



Willows City Council Regular Meeting

July 28, 2020
Willows City Hall
7:00 p.m.

City Council
Kerri Warren, Mayor
Larry Domenighini, Vice Mayor
Gary Hansen, Council Member
Lawrence Mello, Council Member
Joe Flesher, Council Member

Interim City Manager
Wayne Peabody

City Clerk
Tara Rustenhoven

201 North Lassen Street
Willows, CA 95988
(530) 934-7041

Agenda

NOTICE:

Pursuant to N-25-20 issued by Governor Gavin Newsom, this City Council meeting will be CLOSED to the public to prevent the transmission of the COVID-19 virus. Members of the public may attend the meeting telephonically by following the instructions below. Members of the public wishing to address the Council on any item(s) not on the agenda may do so at this time by stating your name and address. Then please wait until you are recognized by the Mayor or Vice Mayor. No formal action will be taken unless the matter is placed on a future agenda. Each caller will be limited to three (3) minutes.

Dial in Number: (605) 313-5611

Access Number: 404150

1. **CALL TO ORDER- 7:00 p.m.**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **CEREMONIAL MATTERS (Recognitions)**
 - a. The City of Willows will present Steve Soeth with a plaque of appreciation on the behalf of the Willows City Council, City Staff and the Citizens of Willows.
5. **PUBLIC COMMENT/WRITTEN COMMUNICATIONS**
 - a) Public Comments: Members of the public wishing to address the Council on any item(s) not on the agenda may do so at this time by stating your name and address. Then please wait until you are recognized by the Mayor or Vice Mayor. No formal action will be taken unless the matter is placed on a future agenda. Each member of the public attending in person or caller will be limited to three (3) minutes. If you are calling in to provide public comment, use the call-in information below:

Dial in Number: (605) 313-5611

Access Number: 404150

6. CONSENT AGENDA

Consent items are considered to be routine by the City Council and will be enacted in one motion. There will be no separate discussion on these items unless a Council Member requests, in which event the item will be removed from the consent agenda. It is recommended that the Council:

- a. Approval of general checking, payroll & direct deposit check registers 50394-50407, Z10842-Z10861, 38668-38677
- b. Approval of minutes of the Regular City Council Meeting held on July 14, 2020.
- c. Approve by consent motion, the City of Willows Statement of Investment Policy as submitted.
- d. Treasurer's Report as of June 30, 2020.
- e. Adopt a resolution entitled; A RESOLUITON OF THE CITY COUNCIL OF THE CITY OF WILLOWS APPOINTING A DIRECTOR AND ALTERNATE TO THE NORTHERN CALIFORNIA CITIES SELF-INSURANCE FUND (NCCSIF).
- f. Adopt a resolution of the City Council of the City of Willows Whereby the Establishment and Maintenance of Security accounts have been authorized.

Comments from the public are welcome. The Mayor will allow an opportunity for comments related to Public Hearings or any item on the agenda. Please limit comments to three minutes per topic, and one comment per person per topic. Once comments conclude, please allow the Council the opportunity to continue its consideration of the item without interruption.

7. PUBLIC HEARING

- a. Conduct a Public Hearing for the 2020/2021 Appropriation Limit for the City of Willows and adopt a resolution entitled; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS ESTABLISHING 2020/21 APPROPRIATION LIMIT.**
- b. Conduct a Public Hearing and consider adoption of a resolution entitled; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS CONFIRMING COSTS OF ABATEMENTS AMENDED AND DECLARING THEM AS A SPECIAL ASSESSMENT.**

8. REGULAR BUSINESS AGENDA/ITEMS REQUIRING COUNCIL ACTION

- a. Adopt a resolution entitled; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, CALIFORNIA, APPOINTING WULFF, HANSEN & CO. AS A MUNICIPAL ADVISOR TO THE CITY OF WILLOWS AND AUTHORIZING THE CITY MANAGER TO EXECUTE A MUNICIPAL ADVISORY AGREEMENT AND ADDENDUMS 1, 2 AND 3 TO THAT AGREEMENT.**

- b. Approval of the formation of an Ad-Hoc Committee regarding review of City Finance Policies and potential refunding/restructuring of existing City Bond Debt and Pension obligations, appointment of two Council Members to Committee.
- c. Adopt a resolution entitled; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS ESTABLISHING LOCAL CLAIMS PROCEDURE REGULATIONS.**
- d. By motion, appropriate \$15,000 in General Fund-Capitalized Interest (301.7247.400)
- e. Approve by motion, the Submittal of the letter by Assemblyman James Gallagher and Assemblywoman Megan Dahle. Further approve the Mayor to sign and submit on behalf of the City of Willows.

9. COUNCIL/ STAFF REPORTS/COMMENTS

- a. Staff Reports/Comments:
- b. Council Reports/Comments:

10. ADJOURNMENT

This agenda was posted on July 23, 2020


Tara Rustenhoven, City Clerk

A complete agenda packet, including staff reports and back-up information, is available for public inspection during normal work hours at City Hall or the Willows Public Library at 201 North Lassen Street in Willows or on the City's website at www.cityofwillows.org.

In compliance with the Americans with Disabilities Act, the City of Willows will make available to members of the public any special assistance necessary to participate in this meeting. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132). The public should contact the City Clerk's office at 934-7041 to make such a request. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

The City of Willows is an Equal Opportunity Provider



CONSENT AGENDA



Period

7/9/2020 TO 7/22/2020

General Checking 50394 TO 50407

Payroll Direct Deposit 210842 TO 210861

Payroll Checks 38668 TO 38677

APPROVAL DATE 7/28/2020

APPROVED _____

REPORT.: Jul 09 20 Thursday
 RUN...: Jul 09 20 Time: 14:52
 Run By.: JANE COLLINS

CITY OF WILLOWS
 Cash Disbursement Detail Report
 Check Listing for 07-20 Bank Account.: 1045

PAGE: 001
 ID #: PY-DP
 CTL.: WIL

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
050394	07/01/20	COL09	MARGARET ANN COLE	7500.00	.00	7500.00	C00701P	REFUND 2020 JUMP START DO
050395	07/07/20	STA02	TRACY SRANDBRIDGE	220.00	.00	220.00	C00707P	REFUND POOL RENTAL
050396	07/09/20	ABF01	CERTIFIED/FORTRESS SECURI	78.00	.00	78.00	5986276	ALARM MONITORING 7/1-9/30
050397	07/09/20	COM16	COMCAST CABLE	145.94	.00	145.94	C00709	ADMIN INTERNET 6/29-7/28/
050398	07/09/20	COR02	CORBIN WILLITS SYSTEMS	424.35	.00	424.35	C006151	CONT.SERV. FINANCEJULY 20
050399	07/09/20	DAH01	DAHLMEIER INSURANCE AGENC	8955.00	.00	8955.00	373614	INLAND MARINE 7/1/20-7/1/
				7792.00	.00	7792.00	373615	COMMERCIAL AUTO 7/1/20-7/
				29826.00	.00	29826.00	373616	BUSINESS OWNER'S PROPERTY
			Check Total.....:	46573.00	.00	46573.00		
050400	07/09/20	DEN00	DE NOVO PLANNING GROUP	2125.00	.00	2125.00	2770	WILLOWS GENERAL PLAN UPDA
050401	07/09/20	JER00	JEREMY'S PEST STOMPERS	35.00	.00	35.00	76202	PEST CONTROL JULY 2020
050402	07/09/20	MAX01	MAXIMUM SECURITY SYSTEMS	60.00	.00	60.00	32321	PROF. SERVICES PARKS/PUB.
050403	07/09/20	NEC00	NEC FINANCIAL SERVICES LL	268.08	.00	268.08	2322219	PHONE SYSTEM LEASE
050404	07/09/20	PAR12	PARCELQUEST	4000.00	.00	4000.00	21046	RENEWAL 7/1/20-6/30/21
050405	07/09/20	THR00	3CORE	7500.00	.00	7500.00	20187	MEMBERSHIP RENEWAL 2020-2
050406	07/09/20	TON00	TONY TAPIA CONSTRUCTION	8758.18	.00	8758.18	569-593	WEED ABATEMENT 2020
050407	07/09/20	USB02	US BANK	597.62	.00	597.62	417779626	EQUIP. LEASE 6/20-7/20/20
			Cash Account Total.....:	78285.17	.00	78285.17		
			Total Disbursements.....:	78285.17	.00	78285.17		
			Cash Account Total.....:	.00	.00	.00		



ACTION MINUTES OF THE WILLOWS CITY COUNCIL REGULAR MEETING HELD JULY 14, 2020

Meeting audio is available at the City of Willows website. This is not a live feature. Audio recordings are posted the succeeding business day following the scheduled City Council Meeting.

Please visit www.cityofwillows.org for free PodBean recordings.

1. Mayor Warren called the meeting to order at 7:00 p.m.
2. The meeting opened with the Pledge of Allegiance led by Council Member Hansen.

3. Roll Call:

Council Members Present: Council Members Flesher, Hansen, Mello, Vice Mayor Domenighini, Mayor Warren

Council Members Absent:

Staff Present: Interim City Manager Wayne Peabody, Administrative Services Director Tim Sailsbery, City Attorney David Ritchie, City Clerk Tara Rustenhoven

GCSO Staff: Sheriff Richard Warren

4. Public Comment/ Written Communications: No public comments or written communications.

5. Consent Agenda:

- a. Approval of general checking, payroll & direct deposit check registers ACH14-50393, Z10823-Z10841, 38654-38667.
- b. Approval of minutes of the Special Budget Meeting held on June 1, 2020.
- c. Approval of minutes of the Regular City Council Meeting held on June 9, 2020.
- d. Approval of minutes of the Special Budget Meeting Held on June 11, 2020.
- e. Approval of minutes of the Special Meeting held on June 19, 2020.
- f. Approval of minutes of the Special Meeting-Resumption of Sewer Rate Adjustment Public Hearing Proposition 218 held on June 22, 2020.
- g. Approval of minutes of the Regular City Council Meeting held on June 23, 2020.
- h. Adopt a Resolution as amended, entitled; A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF GLENN TO RENDER SPECIFIED SERVICES TO THE CITY OF WILLOWS RELATING TO THE CONDUCT OF CITY MUNICIPAL ELECTIONS TO HELD ON NOVEMBER 3, 2020-THE DATE OF THE STATEWIDE GENERAL ELECTION, PURSUANT TO SECTION 10002 OF THE CALIFORNIA ELECTIONS CODE.

City Attorney David Ritchie went over the changes made to item 5h.

Action:

Motion: Council Member Council Member Hansen/Second: Council Member Flesher
Moved to approve the Consent Agenda as presented above and the following item(s).

The motion passed unanimously 5/0 carried by the following voice vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini, Mayor Warren

NOES:

ABSENT:
ABSTAIN:

6. Regular Business Agenda/Items Requiring Council Action:

- a. By motion, adopt a resolution entitled; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, CALIFORNIA, EXPANDING THE TEMPORARY USE OF PROPERTY FOR BUSINESSES IMPACTED BY COVID-19.**

Action:

Motion: Council Member Hansen/Second: Council Member Flesher

Moved to adopt a resolution entitled; A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, CALIFORNIA, EXPANDING THE TEMPORARY USE OF PROPERTY FOR BUSINESS IMPACTED BY COVID-19.

The motion passed unanimously 5/0 carried by the following roll call vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini, Mayor Warren

NOES:

ABSENT:

ABSTAIN:

7. Council/Staff Reports/Comments:

- a. Staff Reports/Comments:

- Staff will be working on the steps to closing the meetings to the public. At this time, we have the phone system, where community members can call in and make public comments.
- Sheriff Warren presented the Glenn County Sheriff's Office report for the month of June. This is a new system so please give them at least 6 months to accumulate data and present it in a more understandable format.

- b. City Council Reports Comments: Council gave comments/reports on activities and various meetings they attended.

8. Recess to Closed Session:

a. PUBLIC COMMENT: Pursuant to Government Code Section §54954.3, the public will have an opportunity to directly address the legislative body on the item below prior to the Council convening into closed session. Public Comments are generally restricted to three minutes.

b. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL RELEASE (54957)

c. CONFERENCE WITH LABOR NEGOTIATOR: Pursuant to Gov. Code §54957.6

Agency Negotiators:

Interim City Manager Wayne Peabody
Administrative Services Director Tim Sailsbery
City Attorney David G. Ritchie

Employee Organizations:

Willows Public Safety Association

Entered into closed session at 7:16 p.m.

Reconvened into open session at 8:01 p.m.

Announcement of any action taken in closed session:

Mayor Warren reported no reportable action.

8. Adjournment:

The Meeting was adjourned at 8:01 p.m.

Dated: July 20, 2020

Tara Rustenhoven, City Clerk

AGENDA ITEM

TO: Wayne Peabody, Interim City Manager
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: Investment Policy- Annual Renewal

RECOMMENDATION

Approve, by consent motion, the City of Willows Statement of Investment Policy as submitted.

SITUATION (or BACKGROUND):

Per Government Code Section 53646 the Statement of Investment Policy is to be reviewed and submitted annually to the City Council for approval. The Investment Policy serves as the guidance mechanism for investment of City funds.

Safety and liquidity remain the primary focus points of investment activities. While corporate notes remain on the list of investment options, the City currently does not hold any such notes and the Administrative Services Director will consult with the Council Finance Committee before considering such investments in the future.

FINANCIAL CONSIDERATIONS:

No direct expenditure impact, however, the policy provides the guidelines for investment that ultimately affect safety, liquidity, and rate of return.

NOTIFICATION

City Auditor (After Approval)

ALTERNATE ACTIONS

1. Approve by motion
2. Reject staff recommendation and/or direct item to be returned at later date.

RECOMMENDATION

Approve, by consent motion, the City of Willows Statement of Investment Policy as submitted.

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

Attachment:

EXHIBIT A: City of Willows Statement of Investment Policy

CITY OF WILLOWS
STATEMENT OF INVESTMENT POLICY

1. Introduction

The purpose of this document is to identify various policies that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities. Related activities that compose good cash management include accurate cash projections, expeditious collection of revenue, control of disbursements, and cost effective banking relations.

2. Scope

The investment policy covers all funds and investment activities under the direct authority of the City of Willows.

3. Objective

- A. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City of Willows shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- B. **Liquidity:** An adequate percentage of the portfolio will be maintained in the liquid, short-term securities which can be converted to cash if necessary to meet disbursement requirements. Since all cash requirements cannot be anticipated, investments in securities with active secondary or resale markets is highly recommended. Emphasis will be on low sensitivity to market risk.
- C. **Yield:** Yield becomes a consideration only after the basic requirements of safety and liquidity have been met.
- D. **Market-Average Rate of Return:** The investment portfolio shall be designed to attain a market average rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints, the cash flow characteristics of the portfolio, and State and local laws, ordinances.
- E. **Diversification:** The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding either specific security types or individual financial instruments.
- F. **Prudence:** The City of Willows adheres to the guidance provided by the "Prudent Man Rule" (Civil Code Section No. 2261), which obligates a fiduciary to ensure that:

"...investment shall be made with the exercise of that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment considering the probable safety of their capital as well as the probable income to be derived."

G. Public Trust: All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

4. Declaration of Authority

The City Treasurer (Absent a named City Treasurer, the City of Willows assigns this duty to the Administrative Services Director) has the authority to invest funds in certain eligible securities (Government Code Section 53635).

5. Reporting

The City Treasurer, or other designee, may submit a quarterly investment report to the City Council, which shall include all the elements of the report as prescribed by Government Code Section 53646.

6. Investment Instruments

Investments for the City of Willows are to be made in one or more of the following:

Investment Instrument	Maximum Percentage or Amount	Maximum Maturity
A. Certificates of Deposit	Unlimited	5 years
B. Negotiable Certificates of Deposit	30%	5 years
C. Local Agency Investment Fund	\$40MM	n/a
D. Passbook Savings Account	Unlimited	n/a
E. Securities of the U.S. Government Or Agencies Thereof	Unlimited	5 years
F. Bankers Acceptances	40%	270 days
G. Commercial Paper	30%	180 days
H. Medium Term Corporate Notes	30%	5 years

7. Internal Controls

A system of internal controls shall be established to prevent losses of public funds arising from fraud, employee error, misrepresentation of their parties, unanticipated changes in financial markets, and imprudent actions by employees and officers of the City.

8. Maturities

Security purchases and holdings shall be maintained within statutory limits imposed by Government Code.

9. Banks and Securities Dealers

The Administrative Services Director, in selecting financial institutions for deposits and investments of the City funds, shall consider the creditworthiness of such institutions. The Administrative Services Director shall continue to monitor financial institutions' credit characteristics and financial history throughout the period in which City funds are either deposited or invested.

10. Risk Tolerance

The City of Willows recognizes that investment risk can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. The Administrative Services Director shall periodically establish guidelines and strategies to control risk of default, market price changes, and illiquidity. A review of available investments, when practical, will be used to place all investments.

11. Statement of Investment Policy

This statement of Investment Policy shall be reviewed and submitted annually to the City Council.

07/28/20
Date

/S/ Tim Sailsbery
Tim Sailsbery
Administrative Services Director

City of Willows
Report of the Treasury
Schedule of Cash and Investments
As of June 30, 2020

Pursuant to Government Code Section 53646, listed below is a schedule of Cash and Investments held by the City of Willows.

Par	Description of Security/ Financial Institution	Investment Policy Category	Coupon Rate	Maturity Date	Adjusted Cost Basis	Weighted Average Yield To Maturity	Current Market (Over 12 Mos.)
N/A	Petty Cash Held on Hand	N/A	N/A	N/A	\$ 500.00	N/A	\$ 500.00
N/A	General Checking Account/ Umpqua Bank	N/A	N/A	N/A	\$ 127,343.92	N/A	\$ 127,343.92
N/A	US Bank-Money Market As Custodian of Edward Jones Investment Funds	D	0.01%	Var.	\$ 1,332.36	N/A	\$ 1,332.36
N/A	Cash Account Stifel Nicolaus	D	0.01%	N/A	\$ 215.35	N/A	\$ 215.35
N/A	Local Agency Investment Fund/ Office of the Treasurer, State of California	C	1.22%	Var.	\$ 636,488.31	Var.	\$ 639,615.25
N/A	Money Market Account/ Umpqua Bank	D	0.05%	N/A	\$ 1,181,242.19	N/A	\$ 1,181,242.19
\$ 672,000.00	US Bank-As Custodian of Edward Jones Investments-Certificates of Deposit	B	1.40-2.35%	12/29/20- 5/10/2022	\$ 672,000.00	2.07%	\$ 688,248.66
\$ 750,000.00	Negotiable Certificates of Deposit Stifel Nicolaus-Custodian	B	2.00-2.90%	8/26/2020 10/17/2023	\$ 750,000.00	2.49%	\$ 779,724.00
Total					\$ 3,369,122.13		\$ 3,418,221.73

I certify that this report reflects all Government Agency cash and pooled investments and is in conformity with the Investment Policy of the City of Willows as stated in the annual investment policy approved by the City Council. A copy of the investment policy is available at the Office of the Finance Director.

/s/ Tim Sallsbery

Administrative Services Director

AGENDA ITEM

TO: Wayne Peabody, Interim City Manager
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: Naming Director to NCCSIF

RECOMMENDATION

Adopt the Resolution Of the City Council of the City of Willows Appointing a Director to the Northern California Cities Self Insurance Fund (NCCSIF)

SITUATION (or BACKGROUND):

With my departure from the City of Willows, and no named alternate in place, NCCSIF has requested that a Director be named by resolution. An alternate has also been requested. However, until positions are filled, naming an alternate is premature.

It is recommended that Wayne Peabody be named as the Director pending re-filling of positions within the City.

FINANCIAL CONSIDERATIONS:

None

NOTIFICATION

NCCSIF upon adoption of resolution

ALTERNATE ACTIONS

1. Adopt the resolution
2. Reject staff recommendation and/or direct item to be returned at later date.

RECOMMENDATION

Adopt the Resolution Of the City Council of the City of Willows Appointing a Director to the Northern California Cities Self Insurance Fund (NCCSIF)

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

Attachment:

Resolution

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS
APPOINTING A DIRECTOR AND ALTERNATE TO THE
NORTHERN CALIFORNIA CITIES SELF-INSURANCE FUND (NCCSIF)**

IN WITNESS WHEREOF, the following persons have been designated as the Northern California Cities Self Insurance Fund (NCCSIF) Director and alternate for the City of Willows.

Director: Wayne Peabody, Interim City Manager

Alternate: Vacant

The foregoing resolution was duly introduced and adopted by the City Council of the City of Willows at their regular meeting held on July 28, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Kerri Warren, Mayor

Tara Rustenhoven, City Clerk

APPROVED AS TO FORM:

David G. Ritchie, City Attorney

AGENDA ITEM

TO: Wayne Peabody, Interim City Manager
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: Entity Account Resolution

RECOMMENDATION

Adopt the Resolution Of the City Council of the City of Willows Whereby The Establishment and Maintenance of Security Accounts Have Been Authorized

SITUATION (or BACKGROUND):

Staff is in the process of changing signatories on various accounts. The City holds investments with Stifel (CD's) currently and Stifel requires a standardized resolution to change signatories on the account. Staff requests that Council adopt the attached template resolution via consent and have Wayne Peabody and Tara Rustenhoven serve as signatories on the account.

FINANCIAL CONSIDERATIONS:

None

NOTIFICATION

Stifel

ALTERNATE ACTIONS

1. Adopt the resolution
2. Reject staff recommendation and/or direct item to be returned at later date.

RECOMMENDATION

Adopt the Resolution Of the City Council of the City of Willows Whereby The Establishment and Maintenance of Security Accounts Have Been Authorized

July 28, 2020

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

Attachment:

Resolution

STIFEL



City of Willows
Resolution xx-2020

Attachment

ENTITY ACCOUNT RESOLUTION

- 501(c)(3) Non-Profit Corporation
 C Corporation
 Government Entity
 501(c)(3) Non-Profit Unincorporated
 S Corporation
 Other: _____

Stifel Use Only (NCOR) (CORP)	
FA #:	_____
Stifel Acct. #:	_____

To Stifel, Nicolaus & Company, Incorporated ("Stifel")

The undersigned corporation, association, or unincorporated entity ("Entity"), City of Willows
(Entity)

by its President, Chairperson, Director, or other Authorized Officer, Keeri Warren, Mayor
(Name and Title)

pursuant to the resolutions, a copy of which, certified by the President, Chairperson, Director, or other Authorized Officer, is annexed hereto, hereby authorizes you to open an account in the name of said Entity; and the undersigned represents that no one other than the undersigned has any interest in such account.

I further certify that by placing my initials here _____, I am also one of the individuals authorized to act on behalf of the Entity named herein.

By initialing here: _____, the undersigned further requests margin privileges for this account.

This authorization shall continue in force until revoked by the undersigned Entity by a written notice, addressed to you and delivered at your office at the address shown on the reverse.

I further certify that each of the following authorized individual(s) has been authorized to act on behalf of the Entity named herein:

<u>Wayne Peabody, Interim City Manager</u> (Name and Title)	_____	(Signature)
<u>Tara Rustenau, City Clerk</u> (Name and Title)	_____	(Signature)
_____	_____	(Signature)
_____	_____	(Signature)

CERTIFIED COPY OF CERTAIN RESOLUTIONS ADOPTED BY THE BOARD OF DIRECTORS WHEREBY THE ESTABLISHMENT AND MAINTENANCE OF SECURITY ACCOUNTS HAVE BEEN AUTHORIZED

RESOLVED

FIRST: That the above-named Authorized Individual(s) of this Entity, whether acting individually or collectively, are hereby authorized and empowered, for and on behalf of this Entity, to establish and maintain one or more accounts with Stifel, Nicolaus & Company, Incorporated ("Stifel") for the purpose of purchasing, investing in, or otherwise acquiring, selling, possessing, transferring, exchanging, pledging, or otherwise disposing of, or turning to account of, or realizing upon, and generally dealing in and with any and all forms of securities, including, without limitation, shares, stocks, bonds, debentures, notes, scrip, participation certificates, rights to subscribe, option warrants, options, certificates of deposit, mortgages, choses in action, evidences of indebtedness, commercial paper, certificates of indebtedness and certificates of interest of any and every kind and nature, whatsoever, secured or unsecured, whether represented by trust, participating and/or other certificates or otherwise, and any and all commodities and/or contracts for the future delivery thereof, whether represented by trust, participating and/or other certificates or otherwise, and to withdraw monies and/or wire funds.

The fullest authority at all times with respect to any such commitment or with respect to any transaction deemed by any of the Authorized Individual(s) and/or agents of the Entity to be proper in connection therewith is hereby conferred, including authority (without limiting the generality of the foregoing) to give written or oral instructions to Stifel with respect to said transactions; to bind and obligate the Entity to and for the carrying out of any contract, arrangement, or transaction, which shall be entered into by any of the Authorized Individual(s) and/or agents of the Entity with or through Stifel; to order the transfer or delivery thereof to any other person, whatsoever, and/or to order

the transfer of record of any securities to any name selected by any of the Authorized Individual(s) or agents of the Entity; to affix the Entity seal to any documents or agreements, or otherwise; to endorse any securities in order to pass title thereto; to direct the sale or exercise of any rights with respect to any securities; to sign for the Entity all releases, powers of attorney, and/or other documents in connection with any such account, and to agree to any terms or conditions to control any such account; to direct Stifel to surrender any securities to the proper agent or party for the purpose of effecting any exchange or conversion, or for the purpose of deposit with any protective or similar committee, or otherwise; to accept delivery of any securities; to appoint any other person or persons to do any and all things that any of the Authorized Individual(s) and/or agents of the Entity are hereby empowered to do, and take all action necessary in connection with the account, or considered desirable by the Authorized Individual(s) and/or agents of the Entity with respect thereto.

SECOND: That Stifel may deal with any and all of the Authorized Individual(s) and/or agents of the Entity directly or indirectly empowered by the foregoing resolution, as though they were dealing with the Entity directly.

THIRD: That the President, Chairperson, Director, or Other Authorized Officer of the Entity is hereby authorized, empowered, and directed to certify to Stifel:

- a) a true copy of these resolutions;
- b) specimen signatures of each and every person by these resolutions empowered; and
- c) a certificate (which, if required by Stifel, shall be supported by an opinion of the general counsel of the Entity, or other counsel satisfactory to Stifel) that the Entity is duly organized and existing, that its charter empowers it to transact the business by these resolutions defined, and that no limitation has been imposed upon such powers by the By-Laws or otherwise.

FOURTH: That Stifel may rely upon any certification given in accordance with these resolutions as continuing fully effective unless and until Stifel shall receive due written notice of a change in or the rescission of the authority so evidenced and the dispatch or receipt of any other form of notice shall not constitute a waiver of this provision, nor shall the fact that any person hereby empowered ceases to be an officer of the Entity or becomes an officer under some other title in any way affects the powers hereby conferred. The failure to supply any specimen signature shall not invalidate any transaction if the transaction is in accordance with authority actually granted.

FIFTH: That in the event of any change in the office or powers or person hereby empowered, the President, Chairperson, Director, or Other Authorized Officer shall certify such changes to Stifel in writing in the manner hereinabove provided, which notification, when received, shall be adequate both to terminate the powers of the persons theretofore authorized, and to empower the persons thereby substituted.

SIXTH: That the foregoing resolutions and the certificates actually furnished to Stifel by the President, Chairperson, Director, or Other Authorized Officer of the Entity pursuant thereto are hereby made irrevocable until written notice of the revocation thereof shall have been received by Stifel.

SEVENTH: That if the Entity has elected to hold a margin account with Stifel, as evidenced in writing executed by the Authorized Individual(s), the Entity is authorized to borrow against the securities of the Entity as collateral for a loan with Stifel, and the Entity will pay in cash or by checks and/or drafts drawn upon the funds of the Entity such sums as may be necessary in connection with any of the said accounts to deliver securities to and deposit funds with Stifel, including for the purpose of meeting margin calls.

I further certify that the said Entity is duly organized and existing and has the power to take action called for by the resolutions annexed hereto.

IN WITNESS WHEREOF, I have hereunto affixed my hand this

28th day of July, 2020

(President, Chairperson, Director, or Other Authorized Officer Signature)

KERRI WARREN, Mayor
(Printed Name and Title)



PUBLIC HEARING

AGENDA ITEM

TO: Wayne Peabody, Interim City Manager
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: 2020/21 Appropriation Limit

RECOMMENDATION

Conduct a Public Hearing regarding the 2020/2021 Appropriation Limit for the City of Willows and adopt resolution establishing said limit.

SITUATION (or BACKGROUND):

The City is required to establish its appropriations limit annually by Council resolution. The appropriation limitation imposed by Propositions 4 and 111 creates a restriction on the amount of revenue that can be appropriated in any fiscal year. The limit is based on the actual appropriations during the 1978-79 fiscal year and is increased each year using the growth of population and inflation. Not all revenues are restricted by the limit, only those that are designated as "proceeds of taxes" are included.

The City's appropriation limit for fiscal year 2019/20 is \$11,214,457. With qualified proceeds of taxes \$2,940,707 for the year, the City is \$8,273,750 under the limit. The City Auditor has applied testing procedures to the worksheets.

FINANCIAL CONSIDERATIONS:

No direct financial consideration as the City is below the Appropriation Limit for 2020/21.

NOTIFICATION

Notice of Public Hearing published in local newspaper

ALTERNATE ACTIONS

1. Adopt by Resolution
2. Request additional information from staff.
3. Reject staff recommendation and/or direct item to be returned at later date.

RECOMMENDATION

Conduct a Public Hearing regarding the 2020/2021 Appropriation Limit for the City of Willows and adopt resolution establishing said limit.

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

Attachments:

Resolution
City of Willows Appropriations Limit Worksheets-Fiscal Year 2019/20



**City of Willows
Resolution XX-2020**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS
ESTABLISHING 2020/21 APPROPRIATION LIMIT**

WHEREAS, Proposition 4, which was passed by the electorate, at a special election held on November 6, 1979, added Article XIII B to the Constitution to place various limitations on the fiscal powers of local government; and

WHEREAS, Proposition 111 amended Article XIII B requiring the city to choose adjustment factors annually; and

WHEREAS, the adjustment factors used to determine the 2020/21 appropriation limit are the California per capita income increase and county population growth.

NOW, THEREFORE, BE IT RESOLVED that the City of Willows' 2020/21 Appropriation Limit is \$11,214,457.

PASSED AND ADOPTED by the City Council of the City of Willows this 28th day of July, 2020, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED:

Kerri Warren, Mayor

APPROVED AS TO FORM:

ATTEST:

David G. Ritchie, City Attorney

Tara Rustenhoven, City Clerk

CITY OF WILLOWS
APPROPRIATIONS LIMIT WORKSHEETS
FISCAL YEAR 2020-2021

ROY R. SEILER

CERTIFIED PUBLIC ACCOUNTANT

201 C. North Tehama
Willows, CA 95988

Phone: 530-934-8841

Fax: 530-934-8849

E mail: Roy.Seiler@yahoo.com

Independent Accountant's Report on Agreed Upon Procedures
Applied to Appropriations Limit Worksheets

City Council
City of Willows, California

I have applied the procedures enumerated below to the accompanying Appropriations Limit Worksheets No.1 through No.7 for the City of Willows, California (City) for the 2020-2021 fiscal year. These procedures, which were agreed to by the City and the League of California Cities (as presented in the League publication entitled *Article XIII B Appropriations limitation Uniform Guidelines*) were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution.

This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and my findings were as follows:

1. I obtained completed worksheets No. 1 through No. 7 and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. I also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of the procedures.

2. For the accompanying Appropriations Limit worksheet No. 6, I added line A of last's year's limit, to line E, total adjustments, and compared the resulting amount to line F, this year's limit.

Finding: No exceptions were noted as a result of the procedures.

3. I compared the current information presented in the accompanying Appropriations Limit worksheet No. 6 to the prior year appropriation limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of the procedures.

4. I compared the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet No. 6 to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of the procedures.

I was not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheets No. 1 through No. 7. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*.

This report is intended solely for the information of the City of Willows Council and management and is not intended to be and should not be used by anyone other than those specified parties.



Roy R. Seiler,
Certified Public Accountant
July 17, 2020



May 2020

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

California Revenue and Taxation Code section 2227 requires the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2020, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2020-21. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2020-21 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2020.**

Please Note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data. Given the stay-at-home orders due to COVID-19, growth in the coming years may be substantially lower than recent trends.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

/s/ Keely Martin Bosler

KEELY MARTIN BOSLER
Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2020-21 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2020-21	3.73

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2020-21 appropriation limit.

2020-21:

Per Capita Cost of Living Change = 3.73 percent
 Population Change = 0.22 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.73 + 100}{100} = 1.0373$

Population converted to a ratio: $\frac{0.22 + 100}{100} = 1.0022$

Calculation of factor for FY 2020-21: $1.0373 \times 1.0022 = 1.0396$

Fiscal Year 2020-21

Attachment B
Annual Percent Change In Population Minus Exclusions*
January 1, 2019 to January 1, 2020 and Total Population, January 1, 2019

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total</u>
	2019-2020	1-1-19	1-1-20	1-1-2020
Glenn				
Orland	2.59	8,113	8,323	8,323
Willows	2.11	6,080	6,208	6,208
Unincorporated	2.64	14,405	14,785	14,869
County Total	2.51	28,598	29,316	29,400

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**CITY OF WILLOWS
FISCAL YEAR 2020-2021**

APPROPRIATIONS LIMIT GUIDELINES

USERS FEES VERSUS COSTS (Enterprise Funds)

WORKSHEET #1

BUDGET X ACTUAL

Program Areas

	Water	Sewer	Sewer Industries	TOTAL
A. COSTS REASONABLY BORNE	6,192	1,716,271		1,721,463
B. FEES:	6,500	1,573,862		1,580,362
FEE REVENUE	6,500	1,573,862		1,580,362
C. AMOUNT FEE EXCEEDS COST (i.e., TAX PROCEEDS)	308	(141,409)	0	(141,101)
D. AMOUNT OF FEE REVENUE GREATER THAN COST				(141,101)
E. Use the results to complete Worksheet #2				

CITY OF WILLOWS
 FISCAL YEAR 2020-2021

APPROPRIATIONS LIMIT GUIDELINES

CALCULATION OF PROCEEDS OF TAXES

WORKSHEET #2

BUDGET X ACTUAL

REVENUES	PROCEEDS OF TAXES	NON-PROCEEDS OF TAXES	TOTAL
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TAXES:

PROPERTY TAX	797,500		797,500
SALES & USE TAX	1,148,000		1,148,000
BUSINESS LICENSE TAX	20,000		20,000
UTILITY USERS TAX			0
TRANSIENT OCCUPANCY TAX	325,000		325,000
SPECIAL POLICE OR FIRE	17,500		17,500
ADMISSIONS TAX			0
PARKING TAX			0
OTHER TAXES			0

FROM STATE:

MOTOR VEHICLE IN LIEU	600,000		600,000
TRAILER COACH IN LIEU			0
OFF-HIGHWAY VEHICLES			0
GASOLINE TAX		256,744	256,744
TRANSPORTATION		86,386	86,386
CIGARETTE TAX			0
HOMEOWNERS' RELIEF TAX	7,500		7,500
WILLIAMSON OPEN SPACE			0
TIDELANDS TRUST			0
POST REIMBURSEMENTS			0
REPEALED SUBVENTIONS:			0
LIQUOR LICENSE TAX			0
HIGHWAY CARRIERS			0
FINANCIAL AID TO LOCALS			0
BUSINESS INVENTORY			0
LIBRARY GRANTS		54,525	54,525
REAL PROP TRANSFER TAX	19,000		19,000
OTHER		120,000	120,000

APPROPRIATIONS LIMIT GUIDELINES
 WORKSHEET # 2
 CONTINUED

OTHER GOVERNMENTS:

COUNTY LIBRARY ALLOCATION	73,000	73,000
COMMUNITY DEVELOPMENT	12,954	12,954
HOUSING	5,100,000	5,100,000
DISASTER RELIEF		0
OTHER		0

LOCALLY RAISED:

SPECIAL BEN ASSESSMENTS		0
LICENSES AND PERMITS	55,300	55,300
BUSINESS LICENSES		0
FRANCHISE FEES	195,000	195,000
DEVELOPMENT FEES	1,000	1,000
RENTS, ROYALTIES, PENALTIES	45,500	45,500
FINES AND FORFEITURES	5,500	5,500
CHARGES FOR SERVICES	116,062	116,062
USER FEES (From Worksheet # 1)	1,580,362	1,580,362
OTHER MISC.		0

SUB-TOTAL (For Worksheet # 3)	2,934,500	7,702,333	10,636,833
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INTEREST EARNINGS (From Worksheet # 3)	6,207	16,293	22,500
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TOTAL REVENUE (use for worksheet #4)	2,940,707	7,718,626	10,659,333
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RESERVE WITHDRAWALS		521,465	521,465
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TOTAL OF THESE FUNDS	2,940,707	8,240,091	11,180,798
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OTHER FUNDS NOT INCLUDED			0
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GRAND TOTAL	2,940,707	8,240,091	11,180,798
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CITY OF WILLOWS
FISCAL YEAR 2020-2021

APPROPRIATIONS LIMIT GUIDELINES

INTEREST EARNINGS PRODUCED BY TAXES

WORKSHEET #3

	AMOUNT	SOURCES
A. TAX PROCEEDS NOT INCLUDING INTEREST	2,934,500	(WORKSHEET #2)
B. MINUS EXCLUSIONS	0	(WORKSHEET #7)
C. NET INVESTED TAXES	2,934,500	(A-B)
D. TOTAL REVENUES NOT INCLUDING INTEREST	10,636,833	(WORKSHEET #2)
E. TAX PROCEEDS AS A PERCENT OF BUDGET	27.59%	
F. INTEREST EARNINGS	22,500	
G. AMOUNT OF INTEREST EARNED FROM TAXES	6,207	(E*F)
H. AMOUNT OF INTEREST EARNED FROM NON-TAXES	16,293	(F-G)

**CITY OF WILLOWS
FISCAL 2020-2021**

APPROPRIATIONS LIMIT GUIDELINES

APPROPRIATIONS SUBJECT TO LIMITATION

WORKSHEET #4

	AMOUNT	SOURCES
A. PROCEEDS OF TAXES	2,940,707	(WORKSHEET #2)
B. EXCLUSIONS	0	(WORKSHEET #7)
C. APPROPRIATIONS SUBJECT TO LIMITATIONS	2,940,707	(A-B)
D. CURRENT YEAR LIMIT	11,214,457	(WORKSHEET #6)
E. OVER/(UNDER) LIMIT	(8,273,750)	(C-D)

CITY OF WILLOWS
FISCAL YEAR 2020-2021

APPROPRIATIONS LIMIT GUIDELINES

POPULATION INCREASE

WORKSHEET #6

LIMITATION COMPUTATION:		CITY		COUNTY	
		POPULATION	PERCENT	POPULATION	PERCENT
1987-1988	01/01/86	5184		22875	
	01/01/87	5238	1.83%	22887	-0.03%
1988-1989	01/01/87	5206		22867	
	01/01/88	5273	1.29%	23180	1.37%
1989-1990	01/01/88	5269		23180	
	01/01/89	5302	1.67%	23588	1.76%
1990-1991	01/01/89	5331		23588	
	01/01/90	5478	2.78%	24473	3.75%
1991-1992	01/01/90	5938		24473	
	01/01/91	6092	2.63%	26241	3.14%
1992-1993	01/01/91	6082		25241	
	01/01/92	6167	1.4%	25693	1.79%
1993-1994	01/01/92	6180		25893	
	01/01/93	6324	2.33%	26240	2.13%
1994-1995	01/01/93	6310		26240	
	01/01/94	6325	.24%	26431	0.73%
1995-1996	01/01/94	6336		26431	
	01/01/95	6472	2.16%	26990	0.73%
1996-1997	01/01/95	6280		26218	
	01/01/96	6367	1.07	27195	1.02%
1997-1998	01/01/96	6367		26528	
	01/01/97	6388	.33%	26696	.83%
1998-1999	01/01/97	6382		26673	
	01/01/98	6388	.09%	26861	.70%
1999-2000	01/01/98	6384		26769	
	01/01/99	6387	.38%	26943	.29%
2000-2001	01/01/99	6370		26766	
	01/01/00	6392	.36%	27107	0.84%
2001-2002	01/01/01	6286		26688	
	01/01/02	6251	-0.56%	26707	0.07%

The Demographic Research Unit has adopted a revised method of estimating population for the cities and counties. This revised method has been used to adjust the 1/1/96 population figures.

CITY OF WILLOWS
FISCAL YEAR 2020-2021

APPROPRIATIONS LIMIT GUIDELINES

POPULATION INCREASE

WORKSHEET #5

LIMITATION COMPUTATION:		CITY		COUNTY	
		POPULATION	PERCENT	POPULATION	PERCENT
2002-2003	01/01/02	6236		26635	
	01/01/03	6282	0.74%	26952	1.18%
2003-2004	01/01/03	6355		27273	
	01/01/04	6385	0.47%	27630	1.31%
2004-2005	01/01/04	6400		27824	
	01/01/05	6438	0.59%	28197	1.34%
2005-2006	01/01/05	6456		28155	
	01/01/06	6432	-0.37%	28540	1.37%
2006-2007	01/01/06	6392		28364	
	01/01/07	6469	1.20%	28791	1.51%
2007-2008	01/01/07	6453		28709	
	01/01/08	6502	0.76%	29085	1.31%
2008-2009	01/01/08	6472		29070	
	01/01/09	6486	0.22%	29239	0.58%
2009-2010	01/01/09	6480		29212	
	01/01/10	6505	0.39%	29434	0.76%
2010-2011	01/01/10	6165		28004	
	01/01/11	6144	-0.34%	28153	0.53%
2011-2012	01/01/11	6165		28004	
	01/01/12	6144	-0.34%	28153	0.53%
2012-2013	01/01/12	6129		28116	
	01/01/13	6161	0.52%	28247	0.47%
2013-2014	01/01/13	6137		28138	
	01/01/14	6154	0.28%	28255	0.42%
2014-2015	01/01/14	6226		28598	
	01/01/15	6208	-0.32%	28630	0.12%
2015-2016	01/01/15	6119		28579	
	01/01/16	6213	1.54%	28668	0.31%
2016-2017	01/01/16	6198		28543	
	01/01/17	6187	-0.18%	28635	0.32%

The Demographic Research Unit has adopted a revised method of estimating population for the cities and counties. This revised method has been used to adjust the 1/1/95 population figures.

**CITY OF WILLOWS
FISCAL YEAR 2020-2021**

APPROPRIATIONS LIMIT GUIDELINES

POPULATION INCREASE

WORKSHEET #5

LIMITATION COMPUTATION:	CITY		COUNTY	
	POPULATION	PERCENT	POPULATION	PERCENT
2017-2018	01/01/17	6066	28634	
	01/01/18	6064	-0.03%	28696 0.22%
2018-2019	01/01/18	6273	28762	
	01/01/19	6282	0.14%	29132 1.29%
2019-2020	01/01/19	6080	28598	
	01/01/20	6208	2.11%	29316 2.51%

The Demographic Research Unit has adopted a revised method of estimating population for the cities and counties. This revised method has been used to adjust the 1/1/95 population figures.

**CITY OF WILLOWS
FISCAL YEAR 2020-2021**

APPROPRIATIONS LIMIT GUIDELINES

EXCLUDED APPROPRIATIONS

WORKSHEET # 7

<u>EXCLUSION CATEGORY</u>	<u>AMOUNT</u>
A. COURT ORDERS	<input type="text" value="0"/>
B. FEDERAL MANDATES	<input type="text" value="0"/>
C. QUALIFIED CAPITAL OUTLAY	<input type="text" value="0"/>
D. QUALIFIED DEBT SERVICE	<input type="text" value="0"/>
TOTAL EXCLUDABLE	<input type="text" value="0"/>

AGENDA ITEM

July 28, 2020

TO: Honorable Mayor Hansen and Members of the City Council

FROM: Wayne Peabody, Fire Chief

SUBJECT: 2020 Weed Abatement-Public Hearing

RECOMMENDATION:

This is a public hearing. Upon conclusion of the public hearing, consider adoption of the attached resolution confirming costs of abatement and declaring them as a special assessment as of August 3, 2020.

SITUATION (or BACKGROUND):

On April 28, 2020 the City Council adopted a resolution declaring rubbish, refuse, and weeds to be a public nuisance and that the City Fire Department had made a survey of the areas in town that had nuisance and notified the property owners that they must remove this nuisance or the City would perform the task and bill the property owner accordingly.

In accordance with the California Administrative Code a hearing is required prior to the adoption of the resolution confirming cost of weed abatement and declaring those cost a lien against those properties on which work was performed. The purpose of this hearing is to discuss the cost of abatement only. The hearing on protesting and ordering abatement was held on June 9th, 2020.

FINCIAL CONSIDERATIONS:

Properties that the City Contractor abated will be billed to the property owner plus a 25% administration fee. For the property owners that do not pay, there will be a lien placed against their property and will appear on their tax statement from the county.

NOTIFICATION:

Notice of Public Hearing published in the local newspaper of general circulation.

ALTERNATE ACTIONS:

1: Request additional information from staff

2: Reject staff recommendation and/or direct item to return.

RECOMMENDATION:

This is a public hearing. Upon conclusion of the public hearing, consider adoption of the attached resolution confirming costs of abatement and declaring them as a special assessment as of August 3, 2020.

Respectfully Submitted



Wayne Peabody
Fire Chief

ATTACHMENT:

- A: Attachment A: 2020 Weed Abatement Resolution Confirming cost of abatement and declaring them a special assessment.
- B: Attachment B: 2020 Weed Abatement list of property and cost (Will be distributed on the evening of the meeting).

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF WILLOWS CONFIRMING COSTS OF
ABATEMENTS AMENDED AND DECLARING THEM AS A
SPECIAL ASSESSMENT

WHEREAS, the parcels listed on the attached Exhibit B dated July 28th, 2020, were declared a nuisance and ordered abated as of the Council meeting of June 9th, 2020; and

WHEREAS, the required notices as set forth in Section 39500 through 39588 of the Government Code have been sent as required by law; and

WHEREAS, the owners of said parcels failed to abate the nuisance and hence were abated by the City of Willows as prescribed by law;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Willows held the required public protest hearing on June 9th, 2020, and does hereby confirm the costs of abatement and declare them a lien against the property effective August 3rd, 2020.

PASSED AND ADOPTED by the City Council of the City of Willows this 28th day of July 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Kerri Warren, Mayor

ATTEST:

Tara Rustenhoven, City Clerk



REGULAR BUSINESS

**WILLOWS CITY COUNCIL
STAFF REPORT**

TO: MAYOR AND CITY COUNCIL MEMBERS

**FROM: DAVID G. RITCHIE, CITY ATTORNEY
WAYNE PEABODY, CITY MANAGER**

**RE: ADOPTION OF RESOLUTION No. ____-2020 AUTHORIZING THE CITY
MANAGER TO ENTER INTO AN AGREEMENT WITH WULFF, HANSEN
& CO. AND APPOINTING WULFF HANSEN AS MUNICIPAL
ADVISORS TO THE CITY AND TO EXECUTE ANY RELATED
NECESSARY DOCUMENTS**

DATE: JULY 28,2020

SUMMARY

This item is for Council consideration to enter into an agreement with Wulff, Hansen & Co. to provide the City with municipal advisory services to the City in furtherance of refunding or restructuring existing City bond debt and pension obligations, as well as an addendum to provide advisory services related to necessary changes to City finance policies that facilitate the restructuring or refunding of existing City debt.

BACKGROUND

The City currently services existing debt in the form of a USDA loan and obligations for unfunded liability to the Public Employees Retirement System (PERS), among other bond debt obligations and does so with limited financial resources.

What Are Bonds?

Bonds are borrowing instruments and serve as evidence of a debt owed, similar to a promissory note. When bonds are issued, this results in the creation of securities which may be bought and sold as investments. The buyers (investors) of those securities are, in effect, loaning money through the purchase of the securities to the public agency, which can then use the moneys to fund a variety of things, such as purchases of real property, construction, or infrastructure improvements. There are three main areas of concern when analyzing the issuance of public debt. First, that debt, specifically the issuance of bonds, is authorized by State Law. Second, there are a series of State and Federal tax laws used to determine whether the debt is eligible to be treated as tax-exempt. Finally, there are Federal and State securities laws that require disclosures and provide a regulatory framework for the issuance, sale and trading of the debt securities. All three of these areas are constantly changing. As a result, local agency policies and bond debt should be regularly reviewed for compliance and to assess whether changes must be made.

Using a Municipal Advisor for Guidance

Wulff Hansen & Co is an investment and banking firm and is one of the oldest in California. It has worked in the Central and Sacramento Valleys on a number of public agency financing projects for Coalinga, Parlier, Selma, Sanger, Visalia, Chowchilla, Merced Housing, Madera, Porterville, Bakersfield, Ceres, Oroville Hospital and many others. They have also worked with many performance contracts and been able to design creative and innovative financing packages that best meet today's municipal market.

The attached resolution will formally initiate formation of parts of the financing team required to effectively issue municipal bonds if needed in the future, including refunding bonds for the purpose of restructuring the City's existing debt(s). The agreement being considered before you today itself does not authorize the issuance of any bond debt or restructuring/refunding of existing City debt, nor create any obligations for services or payments to be provided, rather each service is discretely approved on an as-needed basis through a series of addendums.

It is anticipated, based on what is currently known of the existing City obligations that refunding or other restructuring of the existing debt would result in payment for the services provided under Addendums 1 and 2, and payment in full or in part of the services provided for under Addendum 3 (not to exceed \$7,000 for policy review and revision services). However if the City were to determine not to proceed with any refunding or restructuring, the fee for services provided under addendum 3 would need to be paid from City funds. Note again, that the agreement and addendums do not authorize the issuance of any bonds nor alter the City's current obligations. The fees for any potential future refunding bonds or restructuring will, to the extent possible, be paid from the bond proceeds. Any bond issuance fees and terms will be separately approved by the City Council at the appropriate time at subsequent meetings.

RECOMMENDATION

It is recommended that the City council adopt Resolution No _____, approving the MA Agreement with Wulff Hansen and authorizing the City Manager to execute the MA Agreement, Addendums 1, 2 and 3 and any and all other documents necessary thereto.

FINANCIAL IMPACT

This agenda item requires a budget adjustment setting aside funds (\$23,000) to be used for the assessment of the current bond obligations and refunding/refinancing options (\$7,000) and additional funds to be used to bring current finance department policies in line with current law – optimizing them such that they properly support any refunding or refinancing efforts and/or any new future financing efforts when they are needed (\$15,000). It is reasonably anticipated that the City would recoup some or all of these costs in the event it determines to move forward with refunding or otherwise restructuring existing debts.

ALTERNATIVES

The City could choose not to enter into an Agreement at this time, however this option is not recommended because 1) the City policies relating to fiscal matters should be regularly reviewed and updated to comply with significant changes in the law that have taken effect since 2017 and later, and 2) the City would be poorly positioned to issue bonds in the future without laying the proper foundation in policy and without addressing the current City obligations.

Respectfully submitted,

/s/ David G. Ritchie

David G. Ritchie
City Attorney

/s/ Wayne Peabody

Wayne Peabody
City Manager

ATTACHMENTS

Wulff Hansen Statement of Firm Qualifications
MA Agreement with Wulff Hansen
MSRB Rule G-42 Disclosure Document
Addendum 1 to MA Agreement
Addendum 2 to MA Agreement
Addendum 3 to MA Agreement-will be presented at the meeting
RESOLUTION No. _____-2020

July 8, 2020

Tim Sailsbery
Administrative Services Director
City of Willows 201 N Lassen
Street Willows, CA 95988

Dear Mr. Sailsbery:

Thank you for considering Wulff, Hansen & Co. to provide financial advisory services to the City of Willows. Our firm was introduced, via a referral from your City Attorney, Dave Richie, with whom we have worked numerous times in connection with various municipal and government agency projects and refinancings across the State of California. On June 23rd we discussed with City staff two existing obligations of the City where an opportunity exists to create savings through new financing. We briefly discussed with Staff, at a conceptual level, the idea of possibly issuing a pension obligation bond to fund the City's Unfunded Actuarial Liability ("UAL") at CalPERS, the potential issuance of a refunding bond or refunding transaction to retire the City's outstanding 2007 USDA loan, and our firm's ability to assist in identifying and implementing methods to finance those transactions. As a result of that conversation we are hereby submitting a Statement of Qualifications to demonstrate our firm's commitment to our clients and to present our qualifications to provide municipal advisory services tailored to the City's specific financing needs. Our Public Finance Group is very active in the California municipal bond market, helping cities, counties, water and wastewater service providers, special districts, schools and a wide variety of public agencies with their financing and advisory needs.

Founded in 1931, Wulff, Hansen prides itself on being one of the oldest municipal advisory and investment banking firms in California. Our firm's history has been built on providing municipal advisory and underwriting services to state and local governments, agencies, schools, hospitals, special Districts, and non-profit organizations throughout California. Wulff, Hansen's transaction history as sole manager or municipal advisor spans many decades, and we have acted as advisor or managing underwriter in the successful placement of hundreds of financings for local communities. Our clients rely on our ability to help them identify the scope of the projects to be financed, coordinate aspects of the approval and implementation of the financing and its structure, and play a key role on the team which ultimately brings the issuance to fruition.

When retained in the role of Municipal Advisor, Wulff Hansen provides public-entity and non-profit clients with detailed information and creative, tailored solutions that seek to optimize the client's resources while minimizing transaction and finance-related expenses. We are very conscious of protecting and enhancing an issuer's credit rating status, and will provide advice for that purpose where appropriate. Our services range from developing bond structures, pricing, refunding and restructuring analysis to developing strategic advice for workouts. We assist clients in obtaining bond ratings and credit enhancement, and shepherd each competitive issue through the bidding process.

We believe we are particularly well suited to work with the City of Willows for many reasons. As a California-based boutique-sized firm we are able to provide the City with hands-on service from senior staff with extensive experience. Unlike larger firms, where the actual work is done by more junior staff overseen from afar by the senior person assigned to the project, a firm like ours will allow the City to work directly with our most experienced advisors on a day-to-day basis. Further, the City's geographic proximity to our headquarters in San Rafael means that in-person meetings can be arranged with minimal advance notice should an urgent matter arise and, importantly, there would be no out-of-pocket travel expenses to increase the City's costs.

Mr. Levine, who would manage day-to-day work with the City, will have access to the full resources of Wulff, Hansen & Co., including additional staff members should their expertise be required. Together, our seasoned professionals offer more than 150 years of experience in the public finance field.

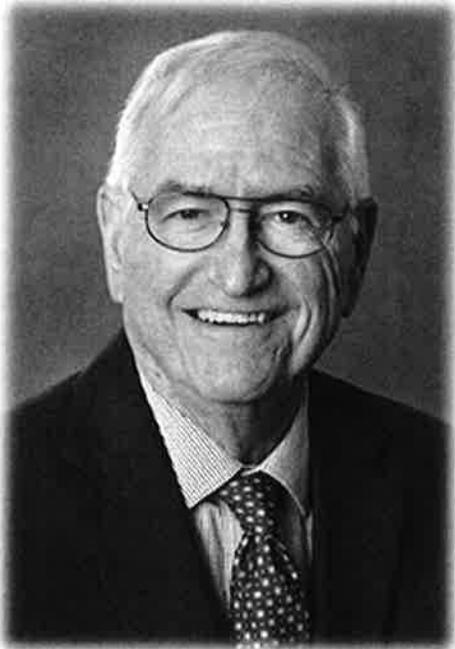
Respectfully submitted,

Chris Charles

Chris Charles, President

Team:

Ben 'Bud' Levine (Lead)



Ben 'Bud' Levine is a senior advisor at Wulff, Hansen, is a registered Municipal Advisor, and has many years of experience in public finance in various roles including as Municipal Advisor, investment banker and underwriter. His transaction history includes initial issuances, debt restructurings, and refunding of existing outstanding obligations for the full spectrum of debt issuers including cities, counties, water, sanitary, irrigation, fire, hospital and special districts as well as other issuers. Mr. Levine has particular expertise in managing and advising on financing renewable energy, water and wastewater projects, tax increment refundings and health care issues.

In recent years he has developed a notable practice in the renewable energy space and in the refunding of outstanding pension liabilities due to CalPERS. In renewable energy space he assists municipal clients in developing and financing energy efficiency projects which include funding of green infrastructure and building upgrades and construction of renewable generating capacity. He has advised and participated in the process of selecting master developers and contractors for EPC (Energy Performance Contracting) projects. In

this role he assists the client in negotiating terms of contractor financial guarantees and other important aspects of the contract. He has arranged financing for such projects utilizing many of the various structures available for such financing, including paid-from-savings financing, Clean Renewable Energy Bonds (CREBs) and other means. In the pension obligation space he has completed projects utilizing both validation suit approaches and certificates of participation/lease approaches. He has advised on the issuance of taxable pension obligation bonds using these approaches to allow for the issuance of debt secured by the general fund.

He is also comfortable working with undesirably complex or troubled issuers and can provide assistance in efforts to improve or resolve a client's financial difficulties. He has served as either advisor or underwriter on various debt restructurings and in matters resulting from the bankruptcy of issuers, providing assistance as an entity exits bankruptcy.

Mr. Levine exerts great effort to educate his clients about their options, the reasoning behind them, and the implications of a particular course of action. This is most often done in person, and he makes himself available to provide face-to-face onsite briefings on a project or situation not only to client staff but to the legislative body as well. He prides himself on his effectiveness in making complex financial transactions both transparent and understandable to the client and the general public, and he enjoys presenting at public meetings where a broader audience can learn about and come to understand the details of the project at hand.

Mr. Levine holds a B.A. in Political Science from the University of California (Berkeley) and attended Boalt Hall School of Law and the Graduate School of Business, both at the University of California. Professional licenses: Series 7 (General Securities), Series 50 (Municipal Advisor Representative), Series 63 (Multistate).

Rob Pankratz



Rob Pankratz is the firm's Senior Analyst and Director of Operations. He runs numbers, performs industry research, analyzes financials, and supports the advisors in their day to day tasks. He has been a part of the Public Finance team at Wulff, Hansen since August of 2017 after a stint at a boutique mergers and acquisitions group in San Francisco that focused on full sales and large capital raises for high growth technology companies.

Mr. Pankratz has extensive experience working with complex financial models in the context of developing fundraising opportunities for technology companies. Investment banking in the public finance area is a unique opportunity to help communities serve their citizens; this has a special appeal for him and is unlike anything in technology finance.

Since joining Wulff, Hansen, Mr. Pankratz has worked extensively on pension obligation refundings, water and sewer enterprise capital project financings, healthcare financings, and successor agency refinancings. He has also provided support to senior bankers on energy efficiency financings, community facilities district financings and assessment district financings.

He holds a B.S. in Commerce from the Leavey School of Business at Santa Clara University, where he had a concentration in Finance with an emphasis in Entrepreneurship and Applied Ethics. Professional licenses: Series 52 (Municipal Securities Representative), Series 53 (Municipal Securities Principal), Series 50 (Municipal Advisor Representative).

References:

- **Jennifer Styczynski, Finance Director, City of Marysville**
(530) 749-3903, jennifers@marysville.ca.us
- **Rod Pruett, City Administrator, City of Chowchilla**
(559) 665-8615 x700, rpruett@cityofchowchilla.org
 - **John Lollis, City Manager, City of Porterville**
(559) 782-7466, jlollis@ci.porterville.us
 - **Ron Strand, City Manager, City of Ridgecrest**
(760) 499-5002, rstand@ridgecrest-ca.gov
 - **Dan Schwarz, City Manager, City of Larkspur**
(415) 927-5110, dschwarz@cityoflarkspur.org
- **Johnny Tucker, General Manager, Richardson Bay Sanitary District**
(415) 388-1345, rbsdtg@aol.com

These references have worked with or are currently working with Wulff, Hansen & Co. receiving services similar to those discussed with City staff. We have advised them on successful issuances of pension obligation bonds, and/or Lease refunding transactions similar to what we understand the City is considering pursuing in the near future. They would be happy to share their experience working with our firm.

Completed CalPERS UAL Refinancing Projects:

City of Larkspur

In 2020, Wulff, Hansen & Co. advised the City of Larkspur on refinancing their CalPERS Unfunded Pension Liability. When we approached the City, they had over \$18 million in Unfunded Liabilities. With the successful sale, via a Public Offering of Taxable Pension Obligation Bonds, the City fully funded its legacy UAL as reported to it by CalPERS as of the closing date of the transaction. Over the life of the issue, it is estimated that the City will save over \$9.99 million in projected interest payments.

City of Marysville

In 2019, Wulff, Hansen & Co. advised the City of Marysville on refinancing their CalPERS Unfunded Pension Liability. When we approached the City, they had over \$14 million in Unfunded Liabilities. With the successful sale, via a Public Offering of Taxable Pension Obligation Bonds, the City fully funded its legacy UAL as reported to it by CalPERS as of the closing date of the transaction. Based on the City August 2019 Actuarial Valuations, the City was able to save an estimated \$7.13 million in projected interest payments to CalPERS.

City of Chowchilla

In 2019, Wulff, Hansen & Co. advised the City of Chowchilla on refinancing their CalPERS Unfunded Pension Liability. When we approached the City, they had over \$10 million in Unfunded Liabilities. With the successful sale, via a Public Offering of Taxable Pension Obligation Bonds, the City fully funded its legacy UAL as reported to it by CalPERS as of the closing date of the transaction. Based on the City August 2018 Actuarial Valuations, the City was able to save an estimated \$3.39 million in projected interest payments to CalPERS.

City of Ridgecrest

In 2018, Wulff, Hansen & Co. advised the City of Ridgecrest on refinancing their CalPERS Unfunded Pension Liability. When we approached the City, they had over \$19 million in Unfunded Liabilities. With the successful sale, via a Public Offering of Taxable Pension Obligation Bonds, the City fully funded its legacy UAL as reported to it by CalPERS as of the closing date of the transaction. Based on the City August 2018 Actuarial Valuations, the City was able to save an estimated \$5.16 million in projected interest payments to CalPERS.

Our Approach to Capital Projects:

Wulff Hansen is not aware of any capital projects that the City is currently contemplating, nevertheless, we like to share with potential clients how our team approaches capital projects, both for General Fund and Enterprise Fund financing projects.

When retained for a specific financing or financings, we begin by considering how the new issuance will fit into the client's existing financial structure. Our approach to preparing a comprehensive financing program starts with a debt map, CIP list and timeline for the planned improvements and priorities of our client. We then integrate new financing into the program, typically using pay-as-you-go cash sources and outside sources of funding. The combined program enhances financing efficiency, long-term planning and can be updated and adjusted to adapt to changing priorities and circumstances over the course of many years. The program provides our clients the ability to get a high-level view of desired future capital improvements and sources for their financing, as well as a more granular view for the individual parts of the program.

When we evaluate the options available to finance a project, we summarize the options in a concise manner and share that summary with the client's staff so they can see the pros and cons of each financing approach. We then, based on feedback from staff (and the council, if appropriate) fine-tune the financing for a specific transaction, keeping staff apprised along the way. Once staff is in agreement with the final plan we proceed to produce a formal recommendation and supporting data to be presented to the Council and the public.

Depending on our client's wishes in a particular transaction, Wulff Hansen is prepared to provide services:

- Investigate, develop, review and prepare required reports for debt capacity, debt service schedules, appraisal valuation ratios to debt obligation;
- Develop due diligence requirement lists;
- Make determinations for the availability of ratings and insurance and create cost analysis benefits for their usage;
- Coordinate and lead presentations to rating agencies and credit enhancers;
- Develop studies for comparative financing mechanisms and relative benefits;
- Coordinate the participation of other consultants and experts;
- Guide competitive transactions through the public bidding process, providing national exposure in an effort to obtain best available interest rate;
- Provide follow up reports on bond sales;
- Provide educational workshops about relevant public financing for staff and council members;
- Provide analysis of refunding or restructuring opportunities;
- Review annual tax rate structures for revenue coverage;
- Assist with selection of and negotiations with Trustee;
- Provide revenue analysis and projections;
- Assist clients in developing RFPs/RFQs for third party service providers.

If requested, we would be happy to provide case studies and references related our recent work on capital projects across California communities.

Costs:

Our compensation for municipal advisory services is determined by the type and size of project and the agreed-upon scope of work as ultimately defined by the Client and memorialized in a written Municipal Advisory Agreement and Addenda thereto executed by both parties. In a typical financing there are some tasks which can only be performed by the client or its other professionals such as bond counsel, some tasks which can only be performed by the Municipal Advisor, and a third group of tasks which may be accomplished by either party or by both working together. The division of labor with regard to the latter group determines where within a range the agreed-upon compensation will fall.

In each engagement, the exact amount would be dependent on the final agreed-upon scope of work as described above and would be set forth in the engagement's written documentation.

It is important to note that for this type of work our compensation would be entirely contingent on a successful completion of the financing. If for any reason this does not occur, the Client would have no obligation to us of any kind. In addition, because your location is readily accessible from our San Rafael headquarters we would not feel it necessary to charge the Client for any travel or other out-of-pocket expenses.

Recent Transactions (since January 2018):

<u>Closing Date</u>	<u>Issuer/Issue</u>	<u>Bond Size</u>
6/25/2020	Homestead Valley (CSA #14 of Marin County), 2020 Lease Transaction	\$ 1,339,000
6/18/2020	Tulare Local Healthcare District, Refunding Revenue Bond, Series 2020A	11,964,000
6/18/2020	Tulare Local Healthcare District, Taxable Refunding Revenue Bond, Series 2020B	8,775,000
5/14/2020	City of Larkspur Taxable POB (2020 PERS UAL Financing)	18,295,000
3/26/2020	Sanitary District No.5 of Marin County, Revenue Refunding Bond, Series 2020	7,900,000
3/19/2020	Clinicas del Camino Real, Revenue Bonds, Series 2020	61,675,000
3/10/2020	Richardson Bay Sanitary District, Taxable POB (2020 PERS UAL Financing)	2,383,000
2/27/2020	Tulare Local Healthcare District, General Obligation Refunding Bond	85,000,000
1/30/2020	Purissima Hills Water District, Water Revenue Bond	8,000,000
12/19/2019	City of Porterville, Sewer Revenue COP	12,095,000
11/7/2019	Golden Valley Health Centers, Revenue Bond, Series A	15,000,000
9/26/2019	City of Marysville, 2019 Lease Transaction	15,000,000
9/25/2019	Belvedere PFA, Belvedere/Golden Gate Ave. UOAD, 2019 Revenue Bonds	665,000
9/24/2019	City of Marysville, Taxable POB (2019 PERS UAL Financing)	6,977,000
7/12/2019	Coalinga Regional Medical Center, Taxable Revenue Refunding Bonds	11,109,000
4/11/2019	Housing Authority of the County of Merced, Mortgage Secured Housing Bond, Series 2019A	7,360,000
3/21/2019	City of Chowchilla, Taxable POB (2019 PERS UAL Financing)	10,485,000
3/20/2019	Tarzana Treatment Centers, Taxable Revenue Bonds, Series 2019 A & B	13,500,000
2/26/2019	City of Oroville (Oroville Hospital), Hospital Revenue Bonds, Series 2019	195,630,000
2/14/2019	Los Osos CSD, LO Refunding Bonds, Wastewater Assessment District No.1, Series 2019	10,800,000
12/20/2018	Housing Authority of the County of Merced, Taxable POB (2018 PERS UAL Financing)	6,545,000
12/18/2018	City of Ridgecrest, Taxable COP (2018 PERS UAL Financing)	19,955,000
11/20/2018	City of Porterville, 2018 Sewer Revenue Refunding Bonds	19,283,000
7/26/2018	Asian Community Center of Sacramento Valley, Revenue Bonds, Series 2018	26,915,000
7/26/2018	SA to the Former Yucca Valley RDA, TARBs, Series 2018	8,216,000
7/11/2018	Larkspur Public Financing Authority, Lease Revenue Bonds, Series 2018	25,160,000
6/27/2018	SA to the Dissolved Arroyo Grande RDA, Taxable TARBs, Series 2018	5,305,000
6/19/2018	SA to the Former RDA of the City of Coalinga, TARBs, Series 2018	5,657,000
5/31/2018	SA to Ridgecrest RDA, TARBs, Series 2018 A & B	29,280,000
4/19/2018	El Centro Regional Medical Center, Hospital Revenue Refunding Bonds	125,000,000
1/30/2018	Imperial County Office of Education, 2018 Lease Agreement	9,000,000

WULFF, HANSEN & Co.

ESTABLISHED 1931

INVESTMENT BANKERS

100 SMITH RANCH ROAD, SUITE 330

SAN RAFAEL, CALIFORNIA 94903

(415) 421-8900

Tim Sailsbery
City Manager
City of Willows
201 N Lassen Street
Willows, CA 95988

Dear Mr. Sailsbery:

This letter is being provided to you in order to comply with legal and regulatory requirements, specifically those of the Municipal Securities Rulemaking Board's Rule G-42. Regulations require us, before providing any municipal advice to a municipal entity, to describe the nature of the relationship under which we would contemplate providing such advice and describe the circumstances and terms under which we would provide it. Please be aware that this disclosure letter is not a contract and that at this time you have no obligation to us of any kind. Any such obligation in the future would be reflected in an agreed-upon written contract or engagement letter ("Agreement") between you and ourselves.

Rule G-42 requires that in the absence of such an Agreement, or while awaiting creation and execution of such a document, we are to provide you with a written statement describing the potential advisory relationship between Wulff, Hansen & Co. ("Municipal Advisor" or "Advisor") and the City of Willows (the "Client"), and disclosing certain conflicts and other matters. This letter will serve as written documentation required under MSRB Rule G-42 of certain specific terms, disclosures and other items of information relating to our relationship as of the date this letter is signed by Municipal Advisor. If this information materially changes during the relationship any such change will be described in writing and delivered to you.

1. Scope of Services.

(a) ***Services to be provided.*** A detailed scope of services would be contained in a Municipal Advisory Agreement and any Addenda thereto should we be retained by Client. Our general understanding with respect to Municipal Advisor's potential engagement with Client is as follows:

Discussed with the City two contemplated transactions. The first contemplated transaction is a pension obligation bond to fund the City's Unfunded Actuarial Liability ("UAL") at CalPERS. The second contemplated transaction is a refunding of the City's 2007 USDA loan.

(b) ***Limitations on Scope of Services.*** The Scope of Services is subject to the following limitations. We would not provide:

- Legal services of any kind, including advice on Client's responsibilities under the federal securities laws relating to disclosure in connection with municipal securities, inclusive of the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934
- Engineering services of any kind;
- Special Tax Rate Consulting
- Absorption Analysis;
- Fiscal Consulting;
- Underwriting or placement agent services;
- Accounting services;
- Advice concerning investment or other use of excess bond proceeds, if any, resulting from an issuance of municipal securities.

2. Municipal Advisor's Regulatory Duties When Servicing Client.

MSRB Rule G-42 requires that Municipal Advisor make a reasonable inquiry as to the facts that are relevant to Client's determination whether to proceed with a course of action or that form the basis for any advice provided by Municipal Advisor to Client. The rule also requires that Municipal Advisor undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. Municipal Advisor is also required under the rule to use reasonable diligence to know the essential facts about Client and the authority of each person acting on Client's behalf.

Accordingly, Municipal Advisor will seek Client's assistance and cooperation, and the assistance and cooperation of Client's agents, with the carrying out by Municipal Advisor of these regulatory duties, including providing to Municipal Advisor accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, to the extent Client seeks to have Municipal Advisor provide advice with regard to any recommendation made by a third party, Municipal Advisor requests that Client provide to Municipal Advisor written direction to do so as well as any information it has received from such third party relating to its recommendation.

3. Term. The term of Municipal Advisor's engagement as municipal advisor and the terms on which the engagement may be terminated would be as follows: To be described in an Agreement should one be executed.

4. Compensation. The form and basis of compensation for Municipal Advisor's services as municipal advisor would be expected to be as follows: To be described in an Agreement should one be executed.

5. Required Disclosures. MSRB Rule G-42 requires that Municipal Advisor provide you with the following disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history.

(a) ***Disclosures of Conflicts of Interest.*** MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. If no such material conflicts of interest are known to exist based on the exercise of reasonable diligence by the municipal advisor, municipal advisors are required to provide a written statement to that effect.

Accordingly, any material conflicts of interest known to Municipal Advisor in connection with the Scope of Services under the Agreement have been previously disclosed in that Agreement, any Addenda thereto, and/or are disclosed below, including those conflicts applying to various forms of compensation which are described in a document attached to this letter. We believe that these conflicts are mitigated by our duties to Client as assigned to us under Federal and State laws and regulations and the rules of the Municipal Securities Rulemaking Board. In addition, because Municipal Advisor is a broker-dealer with significant business and economic interests due to the nature of its overall business, the success and profitability of Municipal Advisor is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitability built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty where such duty exists. Furthermore, Municipal Advisor's municipal advisory supervisory structure, leveraging our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of Municipal Advisor potentially departing from their regulatory duties due to personal interests.

Other Municipal Advisor or Underwriting Relationships.

Municipal Advisor serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of Client. For example, Municipal Advisor serves as

municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to Client under this Agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, Municipal Advisor could potentially face a conflict of interest arising from these competing client interests. In other cases, as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities, the interests of Municipal Advisor to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that Municipal Advisor serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair Municipal Advisor's ability to fulfill its regulatory duties to Client.

Broker-Dealer and Investment Advisory Business.

Municipal Advisor is a broker-dealer and investment advisory firm that engages in a broad range of securities-related activities to service its clients, in addition to serving as a municipal advisor or underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of new issue and outstanding securities and investment advice in connection with such securities, including securities of Client, may be undertaken on behalf of, or as counterparty to, Client, personnel of Client, and current or potential investors in the securities of Client. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of Client, such as when their buying or selling of Client's securities may have an adverse effect on the market for Client's securities, and the interests of such other clients could create the incentive for Municipal Advisor to make recommendations to Client that could result in more advantageous pricing for the other clients. Furthermore, any potential conflict arising from Municipal Advisor effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through units or associated persons of the Municipal Advisor that operate independently from Municipal Advisor's municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by Municipal Advisor to Client under this Agreement.

Secondary Market Transactions in Client's Securities.

Municipal Advisor, in connection with its sales and trading activities, may take a principal position in securities, including securities of Client, and therefore Municipal Advisor could have interests in conflict with those of Client with respect to the value of Client's securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, Municipal Advisor or its affiliates may submit orders for and acquire Client's securities issued in an Issue under the Agreement from members of the underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with Client in that it could create the incentive for Municipal Advisor to make recommendations to Client that could result in more advantageous pricing of Client's bond in the marketplace. Any such conflict is mitigated by means of such activities being engaged in on customary terms through staff members of the Municipal Advisor that operate independently from Municipal Advisor's municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by Municipal Advisor to Client under this Agreement.

Other Conflicts of Interest.

None.

(b) ***Disclosures of Information Regarding Legal Events and Disciplinary History.*** MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's

management or advisory personnel. Accordingly, Municipal Advisor addresses below the required disclosures and related information in connection with such disclosures.

Municipal Advisor and members of its staff have been subject to legal or disciplinary events. Municipal Advisor reasonably believes that it has no such events that may be material to Client's evaluation of Municipal Advisor as such. However, during its almost 90 years as a broker/dealer, Municipal Advisor has accumulated a number of legal and disciplinary events related explicitly to its broker/dealer business as such. Specific instances of such events are reported on Municipal Advisor's Form MA, on its staff members' Forms MA-I, and in FINRA's Brokercheck system. Direct links to all of this information are provided on our website at <http://www.wulffhansen.com/publish/disclosureMA.html>

The date of the last material change to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed by Municipal Advisor with the SEC is December 10, 2019, which change consisted of adding historical disclosures about a newly affiliated third-party accountant. The disclosures were not related to the municipal advisory business.

(c) **Customer Protections.** Municipal Advisor is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The latter's website is located at www.msrb.org. A municipal advisory client brochure is available on that website that describes the protections that may be provided by the MSRB's rules and how a client may file a complaint with an appropriate regulatory authority.

(d) **Future Supplemental Disclosures.** As required by MSRB Rule G-42, this information may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of Municipal Advisor. Municipal Advisor will provide Client with any such supplement or amendment as it becomes available throughout the term of the Agreement.

Wulff, Hansen & Co.

By: 

Title: President

Date: 6-25-20

ACKNOWLEDGED:

The City of Willows

By: _____

Title: _____

Date: _____

DISCLOSURE OF CONFLICTS OF INTEREST WITH VARIOUS FORMS OF COMPENSATION

The Municipal Securities Rulemaking Board requires us, as your ADVISOR, to provide written disclosure to you about the actual or potential conflicts of interest presented by various forms of compensation. We must provide this disclosure unless you have required that a particular form of compensation be used. You should select a form of compensation that best meets your needs and the agreed upon scope of services.

Forms of compensation; potential conflicts. The forms of compensation for ADVISORs vary according to the nature of the engagement and requirements of the CITY, among other factors. Various forms of compensation present actual or potential conflicts of interest because they may create an incentive for an advisor to recommend one course of action over another if it is more beneficial to the advisor to do so. This document discusses various forms of compensation and the timing of payments to the advisor.

Fixed fee. Under a fixed fee form of compensation, the ADVISOR is paid a fixed amount established at the outset of the transaction. The amount is usually based upon an analysis by the CITY and the advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be additional conflicts of interest if the ADVISOR's fee is contingent upon the successful completion of a financing, as described below.

Hourly fee. Under an hourly fee form of compensation, the ADVISOR is paid an amount equal to the number of hours worked by the advisor times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the CITY and the advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked. In some cases, an hourly fee may be applied against a retainer (e.g., a retainer payable monthly), in which case it is payable whether or not a financing closes. Alternatively, it may be contingent upon the successful completion of a financing, in which case there may be additional conflicts of interest, as described below.

Fee contingent upon the completion of a financing or other transaction. Under a contingent fee form of compensation, payment of an advisor's fee is dependent upon the successful completion of a financing or other transaction. Although this form of compensation may be customary for the CITY, it presents a conflict because the advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the CITY. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Fee paid under a retainer agreement. Under a retainer agreement, fees are paid to an ADVISOR periodically (e.g., monthly) and are not contingent upon the completion of a financing or other transaction. Fees paid under a retainer agreement may be calculated on a fixed fee basis (e.g., a fixed fee per month regardless of the number of hours worked) or an hourly basis (e.g., a minimum monthly payment, with additional amounts payable if a certain number of hours worked is exceeded). A retainer agreement does not present the conflicts associated with a contingent fee arrangement (described above).

Fee based upon principal or notional amount and term of transaction. Under this form of compensation, the ADVISOR's fee is based upon a percentage of the principal amount of an issue of securities (e.g., bonds) or, in the case of a derivative, the present value of or notional amount and term of the derivative. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the CITY to increase the size of the securities issue or modify the derivative for the purpose of increasing the advisor's compensation.

WULFF, HANSEN & Co.

ESTABLISHED 1931

INVESTMENT BANKERS

100 SMITH RANCH ROAD, SUITE 330

SAN RAFAEL, CALIFORNIA 94903

(415) 421-8900

July 20, 2020

Tim Sailsbery
City Manager
City of Willows
201 N Lassen Street
Willows, CA 95988

This is an Agreement (AGREEMENT) between the City of Willows (CLIENT) and Wulff, Hansen & Co. (MUNICIPAL ADVISOR or ADVISOR) a registered municipal advisory firm. The purpose of the AGREEMENT is to provide a framework allowing MUNICIPAL ADVISOR to provide municipal advisory services (SERVICES) to CLIENT from time to time as may be mutually agreed upon by both parties. All such SERVICES to be delivered under this Agreement will be specifically described in an Addendum to the AGREEMENT accepted by both parties, and no services will be provided in the absence of such an Addendum. The terms and conditions of this Agreement are set forth below. CLIENT understands and acknowledges that any information or services provided by ADVISOR pursuant to an Addendum to this Agreement are for the purpose of serving as Municipal Advisor to CLIENT and not as an Underwriter or otherwise facilitating the placement of municipal securities issued by CLIENT.

This AGREEMENT also contains various disclosures and other information required under MSRB Rule G-42 and, with its Addenda, will serve as written documentation of certain specific terms, disclosures and other items of information relating to our relationship as of the date this AGREEMENT is signed by ADVISOR. If this information materially changes during the relationship any such change will be described in writing and delivered to you.

1. Scope of Services.

(a) *Services to be provided.*

From time to time CLIENT may request that ADVISOR provide municipal advisory services relating to a specific project or projects. The scope of any such services, any limitations thereon, any compensation to be earned by ADVISOR in connection with their delivery, and any conflicts of interest (other than those disclosed in this AGREEMENT) that ADVISOR may have in connection with such services will be described in an Addendum to this AGREEMENT. No services which are not so described and documented in an Addendum will be provided by ADVISOR to CLIENT.

(b) *Limitations on Scope of Services*

Where an Addendum to this Agreement describes the scope of services to be provided under that Addendum, any limitations on such scope in addition to those included in this Agreement will be described in that Addendum.

Unless otherwise specifically provided in an Addendum to this Agreement, ADVISOR is not responsible for preparing any preliminary or final official statement, or for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about Municipal Advisor provided by Municipal Advisor for inclusion in such documents. In addition, ADVISOR will not provide any of the following services in connection with any engagement pursuant to this Agreement or any associated Addenda:

- a) Legal services of any kind;
- b) Assistance to CLIENT with regard to CLIENT's responsibilities under the federal securities laws and regulations relating to initial or continuing disclosure in connection with municipal securities, inclusive of the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934. Such services will be provided only if ADVISOR is explicitly engaged by CLIENT in a separate contract unrelated to this Agreement or any Addenda thereto.
- c) Engineering services of any kind;
- d) Special Tax Rate Consulting
- e) Absorption Analysis or the review thereof;
- f) Feasibility Studies or the review thereof
- g) Fiscal Consulting;

- h) Underwriting or placement agent services;
- i) Accounting services;
- j) Investment advice concerning investment of excess bond proceeds, if any, resulting from an issuance of municipal securities
- k) Advice concerning derivative transactions or other municipal financial products, including but not limited to advice regarding swap transactions or strategies.

CLIENT acknowledges its responsibility with respect to compliance with federal securities laws and represents its intention to comply in all respects with such laws. CLIENT acknowledges and understands that state and federal laws relating to disclosure in connection with municipal securities may apply to the CLIENT and that the failure of ADVISOR to advise CLIENT respecting these laws shall not constitute a breach by ADVISOR of any of its duties and responsibilities under this Agreement.

2. Municipal Advisor's Regulatory Duties When Advising CLIENT.

MSRB Rule G-42 requires that Municipal Advisor make a reasonable inquiry as to the facts that are relevant to CLIENT's determination whether to proceed with a course of action or that form the basis for any advice provided by Municipal Advisor to CLIENT. The rule also requires that Municipal Advisor undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. Municipal Advisor is also required under the rule to use reasonable diligence to know the essential facts about CLIENT and the authority of each person acting on CLIENT's behalf.

Accordingly, Municipal Advisor will seek CLIENT's assistance and cooperation, and the assistance and cooperation of CLIENT's agents, with the carrying out by Municipal Advisor of these regulatory duties, including providing to Municipal Advisor accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, to the extent CLIENT seeks to have Municipal Advisor provide advice with regard to any recommendation made by a third party, Municipal Advisor requests that CLIENT provide to Municipal Advisor written direction to do so as well as any information it has received from such third party relating to its recommendation.

3. Term.

This AGREEMENT shall become effective upon acceptance by both parties and shall terminate **December 31, 2021** unless terminated earlier by one of the parties. Either party may terminate this AGREEMENT upon thirty days written notice to the other party or as may be mutually agreed by both parties. ADVISOR's engagement to provide municipal advice on a specific project or projects described in an Addendum to this document shall terminate as described in that Addendum.

4. Compensation.

The form and basis of any compensation for any of Municipal Advisor's services provided or expenses incurred pursuant to an Addendum to this AGREEMENT will be as described in that Addendum.

5. Limitation of Liability.

In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of Municipal Advisor or any of its associated persons, Municipal Advisor and its associated persons shall have no liability to CLIENT for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other investment, or for any financial or other damages resulting from CLIENT's election to act or not to act, as the case may be, contrary to any advice or recommendation provided by Municipal Advisor to CLIENT. No recourse shall be had against Municipal Advisor for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of CLIENT arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with any Issue or otherwise relating to the tax treatment of any Issue, or in connection with any opinion or certificate rendered by counsel or any other party. Notwithstanding the foregoing, nothing contained in this paragraph or elsewhere in this Agreement shall constitute a waiver by CLIENT

of any of its legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be contractually waived nor shall it constitute a waiver or diminution of Municipal Advisor's fiduciary duty to CLIENT under Section 15B(c)(1) of the Securities Exchange Act of 1934, as amended, and the rules thereunder.

6. Required Disclosures.

MSRB Rule G-42 requires that MUNICIPAL ADVISOR provide CLIENT with the following disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history.

(a) **Disclosures of Conflicts of Interest.** MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. If no such material conflicts of interest are known to exist based on the exercise of reasonable diligence by the municipal advisor, municipal advisors are required to provide a written statement to that effect.

Accordingly, any material conflicts of interest known to MUNICIPAL ADVISOR in connection with the Scope of Services are disclosed below, including those conflicts applying to various forms of compensation which are described in a document attached to this AGREEMENT. We believe that these conflicts are mitigated by our duties to CLIENT as assigned to us under Federal and State laws and regulations and the rules of the Municipal Securities Rulemaking Board. In addition, because MUNICIPAL ADVISOR is a broker-dealer with significant business and economic interests due to the nature of its overall business, the success and profitability of MUNICIPAL ADVISOR is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitability built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty where such duty exists. Furthermore, MUNICIPAL ADVISOR's municipal advisory supervisory structure, leveraging our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of MUNICIPAL ADVISOR potentially departing from their regulatory duties due to personal interests.

Other Municipal Advisor or Underwriting Relationships.

MUNICIPAL ADVISOR serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of CLIENT. For example, MUNICIPAL ADVISOR serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to CLIENT under this Agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, MUNICIPAL ADVISOR could potentially face a conflict of interest arising from these competing client interests. In other cases, as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities, the interests of MUNICIPAL ADVISOR to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that MUNICIPAL ADVISOR serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair MUNICIPAL ADVISOR's ability to fulfill its regulatory duties to CLIENT.

Broker-Dealer and Investment Advisory Business.

MUNICIPAL ADVISOR is a broker-dealer and investment advisory firm that engages in a broad range of securities-related activities to service its clients, in addition to serving as a municipal advisor or underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of new issue and outstanding securities and investment advice in connection with such securities, including securities of CLIENT, may be undertaken on behalf of, or as counterparty to, CLIENT, personnel of CLIENT, and current or potential investors in the securities of CLIENT. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of CLIENT, such as when their buying or selling of CLIENT's securities may have an adverse effect on the market for CLIENT's securities, and the interests of such other clients could create the

incentive for MUNICIPAL ADVISOR to make recommendations to CLIENT that could result in more advantageous pricing for the other clients. Furthermore, any potential conflict arising from MUNICIPAL ADVISOR effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through units of the MUNICIPAL ADVISOR that operate separately from MUNICIPAL ADVISOR's municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by MUNICIPAL ADVISOR to CLIENT under this Agreement.

In addition to the considerations above, the fact that MUNICIPAL ADVISOR's staff are engaged in support of these other business activities could create a conflict when multiple demands exist on a particular individual's time and resources. We reasonably believe that this conflict is mitigated by our staff's desire to complete CLIENT's work in a timely manner and consequently be compensated by MUNICIPAL ADVISOR for their efforts.

Other Business Relationships

MUNICIPAL ADVISOR may have existing or future business relationships, unrelated to CLIENT or MUNICIPAL ADVISOR's services to CLIENT, with underwriters, placement agents, attorneys, accountants, financial institutions, contractors or other entities whose services it may recommend to CLIENT or whom CLIENT may select on its own initiative. MUNICIPAL ADVISOR's business relationships with such entities may include payments or referrals made to Advisor by such entities or payments or referrals made by Advisor to such entities in connection with matters wholly unrelated to CLIENT's business or activities. Because under no circumstances will Advisor accept any form of payment or other remuneration, directly or indirectly, from any third party in connection with Advisor's services to CLIENT, Advisor believes that none of these other engagements or relationships would create a material conflict or otherwise impair MUNICIPAL ADVISOR's ability to fulfill its regulatory duties to CLIENT.

Secondary Market Transactions in CLIENT's Securities.

MUNICIPAL ADVISOR, in connection with its sales and trading activities, may take a principal position in securities, including securities of CLIENT, and therefore MUNICIPAL ADVISOR could have interests in conflict with those of CLIENT with respect to the value of CLIENT's securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, MUNICIPAL ADVISOR or its affiliates may submit orders for and acquire CLIENT's securities issued in an Issue under the Agreement from members of the underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with CLIENT in that it could create the incentive for MUNICIPAL ADVISOR to make recommendations to CLIENT that could result in more advantageous pricing of CLIENT's bond in the marketplace. Any such conflict is mitigated by means of such activities being engaged in on customary terms through staff members of the MUNICIPAL ADVISOR that operate independently from MUNICIPAL ADVISOR's municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by MUNICIPAL ADVISOR to CLIENT under this Agreement.

Other Conflicts of Interest. None.

(b) ***Disclosures of Information Regarding Legal Events and Disciplinary History.*** MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel. Accordingly, Municipal Advisor addresses below the required disclosures and related information in connection with such disclosures.

Required disclosures include specific information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. Municipal Advisor and members of its staff have been subject to various such legal or disciplinary events. Municipal Advisor reasonably believes that it as an entity has no such events that may be material to CLIENT's evaluation of Municipal Advisor as such. However, during its 88 years as a broker/dealer, Municipal Advisor has accumulated a number of such events related to its broker/dealer business as such and CLIENT may wish to review these. Members of Municipal Advisor's staff who have also been registered representatives of one or more broker/dealers have disclosures which could potentially be material to CLIENT's evaluation. Specific instances of such events can be found

in Item 9 of our Form MA and, for staff members, Item 6 of Forms MA-I. Direct links to all of this information for the firm and each individual are provided on our website at:

<http://www.wulffhansen.com/publish/disclosureMA.html>

The date of the last material change to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed by Municipal Advisor with the SEC is December 10, 2019, which change consisted of adding historical disclosures about a newly affiliated third-party accountant. The disclosures were not related to the municipal advisory business.

(c) **Customer Protections.** Municipal Advisor is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The latter's website is located at www.msrb.org. A municipal advisory client brochure is available on that website that describes the protections that may be provided by the MSRB's rules and how a client may file a complaint with an appropriate regulatory authority.

(d) **Future Supplemental Disclosures.** As required by MSRB Rule G-42, this information may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of Municipal Advisor. Municipal Advisor will provide CLIENT with any such supplement or amendment as it becomes available throughout the term of the Agreement.

7. Choice of Law.

This Agreement shall be construed and given effect in accordance with the laws of the State of California.

8. Entire Agreement. This instrument, including all Addenda and Appendices hereto, contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. This Agreement may not be amended, supplemented or modified except by means of a written instrument executed by both parties.

9. Severability. If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

Wulff, Hansen & Co.

By: Chris Charles

Title: President

Date: July 20, 2020

ACKNOWLEDGED:

City of Willows

By: _____

Title: _____

Date: _____

DISCLOSURE OF CONFLICTS OF INTEREST WITH VARIOUS FORMS OF COMPENSATION

The Municipal Securities Rulemaking Board requires us, as your Advisor, to provide written disclosure to you about the actual or potential conflicts of interest presented by various forms of compensation. We must provide this disclosure unless you have required that a particular form of compensation be used. You should select a form of compensation that best meets your needs and the agreed upon scope of services.

Forms of compensation; potential conflicts. The forms of compensation for Advisors vary according to the nature of the engagement and requirements of the client, among other factors. Various forms of compensation present actual or potential conflicts of interest because they may create an incentive for an Advisor to recommend one course of action over another if it is more beneficial to the Advisor to do so. This document discusses various forms of compensation and the timing of payments to the Advisor.

Fixed fee. Under a fixed fee form of compensation, the Advisor is paid a fixed amount established at the outset of the transaction. The amount is usually based upon an analysis by the client and the Advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the Advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be additional conflicts of interest if the Advisor's fee is contingent upon the successful completion of a financing, as described below.

Hourly fee. Under an hourly fee form of compensation, the Advisor is paid an amount equal to the number of hours worked by the advisor times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the client and the Advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked. In some cases, an hourly fee may be applied against a retainer (*e.g.*, a retainer payable monthly), in which case it is payable whether or not a financing closes. Alternatively, it may be contingent upon the successful completion of a financing, in which case there may be additional conflicts of interest, as described below.

Fee contingent upon the completion of a financing or other transaction. Under a contingent fee form of compensation, payment of an Advisor's fee is dependent upon the successful completion of a financing or other transaction. Although this form of compensation may be customary for the client, it presents a conflict because the Advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the client. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, an Advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Fee paid under a retainer agreement. Under a retainer agreement, fees are paid to an Advisor periodically (*e.g.*, monthly) and are not contingent upon the completion of a financing or other transaction. Fees paid under a retainer agreement may be calculated on a fixed fee basis (*e.g.*, a fixed fee per month regardless of the number of hours worked) or an hourly basis (*e.g.*, a minimum monthly payment, with additional amounts payable if a certain number of hours worked is exceeded). A retainer agreement does not present the conflicts associated with a contingent fee arrangement (described above).

Fee based upon principal or notional amount and term of transaction. Under this form of compensation, the Advisor's fee is based upon a percentage of the principal amount of an issue of securities (*e.g.*, bonds) or, in the case of a derivative, the present value of or notional amount and term of the derivative. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue or modify the derivative for the purpose of increasing the Advisor's compensation.

ADDENDUM TO MUNICIPAL ADVISORY AGREEMENT**Addendum 1****1. Purpose**

This Addendum 1 to the Municipal Advisory Agreement dated July 20, 2020 between City of Willows(hereafter, "CLIENT") and Wulff, Hansen & Co. (hereafter, "Municipal Advisor") specifies and describes specific municipal advisory services to be performed by Municipal Advisor under that Agreement.

2. Services**2.1 Scope of Services**

Municipal Advisor will provide the following services to CLIENT pursuant to this Addendum:

Advice and assistance regarding a potential refunding of the City's 2007 USDA loan.

- a) Attendance at public meetings of the City at which matters relating to the Services are considered, except routine matters, including informational and educational meetings with the public;
- b) Attendance at City's staff meetings, or meeting with members of the public on matters relating to the Services, upon the request of the City after reasonable notice;
- c) Work with members of the public, City staff, and Board members to learn, discuss and respond to matters relating to the Services; and to develop and coordinate recommendations acceptable to interested parties;
- d) If requested, assist the City in its selection of any needed outside professionals (e.g., Bond Counsel, Underwriter/Placement Agent, consultants, accounts, Trustee, Escrow Agent and others as appropriate);
- e) Prepare a Distribution List with contact information on all relevant participants in the project and the refinancing and Schedule indicating timing for significant steps in the process;
- f) Assist any of the City's Board members, staff and/or special consultants in developing specific terms and conditions affecting the project and the financing so as to best reflect the City's priorities and interests;
- g) Preparation of Cash Flow analysis and other schedules per City's direction and related consultation;
- h) Telephone consultation with Board and/or staff members to answer questions about the project, the financing and related matters;
- i) Assist in preparing and arranging for the transaction to be sold to a private investor through a placement agent (Private Placement) or alternatively through an underwriter (Public Offering). Alternatively, should the transaction meet the specific criteria and restrictions set forth in SEC Release 34-89074 dated June 16, 2020 (the Temporary Exemptive Order), which permits a municipal advisor, in limited circumstances, to solicit potential purchasers of an issuance, Municipal Advisor may provide such solicitation services should Client and Municipal Advisor so mutually agree;
- j) Assist the City in transmitting to the Bond Counsel and Disclosure Counsel requested information to be used in the creation of the Bond and Offering Documents;
- k) Assist the City and the Placement Agent/Underwriter, Bond Counsel and other members of the financing team in closing the transaction;
- l) Assist the City in efforts to maintain or improve the City's credit rating, including preparation of materials, presentation and conference calls in the process of application for rating from the various credit rating agencies, if applicable;
- m) Assist the City in the preparation of materials and presentation in the application process for Bond Insurance and a surety Bond for the Debt Service Reserve requirement from the various Bond Insurers.

2.2 Limitations on Scope of Services

The services to be provided by Municipal Advisor to CLIENT pursuant to this Addendum are subject to the following limitations in addition to those described in the Agreement.

None.

3. Termination

The provisions of this Addendum 1 shall terminate and thereafter be null and void upon the completion and closing of the contemplated refinancing or December 31, 2021, whichever occurs first. This Addendum 1 may only be extended by a written agreement between CLIENT and Wulff, Hansen & Co.

4. Fees

With regard to Services to be provided by Municipal Advisor under this Addendum 1, Municipal Advisor shall be compensated as follows:

The fees due to Municipal Advisor under this Addendum 1 shall be paid out of the proceeds of the financing and will be contingent on a successful sale or placement and the completion and funding of the financing. No other compensation shall be due to the Advisor for services rendered under this Addendum 1 if the financing is not completed. Advisor fee for services described above relating to the City of Willows contemplated refinancing of its 2007 USDA loan (estimated not to exceed par amount of \$6,000,000) shall be \$25,000.

5. Conflicts of Interest

Municipal Advisor is not aware of any additional material conflicts of interest to which it is subject in the context of this Addendum 1 other than those previously disclosed to CLIENT in connection with the Agreement.

Approved:
The City of Willows

/s/ _____

Print Name and Title

Date: _____

Approved:
Wulff, Hansen & Co.

/s/ *Chris Charles* _____

Chris Charles, President

Date: July 20, 2020

ADDENDUM TO MUNICIPAL ADVISORY AGREEMENT

Addendum 2

1. Purpose

This Addendum 2 to the Municipal Advisory Agreement dated July 20, 2020 between City of Willows (hereafter, "CLIENT") and Wulff, Hansen & Co. (hereafter, "Municipal Advisor") specifies and describes specific municipal advisory services to be performed by Municipal Advisor under that Agreement.

2. Services

2.1 Scope of Services

Municipal Advisor will provide the following services to CLIENT pursuant to this Addendum:

Municipal Advisor agrees to perform the following services, as appropriate, for the City during the term of this Addendum 2. References to the City include any of its agencies or districts where members of the City Council sit on the board of directors. Municipal Advisor will advise and assist the CLIENT on the following proposed transaction.

CLIENT wishes to finance the City's Unfunded Accrued Actuarial Liability ("UAAL" or "UAL") to CalPERS. Municipal Advisor will advise and assist the CLIENT in developing a financing structure, in the approximate amount of \$9,000,000 to fund the cost of paying off and retiring the current outstanding UAL obligation to CalPERS. In connection with this project, Municipal Advisor will provide the following services:

- a) Attendance at public meetings of the City at which matters relating to the Services are considered, except routine matters, including informational and educational meetings with the public;
- b) Attendance at City staff meetings, or meetings with members of the public on matters relating to the Services, upon the request of the City after reasonable notice;
- c) Work with members of the public, public agencies, including CalPERS, City staff, and City Council members to learn, discuss and respond to matters relating to the Services; and to develop and coordinate recommendations acceptable to interested parties, the City, and its consultants;
- d) Assist the City in structuring and issuing a financing to payoff CalPERS UAL obligations in order to generate savings. Review and recommend terms relating to the issuance of the Bonds or financing, including the validation proceedings, and to determine the savings projected to be generated by the issuance. Attend meetings or participate in teleconferences relating to structure and the prospective savings resulting from the private placement or sale of the Bonds. Provide scenarios of refinancing alternatives available to the City;
- e) Assist the City in its selection of any other professionals (e.g. outside legal counsel, bond, disclosure or underwriter/placement agent counsel, consultants, accountants, engineers, underwriters, placement agents, and others as appropriate), if requested;
- f) Prepare a Distribution List with contact information on all relevant participants in the financing and a Schedule indicating timing of significant steps in the process;
- g) Assist any of the City's staff and/or special consultants in developing specific terms and conditions affecting the financing so as to best reflect the City's priorities and interests;
- h) Preparations of Cash Flow analysis and other schedules per City direction and related consultation;
- i) Telephone consultations with staff members to answer questions about the financing and related matters;
- j) If necessary, assist in preparing and arranging for the financing to be sold to a private investor through the placement agent (Private Placement) or alternatively, for sale to the public through the underwriter (Public Offering). Alternatively, should the transaction meet the specific criteria and restrictions set forth in SEC Release 34-89074 dated June 16, 2020 (the Temporary Exemptive Order), which permits a municipal

advisor, in limited circumstances, to solicit potential purchasers of an issuance, Municipal Advisor may provide such solicitation services should Client and Municipal Advisor so mutually agree;

- k) Assist the underwriter or placement agent and Bond and Disclosure Counsel in providing requested information needed for the preparation of the Bond and Offering Documents;
- l) Assist the City in efforts to maintain or improve the City's underlying credit rating, including preparation of material, presentation to, and coordination with credit rating agencies;
- m) Assist the City in efforts to obtain bond insurance, if desired, and/or a surety bond to replace the otherwise required Debt Service Reserve Fund;
- n) Review and advise with regard to the financial interaction of the financing with other prospective and current City projects.

2.15 No Guarantee of Ultimate CalPERS Savings

Municipal Advisor has advised CLIENT that, should CLIENT issue bonds or otherwise borrow in order to reduce or eliminate its existing CalPERS Unfunded Actuarial Liability (UAL), the ultimate future financial effect of such a transaction cannot be predicted with certainty. Future new retirement benefits and other actuarial dynamics can create a new UAL or even produce an actuarial surplus. Even if a current POB transaction generates savings when compared to CLIENT's present CalPERS payment schedule, it is impossible to predict in advance whether issuance of the POB will produce any long term savings. This will be a function of CalPERS performance and future changes to benefit obligations, which could result in either an additional UAL or an actuarial funding surplus. Future investment performance cannot be predicted with any degree of accuracy.

2.2 Limitations on Scope of Services

The services to be provided by Municipal Advisor to CLIENT pursuant to this Addendum are subject to the following limitations in addition to those described in the Agreement.

CLIENT understands and acknowledges that Municipal Advisor will not perform any independent analysis or verification of actuarial data or other information relating to CLIENT's present and future financial obligations to its past, present, and future employees which may be provided by CalPERS, the City, or by any other party.

3. Termination

The provisions of this Addendum 2 shall terminate and thereafter be null and void upon the completion and closing of the contemplated transaction or December 31, 2021, whichever occurs first. This Addendum 2 may only be extended by a written agreement between CLIENT and Wulff, Hansen & Co.

4. Fees

With regard to Services to be provided by Municipal Adviser under this Addendum 2, Municipal Advisor shall be compensated as follows:

The fees due to Municipal Advisor under this Addendum 2 shall be paid out of the proceeds of the financing and will be contingent on a successful sale or placement and the completion and funding of the financing. No compensation shall be due to the Advisor for services rendered under this Addendum 2 if the financing is not completed. Advisors fee for services described above relating to the City of Willows Pension Obligation Bonds, Series 2020-21 (estimated not to exceed par amount of \$9,000,000) shall be \$47,500.

5. Conflicts of Interest

Municipal Advisor is not aware of any additional material conflicts of interest to which it is subject in the context of this Addendum 2 other than those previously disclosed to CLIENT in connection with the Agreement.

Approved:
City of Willows

/s/ _____

Print Name and Title

Date:

Approved:
Wulff, Hansen & Co.

/s/ *Chris Charles* _____

Chris Charles, President

Date: July 20, 2020

City of Willows**Resolution ____-2020**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, CALIFORNIA, APPOINTING WULFF, HANSEN & CO. AS A MUNICIPAL ADVISOR TO THE CITY OF WILLOWS AND AUTHORIZING THE CITY MANAGER TO EXECUTE A MUNICIPAL ADVISORY AGREEMENT AND ADDENDUMS 1, 2 and 3 TO THAT AGREEMENT.

WHEREAS, the City of Willows has multiple current outstanding debt obligations including obligations a 2007 USDA loan and the City's unfunded actuarial liability (UAL) at varying stages of repayment and interest rates; and

WHEREAS, it is desirable to appoint a municipal advisor in connection with the evaluation of obligations, and any opportunities at refunding, refinancing or otherwise restructuring debts and continuing disclosure obligations of the City; and

WHEREAS, Wulff, Hansen & Co. provides specialized financial advisory services derived through special training, qualifications and experience specifically for municipal government agencies, including Cities that relate directly to restructuring and refunding of debt, as well as issuance of new public financing debt; and

WHEREAS, the special services provided by Wulff, Hansen & Co. are not of a nature of services that are available from widely available public sources; and

WHEREAS, the City of Willows reasonably expects to reimburse itself for expenditures relating to the services provided, to evaluate the existing bonds and other debt obligations related thereto and the analysis of policy recommendations, and described in Addendums 1, 2 and 3 to the MA Agreement; and

WHEREAS, the special services provided by Wulff, Hansen & Co. are explicitly contemplated by California Government Code Section 53060 as being of a nature of specialized services not subject to competitive bidding requirements;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Willows hereby finds and determines the following:

1. The above recitals are true and correct.
2. The City Council hereby authorizes the City Manager to execute the Municipal Advisory Agreement (MA Agreement) appointing Wulff, Hansen & Co. as Municipal Advisors to the City of Willows.

3. The City of Willows hereby authorizes the City Manager to execute Addendum 1 to the MA Agreement, to provide for the evaluation of the existing 2007 USDA Loan, and for the purpose of identifying and advising on refunding and restructuring opportunities for the existing debt obligation of the City.

4. The City of Willows hereby authorizes the City Manager to execute Addendum 2 to the MA Agreement, to provide for the evaluation of the existing Unfunded Actuarial Liability (UAL) obligation to CalPERS, and for the purpose of identifying and advising on refunding and restructuring opportunities for the existing debt obligation of the City.

5. The City Council hereby authorizes the City Manager to execute Addendum 3 to the MA Agreement for an amount not to exceed \$7,000, to provide for the review and evaluation of any existing City policies that may include any of the following as needed: Debt Management Policy, Reserves Policy, Capital Asset Replacement Policy, Continuing Disclosure Requirements and Policy and Capital Improvement Plan (CIP), including new infrastructure and projects and in order to identify recommended changes needed for compliance and to facilitate future financing efforts of the City.

6. The City Council hereby deems the proposed Addendum 3 fee, not to exceed \$7,000, and anticipated to be deferred in full or in part and paid in addition to the advisory fees on one or both debt refinancing at closing under Addendums 1 and 2, as proper for services associated with reviewing and revising finance department policies necessary for and related to refunding or refinancing debt or to the issuance of new debt as may be needed in the future.

PASSED AND ADOPTED by the Willows City Council at a meeting on July 28, 2020, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

Kerri Warren, Mayor

APPROVED AS TO FORM:

ATTEST:

David G. Ritchie, City Attorney

Tara Rustenhoven, City Clerk

**WILLOWS CITY COUNCIL
STAFF REPORT**

TO: MAYOR AND CITY COUNCIL MEMBERS

**FROM: DAVID G. RITCHIE, CITY ATTORNEY
WAYNE PEABODY, CITY MANAGER**

**RE: APPROVAL OF THE FORMATION OF AN AD-HOC COMMITTEE
REGARDING REVIEW OF CITY FINANCE POLICIES AND POTENTIAL
REFUNDING / RESTRUCTURING OF EXISTING CITY BOND DEBT
AND PENSION OBLIGATIONS, APPOINTMENT OF TWO COUNCIL
MEMBERS TO COMMITTEE**

DATE: JULY 28,2020

SUMMARY

The City Council is requested to consider the formation of an Ad-Hoc committee for the limited purpose of considering recommendations in furtherance of revisions or adoption of finance department policies and procedures, and the refunding or restructuring of existing City bond debt and pension obligations; and appoint two members of the City Council, with a third as alternate to serve on the Ad-Hoc committee.

The Council decision relating to entering into a municipal advising agreement (MA Agreement) if approved, creates a need for staff to work with the municipal advisor on policy-related issues such as fiscal controls and updating finance department policies to be current with State law. Staff believes it is advisable to have two Council members also participate at critical points in the discussions with the municipal advisors so that issues likely to be of interest to the Council from a policy-making point of view may be more immediately available to staff as recommendations are formed into proposed policies or resolution items for consideration by the full council.

The ad-hoc committee would be created solely for the limited purpose of working with staff and the municipal advisors on bond refunding options and strategies for the City. The ad-hoc committee is not a decision-making panel, rather it provides recommendations to the full council following their participation in direct discussions about bond refunding or restructuring; and feedback to staff and the municipal advisor as those recommendations are formed to assist in completeness and clarity of the presentations to the full Council.

RECOMMENDATIONS

It is recommended that the City Council of the City of Willows determine it is appropriate and create an ad-hoc committee to study recommendations relating to refunding or restructuring of the City's bond debt, and to appoint two council members, with a third serving as an alternate, to serve on the ad-hoc committee.

ALTERNATIVES

The Council could choose not to create an ad-hoc committee or not to appoint, in which case, staff would work separately with municipal advisors to assess recommendations about refunding or restructuring bond debt and other related activities of the City.

Respectfully submitted,

/s/ David G. Ritchie

David G. Ritchie
City Attorney

/s/ Wayne Peabody

Wayne Peabody
City Manager

ATTACHMENTS

None

AGENDA ITEM

TO: Wayne Peabody, Interim City Manager
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: Local Claims Filing Procedure

RECOMMENDATION

Adopt the Resolution of the City Council of the City of Willows Establishing Local Claims Procedure Regulations

SITUATION (or BACKGROUND):

At the April 23 quarterly Northern California Cities Self Insurance Fund Board meeting (our self-insurance JPA for liability and workers' comp) adopted a resolution for the JPA establishing local claims procedure regulations. As part of that adoption, member Cities were advised to adopt the resolution for their own local jurisdiction as well. The item before you this evening requests adoption of this resolution for the City of Willows.

The NCCSIF staff report from the April 23 meeting provides the background regarding this resolution and is attached for user reference.

FINANCIAL CONSIDERATIONS:

No direct financial consideration as the City is below the Appropriation Limit for 2020/21.

NOTIFICATION

NCCSIF upon adoption of the resolution

ALTERNATE ACTIONS

1. Adopt by Resolution
2. Request additional information from staff.
3. Reject staff recommendation and/or direct item to be returned at later date.

RECOMMENDATION

Adopt the Resolution of the City Council of the City of Willows Establishing Local Claims Procedure Regulations

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

Attachments:

NCCSIF Staff Report
Resolution



RESOLUTION ESTABLISHING LOCAL CLAIMS PROCEDURE REGULATIONS

ACTION ITEM

ISSUE: Government Code Section 935 allows an agency (JPA or a member) to adopt a resolution prescribing a local claim filing procedure and deadlines to apply to claims exempt from the Government Claims Act. The types of claims that are specifically exempt from the requirements of the Government Claims Act, per Government Code Section 905, are referenced in the attached. The list of exceptions includes claims from the state or other public agencies as well as public employees for fees, salaries, wages, mileage, or other expenses and allowances.

The Program Administrators prepared the attached resolution that would adopt local claims procedures to apply to Government Claims Act-exempt claims filed against the JPA. This would also require member agencies to file written claims with the JPA within the Act's claim filing deadlines (i.e., six months for personal injury, wrongful death, or personal property damage claims and one year for breach of contract and real property damage claims).

Many agencies (likely including many JPA members) have adopted a local claims ordinance or rule under Section 935, and *if they have not they are encouraged to do so*. As the attached 2003 League of California Cities paper noted, "The enactment of local claims procedures is of great benefit to cities.... all cities without such an ordinance are well-advised to adopt a claims filing ordinance, at a minimum to cover themselves for future claims."

RECOMMENDATION: Approve Resolution 20-03 establishing local claims procedure regulations for the JPA

FISCAL IMPACT: None. Though rare, this could prevent claims v. JPA from other agencies as well as certain types of claims from a variety of other sources.

BACKGROUND: The Government Claims Act addresses claims against local government agencies, including filing requirements and deadlines. Under the Act, most claims for money or damages against the JPA (or a member) require the claimant to timely file a claim before proceeding to court. Claims concerning personal injury, wrongful death, personal property damage, or crop damage must be filed within six months and all other claims (e.g., breach of contract, real property damage) must be filed within one year. These time periods are measured from the date of the accrual of the cause of action.



BACK TO AGENDA

**Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 23, 2020**

Agenda Item J.7. (continued)

The purposes of the Act's claim requirements are to allow the agency to timely and promptly investigate claims based on information submitted by the claimant, to settle meritorious claims without the expense of litigation, and to enable the agency to make appropriate fiscal planning decisions based on pending claims.

Government Code Section 905 contains significant exceptions to the claim filing requirement under state law. If a claim is exempt, there are no claim filing requirements under the Act. The Section 905 exceptions include public employee claims for wages, fees, or expense reimbursement, claims by the state or another local government agency, and, certain tax, assessment, and fee refund actions (See Reference below with complete GC 905 text).

Government Code Section 935 allows an agency (JPA or a member) to adopt a resolution prescribing a local claim filing procedure and deadlines to apply to claims exempt from the Government Claims Act. Any local procedure and deadlines generally must be consistent with the Act. If the JPA adopts local claims procedure regulations, claims exempt from the Act would be subject to the local procedures and deadlines. A local claims regulation also would further the principal purposes of the Act by giving the JPA prompt notice of claims and allowing an opportunity for prompt investigation and, if appropriate, settlement of claims without litigation

ATTACHMENT(S):

1. Resolution 20-03 Establishing Local Claims Procedure Regulations
2. Government Code 905
3. Local Claims Filing Regulations, League of California Cities, 2003, attached

RESOLUTION NO. 20-03

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
ESTABLISHING LOCAL CLAIMS PROCEDURE REGULATIONS**

BE IT RESOLVED by the Board of Directors of the NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND ("NCCSIF") that the following local claims procedure regulations are hereby established:

- 1) **Purpose and Authority.** The purpose of this resolution is to establish local claims procedure regulations to govern money claims brought against NCCSIF that are exempt from state law claims procedures under the Government Claims Act (Government Code § 900 et seq.). This resolution is adopted pursuant to Government Code section 935.
- 2) **Local Claims Procedures.** NCCSIF hereby establishes the following claims procedure regulations to apply to and govern those claims against NCCSIF that, pursuant to Government Code section 905, are exempt from the Government Claims Act:
 - a. All claims for money or damages against NCCSIF that are exempt from the Government Claims Act, and that are not governed by any other statute or regulation expressly relating to such claim, shall be presented to NCCSIF within the time limitations and in the manner set forth in Government Code sections 910 through 915.4.
 - b. When a claim required by this resolution to be presented within a period of less than one year after the accrual of the cause of action is not presented within the required time, an application for leave to file a late claim may be made and processed in accordance with Government Code sections 911.4(b), 911.6 to 912.2, and 946.6. A late claim also shall be subject to Government Code section 946.4. (See Government Code § 935(e).)
 - c. Claims shall be subject to the provisions of Government Code section 945.4 relating to the prohibition of lawsuits until the timely presentation of and action on a claim. No lawsuit for money or damages may be brought against NCCSIF on a cause of action for which a claim is required to be presented in accordance with this resolution until a written claim has been timely presented to NCCSIF and has been acted upon by NCCSIF Board, or has been deemed to have been rejected by the NCCSIF Board, in accordance with the procedures at Government Code sections 910 through 915.4. (See Government Code § 935(b).)

- d. Any lawsuit brought against NCCSIF on a claim subject to this resolution shall be subject to the provisions of Government Code sections 945.6 (lawsuit filing limitations) and 946 (lawsuit barred after claim allowed in full or part). Any lawsuit against NCCSIF on a claim subject to this resolution must be commenced within the time limitations of Government Code section 945.6. (See Government Code § 935(b).)

PASSED AND ADOPTED by the Board of Directors of the Northern California Cities Self Insurance Fund on the twenty-third day of April, 2020 by the following vote:

Votes in Favor: _____
Votes in Opposition: _____
Votes Abstaining: _____
Votes Absent: _____

President

ATTEST:

Secretary

California Government Code

Sec. 905

There shall be presented in accordance with Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) all claims for money or damages against local public entities except any of the following:

(a)

Claims under the Revenue and Taxation Code or other statute prescribing procedures for the refund, rebate, exemption, cancellation, amendment, modification, or adjustment of any tax, assessment, fee, or charge or any portion thereof, or of any penalties, costs, or charges related thereto.

(b)

Claims in connection with which the filing of a notice of lien, statement of claim, or stop notice is required under any law relating to liens of mechanics, laborers, or materialmen.

(c)

Claims by public employees for fees, salaries, wages, mileage, or other expenses and allowances.

(d)

Claims for which the workers compensation authorized by Division 4 (commencing with Section 3200) of the Labor Code is the exclusive remedy.

(e)

Applications or claims for any form of public assistance under the Welfare and Institutions Code or other provisions of law relating to public assistance programs, and claims for goods, services, provisions, or other assistance rendered for or on behalf of any recipient of any form of public assistance.

(f)

Applications or claims for money or benefits under any public retirement or pension system.

(g)

Claims for principal or interest upon any bonds, notes, warrants, or other evidences of indebtedness.

(h)

Claims that relate to a special assessment constituting a specific lien against the property assessed and that are payable from the proceeds of the assessment, by offset of a claim for damages against it or by delivery of any warrant or bonds representing it.

(i)

Claims by the state or by a state department or agency or by another local public entity or by a judicial branch entity.

(j)

Claims arising under any provision of the Unemployment Insurance Code, including, but not limited to, claims for money or benefits, or for refunds or credits of employer or worker contributions, penalties, or interest, or for refunds to workers of deductions from wages in excess of the amount prescribed.

(k)

Claims for the recovery of penalties or forfeitures made pursuant to Article 1 (commencing with Section 1720) of Chapter 1 of Part 7 of Division 2 of the Labor Code.

(l)

Claims governed by the Pedestrian Mall Law of 1960 (Part 1 (commencing with Section 11000) of Division 13 of the Streets and Highways Code).

(m)

Claims made pursuant to Section 340.1 of the Code of Civil Procedure for the recovery of damages suffered as a result of childhood sexual abuse. This subdivision shall apply only to claims arising out of conduct occurring on or after January 1, 2009.

(n)

Claims made pursuant to Section 701.820 of the Code of Civil Procedure for the recovery of money pursuant to Section 26680.

(o)

Claims made pursuant to Section 49013 of the Education Code for reimbursement of pupil fees for participation in educational activities.

City Attorneys Department
League of California Cities
Continuing Education Seminar
February 2003

Kevin D. Siegel
Anne Q. Pollack
Attorneys

LOCAL CLAIMS FILING REGULATIONS

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INTRODUCTION

The Tort Claims Act generally requires the filing of an administrative claim for damages as a prerequisite to filing a civil action. Twelve classes of damage claims are exempted from the claim-presentation requirements under Government Code section 905. However, the Tort Claims Act provides local public agencies an opportunity to remove this exemption. Pursuant to Government Code section 935, local public agencies may adopt by charter amendment or local ordinance a claim-filing requirement for those classes of claims, which would otherwise be exempted under section 905. The purpose of this paper is to discuss the benefits of adopting such a requirement and to provide a sample ordinance for those who are interested in adopting a similar ordinance.

DISCUSSION

Local Agencies May Require The Filing Of An Administrative Claim For Those Claims That Would Otherwise Be Exempted From The Claims Presentation Requirements.

The Tort Claims Act (Gov. Code, § 810 et seq.) establishes the basic principals of public agency liability for damage claims, whether those claims sound in tort or contract. Aside from establishing the substantive rules for public agency damages liability, it establishes the procedural rules pursuant to which a claimant may seek a damage award from a public agency. Compliance with these procedural rules, including those requiring the filing of an administrative claim within the applicable six-month or one-year statute of limitation, operate as prerequisites to the filing of a civil action against the public agency. (See Gov. Code, §§ 945.6 and 946.)

Accordingly, where there may be substantive liability, the procedural requirements provide public agencies the opportunity to timely investigate claims and to reduce litigation expenses and potential judgments. In addition, procedural rules such as the statutes of limitations serve to bar some claims which would otherwise be substantively valid. (See *City of Ontario v. Superior Court* (1993) 12 Cal.App.4th 894, 902-03 (describing the purposes of the prescribed time limits as giving public agencies opportunities to timely investigate claims, to settle meritorious claims short of litigation, and to make appropriate fiscal planning decisions); see also *Crow v. State* (1990) 222 Cal.App.3d 192, 202.)

The Tort Claims Act, however, does not treat all claims the same. Specifically, the uniform procedures for claims against local public entities are limited by Government Code section 905,

which exempts some damage claims from the Tort Claims Act claims-presentation requirements (Gov. Code, § 900 et seq. and § 910 et seq.). Government Code section 905 excludes twelve categories of claims, many of which have specific claims procedures provided for them in other statutes. Included among the list of excluded categories of claims are:

- claims under the Revenue and Taxation Code or other statute for refunds of illegally collected taxes;
- claims for principal or interest upon any bond or other financial instrument;
- claims for employment benefits or salaries;
- claims by the State and other public agencies;
- welfare claims;
- claims by public employees for fees, salaries, wages, mileage or other expenses and allowances;
- public retirement or pension system claims.

(See Gov. Code, § 905 for complete list.)

What the Legislature takes with one hand, however, it gives with the other. Government Code section 935 provides that claims which are excluded from the claims presentation provisions, and which are not governed by other statutes or regulations expressly related thereto, may be covered by local agency charter, ordinance or regulation. As such, under section 935, municipalities and other local agencies may adopt ordinances which specifically require the filing of an administrative claim for those claims which would otherwise be excluded under section 905. This grant of this authority to local agencies has received judicial approval for

both charter and general law cities. (See *Pasadena Hotel Development Venture v. City of Pasadena* (1981) 119 Cal.App.3d 412; *City of Ontario*, supra, 12 Cal.App.4th 894.)¹

Local Claims Filing Ordinances Limit Liability.

The enactment of local claims procedures is of great benefit to cities. For instance, in *City of Ontario*, the State filed an action against the City for equitable indemnity in a flood damage case. The City demurred on the basis that the State had not filed a claim with the City and that the claim would be barred by the City's statute of limitations. The Court of Appeal agreed. It found that the express intent of the City's ordinance was to take advantage of section 935 and that section 935 "does not incorporate any suggestion whatsoever that it does not apply to claims by the State." (*City of Ontario*, supra, 12 Cal.App.4th at 902.) In fact, the Court found sections 905 and 935 and the relationship between the two to be exceedingly unambiguous: "Sections 905 and 935, read together, are perfectly clear. Section 905 creates exemptions from the state-mandated claims procedure; section 935 permits local public entities to enact their own procedures to cover the exempted claims." (Id. at 901-902.) Because the State did not comply and could not now comply, the City was saved from a possible indemnity judgment against it.

Even more clear and beneficial is the potential for such local claims-filing regulations to limit municipal liability in the tax refund claim context. As stated above, Government Code section 905 exempts from the claims filing provisions "[c]laims under the Revenue and Taxation Code or other statute providing procedures for the refund, rebate," etc. (Gov. Code, § 905(a).) Local regulations providing such refund procedures are not encompassed within the term "statute" either as commonly used or as particularly employed in section 905. Therefore, a city may adopt regulations requiring a Government Code claim as a prerequisite to a lawsuit for the refund of local taxes. (*Volkswagen Pacific, Inc. v. City of Los Angeles* (1972) 7 Cal.3d 48, 60-61.)

For example, in *Pasadena Hotel*, supra, 119 Cal.App.3d 412, an error in the tax assessed to a taxpayer resulted in a \$25,000 overpayment by the taxpayer to the City in 1976. The taxpayer filed a claim with the City in 1979 pursuant to the four year statute of limitations in the Revenue and Taxation Code. The City Charter and a municipal code provision, however, required that claims for tax refunds be filed within in one year. Because the Revenue and

¹ Some charter cities include such requirements both in their charter and in their municipal codes. (See, e.g., *Pasadena Hotel Development Venture*, supra, 119 Cal.App.3d 412.) The courts, however, have found the enactment of such claim filing procedures only by ordinance to be sufficient. (See *City of Ontario*, 12 Cal.App.4th at 899-902.)

Taxation code section did not expressly relate to the circumstances of the case, it did not apply and the shorter one year statute of limitations did apply resulting in the taxpayer's claim being untimely. Accordingly, local agencies that adopt a claims filing ordinance pursuant to Government Code section 935 may greatly limit their liability.

Consideration of the decision in *Howard Jarvis Taxpayers Assn. v. City of La Habra* (2001) 25 Cal.4th 809, demonstrates how the absence of such an ordinance can effectively increase a municipality's civil liability. At issue in *HJTA v. City of La Habra* was when the statute of limitations began running.

In *HJTA v. City of La Habra*, more than three years after the City's utility users tax ordinance was adopted, taxpayers sued the City claiming that the general tax was required by Proposition 62 to have been approved by the voters. The plaintiffs sought, among other things, a declaration that the tax was invalid, an injunction against its enforcement and a writ compelling the City to cease collecting the tax and refund illegally collected past taxes to the taxpayers. The City argued that the applicable statute of limitations period was three years pursuant to CCP § 338(a) (an action upon a liability created by statute) and that the limitations period commenced upon enactment of the tax ordinance. Thus, the City asserted, the claim was barred. Both the trial appellate courts upheld the City's position, but the Supreme Court reversed.

In reviewing the case, the Court held that while the plaintiffs could have brought suit as soon as the ordinance was enacted and did not have to wait for a court ruling that Proposition 62 was constitutional, their claim continually accrued every time the City collected the tax. Compounding the negative impact of the decision for the City of La Habra was that, for such tax liability claims exempted from the Tort Claims Act claims filing provisions, the applicable statute of limitations period was three years pursuant to CCP § 338. This meant the claim could proceed, and that should the ordinance ultimately be declared illegal, the City's liability would be three-fold that which it could have been had it enacted a one-year claims-filing procedure.

While this case specifically did not have anything to do with the Tort Claims Act or sections 905 and 935, the lesson that can be learned is clear. Those cities that have enacted an ordinance pursuant to section 935 providing for a claims-filing procedure for those claims exempted by section 905, may avoid altogether or at least greatly diminish their liability for such claims through the application of the one-year statute provided by the Tort Claims Act. In other words, as stated above, once a city establishes a claims-filing procedure, compliance with its provisions is a prerequisite to filing a lawsuit. A failure to file a claim within the Tort Claims Act's statute of limitations bars the lawsuit. Even where the statute continually accrues (e.g.,

the collection cases), the City's liability is reduced to only those claims accruing within the past year.²

CONCLUSION

As the experiences of many cities can attest, all cities without such an ordinance are well-advised to adopt a claims filing ordinance, at a minimum to cover themselves for future claims. A sample ordinance is attached to this paper for your reference.

² Cities should keep in mind that local regulations providing for claims-filing procedures generally do not apply retroactively unless they explicitly provide so. (*Adler v. Los Angeles Unified Sch. Dist.* (1979) 98 Cal.App.3d 280, 287.)

Resolution xx-2020**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS
ESTABLISHING LOCAL CLAIMS PROCEDURE REGULATIONS**

BE IT RESOLVED by the City Council of the City of Willows, that the following local claims procedure regulations are hereby established:

- 1) **Purpose and Authority.** The purpose of this resolution is to establish local claims procedure regulations to govern money claims brought against the City of Willows that are exempt from state law claims procedures under the Government Claims Act (Government Code § 900 et seq.) This resolution is adopted pursuant to Government Code section 935.
- 2) **Local Claims Procedures.** The City of Willows hereby establishes the following claims procedure regulations to apply to and govern those claims against the City of Willows that, pursuant to Government Code sections 905, are exempt from the Government Claims Act.
 - a. All claims for money or damages against the City of Willows that are exempt from the Government Claims Act, and that are not governed by any other statute or regulation expressly relating to such claim, shall be presented to the City of Willows within the time limitations and in the manner set forth in Government Code sections 910 through 915.4.
 - b. When a claim required by this resolution to be presented within a period of less than one year after the accrual of the cause of actions is not presented within the required time, an application for leave to file a late claim may be made and processed in accordance with Government Code sections 911.4(b), 911.6 to 912.2, and 946.6. A late claim also shall be subject to Government Code section 946.4. (See Government Code § 935 (e).)
 - c. Claims shall be subject to the provisions of Government Code section 945.4 relating to the prohibition of lawsuits until the timely presentation of and action on a claim. No lawsuit for money or damages may be brought against the City of Willows on a cause of action for which a claim is required to be presented in accordance with this resolution until a written claim has been timely presented to the City of Willows and has been acted upon by the City of Willows City Council, or has been deemed to have been rejected by the City Council, in accordance with the procedures at Government Code sections 910 through 915.4. (See Government Code § 935 (b).)
 - d. Any lawsuit brought against the City of Willows on a claim subject to this resolution shall be subject to the provisions of Government Code sections 945.6 (lawsuit filing limitations) and 946 (lawsuit barred after claim allowed in full or part.) Any lawsuit against the City of Willows on a claim subject to this resolution must be commenced within the time limitations of Government Code section 945.6. (See Government Code § 935 (b).)

PASSED AND ADOPTED by the Willows City Council, on the 28th day of July, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Kerri Warren, Mayor

Tara Rustenhoven, City Clerk

AGENDA ITEM

TO: Wayne Peabody, Interim City Manager
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: Budget Appropriation-Interest on GAP Loan

RECOMMENDATION

By Motion, Appropriate \$15,000 in General Fund-Capitalized Interest (301.7247.400)

SITUATION (or BACKGROUND):

In November 2019 Council approved, and the City entered into, a Gap financing arrangement to provide advance funding for the South Willows Infrastructure Project. This financing was intended to cover the delays in accessing the \$850,000 CDBG-Over The Counter Grant funding and the California Investors (Basin Street) equity funds to be received (approximately \$535K in total) in annual increments in years 2-6 following start of construction.

During the time of preparing the 2020-21 budget, it appeared that the conditions that needed to be cleared to start receiving the CDBG-OTC funds would be completed and borrowed funds associated with the CDBG funds would be repaid by 6/30. While the CDBG funds could only be used for principal (interest comes from the General Fund), with a 6/30 payback, budgeted appropriations would allow for the interest payment to take place in the 2019-20 fiscal year.

As such, the grant funds were not received prior to 6/30 (they are now anticipated for an early August arrival). In addition, a late June draw became necessary to cover construction costs in advance of receiving the grant funds.

As no appropriation was requested as part of the 2020-21 budget for the interest, it becomes necessary to now do so. It is estimated that the interest carried is going to be about \$11,500, but an additional amount is requested if the grant funds do not arrive when anticipated.

FINANCIAL CONSIDERATIONS:

\$15,000 in General Fund expenditures

NOTIFICATION

N/A

ALTERNATE ACTIONS

1. Appropriate by motion
2. Reject staff recommendation and/or direct item to be returned at later date.

RECOMMENDATION

By Motion, Appropriate \$15,000 in General Fund-Capitalized Interest (301.7247.400)

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

AGENDA ITEM

TO: Mayor Warren and Members of the City Council

FROM: Wayne Peabody, Interim City Manager

SUBJECT: Letter of Support-Flexibility to allow Regional Variance in Economic Reopening

RECOMMENDATION

Approve, by Motion, the Submittal of the letter by Assemblyman James Gallagher and Assemblywomen Megan Dahle. Further approve the Mayor to Sign and Submit on behalf of the City of Willows

SITUATION (or BACKGROUND):

This item has been placed on the agenda for Council consideration by Mayor Warren.

FINANCIAL CONSIDERATIONS:

None

ALTERNATE ACTIONS

- Approve Letter as Submitted
- Recommend Edits to Letter and Approve as amended
- Seek Further Information
- Reject Submittal of Letter

NOTIFICATIONS

None

RECOMMENDATION

Approve, by Motion, the Submittal of the letter by Assemblyman James Gallagher and Assemblywomen Megan Dahle. Further approve the Mayor to Sign and Submit on behalf of the City of Willows

Respectfully submitted,

/s/ Wayne Peabody

Wayne Peabody
Interim City Manager

Letter of Request from Assemblyman Gallagher and Assemblywomen Megan Dahle

July XX, 2020

The Honorable Gavin Newsom
Governor
State Capitol, First Floor
Sacramento, CA 95814

Re: Request for Flexibility to allow Regional Variance in Economic Reopening

Dear Governor Newsom,

We write to you as a unified coalition of elected representatives from Northern California committed to advancing the health and safety of our communities through scientific, data-driven public health strategies to mitigate the spread of COVID-19. We appreciate your past flexibility in allowing regional and local governance based upon local conditions. It is in this spirit that we ask the state to reinstitute this approach and allow regional variance in implementing business closures and prohibitions on certain activities.

We are aware of the recent guidance issued to 33 counties on the County Monitoring List. Many Northern California counties continue to have a very low number of cases and are not on the monitoring list. Some of our counties have been added to the list only because of exceeding the threshold for cases per 100,000 persons. However, most of the North State meets all other metrics for regional variance, including low levels of hospitalization. This is thanks to the diligence of local officials and compliance with local health guidance by residents, who have worked hard to keep our regions safe and healthy.

Furthermore, contact tracing data of positive COVID-19 cases shows that the majority of cases stem not from restaurants or gyms, but rather from large family gatherings. Especially in Northern California, the reopening of our small businesses and churches have not been a driver of COVID-19 cases. Local businesses have invested a great deal of money and energy in personal protective equipment, sanitation, and training related to COVID-19 mitigation. Many do not have enough outdoor space or the financial resources to continue operations with the current state order in effect.

We request that our counties, in conjunction with our local public health officers, regain local control to implement strategies specific to our unique community needs. If the data continues to demonstrate that our churches and small businesses pose little to no threat, they should be allowed to re-open safely.

We appreciate your partnership in advancing evidence-based strategies to combat the current pandemic. We urge you to reinstitute local control and allow North State counties, consistent with the respective approved county attestations and regional variances, to impose data-driven, community-based closures and prevention measures. This includes allowing regional reopening based on local health data as opposed to the current one-size-fits-all mandate.

Sincerely,

Assemblyman James Gallagher

Assemblywoman Megan Dahle
