose.

“City” means the City of San Bruno, a municipal corporation organized and existing under the Constitution and laws of the State of California.

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

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

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

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

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

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

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

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

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

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

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

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

“Interest Payment Date” means June 1, 2013, and each June 1 and December 1 thereafter so long as any of the Bonds remain unpaid.

“Moody's” means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors.

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

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

“Original Purchaser” means Prager & Co., LLC, as original purchaser of the Bonds upon the negotiated sale thereof.

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

which other Bonds have been authorized, executed, issued and delivered by the City hereunder.

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

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

- (a) Federal Securities;
- (b) Obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.
- (c) Obligations of any agency, department or instrumentality of the United States of America which are rated [A] or better by S&P and [A] or better by Moody’s.
- (d) Interest-bearing deposit accounts (including certificates of deposit) in federal or State of California chartered savings and loan associations or in federal or State of California banks (including the Trustee), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated [A] or better by S&P and [A] or better by Moody’s; or (ii) such deposits are fully insured by the Federal Deposit Insurance Corporation.
- (e) Commercial paper rated [A-1+] or better by S&P and [P-1] or better by Moody’s.
- (f) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of [A-1+] or better by S&P and [P-1] or better by Moody’s.
- (g) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAM-G, AAAM or AAM and a rating from Moody’s of at least AAA, which funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services.
- (h) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and which are either (a) rated [A] or better by S&P and [A] or better from Moody’s, or (b) fully secured as to the payment of principal and interest by Permitted Investments described in clauses (a) or (b).
- (i) Obligations issued by any corporation organized and operating within the United States of America having assets in excess of \$500,000,000, which obligations are rated [A] or better by S&P and [A] or better from Moody’s.

- (j) Bonds or notes issued by any state or municipality which are rated [A] or better by S&P and [A] or better from Moody's.
- (k) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated [A] or better by S&P and [A] or better from Moody's at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event either of such ratings at any time falls below [A].
- (l) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

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

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

"PERS Side Fund Obligations" means the obligation of the City under the Retirement Law and the PERS Contracts to make payments to PERS with respect to benefits accruing to retired public safety employees of the City.

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

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

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

"Request of the City" means a request in writing signed by the Mayor, City Manager or Finance Director of the City, or any other officer of the City duly authorized by the City for that purpose.

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

"Securities Depositories" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in a Request of the City delivered by the City to the Trustee.

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

“Term Bonds” means the Bonds maturing on June 1, 20\_\_.

“Trustee” means Union Bank of California, N.A., as Trustee hereunder, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.



This Bond is one of a duly authorized issue of bonds of the City designated as the "City of San Bruno 2012 Taxable Pension Obligation Bonds" (the "Bonds") of an aggregate principal amount of \$ \_\_\_\_\_, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities or interest rates) and all issued under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law") and under an Indenture of Trust, dated as of December 1, 2012, between the City and the Trustee (the "Indenture"). The Bonds have been authorized to be issued by the City under resolutions adopted by the City Council of the City on June 26, 2012 and December \_\_, 2012. Reference is hereby made to the Indenture (copies of which are on file at the office of the City) and all supplements thereto and to the Bond Law for a description of the terms on which the Bonds are issued, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the City thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the City to refinance obligations of the City owing to the Public Employees Retirement System of the State of California. This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from any source of legally available funds of the City.

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

The Bonds are subject to redemption prior to their stated maturity, at the option of the City, in whole or in part (and if in part, to be selected as described in subsection (d) below), on any Business Day, at the respective Make-Whole Redemption Price (as defined below) for such maturity.

The "Make-Whole Redemption Price" for a particular maturity means the greater of

(i) 100% of the initial public offering price of such maturity, but in no case less than principal amount of the Bonds of such maturity to be redeemed, or

(ii) the sum of the present value of the remaining scheduled payments of principal of and interest on the Bonds of such maturity to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds of such maturity are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the "Treasury Rate" (defined below) plus [ ] basis points,

plus, in each case, accrued and unpaid interest with respect to the Bonds of such maturity to be redeemed on the redemption date.

The Make-Whole Redemption Price will be determined by an independent accounting firm, investment banking firm, or financial advisor retained by the City, at the City's expense, to

make such calculation. The Trustee and the City may conclusively rely on such determination and will not be liable for such reliance.

For the purpose of determining the Make-Whole Redemption Price, the following definitions apply:

"Treasury Rate" means, with respect to any redemption of a particular Bond, the rate per annum truncated to the fifth decimal, expressed as a percentage of such Bond, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price resulting in the Comparable Treasury Issue Rate (which was determined on the Valuation Date).

"Comparable Treasury Issue" means, with respect to any redemption date of a particular Bond, the United States Treasury security or which has an actual or interpolated maturity comparable to the remaining average life of the Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Bonds to be redeemed.

"Comparable Treasury Issue Rate" means, with respect to any redemption date for a particular Bond the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation Date.

"Valuation Date" means the fifth Business Day preceding the redemption date.

The Bonds maturing on or after June 1, 20\_\_ are also subject to redemption at the option of the City prior to their respective maturity dates in whole or in part (and if in part, to be selected as described in subsection (d) below), on any Business Day on or after June 1, 20\_\_, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Bonds maturing on June 1, 20\_\_ (the "Term Bonds") are subject to mandatory redemption, within a maturity on a pro rata basis among the Beneficial Owners of the Term Bonds of such maturity, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on June 1 in the respective years as set forth in the following table.

Sinking Fund Redemption Date ( <u>June 1</u> )	Principal Amount <u>To Be Redeemed</u>
--	---

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

for redemption and payment is duly provided therefor as specified in the Indenture, interest hereon will cease to accrue from and after the date fixed for redemption.

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

So long as the Bonds are registered in book-entry-only form and so long as DTC (as defined below) or a successor securities depository is the sole registered Owner of the Bonds, partial redemptions will be done in accordance with procedures of the DTC. It is the City's intent that redemption allocations made by DTC be made in accordance with the proportional provisions described in the Indenture. However, neither the City nor the Trustee has a duty to assure, and can provide no assurance, that DTC will allocate redemptions among Beneficial Owners (as defined in the Indenture) on such a proportional basis, and neither the City nor the Trustee shall have any liability whatsoever to Beneficial Owners in the event redemptions are not done on a proportionate basis for any reason.

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

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

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

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

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

TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

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

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

**CITY OF SAN BRUNO**

By \_\_\_\_\_  
City Manager

Attest:

\_\_\_\_\_  
City Clerk

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

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

Dated:

\_\_\_\_\_,  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

## ASSIGNMENT

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

Dated: \_\_\_\_\_

Signature Guaranteed:

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

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

**APPENDIX C**

**FORM OF ANNUAL CITY CERTIFICATION REGARDING  
BUDGET AND APPROPRIATION OF DEBT SERVICE  
AND COMPLIANCE WITH CONTINUING DISCLOSURE UNDERTAKINGS**

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting \_\_\_\_\_ of the City of San Bruno, a municipal corporation duly organized and existing under the Constitution and laws of the State of California (the "City"), and as such, I am familiar with the facts herein certified and am authorized and qualified to certify the same;

(ii) the City has previously issued its City of San Bruno 2012 Taxable Pension Obligation Bonds in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") under an Indenture of Trust dated as of December 1, 2012 (the "Indenture"), between the City and Union Bank of California, N.A., as trustee;

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

(iv) on \_\_\_\_\_, 20\_\_, the City Council of the City duly adopted its Resolution No. \_\_\_\_ at a meeting which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, adopting a budget for the City (the "Adopted Budget") with respect to the Ensuing Fiscal Year;

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

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

(vii) the City is in compliance with the provisions of the Continuing Disclosure Certificate (as defined in the Indenture), and with all other continuing disclosure undertakings entered into pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

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

Dated:

**CITY OF SAN BRUNO**

By: \_\_\_\_\_  
Name:  
Title:

**APPENDIX D**

**FORM OF NOTICE TO TRUSTEE REGARDING  
PRO RATA REDEMPTION OF BONDS**

*As required by the Depository, in order to effect pro rata redemption of Bonds as provided for in Section 2.03 of the Indenture, the following is to be filed with the Trustee at least 30 days prior to a partial optional redemption of Bonds, and on the May 1 preceding a June 1 Mandatory Sinking Fund Redemption of Bonds.*

[DATE]

[NAME AND ADDRESS  
OF TRUSTEE]

Fax:

Re:    \$\_\_\_\_\_ original principal amount of City of San Bruno 2012 Taxable  
Pension Obligation Bonds

Dear Trustee:

I am a duly authorized representative of the City of San Bruno (the "City"), with the power and authority to execute this notice in connection with a pro rata redemption of Bonds pursuant to Section 2.03 of the Indenture with respect to the above-captioned Bonds (the "Bonds"). Capitalized terms used herein and not otherwise defined have the meaning assigned in the Indenture.

On June 1, 20\_\_\_\_, the Bonds maturing on June 1, 20\_\_\_\_ are subject to mandatory sinking fund redemption in the amount of \$\_\_\_\_\_. Such redemption is to occur on a pro rata basis among the Beneficial Owners of the Bonds of such maturity. *[IF PRO RATA REDEMPTION IS DUE TO OPTIONAL REDEMPTION IN PART OF A MATURITY, REVISE THIS PARAGRAPH ACCORDINGLY].*

Because the Bonds are in the book-entry only system of the Depository, the Trustee is hereby instructed to prepare and send to the Depository a written notice (the "DTC Notice") containing the following information, calculated on the original principal amount of \$1,000 per Bond, preferably five business days but no fewer than two business days before the applicable payment date, being June 1, 20\_\_\_\_:

- (1) Current interest rate for such maturity of Bonds, expressed as a percentage: \_\_\_\_\_%;
- (2) Principal pay-down rate (the amount of the sinking fund payment):  
\$\_\_\_\_\_;
- (3) Pool factor (which is the remaining balance per \$1,000 of face value), expressed as a decimal (for example, a \$1 million fund payment on a \$10 million term bond would result in a Pool Factor of 0.900): \_\_.\_\_\_\_;

- (4) Trustee's contact name and telephone number;
- (5) Method of computation: 30/360;
- (6) Interest accrual period (record date to record date or payable date to payable date): \_\_\_\_\_; and
- (7) The City consents to the treatment by the Depository of such payment as a pass-through payment of principal.

The DTC Notice referenced above may be transmitted electronically. If the DTC Notice is transmitted by telecopy then such telecopy shall be directed to DTC's Dividend Department at (212) 709-1723, or if by mail to:

Announcements  
Dividend Department  
The Depository Trust Company  
7 Hanover Square, 22<sup>nd</sup> Floor  
New York, New York 10004-2695  
Telephone: (212) 855-4550  
E-mail: dividend\_announcements@dtcc.com

You may rely on the instructions contained above in the preparation of the DTC Notice unless and until you receive actual written notice that these instructions are expressly cancelled or withdrawn; *provided, however*, if these instructions are not cancelled or withdrawn before you send the Depository the DTC Notice, the undersigned assumes the consequences thereof and shall indemnify and hold you harmless in connection therewith.

Dated:

**CITY OF SAN BRUNO**

By: \_\_\_\_\_  
Name:  
Title:

\$ \_\_\_\_\_  
**CITY OF SAN BRUNO**  
**2012 TAXABLE PENSION OBLIGATION BONDS**

**BOND PURCHASE CONTRACT**

December \_\_, 2012

City Council  
City of San Bruno  
567 El Camino Real  
San Bruno, CA 94066-4299

Ladies and Gentleman:

The undersigned, as underwriter (the "Underwriter"), offers to enter into this Purchase Contract (the "Purchase Contract") with the City of San Bruno (the "City"), which, upon acceptance by the City will be binding upon the City and the Underwriter. This offer is made subject to the City's acceptance on the date hereof, and if not so accepted will be subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to the acceptance hereof by the City. Any terms used but not defined herein shall have the meaning set forth in the Indenture (defined below).

**1. Purchase, Sale and Delivery of the Certificates.**

(a) Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase, and the City agrees to issue and cause Union Bank of California, N.A., San Francisco, California, as trustee (the "Trustee"), to deliver to the Underwriter all (but not less than all) of the City of San Bruno 2012 Taxable Pension Obligation Bonds (the "Bonds"), in the aggregate principal amount of \$ \_\_\_\_\_ on \_\_\_\_\_, 2012.

The Bonds will be issued and delivered pursuant to the Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), between the City and the Trustee. The Underwriter shall have no obligation under this Purchase Contract to purchase less than all of the aggregate principal amount of Bonds. The City Council of the City has also adopted two resolutions, on each of June 26, 2012 and December 11, 2012 (together, the "Resolution") whereby, among other things, it has approved the Indenture, the Bond Purchase Contract, and the transactions contemplated thereby and hereby. The Bonds are being issued to refund the "side fund" obligations of the City to the California Public Employees' Retirement System ("PERS") with respect to the City's safety plan.

The purchase price for the Bonds shall be \$ \_\_\_\_\_ (representing the par amount of the Bonds, [*less/plus* an original issue discount/premium of \$ \_\_\_\_\_]), and *less* an underwriter's discount of \$ \_\_\_\_\_), and shall be paid in full upon delivery to the Underwriter of the Bonds. Payment for the Bonds shall be by immediately available funds. The City shall be responsible for all bond and official statement printing and delivery fees, bond

counsel and disclosure counsel fees, fees of other consultants retained by the City, rating agency fees, bond insurance fee (if any), fees for the Trustee, fees and costs with respect to any judicial proceedings for validation of the Indenture and the Bonds, and other miscellaneous expenses.

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 substantially in the form described in, shall be issued, delivered and secured under the provisions of, and shall be payable and subject to redemption as provided in, the Indenture, all as described in the Official Statement relating to the Bonds dated the date hereof.

(b) The City hereby ratifies the use by the Underwriter of the Preliminary Official Statement, dated December \_\_, 2012 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 Resolution, the Continuing Disclosure Agreement, and this Purchase Contract, and all information contained therein, and all other documents, certificates and statements furnished by the City to the Underwriter in connection with the offer and sale of the Bonds by the Underwriter. The City has heretofore "deemed final" the Preliminary Official Statement within the meaning of Securities and Exchange Commission Rule 15c2-12 (the "Rule").

(c) The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the cover page of the Official Statement of the City pertaining to the Bonds, dated as of the date hereof (the "Official Statement", together with all appendices thereto, and with such changes therein and supplements thereto 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. 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.

(d) The City 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 City shall deliver these copies to the Underwriter within seven (7) business days after the execution of this Purchase Contract and in sufficient time to accompany or precede any sales confirmation that requests payment from any customer of the Underwriter to comply with paragraph (b)(4) of the Rule and with Rule G 32 of the Municipal Securities Rulemaking Board (the "MSRB") and all other applicable rules of the MSRB. The Underwriter shall inform the City in writing of the End Date, and covenants to file the Official Statement with a nationally recognized municipal securities information repository ("NRMSIR") on a timely basis.

"End Date" as used herein is that date which is the earlier of:

(i) ninety (90) days after the end of the underwriting period (as defined in the Rule ; or

(ii) the time when the Official Statement becomes available from a NRMSIR, but in no event less than twenty-five (25) days after the underwriting period (as defined in the Rule) ends.

(e) At 8:30 a.m., Pacific Time, on \_\_\_\_\_, or at such other time or date as shall be agreed upon by the Underwriter and the City (such time and date being herein referred to as the "Closing Date"), the City 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 paragraph (a) of this section 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.

**2. Representations, Warranties and Agreements of the City.** The City hereby represents and warrants to and agrees with the Underwriter that:

(a) It is duly organized and validly existing as a public body organized and existing under and by virtue of the Constitution and the laws of the State of California (the "State");

(b) The City Council of the City has duly and validly adopted the Resolution, entered into this Purchase Contract, the Indenture and the Continuing Disclosure Agreement as required by the Rule, and substantially in the form of Appendix E to the Official Statement, dated as of the date hereof (the "Continuing Disclosure Agreement"), between the City and the Trustee, acting as dissemination agent thereunder (collectively, the "City Documents") and has duly authorized and approved the delivery and use of the Preliminary Official Statement, the execution, delivery and use of the Official Statement, the execution and delivery of the City Documents, the Bonds and the performance by the City of its obligations contained therein, and the taking of any and all action on its part as may be necessary to carry out, give effect to and consummate the transactions on the part of the City contemplated by each of said documents;

(c) At the date hereof, the City has the full legal right, power and authority (i) to execute, deliver and perform its obligations under this Purchase Contract and to carry out all other transactions on its part contemplated hereby, (ii) to sell and deliver the Bonds to the Underwriter pursuant to the Indenture as provided herein, and (iii) to carry out, give effect to and consummate the transactions on its part contemplated by the City Documents;

(d) The City is, and at the Closing Date will be, in compliance, in all respects, with its obligations under the City Documents;

(e) The City is not in breach of or in default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, City or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, which breach or default could have a material adverse effect

on the ability of the City to perform its obligations under the Bonds or the City Documents;

(f) The adoption by the City Council of the City of the Resolution, and the execution and delivery by the City of the City Documents, and compliance by the City with the provisions hereof and thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, City or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound; and the adoption of the Resolution, the delivery of the Bonds, and the execution and delivery of the City Documents, any other applicable agreements and the other instruments contemplated by any of such documents to which the City is a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, City or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound;

(g) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, City or commission having jurisdiction which would constitute a condition precedent to the performance of, or the absence of which would materially adversely affect the City's ability to perform, its obligations hereunder, or under the other City Documents or the Bonds, have been obtained and are in full force and effect; provided that no representation is made as to any necessary "blue sky" filings;

(h) The Bonds, the City Documents and other applicable documents conform as to form and tenor to the descriptions thereof contained in the Official Statement and when executed by the Trustee in accordance with the Indenture and delivered to and paid for by the Underwriter on the Closing Date as provided herein the Bonds will be validly executed, delivered and entitled to all the benefits of the Indenture;

(i) The City has deemed the Preliminary Official Statement to be final as of the date of the Preliminary Official Statement, as required by the Rule. As of the date thereof and at all times up to the Closing Date, the information contained in the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If between the date of this Purchase Contract and the End Date an event occurs, of which the City has knowledge, which might or would cause the information relating to the City 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 statements, in the light of the circumstances under which they were made, 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 for such preparation will be paid for by the City;

(k) No action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory City, public board or body is pending or to the knowledge of the officers of the City executing this Purchase Contract, is threatened in any way, affecting the existence of the City or the titles of the City's officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or the proceeds thereof pledged or to be pledged to pay the principal of and interest with respect to the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the City Documents, or any action of the City contemplated by any of said documents relating to the Bonds , or in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the City or its authority with respect to the Bonds, the City Documents, or any action of the City contemplated by any of said documents, or which would adversely affect the exemption of interest paid on the Bonds California personal income taxation, nor to the knowledge of the officer of the City executing this Purchase Contract is there any basis therefor;

(l) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, the City shall not be required to register as a dealer or a broker of securities or consent to service of process or register as a foreign corporation in any such state or jurisdiction;

(m) Any certificate signed by any official of the City authorized to do so and delivered by the City to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein;

(n) The City is not in default, nor has it been in default at any time, as to the payment of principal or interest with respect to an obligation of the City or with respect to an obligation guaranteed by the City as guarantor or successor of a guarantor, which default has or could have a material adverse affect on the ability of the City to perform its obligations under the Bonds or the City Documents;

(o) The City has not been notified by any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon; and

(p) The City is not presently and as a result of the execution of the Indenture 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.

(q) The City 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 Indenture or which would cause the interest with

respect to the Bonds to be includable in gross income for purposes of California personal income taxation.

**3. Conditions to the Obligations of the Underwriter.** The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the City contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Trustee and the City and other persons and entities made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the City of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions (any of which may be waived by the Underwriter):

(a) At the Closing Date, the Resolution, the City Documents, and any other applicable agreements, including any agreements which will provide the City with adequate revenues to pay debt service on the Bonds, shall be in full force and effect according to their terms, and shall not have been otherwise amended, modified or supplemented after the date hereof, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Purchase Contract, all such actions as, in the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel for the City ("Bond Counsel"), shall be necessary and appropriate;

(b) Between the date hereof and the Closing Date, the market price or marketability of the Bonds at the initial offering prices shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the City terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

(i) legislation shall have been enacted by the United States or the State or shall have been reported out of committee or be pending in committee, or a decision shall have been rendered by a court of the United States or the Tax Court of the United States, or a ruling shall have been made or a regulation or a temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States or the Internal Revenue Service, with respect to California taxation upon interest received on obligations of the general character of the Bonds, which in the reasonable opinion of the Underwriter materially adversely affects the market price of the Bonds;

(ii) the occurrence of any outbreak of hostilities or other national or international calamity or crisis, or the escalation of an existing national or international calamity or crisis, the effect of such outbreak, calamity or crises on the financial markets of the United States being such as would make it impracticable, in the reasonable opinion of the Underwriter, for the Underwriter to sell the Bonds (it being agreed that as of the date hereof no such event is occurring);

(iii) a general suspension of trading on the New York Stock Exchange or other 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 the New York Stock Exchange or any other exchange, whether by virtue of a determination by the New York Stock Exchange or such other exchange or by orders of the Securities and Exchange Commission or any other governmental authority;

(iv) declaration of a general banking moratorium shall have been declared by either Federal, California or New York authorities having jurisdiction and be in force;

(v) 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 City or the Congress of the United States, or by Executive Order;

(vi) the occurrence of an adverse event in the affairs of the City which, in the reasonable opinion of the Underwriter, materially impairs the investment quality of the Bonds;

(vii) legislation enacted (or resolution passed) by the Congress of the United States of America, 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 City having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, or of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(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 City, its property, income or securities (or interest thereon), or the ability of the City to execute and deliver the Bonds and make payments of principal and interest on the bonds, all as contemplated by the Indenture and the Official Statement; or

(ix) 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 relating to the City or the Wastewater System, 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.

(c) On or prior to the Closing Date, the Underwriter shall have received counterpart originals, or certified copies, of the following documents, in each case satisfactory in form and substance to the Underwriter:

(i) the Official Statement, executed on behalf of the City by the General Manager or such other official as may be approved by the Underwriter;

(ii) a copy of the Continuing Disclosure Agreement of the City in the form and substance substantially as set forth as APPENDIX D to the Official Statement, with such changes as may be agreed to in writing by the Underwriter;

(iii) the Resolution, together with a certificate of the City Clerk of the City dated as of the Closing Date, to the effect that the Resolution is a true, correct and complete copy of the one duly adopted by the City, and that it has not been amended, modified or rescinded (except as may have been agreed to by the Underwriter) and is in full force and effect as of the Closing Date;

(iv) One counterpart original or copy certified by a duly authorized officer of the City of a complete transcript of all resolutions of the City relating to the approval of the City Documents, the Preliminary Official Statement and the Official Statement and the authorization, issuance, sale and delivery of the Bonds, together with a certificate dated as of the Closing Date 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 City Council 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 Closing Date;

(v) An approving opinion, dated the Closing Date and addressed to the City, of Bond Counsel, in form and substance as attached as "APPENDIX D" to the Official Statement, together with a reliance letter addressed to the Underwriter;

(vi) A supplemental opinion and a disclosure counsel opinion, both dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the collective effect that:

(a) The statements contained in the Official Statement under the captions "INTRODUCTION – General," and "– Security for the Bonds," "THE BONDS," "SECURITY FOR THE BONDS," and in "APPENDIX B- SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," insofar as such statements purport to summarize certain provisions of the Bonds and certain provisions of the Indenture and the opinion of such counsel with respect to certain federal and State of California tax matters related to the Bonds, are accurate in all material respects;

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

(c) The Purchase Contract has been duly authorized, executed and delivered by the City and (assuming due authorization, execution and delivery by the Underwriter) constitutes a valid and binding agreement of the City enforceable according to its terms, subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other law affecting the enforcement of creditors' rights generally.

(vii) The opinion, dated the Closing Date, and addressed to the Underwriter of \_\_\_\_\_, Counsel to the City, substantially to the effect that:

(a) the City is duly organized and validly existing under the laws of the State;

(b) the Resolution was duly adopted at meetings of the City Council of the City which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(c) the City had and has good and right and lawful authority under the California Constitution and the laws of the State to execute and deliver the Indenture, this Purchase Contract and the Continuing Disclosure Agreement (collectively, the "City Documents"), and such documents have been duly authorized, executed and delivered on behalf of the City and are legally valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or similar laws, or by legal or equitable principles relating to or limiting creditors' rights generally;

(d) the adoption of the Resolution, the execution of the City Documents and compliance with the provisions and covenants thereof will not conflict with or constitute a material breach of or material default under any existing law, administrative regulation, court decree, resolution or agreement to which the City is subject as of the Closing Date;

(e) except as disclosed in the Official Statement, to the actual current knowledge of Counsel to the City, no litigation or other proceedings are pending or threatened in any way or manner (1) restraining or enjoining, or seeking to restrain or enjoin, the sale, issuance, execution or delivery of any of the Bonds; (2) contesting or affecting the validity or enforceability of the City Documents, the Bonds, the Resolution, or any security provided under the Indenture, any proceedings of or on behalf of the City taken with respect to the sale, execution or delivery of the Bonds, the execution of the City Documents or the execution or adoption of the Resolution, the existence or powers of the City relating to the sale, execution or delivery of the Bonds; (3) questioning (aa) the proceedings or authority for the authorization, sale, execution or delivery of the Bonds; (bb) any provision made or authorized for the payment of debt service on the Bonds; (cc) the organization or corporate existence or operations of the City, or the title of its officers to

their respective offices; or (dd) the power of the City to undertake any other transactions contemplated by the Official Statement; or (4) which would have a material adverse effect upon the City relating to the Indenture or the Bonds, to the contemplated use of the proceeds thereof or the transactions contemplated by the Official Statement;

(viii) The opinion, dated the date of the Closing and addressed to the Underwriter, of counsel to the Trustee, in form and substance satisfactory to the Underwriter and Bond Counsel;

(ix) A certificate, dated the Closing Date and signed by an authorized officer of the City, certifying that (i) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best of his or her knowledge, no event has occurred since the date of the Official Statement affecting the City which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make the statements and information contained in the Official Statement not misleading in any material respect; (iii) unless waived by the Underwriter prior to the Closing, the City has complied with all the agreements and has satisfied all the conditions on its part to be performed or satisfied under this Purchase Contract, the Indenture at and prior to the Closing; and (iv) certifying that the City has authorized and consented to the inclusion in the Official Statement of the City's financial report and accountant's opinion for the year ended June 30, 2011, and no further consent of any party is required for such inclusion;

(x) A certificate of the Trustee, dated the Closing Date to the effect that:

(a) the Trustee is duly organized and validly existing as a national banking association in good standing under the laws of the United States, having the full power and authority to enter into and perform its duties under the Indenture and to execute and deliver the Bonds to the Underwriter pursuant to the Indenture;

(b) the Trustee is duly authorized to enter into the Indenture, and when the Indenture is duly executed and delivered by the respective parties thereto, to execute and deliver the Bonds to the Underwriter pursuant to the Indenture;

(c) to the best of the knowledge of the Trustee, no consent, approval, authorization or other action by any governmental or regulatory City having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Bonds or the performance by the Trustee of its duties under the Indenture, except as such may be required under the state securities or "blue sky" laws in connection with the distribution of the Bonds by the Underwriter;

(d) to the best of the knowledge of the Trustee, the execution and delivery by the Trustee of the Indenture and the authentication and delivery of the Bonds, and compliance with the terms thereof will not

conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental City or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any Federal or state securities or "blue sky" laws or regulations), or (except with respect to the lien of the Indenture) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee;

(e) to the best of the knowledge of the Trustee, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental City, public board or body served upon or threatened against or affecting the existence of the Trustee or seeking to prohibit, restrain or enjoin the execution and delivery of the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture or contesting the powers of the Trustee to enter into and perform its obligation under any of the foregoing, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby, or which, in any way, would adversely affect the validity of the Bonds, the Indenture or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby; and

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

(xi) A certificate to the effect that the Bonds meet the requirements to be issued on a parity with certain other obligations of the City, in form and substance satisfactory to Bond counsel and the Underwriter;

(xii) Evidence that Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., has provided an underlying rating of "\_\_\_," and that such rating continue in effect as of the Closing Date;

(xiii) A copy of the Notices of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code; and

(xiv) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the statements and information contained in the Official Statement, of the City's representations and warranties contained herein and the due performance or satisfaction by the City at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the City in connection with the transactions contemplated on its part hereby and by the Indenture and the Official Statement.

If any of the conditions to the obligations of the Underwriter contained in this section or elsewhere in this Purchase Contract shall not have been satisfied when and as required herein, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing Date by written notice to the City.

**4. Conditions of the City's Obligations.** The City's obligations hereunder are subject to the Underwriter's performance of their obligations hereunder, and are also subject to the following conditions (any of which conditions may be waived by the City):

(a) As of the Closing Date, no litigation shall be pending or, to the knowledge of the duly authorized officer of the City executing the certificate referred to in Section 3(c)(5) hereof, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Resolution, the Indenture, this Purchase Contract or the existence or powers of the City;

(b) As of the Closing Date, the City shall receive the approving opinions referred to herein;

(c) As of the Closing Date, the market price or marketability of the Bonds shall not have been materially adversely affected, in the reasonable judgment of the City; and

(d) Receipt by the City of a certificate of the Underwriter addressed to the City to the effect that the City has delivered to the Underwriter all of the documents required to be delivered by the City under this Purchase Contract or has waived receipt thereof.

**5. Expenses.**

(a) The Underwriter shall be under no obligation to pay, and the City shall pay or cause to be paid out of the proceeds of the Bonds, all expenses incident to the performance of the 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 Indenture, 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, Underwriter's Counsel and any accountants, financial advisors or other engineers or experts or consultants the City has retained in connection with the Bonds.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, the City shall be under no obligation to pay, and the 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 paragraph (a) of this section), including any advertising expenses and the fees of the California Debt and Investment Advisory Commission.

**6. Notices.** Any notices, requests, directions, instruments or other communications required or permitted to be given hereunder shall be in writing and shall be given when delivered, against a receipt, or mailed certified or registered, postage prepaid, to the City and the Underwriter at their respective addresses below.

If to the City: City of San Bruno  
567 El Camino Real  
San Bruno, CA 94066-4299

If to the Underwriter: Prager & Co., LLC  
One Maritime Plaza, Suite 1000  
San Francisco, CA 94111

provided, however, that all such notices, requests or other communications may be made by telephone and promptly confirmed by writing. The City and the Underwriter may, by notice given as aforesaid, specify a different address for any such notices, requests or other communications.

**7. Parties in Interest.** This Purchase Contract is made solely for the benefit of the City and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

**8. Survival of Representations and Warranties.** The representations and warranties of the City set forth in or made pursuant to this Purchase Contract shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Contract 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 City and regardless of delivery of and payment for the Bonds.

**9. Effective Date.** This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the City and the Underwriter and shall be valid and enforceable as of the time of such acceptance.

**10. Applicable Law; Nonassignability.** This Purchase Contract shall be governed by the laws of the State of California. This Purchase Contract shall not be assigned by either party hereto.

**11. Execution of Counterparts.** This Purchase Contract 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.

**12. No Prior Agreements.** This Purchase Contract supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds by the City and represents the entire agreement of the parties as to the subject matter herein.

**13. Partial Unenforceability.** Any provision of this Purchase Contract 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 Contract or affecting the validity or enforceability of such provision in any other jurisdiction.

Very truly yours,

PRAGER & CO. LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

ACCEPTED:

CITY OF SAN BRUNO

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Time: \_\_\_\_\_

**EXHIBIT A**

**\$ \_\_\_\_\_  
CITY OF SAN BRUNO  
2012 TAXABLE PENSION OBLIGATION BONDS**

**\$ \_\_\_\_\_ Serial Bonds**

<u>Due Date</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
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**\$ \_\_\_\_\_ Term Bonds**

\$ \_\_\_\_\_ % Term Bond, due June 1, 20 \_\_, Yield: \_\_\_\_ %



## City Council Agenda Item Staff Report

CITY OF SAN BRUNO

**DATE:** December 11, 2012

**TO:** Honorable Mayor and City Council

**FROM:** Randy Schwartz, Community Services Director  
Danielle Brewer, Recreation Services Manager

**SUBJECT:** Adopt Resolution Accepting Donation from San Bruno Lions Club for Labor and Materials to Make Improvements to Beckner Shelter with the Approximate Value of \$28,000

### **BACKGROUND:**

The roof at Beckner Shelter has several leaks and damaged sections. In order to develop cost estimates for the necessary repairs to be placed in the 2013-14 Capital Improvement Program Budget, staff contacted a local roofing company, C & J Roofing for a price estimate. The estimate for the new roof was \$20,000.

### **DISCUSSION:**

The owner of C & J Roofing, a member of the San Bruno Lions Club, brought the project to the Club board as a possible community service project. The Lions Club then contacted the Community Services Department with an offer to make improvements to the roof of Beckner Shelter at no cost to the City.

The proposed work will include removal of the existing roof, repair of any section that is damaged or has dry rot, repair or replacement of all sheet metal vents, and installation of the new roof. In addition, the Lions Club has offered to power wash the interior of the roof, treat the wood with a clear coat of stain to extend its life, install new lighting, sanitize the floor and install a new drinking fountain. The total cost for all of these improvements is \$28,000. Qualified, licensed contractors will do all of the work and all insurance requirements will be in place before any work begins.

To recognize the donation, the Lions Club is requesting that a plaque be installed onto the side of the Shelter, with an acknowledgement to be included in the next Recreation Activity Guide near the picnic rental information. Staff recommends that the City Council direct the Parks and Recreation Commission to approve the size, style and placement of the plaque before it is installed.

### **FISCAL IMPACT:**

Accepting the donated labor and materials to make the improvements to Beckner Shelter will eliminate the need for the City to place the project in the 2013-14 Capital Improvement budget.

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**ALTERNATIVES:**

1. Do not accept the donation and direct staff to include the project in the 2013-14 Capital Improvement Budget for City Council consideration at that time.
2. Do not proceed with repairs to Beckner Shelter.
3. Direct staff to evaluate additional repairs or improvements to Beckner Shelter.

**RECOMMENDATION:**

Adopt resolution accepting donation from San Bruno Lions Club for labor and materials to make improvements to Beckner Shelter with the approximate value of \$28,000.

**DISTRIBUTION:**

San Bruno Lions Club.

**ATTACHMENTS:**

1. Resolution

**DATE PREPARED:**

November 27, 2012

**REVIEWED BY:**

\_\_\_\_\_ CM

RESOLUTION NO. 2012- \_\_\_\_

**ADOPT RESOLUTION ACCEPTING DONATION FROM SAN BRUNO LIONS CLUB FOR LABOR AND MATERIALS TO MAKE IMPROVEMENTS TO BECKNER SHELTER WITH THE APPROXIMATE VALUE \$28,000**

**WHEREAS**, Beckner Shelter roof has several leaks and damaged sections;  
and

**WHEREAS**, the San Bruno Lions Club has proposed to repair the leaks and damaged roof as a community service project for the club; and

**WHEREAS**, the Lions Club would like to include additional work including power washing, application of a clear coat stain, replacement of interior lights, sanitation of the shelter floor and replacement of the water fountain, and

**WHEREAS**, all work will be done under direct supervision of qualified licensed contractors,

**NOW, THEREFORE, BE IT RESOLVED** that the City Council hereby authorizes the City Manager to accept the donation from the San Bruno Lions Club for labor and materials to make improvements to Beckner Shelter with the approximate value \$28,000.

Dated: December 11, 2012

ATTEST:

\_\_\_\_\_  
Carol Bonner, City Clerk

-o0o-

I, Carol Bonner, City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 11th day of December 2012 by the following vote:

AYES: COUNCILMEMBERS: \_\_\_\_\_

NOES: COUNCILMEMBERS: \_\_\_\_\_

ABSENT: COUNCILMEMBERS: \_\_\_\_\_



**City Council Agenda Item  
Staff Report**

CITY OF SAN BRUNO

**DATE:** December 11, 2012  
**TO:** Honorable Mayor and Members of the City Council  
**FROM:** Mark Sullivan, Interim Community Development Director  
Klara Fabry, Public Services Director  
**SUBJECT:** Adopt a Resolution Adopting a Complete Streets Policy

**BACKGROUND:**

In 2008 the California Legislature adopted the California Complete Streets Act, which defined Complete Streets as a balanced, multimodal transportation network that meets the needs of all users of streets, roads, and highways for safe and convenient travel in a manner that is suitable to the rural, suburban, or urban context of the community. Users of streets, roads, and highways means bicyclists, children, persons with disabilities, motorists, movers of commercial goods, pedestrians, users of public transportation, and seniors. The Complete Streets Act requires cities to include complete streets policies upon any substantial revision of the circulation element of the general plan completed after January 2011.

Metropolitan Transportation Commission (MTC) and Caltrans policies have evolved over the last few years to integrate complete streets into programs and funding opportunities. Most notably, the One Bay Area Grant Program (OBAG) requires each jurisdiction to address complete streets through a general plan amendment or resolution that meets the standards of MTC. The City of San Bruno General Plan was adopted in 2009 and includes many policies that complement complete streets. However, the specific elements required by MTC are not all included in the General Plan. The proposed resolution would meet MTC's requirement for OBAG funding, making the City eligible for grants.

Complete streets are also considered an integral component of the Sustainable Communities Strategy (SCS) for the Bay Area required by SB 375. The SCS emphasizes the connection between land uses and transportation with a goal of housing the growing population while still reducing greenhouse gases.

The Bicycle and Pedestrian Advisory Committee reviewed the proposed Complete Streets Policy at its September 12, 2012 meeting. The Committee strongly supported the policy and noted that they would be willing to meet annually or more often as needed to review projects as outlined in the draft policy.

**DISCUSSION:**

The attached resolution expresses the City's support for a Complete Streets policy. The resolution is based on the sample provided by MTC and has been modified to be applicable to the City. The expected benefits of complete streets include improved safety, mobility, air and

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water quality, public health, and economic development. The policy would update practices to consider all users of the transportation system in all phases of a project. Additionally, it would bring an overarching vision and consistency to transportation projects that would build on the foundation in the General Plan.

#### Elements of Complete Streets Policy

MTC has suggested nine elements to be included in a complete streets policy, which are included in the resolution. The elements are outlined below:

1. Complete Streets Serving All Users: Transportation projects will be created and maintained to support safe and convenient access for all users.
2. Context Sensitivity: Projects will reflect the conditions within the surrounding project area and the needs of the users.
3. Routine Approach by All Departments: The relevant City departments will work towards making complete streets practices a routine part of everyday operations.
4. All Projects and Phases: Complete streets will be incorporated into all planning, funding, design, and implementation of transportation projects, unless they are excluded through an exemption (described below).
5. Plan Consultation: Design of projects will be evaluated to ensure consistency with local bicycle, pedestrian, transit, and other relevant plans.
6. Street Network/Connectivity: To the extent feasible, existing streets should be improved to create a connected network of facilitates for each category of users.
7. Bicycle and Pedestrian Advisory Committee (BPAC) Consultation: The BPAC will review applicable transportation projects in the planning phase to provide comments on complete streets features.
8. Evaluation: Staff will establish a means to collect data related to transportation improvements, such as miles of sidewalks or number of curb ramps, and collaborate with other agencies to the extent feasible.
9. Leadership Approval of Exemptions: For a project to be exempt from complete streets, staff will have to make written findings explaining why accommodations for all modes were not included, which would be approved by the Public Services Director and made available to the public.

#### Consistency with the General Plan

The Transportation Element of the San Bruno General Plan includes a vision and policies that are consistent with the intent of complete streets. The vision statement includes the following language: "The City focuses on integration of the various transportation modes, with safe, efficient, and convenient routes provided for transit users, bicyclists, and pedestrians." The vision continues with an emphasis on improved connections to transit stations and local activity centers such as downtown, Tanforan, Bayhill Office park, schools, park facilities, and connections to the regional park system.

The General Plan also includes a number of Guiding and Implementing Policies that support a complete streets policy. They include:

### **Guiding Policies**

- T-A Provide for efficient, safe, and pleasant movement for all transportation modes—vehicles, bicycles, transit, and pedestrians.
- T-E Focus San Bruno's efforts on improvements to the non-motorized transportation system (i.e., bicycles, pedestrians, strollers, etc) adjacent to transit corridors and stations, and their connections to those systems.
- T-I Develop and maintain a comprehensive bicycle network within San Bruno, providing connections to BART and Caltrain, surrounding cities, employment and shopping areas, and natural areas.
- T-J Develop a safe, convenient, and continuous network of sidewalks and pedestrian paths within the city.

### **Implementing Policies**

- T-2 Ensure that all transportation improvements—roadway, transit, bicycle, and pedestrian—are designed and constructed according to Americans with Disabilities Act Standards. Improve existing facilities so they are compliant with American Disability Act standards.
- T-43 Create a "pedestrian-friendly" environment surrounding the BART and Caltrain stations by installing additional street trees, lighting, signage, and widening sidewalks along streets adjacent to these stations.
- T-69 Continue to work toward dedication and/or installation of bicycle lanes throughout the city in accordance with Figure 4-4, to enhance recreational opportunities and make bicycling a more viable transportation alternative. Implement bicycle route improvements including signing, striping, paving, and provision of bicycle facilities at employment sites, shopping centers, schools, and public facilities.
- T-79 Prioritize improvements to sidewalks and other walking paths adjacent to public school facilities where children and youth are likely to use them on a daily basis.

### Implementation

The Public Services Department will have primary responsibility for implementation of complete streets. Interdepartmental review of capital projects will ensure complete streets elements are integrated to the extent feasible. For example, Engineering and Planning staff work together to review capital projects for consistency with local plans, such as the General Plan, Community Based Transportation Plan, and Countywide Comprehensive Bicycle and Pedestrian Plan.

Once plan consistency is confirmed, staff will bring a list of applicable projects to the BPAC for their review and feedback. This could be done once a year as part of the Capital Improvement Program process. Or it may be more efficient to have BPAC review as a regular part of their agendas throughout the year. The Committee has expressed their willingness and strong interest in participating in this process.

### **FISCAL IMPACT:**

Staff anticipates an increase in staff time for transportation projects to coordinate the planning process and conduct the BPAC review. The fiscal impact on individual

capital projects is unknown at this time. Each project will be evaluated and complete streets elements will be implemented when it is feasible. Very high costs compared to community benefit would be a potential reason for an exemption from the policy.

**ALTERNATIVES:**

1. Do not adopt the Resolution. However, since Complete Streets policy is an OBAG program requirement, the City will not be eligible for OBAG grants.
2. Direct staff to modify the Resolution.

**RECOMMENDATION:**

Adopt a Resolution Adopting a Complete Streets Policy

**ATTACHMENTS:**

1. Resolution

**DATE PREPARED:**

November 28, 2012

**REVIEWED BY:**

\_\_\_\_\_ CM

**RESOLUTION NO. 2012 - \_\_\_\_**

**A RESOLUTION OF THE SAN BRUNO CITY COUNCIL ADOPTING  
A COMPLETE STREETS POLICY**

**WHEREAS**, the term "Complete Streets" describes a comprehensive, integrated transportation network with infrastructure and design that allows safe and convenient travel along and across streets for all users, including pedestrians, bicyclists, persons with disabilities, motorists, movers of commercial goods, drivers of emergency vehicles, users and operators of public transportation, seniors, children, youth, and families; and

**WHEREAS**, the City of San Bruno recognizes that the coordinated development of Complete Streets infrastructure will provide benefits to public health and environmental sustainability, increase the efficiency of the road network, reduce traffic congestion by improving mobility options, and improve the general quality of life; and

**WHEREAS**, the State of California has emphasized the importance of Complete Streets by enacting the California Complete Streets Act of 2008 (California Government Code Sections 65040.2 and 65302), which requires that when cities or counties revise general plans, they identify how they will provide for the mobility needs of all users of the roadways, as well as through Deputy Directive 64, in which the California Department of Transportation explained that it "views all transportation improvements as opportunities to improve safety, access, and mobility for all travelers in California and recognizes bicycle, pedestrian, and transit modes as integral elements of the transportation system"; and

**WHEREAS**, the City of San Bruno acknowledges the benefits and value for the public health and welfare of reducing vehicle miles traveled and increasing transportation by modes such as walking, bicycling, and public transportation, which can help address a variety of challenges, including pollution, climate change, obesity, safety, and excessive expenses; and

**WHEREAS**, as of 2010, approximately 30% of San Mateo County residents did not drive, including children and a disproportionate number of older adults, low-income people, people of color, and people with disabilities, and the insufficient availability of safe alternative means of travel adversely affects their daily lives;

**WHEREAS**, therefore, in light of the foregoing benefits and considerations, the City of San Bruno wishes to improve its commitment to Complete Streets and desires that its streets form a comprehensive and integrated transportation network promoting safe, equitable, and convenient travel for all users while preserving flexibility, recognizing community context, and using the latest and best design guidelines and standards.

**NOW THEREFORE BE IT RESOLVED** that the City Council hereby adopts the Complete Streets Policy as stated below:

**A. Complete Streets Principles**

- 1. Complete Streets Serving All Users.** San Bruno expresses its commitment to creating and maintaining Complete Streets that provide safe, comfortable, and convenient travel along and across streets (including streets, roads, highways, and other portions of the

transportation system) through a comprehensive, integrated transportation network that serves all categories of users, including pedestrians, bicyclists, persons with disabilities, motorists, movers of commercial goods, drivers of emergency vehicles, users and operators of public transportation, seniors, children, youth, and families.

2. **Context Sensitivity.** The planning and implementation of transportation projects will reflect physical conditions within and surrounding the project area and the users of the transportation facilities. San Bruno staff shall maintain sensitivity to local conditions and shall work with residents, businesses, and other stakeholders to ensure that a strong sense of place ensues. Improvements that will be considered include walkways, shared use paths, bicycle lanes, bicycle routes, pedestrian usable shoulders, street trees and landscaping, planting strips, accessible ramps, refuge islands, pedestrian signals, signs, street furniture, bicycle parking facilities, public transportation stops and facilities, transit priority signalization, other features assisting in the provision of safe travel for all users, and traffic calming measures as identified in San Bruno's Traffic Calming Toolkit.
3. **Complete Streets Routinely Addressed by All Departments.** All relevant San Bruno staff shall: work towards making Complete Streets practices a routine part of everyday operations; approach every relevant project, program, and practice as an opportunity to improve streets and the transportation network for all categories of users; and work in coordination with other departments, agencies, and jurisdictions to maximize opportunities for Complete Streets, connectivity, and cooperation. The following projects could potentially provide opportunities: new development, pavement resurfacing, signalization modifications, and maintenance of landscaping/related features.
4. **All Projects and Phases.** Complete Streets infrastructure to facilitate reasonably safe travel for each category of users shall be incorporated into all planning, funding, design, approval, and implementation processes for any construction, reconstruction, or significant alteration to the transportation network, except that specific infrastructure for a given category of users may be excluded if an exemption is approved via the process set forth in section C. 1 of this policy.

## **B. Implementation**

1. **Plan Consultation and Consistency.** Planning and design of projects affecting the transportation system shall be consistent with local bicycle, pedestrian, transit, multimodal, and other relevant plans, except that where such consistency cannot be achieved without negative consequences, consistency shall not be required. Staff shall prepare written documentation supporting the decision.
2. **Street Network/Connectivity.** As feasible, San Bruno shall incorporate Complete Streets infrastructure into existing streets to improve the safety and convenience of users, with the particular goal of creating a connected network of facilities accommodating each category of users, and increasing connectivity across jurisdictional boundaries and for existing and anticipated future areas of travel origination or destination.
3. **Bicycle and Pedestrian Advisory Committee Consultation.** The Bicycle and Pedestrian Advisory Committee shall review applicable transportation projects early in

the planning stage to provide an opportunity to contribute comments regarding complete streets features to be incorporated into the project.

- 4. **Evaluation.** The San Bruno Public Services Department shall perform evaluations of how well the streets and transportation network of San Bruno are serving each category of users. Staff shall establish a means to collect data related to improvements, such as miles of bike lanes and sidewalks, number of accessible curb ramps, street trees, improved crossings, and signage. To the extent feasible, San Bruno will collaborate with San Mateo County Health System to track data related to public health measures and with transit providers to track changes in transit use over time.

**C. Exemptions**

- 1. **Leadership Approval for Exemptions.** Projects that seek Complete Streets exemptions must include written findings of why accommodations for all modes were not included in the project. These findings must be approved by the Public Services Director and made publically available for review.

Dated: December 11, 2012

ATTEST:

\_\_\_\_\_  
Carol Bonner, City Clerk

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I, Carol Bonner, City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 11th day of December 2012 by the following vote:

AYES: Councilmembers: \_\_\_\_\_  
NOES: Councilmembers \_\_\_\_\_  
ABSENT: Councilmembers: \_\_\_\_\_



**City Council Agenda Item  
Staff Report**

CITY OF SAN BRUNO

**DATE:** December 11, 2012

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Klara A. Fabry, Public Services Director

**SUBJECT:** Adopt Resolution Authorizing the City Manager to Execute a Contract with Erler & Kalinowski, Inc. for the Well 15 Replacement Project in an Amount Not-to-Exceed \$606,000

**BACKGROUND:**

The City Council, in its adoption of the Urban Water Management Plan (UWMP) on June 28, 2011, established a goal to maintain a balance between City water production and purchased water. This goal was established in order to increase reliability, redundancy and flexibility of service. In accordance with the 2011 UWMP, the City's total water supply is projected at 5.4 million gallons per day (mgd) with 3.25 mgd purchased through SFPUC and 2.1 mgd produced through groundwater wells (a small amount of 0.05 MGD is also purchased from the North Coast County Water District).

The UWMP states that the City will evaluate the potential of increasing groundwater production to 50% of the total water production need. The City is also negotiating an inter-agency agreement for the Regional Groundwater Storage and Recovery Project with SFPUC, which would require that the City maintain a minimum of 2.1 mgd well production during dry years.

The City supplements its well-water supply with water purchased from SFPUC Hetch-Hetchy system. SFPUC is undertaking a major capital improvement program for the seismic reliability of their system and has more than doubled its rates over the past four years. These rates are projected to increase by an additional 54% over the next four years. These escalating costs are passed through to San Bruno water customers. This further emphasizes the need for the City to maintain its water production and have a reliable well water supply.

The following production wells provide potable water supply to the City: Well 15 at Commodore Park (deactivated in 2010), Well 16 at Forest Lane, Well 17 at Corporation Yard, Well 18 at Cypress Avenue, and Well 20 at Lions Field. Since Well 15 was taken out of service and with all remaining wells operating at capacity (no maintenance outages), the combined well production has been about 1.9 mgd. In order to maintain a reliable minimum 2.1 mgd production level and allow for scheduled maintenance, at least one additional production well is required to replace the deactivated Well 15.

As part of the City's well rehabilitation program, each well in the distribution system is rehabilitated approximately every five years. Well 15 at Commodore Park was built in 1984 and is the oldest well out of the five City wells. The well historically produced potable water at an average of approximately 550 to 600 gallons per minute (gpm). During the past nine years, a number of corrective maintenance measures have been implemented at Well 15 to address reduction in well productivity. Due to the age of the well, despite these corrective measures, well production declined to the point that it was no longer considered cost effective to keep the

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well operational. The well was deactivated in 2010 and staff began the analysis process to determine if the well should be rehabilitated or replaced with a new well in an alternate location.

On April 28, 2010, the City retained the services of Eaton Pumps, experts in well installation, rehabilitation and repairs, to evaluate the condition of Well 15 in order to determine whether rehabilitation or replacement would be the preferred alternative. The evaluation determined that due to the high cost of rehabilitation and the lower anticipated production, it would be more cost effective to construct a new well with a higher anticipated water production output.

On September 21, 2010, the City retained the firm of RMC to perform the site analysis and the selection criteria for the relocation of Well 15. RMC was selected based on its prior experience with the preparation of the City's GWMP.

The following six potential well sites were evaluated and ranked according to weighted criteria:

Potential well sites:

1. Commodore Park
2. Archstone Apartments
3. Cable Building Parking Lot
4. Former Wells Fargo Site
5. Capuchino High School
6. City Park

Selection criteria:

- Depth to Bedrock (weighing factor of 2)
- Groundwater Elevation (weighing factor of 2)
- Subsurface Material (weighing factor of 2)
- Distance to Other Wells (weighing factor of 2)
- Manganese Concentration (weighing factor of 1)
- Contaminated Sites (weighing factor of 1)
- Seawater Intrusion (weighing factor of 1)

At the level of analysis performed, the sites were all potentially suitable for a well with the exception of Capuchino, which requires more analysis due to the nearby-contaminated site. Two sites: Commodore Park and Archstone Apartments were found to be best suitable for a new well. Commodore Park site was selected for the following reasons:

- Located over a deeper portion of the Westside Basin which improves the likelihood of high well yield/production rate;
- Farther away from existing City wells resulting in less interference from other wells;
- No additional impact on the surrounding environment;
- Located in Pressure Zone 3/4/5, which allows for additional operational flexibility due to being able to provide the additional supply to any of these three zones without additional infrastructure (i.e. piping or pumps); and,
- No additional land use impact since this was the site of the existing well. The replacement well will be constructed adjacent to the existing well.

Archstone Apartments site was selected for the following reasons:

- Located over a deeper portion of the Westside Basin which improves the likelihood of high well yield/production rate;
- Availability of City-owned property designated as a potential well site;
- Located in Pressure Zone 3/4/5, which allows for additional operational flexibility due to being able to provide the additional supply to any of these three zones without additional infrastructure (i.e. piping or pumps); and,
- This site was previously identified in the Archstone planning documents as a potential well site. No additional land use impact is anticipated.

#### **DISCUSSION:**

The Well 15 Replacement Project would be approached in the following sequence:

1. The consultant would prepare plans and specification and help the City advertise and award the first construction contract to drill the two test wells.
2. The consultant would evaluate the test well results, make a recommendation for the final production well site and prepare the plans and specifications for construction bids.
3. The City would award the second construction contract for the production well.
4. The consultant would design the new wellhead facility and prepare plans/specifications for construction bids.
5. The City would award the third construction contract for the new wellhead facility as well as for demolition and abandonment of the former Well 15 site.

Extensive community outreach will be conducted prior to the start of the test well drilling to include impacted stakeholders, neighbors, schools, park users, Archstone residents, and other interested parties. The test wells process is expected to last approximately nine months and one final site will be selected for the new well construction.

The City issued a Request for Proposal (RFP) for design services for the Well 15 Replacement Project in April 2012. In total, three proposals were received from the following firms: Erler & Kalinowski (EKI), RMC, and West Yost.

EKI's proposal paid close attention to the project's details and included a system-wide cost saving solution for the City by including a pressure-regulating scheme as part of the project. EKI has an experienced team in well design and two sub-consultants with expertise in pump station design for the wellhead facilities.

EKI will assist City staff with community outreach throughout the project. Community outreach will include informational mailers to residents surrounding the two test well sites as well as an informational meeting. EKI staff will provide the technical information for the mailings and will attend the informational meeting to provide expertise. EKI will also provide construction techniques and mitigation measures to minimize impact during test well drilling, production well drilling and wellhead construction. Potential neighborhood impacts include noise, lights and traffic.

The total cost of the design contract with EKI is \$606,000, with duration of approximately two years. The contract will provide all of the necessary design services for the test wells and the final production wellhead facility, preparation of bid documents and evaluation of proposals for

the test well, final production well and wellhead facility, obtaining all the necessary permits and coordination with outside agencies, preparation of environmental review documentation and construction management and infield inspection services up to the point of construction of the new wellhead facility.

The Well 15 Replacement Project is planned to be completed by early 2015. EKI, in consultation with City staff, will prepare the necessary California Environmental Quality Act (CEQA) documentation for the test well sites. Once the new well site is selected and the design of the wellhead has been completed, EKI will prepare the appropriate environmental review document for recordation under the CEQA guidelines before construction of the final production well and related facilities. Of the two sites, replacement of the well at the existing location may be exempt from CEQA. However, this exemption does not apply to locating the new well at the Archstone site, which may require a negative declaration.

**FISCAL IMPACT:**

Staff obtained the services of the consulting firm of Bartle Wells Associates to perform a financial analysis of well-water production under several scenarios. Bartle Wells had previously completed the City's water and sewer rate study in April 2012. A total of four alternatives were evaluated with different water production levels.

The analysis concluded that increasing the City's well production levels, even with the additional investment needed for the well infrastructure, would decrease the overall cost for water. In summary, without the new well and purchase of the balance supply need from SFPUC, the average cost per hundred cubic feet (hcf) is \$3.32 currently, would increase to \$4.91 in ten years and to \$7.04 in twenty years. With the addition of the new Well 15 and purchase of balance supply need from SFPUC, the average cost per hundred cubic feet (hcf) would be \$3.02, would increase to \$4.32 in ten years and to \$6.11 in twenty years. The cost of the new Well 15 would be recuperated from the savings for reduced SFPUC purchases in approximately 5 years.

The cost for this consultant services contract is \$606,000. Currently, there is \$930,000 available in the 12-13 CIP. The current estimated total project cost is as follows:

Design Contract	\$ 606,000
Est. Construction contracts (test wells, production well & wellhead facilities)	\$ 2,000,000
Est. Staff Project for design, environmental clearance and construction	\$ 304,000
Est. Contingency	\$ <u>300,000</u>
Total Estimate:	\$3,210,000

The current project expenditure is \$40,000 with an appropriation balance of \$930,000. This funding is adequate to cover the cost of the proposed consultant contract; the project management and the first construction contract for the drilling of the test well at the two locations during this fiscal year. As reflected in the 5-year CIP, additional funding of \$2,240,000 is to be appropriated for fiscal year 2013-14 to fund the construction of the production well and the wellhead facilities.

**ALTERNATIVES:**

1. Do not execute this contract and defer the project. The City would continue to purchase water from the SFPUC at a higher long-term cost than water produced from the Well 15 replacement.
2. Evaluate other options for increase of water supply such as rainwater captures and reservoir storage. Purchase of additional supply from SFPUC would still be required to meet the supply needs of the City.
3. Supplement existing water supply with future recycled water through creation of a joint system with the City of South San Francisco. The joint Recycled Water Study completed in 2010 provides an estimate of 0.1 mgd for City's park/landscape irrigation needs which could be provided by the Phase I of the Recycled Water Project. Purchase of additional supply from SFPUC would still be required to meet the supply needs of the City.

**RECOMMENDATION:**

Adopt resolution authorizing the City Manager to execute a contract with Erler & Kalinowski, Inc. for the Well 15 Replacement Project in an amount not-to-exceed \$606,000.

**ATTACHMENTS:**

1. Resolution
2. Location Map
3. 2012-13 CIP Budget Sheet

**DATE PREPARED:**

December 5, 2012

**DISTRIBUTION:**

None.

**REVIEWED BY:**

\_\_\_\_\_ CM

RESOLUTION NO. 2012 - \_\_\_\_

**ADOPT RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH ERLER & KALINOWSKI, INC. FOR THE WELL 15 REPLACEMENT PROJECT IN AN AMOUNT NOT-TO-EXCEED \$606,000**

**WHEREAS**, the City relies on water production wells to supplement water purchased from the San Francisco Public Utilities Commission (SFPUC) to provide water service to San Bruno customers; and

**WHEREAS**, Well 15 at Commodore Park, one of the City's five production wells, was taken out of service in 2010; and

**WHEREAS**, SFPUC rates more than doubled over the past four years and are projected to increase by an additional 54% over the next four years; and

**WHEREAS**, the City desires to maintain a reliable potable water supply; and

**WHEREAS**, the cost analysis concluded that increasing the City's well production level would decrease the overall cost to provide water; and

**WHEREAS**, the City's Capital Improvement Program (CIP) includes a water improvement project to replace Well 15; and

**WHEREAS**, the City solicited requests for proposals for the consultant design of this project and received three proposals; and

**WHEREAS**, the City interviewed all three firms that submitted proposals and Erler & Kalinowski, Inc. was determined to be the most qualified; and

**WHEREAS**, the replacement of Well 15 is an established Capital Improvement Project funded through Water Capital funds with an estimated total cost of \$3,210,000 and \$930,000 available in the 2012-13 budget year.

**NOW, THEREFORE, BE IT RESOLVED** that the San Bruno City Council hereby authorizes the City Manager to execute a contract with Erler & Kalinowski, Inc. for the Well 15 Replacement Project in an amount not-to-exceed \$606,000.

Dated: December 11, 2012

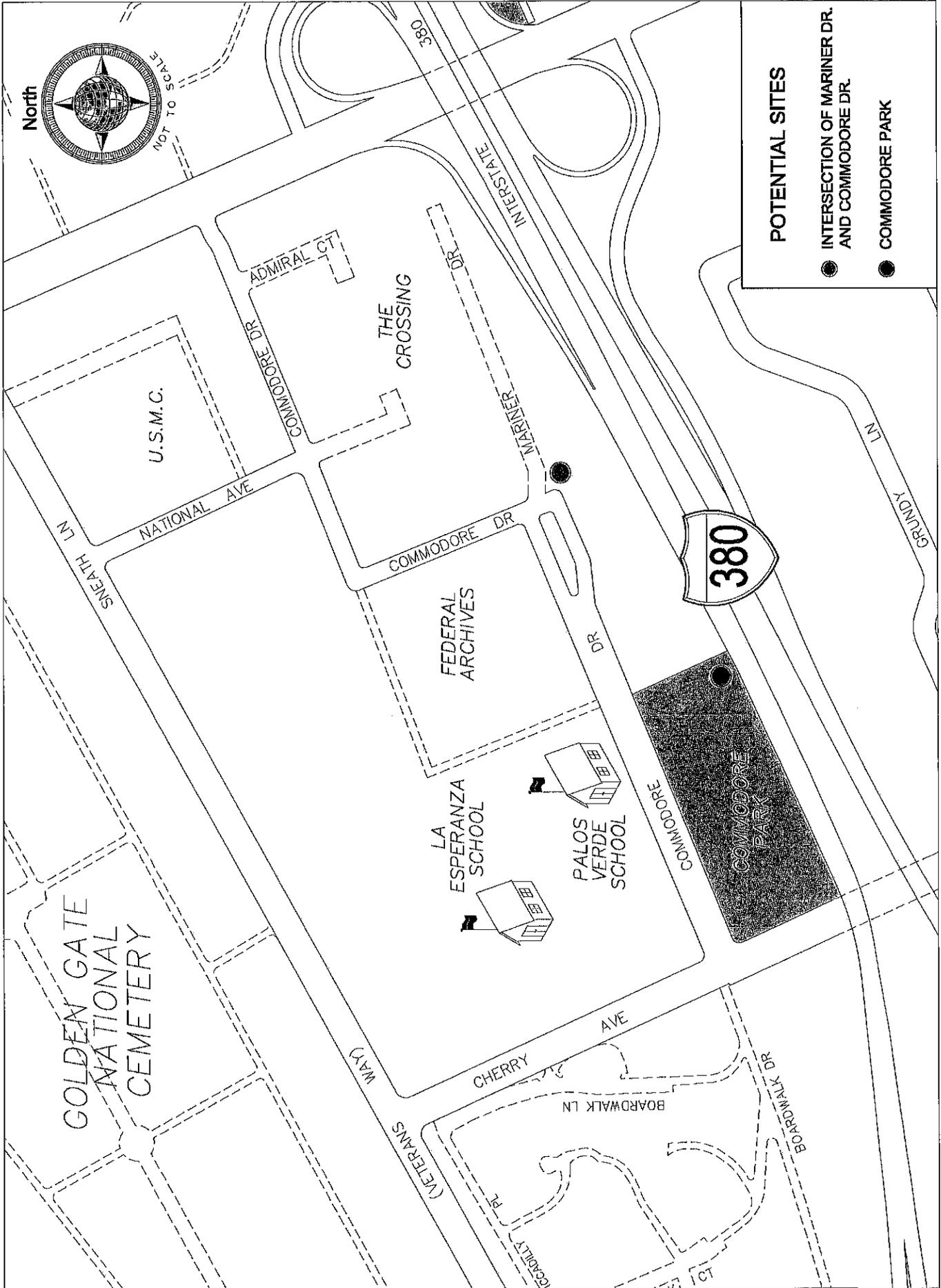
ATTEST:

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Carol Bonner, City Clerk

I, Carol Bonner, City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 11th day of December 2012 by the following vote:

AYES: Councilmembers: \_\_\_\_\_  
NOES: Councilmembers \_\_\_\_\_  
ABSENT: Councilmembers: \_\_\_\_\_



**POTENTIAL SITES**

- INTERSECTION OF MARINER DR. AND COMMODORE DR.
- COMMODORE PARK

**WELL 15 - POTENTIAL SITE LOCATION MAP**

## Well No. 15 Commodore Park Replacement

<b>PROJECT INFORMATION</b>	
Origination Year: 2009-10	Project Number: 84709
Projected Completion Date: June 2014	Life Expectancy: 30 years
Total Project Cost: \$ 3,210,000	

**Project Description:**

This project will abandon and replace existing Well No. 15 Commodore. The City currently has five production wells that produce groundwater to meet approximately 50% of the total water supply demand. Well No. 15 is one of the oldest well locations at 25-years old; and, despite regular investment in maintenance and rehabilitation at this well, it ceased operation in June 2010.

The goal is to have the replacement well producing water at Well No. 15's historical average of 450 to 500 gallons per minute. A feasibility analysis to determine potential replacement sites has been completed. Of the six sites identified, two locations were recommended for further study: one site adjacent to the existing well facility, and another location near the new Crossing residential complexes. Once the City has determined which site has the most optimum combination of water quality and production rate, the City will begin the design and permitting process with the State of California for the replacement well.

**2011-12 Status:**

Completed a report studying six potential locations for a replacement well and released a request for proposals to select a firm to drill test wells and design the final well. Consultants were interviewed, references checked and the finalist has been selected.

**2012-13 Work Plan:**

Award design contract and obtain permit from County Health Department for the test wells. Drill test wells, and begin design and permitting process for the replacement well. Obtain permit from California Department of Public Health (CDPH) through filing of a permanent Amendment Application for the production well. Award construction contract for the final well, treatment and pump station in the following fiscal year.

**Project Appropriations:**

**Current Year Appropriations:**

Funding Source	Prior Appropriation	Prior Expense	Carryover Appropriation	2012-13 Funding Request	2012-13 Total Funds Available
Water Capital	200,000	(40,000)	180,000	770,000	930,000
<b>Total</b>	<b>200,000</b>	<b>(40,000)</b>	<b>180,000</b>	<b>770,000</b>	<b>930,000</b>

**Five-Year Work Program Appropriations:**

Funding Source	2012-13	2013-14	2014-15	2015-16	2016-17	Total Future Request
Water Capital	770,000	2,240,000	0	0	0	3,010,000
<b>Total</b>	<b>770,000</b>	<b>2,240,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,010,000</b>