

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER [21], 2019**NEW ISSUE – FULL BOOK-ENTRY****RATINGS:** See “RATINGS” herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”

\$ _____ *

CITY OF WHEATLAND

2019 Revenue Refunding Bonds
Series A (Wastewater System)

\$ _____ *

CITY OF WHEATLAND

2019 Revenue Refunding Bonds
Series B (Water System)

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

Authority for Issuance. The City of Wheatland (the “City”) is issuing its 2019 Revenue Refunding Bonds, Series A (Wastewater System) (the “Series A Bonds”) and its 2019 Revenue Refunding Bonds, Series B (Water System) (the “Series B Bonds,” and together with the Series A Bonds, the “Bonds”) under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “Bond Law”), an Indenture of Trust dated as of December 1, 2019, between the City and The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as trustee (the “Trustee”) with respect to each series of Bonds (each, an “Indenture”), and a resolution of the City Council of the City adopted on November 12, 2019. See “THE BONDS – Authority for Issuance.”

Purpose. The proceeds of the Series A Bonds will be used to (i) refinance outstanding obligations of the City’s wastewater system (as further defined herein, the “Wastewater System”); and (ii) pay the costs of issuing the Series A Bonds. The proceeds of the Series B Bonds will be used to (i) refinance outstanding obligations of the City’s water system (as further defined herein, the “Water System”); and (ii) pay the costs of issuing the Series B Bonds. See “THE REFINANCING PLAN.”

Security for the Bonds; No Reserve Fund. The Series A Bonds are special limited obligations of the City and are payable from and secured by a pledge of and lien on the Net Revenues (as such term is defined in the Indenture for the Series A Bonds) of the Wastewater System and from amounts on deposit in certain funds and accounts established under said Indenture. The Series B Bonds are special limited obligations of the City and are payable from and secured by a pledge of and lien on the Net Revenues (as such term is defined in the Indenture for the Series B Bonds) of the Water System and from amounts on deposit in certain funds and accounts established under said Indenture. The City is not providing for a debt service reserve fund for either series of Bonds and is not obligated to fund a reserve fund in connection with, or upon the issuance of, any Parity Obligations. See “SECURITY FOR THE BONDS.”

Parity Obligations. Effective upon the issuance of the Bonds, there will be no additional bonds or other obligations of the City payable from the Wastewater System or Water System on a parity with the Series A Bonds or Series B Bonds, respectively. However, in the future, the City may issue additional debt secured by the Net Revenues of the Wastewater System or Water System on a parity basis, subject to the conditions set forth in the applicable Indenture. See “SECURITY FOR THE BONDS – Parity Obligations.”

Bond Terms; Book-Entry Only. The Series A Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on May 1 and November 1 of each year, commencing on May 1, 2020, and will be issued in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The Series B Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on May 1 and November 1 of each year, commencing on November 1, 2020, and will be issued in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Payments of the principal of, premium, if any, and interest on the Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See “THE BONDS – Description” and “APPENDIX F – DTC and the Book-Entry Only System.”

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

This cover page contains information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors must read the entire Official Statement before making any investment decision.

MATURITY SCHEDULE

(See inside cover)

The Bonds are offered when, as and if issued, and accepted by the Underwriter, subject to approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the City. Certain matters will be passed upon by for the City by the City Attorney, and by Kutak Rock LLP, Irvine, California, as counsel to the Underwriter. It is anticipated that the Bonds will be available for delivery in book-entry form on or about December 18, 2019.

[Underwriter’s Logo]

This Official Statement is dated _____, 2019.

* Preliminary; subject to change

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

MATURITY SCHEDULE

\$ _____
CITY OF WHEATLAND
2019 Revenue Refunding Bonds
Series A (Wastewater System)

(Base CUSIP†: _____)

Maturity (May 1)	Principal Amount	Interest Rate	Price	CUSIP† Number
-----------------------------	-----------------------------	--------------------------	--------------	--------------------------

\$ _____ % Term Bond due May 1, 20__, Yield: ____%, Price: ____%,
CUSIP† No. _____

\$ _____
CITY OF WHEATLAND
2019 Revenue Refunding Bonds
Series B (Water System)

(Base CUSIP†: _____)

Maturity (May 1)	Principal Amount	Interest Rate	Price	CUSIP† Number
-----------------------------	-----------------------------	--------------------------	--------------	--------------------------

\$ _____ % Term Bond due May 1, 20__, Yield: ____%, Price: ____%,
CUSIP† No. _____

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Ratings on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the City nor the Trustee is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Stabilization of Prices. In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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

CITY OF WHEATLAND
(Yuba County, California)

CITY COUNCIL

Joseph Henderson, *Mayor*
Rick West, *Vice Mayor*
Robert Coe, *Council Member*
Lisa McIntosh, *Council Member*
James Pendergraph, *Council Member*

CITY OFFICIALS

Jim Goodwin, *City Manager*
Susan Mahoney, *Finance Director*
Don Scott, *Public Works Director*
Lisa J. Thomason, MMC, *City Clerk*
Richard Shanahan of Bartkiewicz, Kronick & Shanahan, P.C., *City Attorney*

MUNICIPAL ADVISOR

NHA Advisors, LLC
San Rafael, California

BOND COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	Number of Customers.....	25
THE REFINANCING PLAN.....	3	Water Demand and Deliveries	25
General	3	Water System Rates and Charges.....	25
Estimated Sources and Uses of Funds...	3	Comparison of Water Rates.....	27
Debt Service Schedule	4	Collection Procedures.....	27
THE BONDS.....	5	Largest Customers	27
Authority for Issuance.....	5	No Outstanding Water System	
Description	5	Indebtedness	28
Redemption*	6	Capital Improvement Program	28
SECURITY FOR THE BONDS	8	Historic Debt Service Coverage	28
Pledge of Net Revenues.....	8	Projected Debt Service Coverage.....	30
Deposit and Transfer of Net Revenues.	10	CERTAIN RISK FACTORS	31
No Reserve Fund	12	Decreased Demand and Revenues	31
Rate Stabilization Fund	12	Increased Expenses and Costs	31
Parity Obligations	12	Future Parity Obligations	31
Rate Covenant; Collection of Rates		Articles XIII C and XIII D of the	
and Charges	13	California Constitution	32
Insurance; Net Proceeds	14	Limited Recourse on Default.....	34
THE CITY	14	Limitations on Remedies Available;	
General	14	Bankruptcy.....	34
Key City Personnel	15	Statutory and Regulatory Impact	34
Financial Statements.....	15	Greenhouse Gas Emissions	35
Employee Retirement System	15	Natural Calamities	35
Fiscal Reserve Policy	16	Climate Change.....	36
Insurance	16	Cybersecurity Risks	36
THE WASTEWATER SYSTEM	17	No Obligation to Tax.....	36
Overview	17	No Reserve Fund	36
Number of Customers	18	Change in Law.....	37
Wastewater Flow.....	18	Loss of Tax Exemption	37
Wastewater System Rates and		CONTINUING DISCLOSURE	37
Charges.....	18	RATINGS.....	37
Comparison of Wastewater Rates	19	TAX MATTERS.....	38
Collection Procedures	20	CERTAIN LEGAL MATTERS.....	39
Largest Customers	20	UNDERWRITING.....	40
No Outstanding Wastewater System		MUNICIPAL ADVISOR	40
Indebtedness	21	CONCLUDING INFORMATION	40
Capital Improvement Program.....	21	No Litigation	40
Historic Debt Service Coverage.....	21	Professional Services	41
Projected Debt Service Coverage.....	23	Professional Services	41
THE WATER SYSTEM	24	Execution.....	41
Overview	24		
APPENDIX A		AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED	
		JUNE 30, 2018	
APPENDIX B		SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES	
APPENDIX C		CITY OF WHEATLAND AND YUBA COUNTY GENERAL INFORMATION	
APPENDIX D		FORM OF BOND COUNSEL OPINION	
APPENDIX E		FORM OF CONTINUING DISCLOSURE CERTIFICATE	
APPENDIX F		DTC AND THE BOOK-ENTRY ONLY SYSTEM	

Location Map

10
11

12

OFFICIAL STATEMENT

\$ _____ *
CITY OF WHEATLAND
2019 Revenue Refunding Bonds
Series A (Wastewater System)

\$ _____ *
CITY OF WHEATLAND
2019 Revenue Refunding Bonds
Series B (Water System)

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided to furnish information in connection with the sale by the City of Wheatland (the “City”) of the above-referenced bonds. This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in “APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES.”

The City. The City is located in Yuba County (the “County”), in the State of California (the “State”), approximately 34 miles north of Sacramento and 107 miles northeast of San Francisco. The City is nestled at the northeastern edge of the State's vast central Sacramento Valley and home to many Beale Air Force Base personnel. It is the second-largest city of population in the County, with an estimated population of 3,703, as of January 1, 2019, according to the California Department of Finance. For certain additional information concerning the City and the County, see “APPENDIX C – CITY OF WHEATLAND AND YUBA COUNTY GENERAL INFORMATION.”

Authority for Issuance. The City is issuing its 2019 Revenue Refunding Bonds, Series A (Wastewater System) (the “**Series A Bonds**”) and its 2019 Revenue Refunding Bonds, Series B (Water System) (the “**Series B Bonds**,” and together with the Series A Bonds, the “**Bonds**”) under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “**Bond Law**”), an Indenture of Trust dated as of December 1, 2019, between the City and The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as trustee (the “**Trustee**”) with respect to each series of Bonds (each, an “**Indenture**”), and a resolution of the City Council of the City adopted on November 12, 2019. See “THE BONDS – Authority for Issuance.”

Purpose. The proceeds of the Series A Bonds will be used to (i) refinance outstanding obligations of the City's wastewater system (as further defined herein, the “**Wastewater System**”) and (ii) pay the costs of issuing the Series A Bonds. The proceeds of the Series B Bonds will be used to (i) refinance outstanding obligations of the City's water system (as further defined herein, the “**Water System**”) and (ii) pay the costs of issuing the Series B Bonds. See “THE REFINANCING PLAN.”

Security for the Bonds; No Reserve Fund. The Series A Bonds are special limited obligations of the City and are payable from and secured by a pledge of and lien on the Net Revenues (as such term is defined in the Indenture for the Series A Bonds) of the Wastewater

System and from amounts on deposit in certain funds and accounts established under said Indenture. The Series B Bonds are special limited obligations of the City and are payable from and secured by a pledge of and lien on the Net Revenues (as such term is defined in the Indenture for the Series B Bonds) of the Water System and from amounts on deposit in certain funds and accounts established under said Indenture. The City is not providing for a debt service reserve fund for either series of Bonds and is not obligated to fund a reserve fund in connection with, or upon the issuance of, any Parity Obligations. See "SECURITY FOR THE BONDS."

Parity Obligations. Effective upon the issuance of the Bonds, there will be no additional bonds or other obligations of the City payable from the Wastewater System or Water System on a parity with the Series A Bonds or Series B Bonds, respectively. However, in the future, the City may issue additional debt secured by the Net Revenues of the Wastewater System or Water System on a parity basis, subject to the conditions set forth in the Indenture. See "SECURITY FOR THE BONDS – Parity Obligations."

Form of Bonds; Book-Entry Only. The Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company ("DTC"), or its nominee, which will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing the Bonds that are purchased. See "THE BONDS – Book-Entry Only System" and "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

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

Rate Covenant. In the Indenture for each series of Bonds, the City covenants to fix, prescribe and collect rates, fees and charges to generate sufficient Gross Revenues (defined in each Indenture and described herein) which are sufficient to pay certain amounts set forth in the Indenture and described herein, including, but not limited to, debt service on the applicable series of Bonds and any Parity Obligations. See "SECURITY FOR THE BONDS – Rate Covenant; Collection of Rates and Charges."

Limited Obligation. Neither the Bonds nor the obligation to pay principal of or interest thereon constitutes a debt, obligation or liability of the City, the State of California or any of its political subdivisions within the meaning of any Constitutional limitation on indebtedness, or a pledge of the full faith and credit of the City. The Bonds are secured solely by the pledge of Net Revenues of the Wastewater System or Water System, as applicable, and certain funds held under the applicable Indenture. The Bonds are not secured by a pledge of the taxing power of the City.

Certain Risk Factors. The purchase of the Bonds involves certain risks. For a description of some of these risks, see "CERTAIN RISK FACTORS."

References to Documents. All descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements in this Official Statement are qualified in their entirety by reference to each document. Certain capitalized terms used in this Official Statement and not defined in this Official Statement have the meaning given them in "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES."

THE REFINANCING PLAN

General

The Bonds are being issued to prepay, in full, certain prior obligations of the City, as well as pay the costs of issuing the Bonds.

Series A Bonds (Wastewater System). Net proceeds of the Series A Bonds will be used to prepay, in full, \$_____ outstanding principal amount of certificates of participation issued to the United States Department of Agriculture, Rural Development ("USDA"), pursuant to a Trust Agreement, dated May 8, 2007, which are payable from the Net Revenues of the Wastewater System.

Series B Bonds (Water System). Net proceeds of the Series B Bonds will be used to prepay, in full, (1) \$_____ outstanding principal amount of certificates of participation issued to USDA, pursuant to a Trust Agreement, dated December 1, 2001 and (2) \$_____ outstanding principal amount of certificates of participation issued to USDA, pursuant to a Trust Agreement, dated October 1, 2002, each of which are payable from the Net Revenues of the Water System.

Estimated Sources and Uses of Funds

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

Sources:	Series A Bonds	Series B Bonds	Total
Principal Amount of Bonds	\$	\$	\$
Plus/Less [Net] Premium/Discount			
<i>Total Sources:</i>	\$	\$	\$
Uses:			
Prepayment of Prior Obligations	\$	\$	\$
Costs of Issuance ⁽¹⁾			
<i>Total Uses:</i>	\$	\$	\$

(1) Includes Underwriter's discount, Trustee fees, Municipal Advisor fees, Bond Counsel and Disclosure Counsel fees, printing costs, rating agency fees and other related costs.

Debt Service Schedule

The scheduled aggregate annual principal and interest amounts payable with respect to the Series A Bonds and Series B Bonds, without regard to any optional redemption, is set forth below.

Bond Year (May 1)	Series A (Wastewater System)			Series B (Water System)		
	Principal	Interest	Total	Principal	Interest	Total
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						

Source: Underwriter.

THE BONDS

Authority for Issuance

The City is issuing the Bonds under the provisions of the Bond Law, the Indenture for each series of Bonds, and a resolution of the City Council of the City adopted on November 12, 2019. *The Series A Bonds and the Series B bonds are not cross-collateralized; the Series A Bonds are secured by and payable from the Net Revenues of the Wastewater System, while the Series B Bonds are secured by and payable from the Net Revenues of the Water System.*

Description

The Bonds will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on May 1 and November 1 (each, an **"Interest Payment Date"**), commencing May 1, 2020 (with respect to the Series A Bonds) and November 1, 2020 (with respect to the Series B Bonds), and will mature on the dates and in the amounts set forth on the inside cover page. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, so long as no Bond may have more than one maturity date. The Bonds will be issued only as one fully registered Bond for each maturity, in the name of Cede & Co., as nominee for DTC, as registered owner of all Bonds. See "APPENDIX F – DTC and the Book-Entry Only System." Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Indentures. See the discussion under "–Transfer and Exchange" below.

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless: (i) a Bond is authenticated between an Interest Payment Date and the 15th calendar day of the month immediately preceding such Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date; (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the date of original delivery of the Bonds; or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest on the Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Bonds will be paid on the succeeding Interest Payment Date to such account in the United States as specified in such written request. The principal of the Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Trustee.

While the Bonds are held in the book-entry only system of DTC, all such payments will be made to Cede & Co., as the registered Owner of the Bonds. See "APPENDIX F – DTC and the Book-Entry Only System."

Redemption*

Series A Bonds (Wastewater System) – Optional Redemption. The Series A Bonds maturing on or before May 1, 20__, are not subject to redemption prior to their respective stated maturities. The Series A Bonds maturing on or after May 1, 20__, are subject to redemption in whole, or in part among maturities on such basis as set forth in a certificate of the City filed with the Trustee, and in any event by lot within a maturity, at the option of the City, from any available source of funds, on any date on or after May 1, 20__, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with accrued interest thereon to the redemption date, without premium.

Series B Bonds (Water System) – Optional Redemption. The Series B Bonds maturing on or before May 1, 20__, are not subject to redemption prior to their respective stated maturities. The Series B Bonds maturing on or after May 1, 20__, are subject to redemption in whole, or in part among maturities on such basis as set forth in a certificate of the City filed with the Trustee, and in any event by lot within a maturity, at the option of the City, from any available source of funds, on any date on or after May 1, 20__, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with accrued interest thereon to the redemption date, without premium.

Series A Bonds (Wastewater System) – Mandatory Sinking-Fund Redemption. The Series A Bonds maturing May 1, 20__ are subject to mandatory sinking payment redemption in part on May 1, 20__ and on each May 1 thereafter to maturity, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following table:

Mandatory Redemption Date (May 1) 20__	Sinking Fund Payment \$
20__ (maturity)	

The amounts in the foregoing table will be reduced pro rata, in order to maintain substantially uniform debt service, as a result of any prior partial optional redemption of any of the Series A Bonds.

Series B Bonds (Water System) – Mandatory Sinking-Fund Redemption. The Series B Bonds maturing May 1, 20__ are subject to mandatory sinking payment redemption in part on May 1, 20__ and on each May 1 thereafter to maturity, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following table:

* Preliminary; subject to change.

Mandatory	
Redemption Date	Sinking Fund
(May 1)	Payment
20__	\$

20__ (maturity)

The amounts in the foregoing table will be reduced pro rata, in order to maintain substantially uniform debt service, as a result of any prior partial optional redemption of any of the Series A Bonds.

Purchase In Lieu of Redemption. In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Notice of Redemption. Notice of any redemption of the Bonds shall be mailed, postage prepaid, to the respective registered owners thereof at the addresses appearing on the Registration Books and to the Securities Depositories and the Municipal Securities Rulemaking Board, not less than 20 nor more than 60 days prior to the redemption date. The notice of redemption must state the date of the notice, the redemption date, the redemption place and the redemption price and must designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and must require that such Bonds be then surrendered at the Office of the Trustee, identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. In addition, the redemption notice must state that the City has the right to rescind notice of optional redemption of the Bonds.

Right to Rescind Notice of Optional Redemption. The City has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee prior to the date fixed for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The City and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption.

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

Transfer and Exchange. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See APPENDIX F. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Office of

the Trustee, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee. Whenever any Bond or Bonds shall be surrendered for registration or transfer, the City shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of like series, maturity, interest rate and aggregate principal amount. The City shall pay all costs of the Trustee incurred in connection with any such transfer, except that the Trustee may require the payment by the Bond Owner of any tax or other governmental charge required to be paid with respect to such transfer.

Bonds may be exchanged at the Office of the Trustee, for a like aggregate principal amount of Bonds representing other authorized denominations of the same series, interest rate and maturity. The City shall pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee may require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

SECURITY FOR THE BONDS

Pledge of Net Revenues

General – Series A Bonds (Wastewater System). The Series A Bonds are secured by a first pledge of and lien on all of the Net Revenues of the Wastewater System, on a parity basis with any future Parity Obligations of the Wastewater System. In addition, the Series A Bonds are secured by a pledge of all of the moneys in the Debt Service Fund established in the Indenture for the Series A Bonds, including all amounts derived from the investment of such moneys. The Series A Bonds and the Parity Obligations of the Wastewater System are equally secured by a pledge, charge and lien upon the Net Revenues and such moneys without priority for series, issue, number or date and the payment of the interest on and principal of the Series A Bonds shall be and are secured by an exclusive pledge, charge and lien upon the and such moneys. So long as any of the Series A Bonds are Outstanding, the Net Revenues and such moneys may not be used for any other purpose; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture and the Parity Obligation Documents for the Wastewater System.

Definitions – Series A Bonds (Wastewater System). Set forth below are the definitions of certain terms used in the Indenture for the Series A Bonds:

“Net Revenues” means, for any period, an amount equal to all of the Gross Revenues received during such period, minus the amount required to pay all Operation and Maintenance Costs becoming payable during such period.

“Gross Revenues” means all gross income and revenue received by the City from the ownership and operation of the Wastewater System, determined in accordance with generally accepted accounting principles, including (a) any amounts transferred to the Wastewater Fund from a Rate Stabilization Fund in accordance with the Indenture; (b) all income, rents, rates, fees, charges or other moneys derived from the services and facilities sold, furnished or supplied through the facilities of the Wastewater System, including all amounts levied by the City as a fee for connecting to the Wastewater System; (c) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or under applicable law to the Wastewater System; and (d) the

proceeds derived by the City directly or indirectly from the sale, lease or other disposition of a part of the Wastewater System as permitted under the Indenture. "Gross Revenues" does not include (i) customers' deposits or any other deposits subject to refund until such deposits have become the property of the City, (ii) the proceeds of any *ad valorem* property taxes levied to pay general obligation bond indebtedness of the City with respect to the Wastewater System, and (iii) special assessments or special taxes levied upon real property within any improvement district for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Wastewater System.

"Operation and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Wastewater System, determined in accordance with generally accepted accounting principles, including (a) all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and (b) all administrative costs of the City that are charged directly or apportioned to the operation of the Wastewater System, such as salaries and wages of employees, overhead, taxes (if any) and insurance. "Operation and Maintenance Costs" do not include (i) administrative costs of the Series A Bonds which the City is required to pay under the Indenture, (ii) payments of debt service on bonds, notes or other obligations issued by the City with respect to the Wastewater System, (iii) depreciation, replacement and obsolescence charges or reserves therefor, and (iv) amortization of intangibles or other bookkeeping entries of a similar nature.

"Parity Obligations Documents" means each agreement, indenture of trust, resolution or other instrument authorizing the issuance of Parity Obligations of the Wastewater System. For additional details, see "–Parity Obligations."

General – Series B Bonds (Water System). The Series B Bonds are secured by a first pledge of and lien on all of the Net Revenues of the Water System, on a parity basis with any future Parity Obligations of the Water System. In addition, the Series B Bonds are secured by a pledge of all of the moneys in the Debt Service Fund established in the Indenture for the Series B Bonds, including all amounts derived from the investment of such moneys. The Series B Bonds and the Parity Obligations of the Water System are equally secured by a pledge, charge and lien upon the Net Revenues and such moneys without priority for series, issue, number or date and the payment of the interest on and principal of the Series B Bonds shall be and are secured by an exclusive pledge, charge and lien upon the and such moneys. So long as any of the Series B Bonds are Outstanding, the Net Revenues and such moneys may not be used for any other purpose; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture and the Parity Obligation Documents of the Water System.

Definitions – Series B Bonds (Water System). Set forth below are the definitions of certain terms used in the Indenture for the Series B Bonds:

"Net Revenues" means, for any period, an amount equal to all of the Gross Revenues received during such period, minus the amount required to pay all Operation and Maintenance Costs becoming payable during such period.

"Gross Revenues" means all gross income and revenue received by the City from the ownership and operation of the Water System, determined in accordance with

generally accepted accounting principles, including (a) any amounts transferred to the Water Fund from a Rate Stabilization Fund in accordance with the Indenture; (b) all income, rents, rates, fees, charges or other moneys derived from the services and facilities sold, furnished or supplied through the facilities of the Water System, including all amounts levied by the City as a fee for connecting to the Water System; (c) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or under applicable law to the Water System; and (d) the proceeds derived by the City directly or indirectly from the sale, lease or other disposition of a part of the Water System as permitted under the Indenture. "Gross Revenues" does not include (i) customers' deposits or any other deposits subject to refund until such deposits have become the property of the City, (ii) the proceeds of any *ad valorem* property taxes levied to pay general obligation bond indebtedness of the City with respect to the Water System, and (iii) special assessments or special taxes levied upon real property within any improvement district for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Water System.

"Operation and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water System, determined in accordance with generally accepted accounting principles, including (a) all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and (b) all administrative costs of the City that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance. "Operation and Maintenance Costs" do not include (i) administrative costs of the Series B Bonds which the City is required to pay under the Indenture, (ii) payments of debt service on bonds, notes or other obligations issued by the City with respect to the Water System, (iii) depreciation, replacement and obsolescence charges or reserves therefor, and (iv) amortization of intangibles or other bookkeeping entries of a similar nature.

"Parity Obligations Documents" means each agreement, indenture of trust, resolution or other instrument authorizing the issuance of Parity Obligations of the Water System. For additional details, see "—Parity Obligations."

Deposit and Transfer of Net Revenues

Maintenance of Wastewater Fund. The City has previously established the Wastewater Fund (the "**Wastewater Fund**"), which it will continue to hold and maintain for the purposes and uses set forth in the Indenture for the Series A Bonds and the applicable Parity Obligation Documents. The City shall deposit all Gross Revenues of the Wastewater System in the Wastewater Fund promptly upon the receipt thereof, and shall apply amounts in the Wastewater Fund solely for the uses and purposes set forth in the Indenture for the Series A Bonds and in the Parity Obligation Documents for the Wastewater System.

Maintenance of Water Fund. The City has previously established the Water Fund (the "**Water Fund**"), which it will continue to hold and maintain for the purposes and uses set forth in the Indenture for the Series B Bonds and the applicable Parity Obligation Documents. The City shall deposit all Gross Revenues of the Water System in the Water Fund promptly upon the receipt thereof, and shall apply amounts in the Water Fund solely for the uses and purposes set

forth in the Indenture for the Series B Bonds and in the Parity Obligation Documents for the Water System.

Flow of Funds. In addition to withdrawals required to pay principal of and interest on outstanding Parity Obligations when due, the City shall withdraw amounts on deposit in the Wastewater Fund or Water Fund, as applicable, and apply such amounts at the times and for the purposes, and in the priority, as follows:

(a) **Debt Service Fund.** On or before the 6th Business Day of the month preceding each Interest Payment Date, so long as any Bonds remain Outstanding, the City shall withdraw from the Wastewater Fund/Water Fund and pay to the Trustee for deposit into the Debt Service Fund under the applicable Indenture an amount which, together with other available amounts then on deposit in the Debt Service Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the applicable series of Bonds on such Interest Payment Date, including the principal of any term Bonds upon the mandatory sinking fund redemption thereof.

The Trustee shall apply amounts in the Debt Service Fund solely for the purpose of (i) paying the interest on the Outstanding Bonds when due and payable (including accrued interest on any Bonds purchased or redeemed), (ii) paying the principal of any term Bonds upon the mandatory sinking fund redemption thereof, and (iii) paying the principal of the Bonds at the maturity thereof. Upon the payment of all Outstanding Bonds and Parity Obligations, the Trustee shall transfer any moneys remaining in the Debt Service Fund under an Indenture to the City for deposit into the Wastewater Fund/Water Fund, as applicable.

(b) **Redemption Fund.** If the City elects to redeem Outstanding Bonds prior to maturity, the City shall transfer to the Trustee for deposit into the Redemption Fund under the applicable Indenture an amount at least equal to the redemption price of the Bonds, excluding accrued interest, which is payable from the Debt Service Fund. Amounts in the Redemption Fund shall be applied by the Trustee solely for the purpose of paying such redemption price of applicable series of Bonds to be redeemed under the applicable Indenture. Following any such redemption of the Bonds, any moneys remaining in the Redemption Fund shall be transferred by the Trustee to the City for deposit into the Wastewater Fund/Water Fund, as applicable.

Other Uses of Wastewater Fund and Water Fund. The City will manage, conserve and apply moneys in the Wastewater Fund or Water Fund, as applicable, in such a manner that all deposits required to be made under the applicable Indenture and any Parity Obligation Documents, will be made at the times and in the amounts so required. So long as no event of default has occurred and is continuing under and as defined in the applicable Indenture, the City may at any time use and apply moneys in the Wastewater Fund or Water Fund for any one or more of the following purposes:

(i) the payment of the Operation and Maintenance Costs for the Wastewater System or Water System, as applicable,

(ii) the acquisition and construction of extensions and betterments to the Wastewater System or Water System, as applicable,

(iii) the redemption of any of the Bonds or Parity Obligations which are then subject to redemption or the purchase thereof from time to time in the open market, at prices and in

such manner, either at public or private sale, or otherwise, as the City in its discretion may determine; or

- (iv) any other lawful purpose of the City.

No Reserve Fund

No reserve fund is being established in connection with either series of Bonds and no reserve fund is required to be established in connection with the issuance of any Parity Obligations (see “–Parity Obligations” below).

Rate Stabilization Fund

The City has the right at any time to establish a rate stabilization fund (the “**Rate Stabilization Fund**”) to be held by it and administered in accordance with either Indenture, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Wastewater System or Water System, as applicable. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues of the Wastewater System or Water System that are released from the pledge and lien which secures the applicable series of Bonds and any Parity Obligations, as the City may determine.

The City may, but is not required to, withdraw from any amounts on deposit in a Rate Stabilization Fund and deposit such amounts in the Wastewater Fund or Water Fund, as applicable, in any Fiscal Year for the purpose of paying Debt Service coming due and payable in such Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Wastewater Fund or Water Fund shall constitute Gross Revenues for such Fiscal Year (except to the extent of amounts transferred into the Rate Stabilization Fund from Gross Revenues received by the City in such Fiscal Year), and shall be applied for the purposes of the Wastewater Fund or Water Fund, as applicable. Amounts on deposit in a Rate Stabilization Fund shall not be pledged to or otherwise secure the applicable series of Bonds or any Parity Obligations. All interest or other earnings on deposits in a Rate Stabilization Fund shall be withdrawn therefrom at least annually and accounted for as Gross Revenues in the Wastewater Fund or Water Fund, as applicable. The City has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the City.

Parity Obligations

Series A Bonds (Wastewater System). Upon the issuance of the Series A Bonds, there will be no obligations outstanding payable from the Net Revenues of the Wastewater System on a parity with the Series A Bonds. However, the City may issue Parity Obligations for the Wastewater System from time to time in such principal amount as it determines, subject to the following conditions precedent:

- (a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing.

- (b) The amount of Net Revenues, as shown by the books of the City for the Base Year, plus at the option of the City any Additional Revenues, are at least equal to 115% of the amount of Maximum Annual Debt Service.

(c) The issuance of such Parity Obligations shall comply with all conditions to the issuance thereof as set forth in the applicable provisions of the Parity Obligation Documents.

(d) The City shall deliver to the Trustee a written certificate of the City certifying, and an opinion of Bond Counsel stating, that the conditions precedent to the issuance of such Parity Obligations set forth in the foregoing subsections have been satisfied.

The City is not obligated to fund a debt service reserve fund in connection with, or upon the issuance of, any Parity Obligations for the Wastewater System.

Series B Bonds (Water System). Upon the issuance of the Series B Bonds, there will be no obligations outstanding payable from the Net Revenues of the Water System on a parity with the Series B Bonds. However, the City may issue Parity Obligations for the Water System from time to time in such principal amount as it determines, subject to the following conditions precedent:

(a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing.

(b) The amount of Net Revenues, as shown by the books of the City for the Base Year, plus at the option of the City any Additional Revenues, are at least equal to 115% of the amount of Maximum Annual Debt Service.

(c) The issuance of such Parity Obligations shall comply with all conditions to the issuance thereof as set forth in the applicable provisions of the Parity Obligation Documents.

(d) The City shall deliver to the Trustee a written certificate of the City certifying that the conditions precedent to the issuance of such Parity Obligations set forth in the foregoing subsections have been satisfied.

The City is not obligated to fund a debt service reserve fund in connection with, or upon the issuance of, any Parity Obligations for the Water System.

Rate Covenant; Collection of Rates and Charges

Gross Revenue Coverage. The City covenants in each Indenture that it will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System or Water System, as applicable, during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to pay the following amounts in the following order:

(a) all Operation and Maintenance Costs estimated by the City to become due and payable in the Fiscal Year for the Wastewater System or Water System, as applicable;

(b) the principal of and interest on all outstanding Bonds and Parity Obligations as they become due and payable during the Fiscal Year, without preference or priority, for the Wastewater System or Water System, as applicable;

(c) all amounts, if any, required to restore the balance in any reserve fund established for any Parity Obligations to the required level; and

(d) all payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable during such Fiscal Year from the Gross Revenues or the Net Revenues of the Wastewater System or Water System, as applicable.

Net Revenue Coverage. In addition to the covenant set forth regarding Gross Revenues coverage, the City covenants in each Indenture that it will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System or Water System, as applicable, during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to 115% of the amount of principal of and interest on all outstanding Bonds and Parity Obligations which come due and payable during the Fiscal Year for the Wastewater System or Water System, as applicable; *provided, however*, that in the event that the actual collection of Net Revenues based on such rates, fees and charges is insufficient to yield Net Revenues which meet such requirement, such event shall not constitute an Event of Default unless it has continued uncured for a period of at least 12 months.

Insurance; Net Proceeds

Under each Indenture, the City will at all times maintain with responsible insurers all such insurance on the Wastewater System or Water System, as applicable, as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Wastewater System or Water System, as applicable. If any useful part of the Wastewater System or Water System, as applicable, is damaged or destroyed, such part must be restored to usable condition. All amounts collected from insurance against accident to or destruction of any portion of the Wastewater System or Water System, as applicable, shall be used to repair or rebuild such damaged or destroyed portion of the Wastewater System or Water System, as applicable, and to the extent not so applied, shall be applied to redeem the Bonds or any Parity Obligations in accordance with the Indenture for the applicable series of Bonds and the Parity Obligation Documents, respectively. The City shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City, the Trustee and the Owners of the Series A Bonds or Series B Bonds, as applicable. The Trustee has no liability to determine whether the City is in compliance with the foregoing provisions.

THE CITY

General

The City is located in the County, approximately 34 miles north of Sacramento and 107 miles northeast of San Francisco. The City is nestled at the northeastern edge of the State's vast central Sacramento Valley and home to many Beale Air Force Base personnel. It is the second-largest city of population in the County, with an estimated population of 3,703, as of January 1, 2019, according to the California Department of Finance. For certain additional information concerning the City and the County, see "APPENDIX C – CITY OF WHEATLAND AND YUBA COUNTY GENERAL INFORMATION."

Key City Personnel

Jim Goodwin, City Manager.

Susan Mahoney, Finance Director. Susan Mahoney has been a finance professional for municipalities for the past 30 years, and has been with the City for approximately 2.5 years. She began her career as Finance Director for a large water district in the Sacramento area and has served as Finance Director for two newly created California cities as well as several small- to medium-size cities. Susan gives back to her community by serving as Board Chair for the Penryn Fire District and Councilmember for the Penryn/Horseshoe Bar municipal advisory committee. She holds a BS in Accounting from California State University Sacramento and an MPA from Golden Gate University.

Don Scott, Public Works Director. Don Scott has been working for the City for 21 years, both as the Public Works Superintendent (18 years) and more recently as the Public Works Director since June 2017.

Financial Statements

Moss, Levy & Hartzheim, LLP, Certified Public Accountants, Culver City, California (the “Auditor”), audited the financial statements of the City for the Fiscal Year ended June 30, 2018. The Auditor’s examination was made in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. See “APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2018.”

The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City.

Employee Retirement System

Non-CalPERS Pension Plan. The City is not a participant in the California Public Employees’ Retirement System (CalPERS). Instead, employees of the City accumulate retirement benefits through a defined contribution plan with the ICMA Retirement Corporation. The City makes bi-weekly contributions to a 401(a) plan amounting to 6% (General Employees) or 7% (Public Safety Employees) of the employee’s base salary. A matching 3% contribution is required from the employee. Employees are 100% vested (employer portion) at five years of service, with the exception of those employees over 50 years old who are fully vested from the month of employment. The plan is administered and held in trust for the exclusive benefit of participants and are not assets of the City. The balance at June 30, 2018 is \$722,174.

No OPEB. The City does not offer other post-employment benefits (OPEB).

Investment Policies and Procedures

The City invests its funds in accordance with its investment policy, which is subject to annual review and approval by the City Council. The City’s investment policy complies with the provisions of the California government Code, Sections 53600 through 53659 (the authority governing investments for municipal governments in the State), and limits the City to

investments authorized by State law. In addition, the investment policy establishes further guidelines as far as duration and risk levels. See "APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2018" for additional information on the City's investment policies and procedures.

Fiscal Reserve Policy

The City Council annually adopts a fiscal reserve policy with the budget. The fiscal reserve policy for Fiscal Year 2019-20 targets an ending fund balance for the City's general fund, water enterprise fund, and wastewater enterprise fund of 25% of operating expenditures.

Insurance

The City is self-insured for the first \$5,000 on each general liability claim. The City has no self-insured retention for workers' compensation liability claims. The insurance coverage in excess of the self-insured amount is provided by the Public Agency Risk Sharing Authority of California (PARSAC), a public entity risk pool currently operating as a common risk management and insurance program for 37 California cities, up to a limit of \$1,000,000 for general liability and \$500,000 for workers' compensation. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of the PARSAC provides that the pool will be self-sustaining through member premiums. Losses that exceed \$1,000,000 for general liability and \$500,000 for workers' compensation are covered via the CSAC Excess Insurance Authority up to \$34,000,000 and the Local Worker's Compensation Excess Authority (LAWCX) up to \$4,500,000, respectively. The City is self-insured for the first \$5,000 for Employment Practices Liability (EPL) coverage and up to \$25,000 is covered by PARSAC. Coverage between \$25,000 - \$1,000,000 is provided by the Employment Risk Management Authority (ERMA); and excess coverage up to \$34,000,000 is provided by CSAC.

For additional details, see APPENDIX A, Note 9.

THE WASTEWATER SYSTEM

Overview

The Wastewater System collects, treats and disposes of wastewater throughout the service area, which is primarily residential. The Wastewater System consists of approximately 13.2 miles of gravity and force mains with sewer line pipes ranging from 4" to 10" in diameter. There are 5 sewer pump lift stations through the City, which pump untreated wastewater to the main treatment plant.

The wastewater treatment plant uses an extended aeration activated sludge process to treat the wastewater to regulatory standards. The average sewage flow to the plant is 280,000 gallons per day, while the plant is designed to handle a flow of up to 620,000 gallons per day. The plant includes headworks with trash removal, an oxidation ditch, clarifier, and rapid sand infiltration beds. Process sludge is dried in sludge drying beds and is removed annually by the City and hauled to the Ostrum landfill. Upgrades to the treatment plant were undertaken in 2006, including the replacement of certain equipment and the addition of a telemetry computer system to monitor all lift stations and operations of the treatment plant.

The Wastewater System is regulated by the Central Valley Regional Water Quality Control Board ("**RWQCB**"). The last permit issued to the City by the RWQCB for the operation of the wastewater treatment plant expired over 20 years ago; however, the RWQCB has indicated that given the small size of the City's treatment plant, an official renewal of the permit is not necessary at this time. The City continues to meet the discharge requirements set forth in the expired permit, and to make all required filings with the RWQCB regarding the plant and the Wastewater System, and the RWQCB has acknowledged compliance with the foregoing. The City has not had any material sanitary sewer overflows or other events related to the Wastewater System that would likely trigger greater regulatory scrutiny, but no assurance can be given such an event will not occur in the future. If the RWQCB were to require the City to obtain an official renewal of its permit related to the wastewater treatment plant, more stringent discharge standards may apply and additional capital improvements may be required.

Number of Customers

The Wastewater System serves approximately 3,703 people residing within the City. Each customer of the Wastewater System has a connection. The following table shows the number of connections to the Wastewater System by customer class for the most recent fiscal year. Residential accounts were approximately 94% of total accounts for Fiscal Year 2018-19.

TABLE 1
CITY OF WHEATLAND WASTEWATER SYSTEM
Number of Connections
Fiscal Year 2018-19

Customer Class	Number
Residential	1,015
Commercial	48
Apartments	43
Institutional	13
Other	6
Total	1,125

Source: City of Wheatland.

Wastewater Flow

As noted above, the Wastewater System collects, treats and disposes of wastewater throughout the City. The following table summarizes the flow of wastewater treated by the City for calendar years 2014 through 2018.

TABLE 2
CITY OF WHEATLAND WASTEWATER SYSTEM
Wastewater Treated

Calendar Year	Wastewater Treated (MG)
2014	118
2015	115
2016	124
2017	125
2018	129

Source: City of Wheatland.

Wastewater System Rates and Charges

Usage Rates. The City most recently adopted rates and charges for the Wastewater System, effective in April 2019. These rates and charges were adopted consistent with Proposition 218 and all other applicable law. See “CERTAIN RISK FACTORS – Articles XIII C and XIII D of the California Constitution” herein for a discussion of the treatment of the City’s rates and charges in light of Proposition 218, Proposition 26 and other applicable law.

The rates adopted in April 2019 were based on a rate study prepared for the City by ClearSource Financial Consulting (the “**2019 Rate Study**”). The 2019 Rate Study covered both the Wastewater System and the Water System, and studied the five-year period of Fiscal Year

2018-19 through Fiscal Year 2022-23. As part of the 2019 Rate Study, the City adopted rates for the Wastewater System for the following categories: residential, apartments and commercial. These rates are effective as of April 1, 2019 and then October 1 of the years 2019 through 2022. The rates for October 2019 through October 2020 will increase by the greater of 3.0% or the ENR CCI index; rates shown reflect a 3.0% increase. These are the maximum rates approved by the City Council in April 2019. The rate increases that were adopted were maximum approved rates given anticipated needs, and the City Council has the ability to set actual rates lower than the approved maximum rates each year.

The rates adopted by the City Council for the Wastewater System based on the 2019 Rate Study are set forth in the following table.

TABLE 3
CITY OF WHEATLAND WASTEWATER SYSTEM
Current and Projected Wastewater Rates
Dollars/Unit/Month⁽¹⁾

Category	Effective Apr. 1, 2019	Effective Oct. 1, 2019	Effective Oct. 1, 2020	Effective Oct. 1, 2021	Effective Oct. 1, 2022
Residential	\$56.33	\$58.02	\$59.77	\$61.56	\$63.40
Apartments	32.82	33.81	34.82	35.86	36.94
Commercial	56.33	58.02	59.77	61.56	63.40

(1) Rates for October 1, 2020 through October 1, 2022 will increase by the greater of 3.0% or the ENR CCI index; rates shown reflect a 3.0% increase. These are the maximum rates approved by the City Council in April 2019. The rate increases that were adopted were maximum approved rates given anticipated needs, and the City Council has the ability to set actual rates lower than the approved maximum rates each year.

Source: City of Wheatland.

Connection Fees. The City charges impact fees for the connection of new services to the Wastewater System. In order to mitigate the wastewater treatment impacts caused by new development in the City service area, certain wastewater system improvements must be or have been constructed in order to accommodate system expansion. The current connection fees for the Wastewater System are as follows:

	Sewer Collection	Wastewater Treatment
Single Family Residence	\$2,066	\$12,082
Multi Family Residences per unit	1,033	6,039
Mobile Home per unit	1,033	6,040
Commercial Lodging per unit	690	4,027
Retail Uses per square foot	0.878	5.136

Comparison of Wastewater Rates

The following table shows the rates and charges of the Wastewater System compared to the rates of other local agencies near to the City.

TABLE 4
CITY OF WHEATLAND WASTEWATER SYSTEM
Comparison of Wastewater Rates – Single-Family Residential
As of October 2019

Local Agency	Estimated Monthly Rate
City of Lincoln	\$32.08
City of Rocklin	34.00
City of Marysville	36.80
OPUD	40.00
City of Yuba City	52.96
City of Wheatland	53.05

Source: City of Wheatland.

Collection Procedures

The City bills each customer within the City for water and sewer service by use of a unified billing statement, and charges for these services are collected together. The regular billing period is on a monthly basis. The bill must be paid on, or prior to, the due date for payment set forth on the billing statement. If the bill is not paid on or prior to, said due date, the billing becomes delinquent and there will be a penalty charge of 10% of the delinquent amount. The City may discontinue a customer's water service if the customer fails or refuses to pay their current and delinquent charges. Prior to such water service shutoff, the City mails the customer a final notice informing the owner and/or tenant that the shutoff will be enforced if payment is not made within the time specified in the notice. As a result, the City reports it has virtually zero delinquencies.

Largest Customers

The following are the largest customers of the Wastewater System based on revenues for Fiscal Year 2018-19. For Fiscal Year 2018-19, the five largest customers of the Wastewater System represented approximately 12.6% of total revenues.

TABLE 5
CITY OF WHEATLAND WASTEWATER SYSTEM
Largest Customers
Fiscal Year 2018-19

No.	Customer	Land Use	Revenues	Percent of Revenues⁽¹⁾
1	Mercy Housing	Residential	\$49,304	5.3%
2	Wheatland School District	Institutional	24,547	2.6
3	Dean Webb	Residential	19,829	2.1
4	Big Al's	Commercial	13,644	1.5
5	Bear River Apartments	Residential	9,276	1.0
Totals – Top 10			\$116,600	12.6%

(1) Based on total revenues of the Wastewater System for Fiscal Year 2018-19 (unaudited) of \$928,962.
Source: City of Wheatland.

No Outstanding Wastewater System Indebtedness

As of the date of issuance of the Series B Bonds and upon the prepayment of the Prior Wastewater Obligations, the City will have no prior indebtedness secured by Net Revenues of the Wastewater System other than the Series B Bonds.

Capital Improvement Program

The preparation and adoption of a Capital Improvement Program (CIP) is an important part of the City's planning process to identify and meet its capital needs. It is a multi-year schedule of projects with associated costs and proposed funding sources. Generally, projects in the CIP are relatively large-dollar amount, non-recurring outlays and are for the purpose of constructing, purchasing, improving, replacing, or restoring assets with multi-year useful life.

The rates set forth in the 2019 Rate Study have been set at a level sufficient to cover anticipated CIP funding, without additional long-term debt.

The developer impact fee fund for the Wastewater System has a balance of approximately \$4.4 million, which amount is available for use on CIP projects for the Wastewater System in coming years.

Historic Debt Service Coverage

Revenues, expenses and debt service coverage for the Wastewater System for the prior five fiscal years follows, based on the City's audited financial statements for Fiscal Year 2014-15 through Fiscal Year 2017-18 and estimated actuals for Fiscal Year 2018-19.

TABLE 6
CITY OF WHEATLAND WASTEWATER SYSTEM
Historical Revenues, Expenses and Debt Service Coverage
Fiscal Years 2014-15 – 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Revenues					
Sales and service charges	\$845,133	\$873,243	\$876,250	\$917,019	\$928,963
Other ⁽¹⁾	12,285	19,992	33,868	177,681	174,425
Total Gross Revenues	857,418	893,235	910,118	1,094,700	1,103,388
Operation & Maintenance Costs⁽²⁾					
Salaries and benefits	303,178	313,571	339,909	336,788	384,284
Services, supplies, etc.	188,798	185,519	200,287	373,037	340,007
Total O&M Costs	491,976	499,090	540,196	709,825	724,291
Net Revenues	365,442	394,145	369,922	384,875	379,097
Debt Service					
2007 COPs (USDA)	205,860	205,924	205,893	205,868	205,943
Total Debt Service	205,860	205,924	205,893	205,868	205,943
Coverage	1.78x	1.91x	1.80x	1.87x	1.84x

(1) Other consists of interest income on the Wastewater System's operating fund and developer impact fee fund.

(2) Excludes depreciation.

Source: City of Wheatland Comprehensive Annual Financial Reports (FY 2014-15 through FY 2017-18) and City of Wheatland estimated actuals (FY 2018-19).

Projected Debt Service Coverage

The City's estimated projected operating results for the Wastewater System for Fiscal Years 2019-20 through 2023-24 is set forth in the following table, based on the budgeted figures for Fiscal Year 2019-20 and projections thereafter. The projections reflect a number of assumptions, as indicated in the footnotes to the table, and no assurance can be given these assumptions will be realized by the City.

TABLE 7
CITY OF WHEATLAND WASTEWATER SYSTEM
Projected Revenues, Expenses and Debt Service Coverage
Fiscal Years 2019-20 – 2023-24

	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Revenues					
Sales and service charges ⁽¹⁾	1,023,000	1,053,690	1,085,301	1,117,860	1,117,860
Other ⁽²⁾	150,000	80,000	80,000	80,000	80,000
Total Gross Revenues	1,173,000	1,133,690	1,165,301	1,197,860	1,197,860
Operation & Maintenance Costs⁽³⁾					
Salaries and benefits	390,077	401,779	413,833	426,248	439,035
Services, supplies, etc.	381,174	392,609	404,387	416,519	429,015
Total O&M Costs	771,251	794,389	818,220	842,767	868,050
Net Revenues	401,749	339,301	347,081	355,093	329,810
Debt Service⁽⁴⁾					
2007 COPs (USDA)	69,756	--	--	--	--
2019 Series A Bonds*	124,980	195,150	193,650	192,150	194,900
Total Debt Service*	194,736	195,150	193,650	192,150	194,900
Coverage*	2.06x	1.74x	1.79x	1.85x	1.69x

* Preliminary; subject to change.

(1) Assumes rate increases on October 1, 2020 through 2022 in accordance with the 2019 Rate Study.

(2) Other consists of interest income on the Wastewater System's operating fund and developer impact fee fund.

(3) Excludes depreciation.

(4) Assumes no new debt during the projection period.

Source: City of Wheatland.

THE WATER SYSTEM

Overview

The Water System supplies water throughout the City, mainly for residential customers. The water supplied by the Water System comes from six deep groundwater wells that pump to a ground storage tank. Water in the ground storage tank is then moved by three booster pumps to a 120 ft elevated storage tank, from which water is released to customers. Total system peak demand is estimated at approximately 2.1 million gallons per day ("**MGD**"), with peak hourly demand of 2,300 gallons per hour and a total system capacity of 4,050 gallons per minute ("**GPM**") or 5.8 MGD. The ground storage tank's capacity is 660,000 gallons, while the elevated storage tank's capacity is 72,000 gallons. In addition to the pumps and storage tanks, the Water System includes more than 21 miles of pipes (ranging from 4" to 12" diameter), 90 hydrants and 240 valves.

The six wells are drilled to depths ranging from 176 feet to 280 feet, and were drilled between 1962 and 2003 (with all but one well drilled from 2000 onward). Sodium hypochlorite solution (bleach) is added at each well source head to disinfect and kill any possible disease-causing bacteria. The City expects to reach build-out with a population of approximately _____ by 20____, and expects its current water supply, without modification, can meet future demands through at least 20____.

The Water System has a SCADA computer system which monitors chlorine levels, flow, line pressure and pumping levels at each well. Ground and elevated tank water levels are also continuously monitored. Wells operate on/off based on the level of water in the ground water storage tank and can be put into any sequence and rotation. The booster pumps also operate on/off, based on the level of water in the elevated storage tank. While the booster pumps are active, the fill line to the ground water storage tank is automatically closed. Four out of the six deep groundwater wells have emergency auxiliary generate power sources in case the main electricity is lost.

The groundwater basin from which the City pumps its water is not impacted by recent legislation enacted in the State known as the Sustainable Groundwater Management Act ("**SGMA**"), and the City does not expect to experience any limit on groundwater pumping from its wells as a result of SGMA or any other known cause. During the recent drought, which ended in 2017, the City [[did not experience any adverse impacts on the amount of water it was able to pump from its wells]].

Number of Customers

The City's water system serves approximately 3,703 people residing within the City. All water used in the City is measured and charged by usage through a water meter. The following table shows the number of connections to the Water System by customer class for the most recent fiscal year. Residential accounts were approximately 94% of total accounts for Fiscal Year 2018-19.

TABLE 8
CITY OF WHEATLAND WATER SYSTEM
Number of Connections
Fiscal Year 2018-19

Customer Class	Number
Residential	1,021
Commercial	42
Apartments	43
Institutional	13
Other	22
Total	1,141

Source: City of Wheatland.

Water Demand and Deliveries

As noted above, the Water System obtains water through its six deep groundwater wells. This water is then storage and pumped to individual customers through the Water System. The following table summarizes treated water production and consumption for the five most recent calendar years.

TABLE 9
CITY OF WHEATLAND WATER SYSTEM
Metered Water Deliveries
Calendar Years 2014 – 2018
(Millions of Gallons)

Calendar Year	Single-Family Residential	Multi-Family Residential	Commercial/ Institutional	Landscape Irrigation	Total
2014	184.1	22.1	14.3	34.8	255.3
2015	154.2	23.0	12.4	26.7	216.3
2016	164.7	29.6	13.6	36.5	244.4
2017	174.0	27.9	14.8	38.2	254.8
2018	186.7	32.1	11.0	39.5	269.3

Source: City of Wheatland.

Water System Rates and Charges

Usage Rates. The City most recently adopted rates and charges for the Water System, effective in April 2019. These rates and charges were adopted consistent with Proposition 218 and all other applicable law. See "CERTAIN RISK FACTORS – Articles XIIC and XIID of the California Constitution" herein for a discussion of the treatment of the City's rates and charges in light of Proposition 218, Proposition 26 and other applicable law. The current rates are

consistent with the 2019 Rate Study prepared for the City.

As part of the rates adopted in accordance with the 2019 Rate Study, the Water System moved from a three-tier to a two-tier approach for its rates and charges. Tiers are divided based on "units" of water used, with one unit equal to 748 gallons or 100 cu/ft of water. The 1st tier is based on 12 units of water, and varies according to meter size. The 2nd tier fees are based on water usage above 12 units of water, and also varies according to meter size. The rates for October 2019 through October 2020 will increase by the greater of 3.0% or the ENR CCI index; rates shown reflect a 3.0% increase. These are the maximum rates approved by the City Council in April 2019. The rate increases that were adopted were maximum approved rates given anticipated needs, and the City Council has the ability to set actual rates lower than the approved maximum rates each year.

The rates adopted by the City Council for the Water System based on the 2019 Rate Study are set forth in the following table.

TABLE 10
CITY OF WHEATLAND WATER SYSTEM
Current and Projected Water Rates⁽¹⁾

Category	Effective Apr. 1, 2019	Effective Oct. 1, 2019	Effective Oct. 1, 2020	Effective Oct. 1, 2021	Effective Oct. 1, 2022
<u>Fixed-Charge (\$/Month)</u>					
3/4-in	\$42.95	\$45.85	\$48.94	\$55.25	\$53.82
1-in	42.95	45.85	48.94	55.25	53.82
1-1/2-in	48.96	52.27	55.80	59.56	61.35
2-in	58.30	62.23	66.43	70.91	73.04
3-in	99.48	106.19	113.36	121.01	124.64
4-in	128.33	136.99	146.24	156.11	160.79
6-in	198.75	212.16	226.48	241.77	249.02
8-in	281.83	300.85	321.16	342.84	353.12
1-in	384.71	410.68	438.40	468.00	482.04
<u>Variable Charge (\$/CCF)</u>					
First 12 CCFs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Over 12 CCFs	2.15	2.30	2.45	2.62	2.70

(1) Rates for October 1, 2020 through October 1, 2022 will increase by the greater of 3.0% or the ENR CCI index; rates shown reflect a 3.0% increase. These are the maximum rates approved by the City Council in April 2019. The rate increases that were adopted were maximum approved rates given anticipated needs, and the City Council has the ability to set actual rates lower than the approved maximum rates each year.

Source: City of Wheatland.

Connection Fees. The City charges an impact fee for the connection of new services to the Water System. In order to mitigate the water supply impacts caused by new development in the City water service area, certain public water system improvements must be or have been constructed in order to accommodate system expansion. The current connection fee for the Water System is as follows:

	<u>Water Connection Fee</u>
Single Family Residence	\$5,231
Multi Family Residences per unit	3,138
Mobile Home per unit	4,186
Commercial Lodging per unit	2,093

Retail Uses per square foot 1.715

Average Monthly Bill. The City estimates that an average monthly usage of water for customers of the Water System is approximately 20,350 gallons per month, which would translate to a monthly bill of approximately \$80.35.

Comparison of Water Rates

The following table shows the rates and charges of the Water System compared to the rates of other local agencies near to the City.

TABLE 11
CITY OF WHEATLAND WATER SYSTEM
Comparison of Water Rates– Single-Family Residential
As of October 2019

<u>Local Agency</u>	<u>Estimated Monthly Rate</u>
OPUD	\$30.85
City of Yuba City	35.84
City of Wheatland	51.04
City of Rocklin (5/8" meter)	59.66
City of Lincoln	65.07
City of Marysville	65.44

Source: City of Wheatland.

Collection Procedures

The City bills each customer within the City for water and sewer service by use of a unified billing statement, and charges for these services are collected together. The regular billing period is on a monthly basis. The bill must be paid on, or prior to, the due date for payment set forth on the billing statement. If the bill is not paid on or prior to, said due date, the billing becomes delinquent and there will be a penalty charge of 10% of the delinquent amount. The City may discontinue a customer's water service if the customer fails or refuses to pay their current and delinquent charges. Prior to such water service shutoff, the City mails the customer a final notice informing the owner and/or tenant that the shutoff will be enforced if payment is not made within the time specified in the notice. As a result, the City reports it has virtually zero delinquencies.

Largest Customers

The following are the largest potable water customers of the Water System based on unaudited revenues for the fiscal year ended June 30, 2019. The top five potable water users accounted for approximately 25.2% of total water consumption in such fiscal year.

TABLE 12
CITY OF WHEATLAND WATER SYSTEM
Largest Customers
Fiscal Year 2018-19

No.	Customer	Land Use	Revenues	Percent of Revenues ⁽¹⁾
1	Sunrise Orchards ⁽²⁾	Commercial	\$80,191	8.8%
2	Wheatland School District	Institutional	62,372	6.9
3	City of Wheatland	Commercial	38,428	4.2
4	Mercy Housing	Residential	34,433	3.8
5	Wheatland Union High	Institutional	13,665	1.5
6	Bear River Apartments	Residential	11,589	1.3
Totals – Top 10			\$240,678	26.5%

(1) Based on total revenues of the Water System for Fiscal Year 2018-19 (unaudited) of \$907,149.

(2) Sunrise Orchards is an almond grower that is temporarily using water purchased from the City, until it can build its own groundwater well. Accordingly, the sixth largest water user (Bear River Apartments) is also shown in the table.

Source: City of Wheatland.

No Outstanding Water System Indebtedness

As of the date of issuance of the Series B Bonds and upon the prepayment of the Prior Water Obligations, the City will have no prior indebtedness secured by Net Revenues of the Water System other than the Series B Bonds.

Capital Improvement Program

The preparation and adoption of a Capital Improvement Program (CIP) is an important part of the City's planning process to identify and meet its capital needs. It is a multi-year schedule of projects with associated costs and proposed funding sources. Generally, projects in the CIP are relatively large-dollar amount, non-recurring outlays and are for the purpose of constructing, purchasing, improving, replacing, or restoring assets with multi-year useful life.

The rates set forth in the 2019 Rate Study have been set at a level sufficient to cover anticipated CIP funding, without additional long-term debt.

Historic Debt Service Coverage

Revenues, expenses and debt service coverage for the Water System for the prior five fiscal years follows, based on the City's audited financial statements for Fiscal Year 2014-15 through Fiscal Year 2017-18 and estimated actuals for Fiscal Year 2018-19.

TABLE 13
CITY OF WHEATLAND WATER SYSTEM
Historical Revenues, Expenses and Debt Service Coverage
Fiscal Years 2014-15 – 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Revenues					
Sales and service charges	\$756,357	\$778,735	\$803,989	\$880,956	\$907,149
Other – interest income	725	103	1,624	4,194	10,064

Total Gross Revenues	757,082	778,838	805,613	885,150	917,213
Operation & Maintenance Costs⁽¹⁾					
Salaries and benefits	294,950	304,659	315,198	277,420	316,177
Services, supplies, etc.	242,320	210,980	221,332	296,301	325,713
Total O&M Costs	537,270	515,639	536,530	573,721	641,890
Net Revenues	219,812	263,199	269,083	311,429	275,323
Debt Service					
2001 COPs (USDA)	108,277	108,017	108,285	107,687	108,022
2002 COPs (USDA)	61,876	62,160	62,166	62,244	62,276
Total Debt Service	170,153	170,178	170,451	169,931	170,299
Coverage	1.29x	1.55x	1.58x	1.83x	1.62x

(1) Excludes depreciation.

Source: City of Wheatland Comprehensive Annual Financial Reports (FY 2014-15 through FY 2017-18) and City of Wheatland estimated actuals (FY 2018-19).

Projected Debt Service Coverage

The City's estimated projected operating results for the Water System for Fiscal Years 2019-20 through 2023-24 is set forth in the following table. The projections reflect a number of assumptions, as indicated in the footnotes to the table, and no assurance can be given these assumptions will be realized by the City.

TABLE 14
CITY OF WHEATLAND WATER SYSTEM
Projected Revenues, Expenses and Debt Service Coverage
Fiscal Years 2019-20 – 2023-24

	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Revenues					
Sales and service charges ⁽¹⁾	\$950,000	\$1,014,125	\$1,082,578	\$1,115,056	\$1,115,056
Other – interest income	10,000	10,000	10,000	10,000	10,000
Total Gross Revenues	960,000	1,024,125	1,092,578	1,125,056	1,125,056
Operation & Maintenance Costs⁽²⁾					
Salaries and benefits	339,876	350,072	360,574	371,392	382,533
Services, supplies, etc.	335,603	345,671	356,041	366,722	377,724
Total O&M Costs	675,479	695,743	716,616	738,114	760,258
Net Revenues	284,521	328,382	375,963	386,942	364,798
Debt Service⁽³⁾					
2001 COPs (USDA)	74,677	--	--	--	--
2002 COPs (USDA)	42,944	--	--	--	--
2019 Series B Bonds*	--	156,473	155,500	154,000	152,500
Total Debt Service*	117,622	156,473	155,500	154,000	152,500
Coverage*	2.42x	2.10x	2.42	2.51	2.39x

* Preliminary; subject to change.

(1) Assumes rate increases on October 1, 2020 through 2022 in accordance with the 2019 Rate Study.

(2) Excludes depreciation.

(3) Assumes no new debt during the projection period.

Source: City of Wheatland.

CERTAIN RISK FACTORS

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

Decreased Demand and Revenues

There can be no assurance that the local demand for water and wastewater service provided by the Water System and Wastewater System, respectively, will be maintained at levels described in this Official Statement. Reduction in the level of demand could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with the City's rate covenant in each Indenture. Such rate increases could increase the likelihood of nonpayment of the Bonds, and could also further decrease demand. Furthermore, there can be no assurance that any other entity with regulatory authority over the Wastewater System or Water System will not adopt further restrictions on operation of the Wastewater System or Water System. In fact, in recent years, the demand for water from the Water System was significantly reduced due to drought conditions in the State in recent times; droughts could re-occur again in the future.

Increased Expenses and Costs

There can be no assurance that Operation and Maintenance Costs of the Wastewater System and of the Water System will be consistent with the levels described in this Official Statement. Changes in technology, increases in the cost of energy or other expenses would reduce Net Revenues, and could require substantial increases in rates or charges in order to comply with the rate covenant in each Indenture. Such rate increases could increase the likelihood of nonpayment of the Bonds, and could also decrease demand for the services provided by each of the Wastewater System and Water System. In addition, each of the Wastewater System and the Water System is subject to significant regulatory provisions, and costs associated with complying with federal and State requirements may materially increase Operation and Maintenance Costs in the future.

Future Parity Obligations

Although the City has covenanted in each Indenture not to issue additional obligations payable from Net Revenues senior to each series of Bonds, the Indenture permits the issuance by the City of certain indebtedness which may have a lien upon the Net Revenues which is on a parity basis to the lien which secures the Series A Bonds or Series B Bonds, as applicable, if certain coverage tests are met (see "SECURITY FOR THE BONDS – Parity Obligations" herein). These coverage tests involve, to some extent, projections of Net Revenues. If such indebtedness is issued, the debt service coverage for the Bonds will be diluted below what it otherwise would be subject to under the coverage tests. Moreover, there is no assurance that the assumptions which form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the Series A Bonds or Series B Bonds, as applicable, and such additional Parity Obligations.

Articles XIII C and XIII D of the California Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature.

With respect to local government "taxes," Proposition 26 expressly excludes a variety of levies, charges and exactions from the definition of "tax," including a "charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege."

Proposition 26 amended Article XIII C to provide that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Property-Related Fees and Charges. Under Article XIII D, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIII D, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIIC states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

Judicial Interpretation of Articles XIIC and XIID. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General's opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees and charges, and thus not be subject to the requirements of Article XIID regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three subsequent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIID under certain circumstances.

In *Richmond v. Shasta Community Services District* (2004) 32 Cal. 4th 409, the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (2005) 127 Cal.App.4th 914, the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006, the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency's charges for ongoing water delivery are “fees and charges” within the meaning of Article XIID, and went on to hold that charges for ongoing water delivery are also “fees” within the meaning of Article XIIC's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was not determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest

on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Current Practice Regarding Rates and Charges. The City's practice in implementing increases in wastewater and water rates and charges has been to comply with the requirements of Article XIID, including the practice of providing property owners with a 45-day mailed notice and public hearing before the City Council approves rate increases.

Conclusion. It is not possible to predict how courts will further interpret Article XIIC and Article XIID in future judicial decisions, and what, if any, further implementing legislation will be enacted. Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the City's rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Bonds. ***There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIC and Article XIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for wastewater or water, or to call into question previously adopted rate increases described in this Official Statement.***

Limited Recourse on Default

If the City defaults on its obligation to pay the bonds, the Trustee has the right to accelerate the total unpaid principal amounts of the Bonds. However, in the event of a default and such acceleration there can be no assurance that the City will have sufficient Net Revenues to pay the accelerated Bonds.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Statutory and Regulatory Impact

Laws and regulations governing the operations of the Wastewater System and Water System are enacted and promulgated by government agencies on the federal, State and local levels. Compliance with these laws and regulations may be costly and, as more stringent standards are developed, these costs will likely increase. In addition, claims against the City for violations of regulations with respect to its facilities and services could be significant. Such claims are payable from Gross Revenues or from other legally available sources.

In addition, the City is subject to various other laws and regulations that could adversely impact Net Revenues of the Wastewater System or the Water System. For example, SB 998, enacted in 2018, will impose certain restrictions on the City's ability to turn off water connections to customers for non-payment of water charges. Because the City bills customers for water and sewer services on the same bill, restrictions on the ability of the City to turn off water connections may increase delinquencies for both the City's Water System and the Wastewater System in the future.

Although the City has covenanted to fix, prescribe and collect rates and charges for the Wastewater System and Water System during each Fiscal Year sufficient to yield the debt service coverage required by the Indentures, no assurance can be given that the cost of compliance with such laws and regulations will not materially adversely affect the ability of the City to generate Net Revenues in the amounts required by the Indentures and to pay debt service on the Series A Bonds and Series B Bonds, respectively.

Greenhouse Gas Emissions

The Governor signed Assembly Bill 32, the Global Warming Solutions Act of 2006 (the "GWSA"), which became effective as law on January 1, 2007. The GWSA prescribed a statewide cap on global warming pollution with a goal of reaching 1990 greenhouse gas ("GHG") emission levels by 2020 and a reduction to 80% below 1990 levels by 2050. In addition, the GWSA establishes a mandatory reporting program to the California Air Resources Board ("CARB") for significant GHG emissions and requires the CARB to adopt regulations for significant greenhouse gas emission sources (allowing CARB to design a cap and trade program) and gave CARB the authority to enforce such regulations beginning in 2012.

On April 2, 2007, the U.S. Supreme Court ruled that GHGs qualify as air pollutants under the Clean Air Act. While the rule was specific to the authority of the U.S. Environmental Protection Agency to regulate emissions from new motor vehicles, it may also impact federal and statewide regulation regarding GHG emissions from other sources, including publicly-owned treatment works, such as those owned by the City.

The City believes that it is in material compliance with all federal, state and local emissions regulations.

Natural Calamities

From time to time, the City is subject to natural calamities, including, but not limited to, earthquake, flood and drought, that may adversely affect economic activity in the City, and which could have a negative impact on the Net Revenues of the Wastewater System and/or the Water System. There can be no assurance that the occurrence of any natural calamity would not cause substantial interference to the Water System and the Net Revenues. See also "– Climate Change" below.

California is recovering from six years of drought (2011 - 2017), resulting in severe impacts to California's water supplies and its ability to meet all the demands for water in the State. Beginning on January 17, 2014 the Governor issued a number of executive orders regarding a drought state of emergency. In response to these orders, the State Water Resources Control Board ("SWRCB") issued and revised emergency regulations mandating water conservation efforts by the City and other water agencies throughout the State. This resulted in decreased revenues for the Water System.

On May 9, 2016, Governor Brown issued Executive Order B-37-16, which called for extending the emergency regulations through January 2017 and authorizing the SWRCB to make further changes based upon lessons learned from the drought response to date. The SWRCB revised the mandatory emergency water conservation regulations at its May 18, 2016 meeting. The revised regulations allow water supply agencies to review their own supply and demand under drought conditions and certify that they have adequate supply to adopt a conservation standard equal to any projected shortfall. Although the drought conditions have ended, no assurance can be given that future droughts will not occur with material adverse consequences.

Climate Change

Net Revenues may be negatively impacted by impacts resulting from climate change. Local impacts of climate change are not definitive, but parcels in the City could experience changes to local and regional weather patterns; increased risk of flooding or drought; changes in groundwater levels; and other events which are beyond the control of the City.

Cybersecurity Risks

The City, like many other public and private entities relies on a complex technology environment to conduct its operations. As recipient and provider of personal, private, or sensitive information, the City is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. No assurances can be given that the City's efforts to manage cyber threats and attacks will be successful or that an such attack will not materially impact the operations or finances of the City, the Water System or the Wastewater System.

No Obligation to Tax

The obligation of the City to pay the Bonds does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Bonds does not constitute a debt or indebtedness of any City, the State of California or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restriction.

No Reserve Fund

No reserve fund is being established in connection with the Bonds and no reserve fund is required to be established in connection with the issuance of any Parity Obligations. Accordingly, if Net Revenues are insufficient to make debt service payments on the Bonds and Parity Obligations, no reserve will be available to the Trustee to draw on to make payments to holders of the Bonds.

Change in Law

In addition to the other limitations described herein, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease or an initiative with the effect of reducing revenues payable to or collected by the City. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could have the effect of reducing the Net Revenues of the Wastewater System or Water System, and adversely affecting the security of the Series A Bonds or Series B Bonds, respectively.

Loss of Tax Exemption

As discussed in this Official Statement under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

CONTINUING DISCLOSURE

The City will covenant in a continuing disclosure certificate, the form of which is set forth in "Appendix E – FORM OF CONTINUING DISCLOSURE CERTIFICATE," for the benefit of holders and beneficial owners of the Bonds, to provide certain financial information and operating data by not later than nine months after the end of the City's fiscal year, resulting in a deadline of March 31 of each year, beginning with an initial deadline of March 31, 2020. The Continuing Disclosure Certificate also requires the City to provide notices of the occurrence of certain enumerated events.

The covenants of the City in the Continuing Disclosure Certificate will be made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**"). A default under the Continuing Disclosure Certificate will not, by itself, constitute an Event of Default under the Indentures, and the sole remedy under the Continuing Disclosure Certificate in the event of any failure of the City to comply will be an action to compel specific performance.

The City has not previously entered into a continuing disclosure undertaking under the Rule.

RATINGS

S&P Global Ratings ("**S&P**"), has assigned its municipal bond rating of "____" to the Series A Bonds, and its municipal bond rating of "____" to the Series B Bonds. Such ratings reflect only the view of S&P, and an explanation of the significance of these ratings, and any outlook assigned to or associated with these ratings, should be obtained from the rating agencies. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to the rating agency (some of which does not appear in this

Official Statement). To the extent that such information has been omitted from this Official Statement, it has been deemed immaterial to investors in the Bonds.

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

CERTAIN LEGAL MATTERS

The legal opinions of Jones Hal, A Professional Law Corporation, as bond counsel to the City, approving the validity of the Series A Bonds and the Series B Bonds, in substantially the forms attached hereto as APPENDIX D, will be made available to purchasers at the time of original delivery of the Series A Bonds and Series B Bonds, and a copy thereof will be printed on each Series A Bond or Series B Bond, as applicable. Jones Hall is also serving as disclosure counsel to the City.

Certain matters will be passed upon by for the City by the City Attorney, and for the Underwriter by its counsel.

The compensation of bond counsel, disclosure counsel and Underwriter's counsel are contingent on the issuance and delivery of the Bonds.

UNDERWRITING

The Bonds are being purchased on a negotiated basis by Hilltop Securities, Inc., as underwriter (the "**Underwriter**") at a purchase price of: (i) with respect to the Series A Bonds, \$_____, being the aggregate principal amount thereof, plus/less [net] original issue premium/discount of \$_____, less an underwriter's discount of \$_____, and (ii) with respect to the Series B Bonds, \$_____, being the aggregate principal amount thereof, plus/less [net] original issue premium/discount of \$_____, less an underwriter's discount of \$_____. The Underwriter will purchase all of the Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The public offering prices of the Bonds purchased by the Underwriter may be changed from time to time by the Underwriter. The Underwriter may offer and sell such Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof.

MUNICIPAL ADVISOR

The City has retained NHA Advisors, San Rafael, California, as its municipal advisor (the "**Municipal Advisor**") in connection with the structuring, and delivery and sale of the Bonds. The payment of the Municipal Advisor's fees for services rendered with respect to the sale of the Bonds is contingent upon the closing of the Bonds. The Municipal Advisor assumes no responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

CONCLUDING INFORMATION

No Litigation

In connection with issuance of the Bonds, the City will certify that there is no litigation pending or, to the City's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Indenture or any proceedings of the City with respect thereto. Also in connection with issuance of the Bonds, the City will certify that there are no lawsuits or claims pending against the City that will materially affect the City's finances so as to impair the ability to pay principal of and interest on the Bonds when due.

Professional Services

In connection with the issuance of the Bonds, all or a portion of the fees payable to Bond Counsel and Disclosure Counsel, the Underwriter, Underwriter's counsel, the Municipal Advisor and The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as trustee for the Bonds, are contingent upon the issuance and delivery of the Bonds.

Additional Information

References are made herein to certain documents and reports which are brief summaries and do not purport to be complete or definitive. Prospective purchasers of the Bonds are advised to refer to such documents and reports for full and complete statements of their contents. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Bonds.

Execution

The execution of this Official Statement and its use in connection with the offering of the Bonds for sale have been authorized by the City.

CITY OF WHEATLAND

By: _____
City Manager

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR FISCAL YEAR ENDED JUNE 30, 2018**

APPENDIX B
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF WHEATLAND AND YUBA COUNTY

The Bonds are not a general obligation of the City of Wheatland (the "City"), Yuba County (the "County") or the State of California (the "State"). The Series A Bonds are special limited obligations of the City and are payable from and secured by a pledge of and lien on the Net Revenues (as such term is defined in the Indenture for the Series A Bonds) of the Wastewater System and from amounts on deposit in certain funds and accounts established under said Indenture. The Series B Bonds are special limited obligations of the City and are payable from and secured by a pledge of and lien on the Net Revenues (as such term is defined in the Indenture for the Series B Bonds) of the Water System and from amounts on deposit in certain funds and accounts established under said Indenture. Information regarding the City, County and State is provided for informational purposes only.

General Information

The City. The City is one of only two incorporated cities in the County, and is nestled at the northeastern edge of California's vast central Sacramento Valley. It is located 34 miles north of Sacramento and 107 miles northeast of San Francisco. The City is home to many Beale Air Force Base personnel.

The County. The County is located in the Sacramento Valley. The area of the District is in the southern portion of the County along State Highway 70. The County's 639 square miles reach from the Sacramento River east into the foothills of the Sierra Nevada mountains, and lie midway between the cities of Chico to the north and Sacramento to the south. Surrounding counties include Butte County to the north, Sierra and Nevada Counties to the east, Placer County to the south and Sutter County to the south and west.

Population

The following table lists population estimates for the City, the County and the State for the last five calendar years, as of January 1 of each year.

POPULATION ESTIMATES
City, County and State
Calendar Years 2015 through 2019, as of January 1

<u>Year</u>	<u>City of Wheatland</u>	<u>Yuba County</u>	<u>State of California</u>
2015	3,561	74,282	38,952,462
2016	3,602	74,862	39,214,803
2017	3,636	76,176	39,504,609
2018	3,692	77,202	39,740,508
2019	3,703	77,916	39,927,315

Source: California State Department of Finance.

Employment Industry

The Yuba City Metropolitan Statistical Area ("MSA") comprises the County and Sutter County. The unemployment rate in the Yuba City MSA was 6.7 percent in July 2019, unchanged from a revised 6.7 percent in June 2019, and unchanged the year-ago estimate of 6.7 percent. This compares with an unadjusted unemployment rate of 4.4 percent for California and 4.0 percent for the nation during the same period. The unemployment rate was 6.9 percent in Sutter County, and 6.4 percent in Yuba County.

The table below lists employment by industry group for the Yuba City MSA for the years 2014 through 2018. Annual figures are not yet available for 2019.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Yuba City Metropolitan Statistical Area
(Sutter And Yuba Counties)
Civilian Labor Force, Employment and Unemployment, and Unemployment
Annual Average

	2014	2015	2016	2017	2018
<u>Civilian Labor Force</u> ⁽¹⁾	72,200	72,500	73,200	73,800	74,600
Employment	63,500	65,100	66,400	67,800	69,300
Unemployment	8,700	7,400	6,800	6,000	5,300
Unemployment Rate	12.1%	10.1%	9.3%	8.2%	7.1%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	4,400	4,800	5,100	5,200	5,400
Mining, Logging, Construction	1,700	2,000	2,300	2,400	2,600
Manufacturing	2,100	2,200	2,200	2,200	2,200
Wholesale Trade	1,300	1,400	1,500	1,600	1,600
Retail Trade	5,500	5,700	5,900	6,000	6,000
Trans., Warehousing, Utilities	1,400	1,500	1,500	1,600	1,500
Information	400	300	300	300	300
Financial Activities	1,400	1,400	1,400	1,400	1,400
Professional and Business Services	3,000	3,100	3,100	3,100	3,200
Educational and Health Services	7,100	7,500	7,800	8,200	8,400
Leisure and Hospitality	4,300	4,300	4,300	4,400	4,600
Other Services	1,100	1,100	1,200	1,200	1,200
Federal Government	1,500	1,600	1,600	1,600	1,600
State Government	900	900	900	900	1,100
Local Government	8,000	8,200	8,400	8,700	8,800
Total All Industries ⁽³⁾	44,200	45,800	47,400	48,800	49,900

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Largest Employers

The following table lists the major employers within the County, in alphabetical order.

MAJOR EMPLOYERS Yuba County (In Alphabetical Order) September 2019

Employer Name	Location	Industry
Abraham Lincoln High School	Marysville	Schools
Adventist Health & Rideout	Marysville	Hospitals
Appeal Democrat	Marysville	Newspapers (publishers/Mfrs)
BEALE Air Force Base	Beale AFB	Military Bases
Bear River School	Wheatland	Schools
Bishop's Pumpkin Farm	Wheatland	Agricultural Entertainment/Tourism
FOODMAXX	Marysville	Grocers-Retail
Hunam Services Agency-Furn	Marysville	Health & Welfare Agencies
Linda Elementary School	Marysville	Schools
Lindhurst High School	Olivehurst	Schools
Lone Tree School	Beale AFB	Schools
Marysville Care & Rehab Ctr	Marysville	Nursing & Convalescent Homes
Marysville Joint Unified Sch	Marysville	School Districts
Recology Yuba Sutter	Marysville	Garbage Collection
Rideout Emergency	Marysville	Emergency Minor Medical Facilities/Svcs
Rideout Outpatient	Marysville	Physicians & Surgeons
Rideout Regional Medical Ctr	Marysville	Hospitals
Shoei Foods USA Inc	Olivehurst	Importers (whls)
Toyota Amphitheatre	Unincorporated	Concert Venues
Transportation Department	Marysville	Government Offices-State
Transportation Dept-Equipment	Marysville	State Government-Transportation Programs
US Post Office	Marysville	Post Offices
Walmart Supercenter	Marysville	Department Stores
Wilbur Richard R Ranch	Marysville	Ranches
Yuba County Health & Human Svc	Marysville	Clinic

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income and median household effective buying income for the City, the County, the State and the United States for the period January 1, 2015 through 2019.

EFFECTIVE BUYING INCOME (EBI) City, County, State and United States As of January 1, 2015 through 2019

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	City of Wheatland	\$62,348	\$48,482
	Yuba County	1,196,220	41,012
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	City of Wheatland	\$60,503	\$50,902
	Yuba County	1,120,438	39,018
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Wheatland	\$63,394	\$51,217
	Yuba County	1,229,593	40,556
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Wheatland	\$80,803	\$59,447
	Yuba County	1,501,225	46,342
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Wheatland	\$91,549	\$64,300
	Yuba County	1,529,770	46,728
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables. The total taxable sales during first quarter of calendar year 2018 in the City were reported to be \$4,526,146 a 30.69% increase from the total taxable sales of \$3,463,193 reported during the first quarter of calendar year 2017. Annual figures for 2018 and 2019 are not yet available.

TAXABLE TRANSACTIONS City of Wheatland Calendar Years 2013 through 2017 (Dollars in Thousands)

Year	Retail Stores		Total Outlets	
	Permits on July 1	Taxable Transactions	Permits on July 1	Taxable Transactions
2013	40	\$13,413	48	\$15,533
2014	42	14,346	50	15,870
2015 ⁽¹⁾	43	13,485	60	15,104
2016	40	13,430	59	15,046
2017	40	14,919	56	16,876

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization, Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

The total taxable sales during the first quarter of calendar year 2018 in the County were reported to be \$131,799,907, an 5.78% increase over the total taxable sales of \$124,595,323 reported during the first quarter of calendar year 2017. Annual figures for 2018 and 2019 are not yet available.

TAXABLE TRANSACTIONS Yuba County Calendar Years 2013 through 2017 (Dollars in Thousands)

Year	Retail Stores		Total Outlets	
	Permits on July 1	Taxable Transactions	Permits on July 1	Taxable Transactions
2013	925	334,264	1,244	503,475
2014	932	336,671	1,245	503,463
2015 ⁽¹⁾	451	335,293	1,372	498,129
2016	921	360,295	1,379	525,020
2017	901	391,888	1,363	578,093

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization, Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Construction Trends

Provided below are the building permits and valuations for the City and the County for calendar years 2014 through 2018.

CITY OF WHEATLAND Total Building Permit Valuations Calendar Years 2014 through 2018 (dollars in thousands)

	2014	2015	2016	2017	2018
<u>Permit Valuation</u>					
New Single-family	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
New Multi-family	9,780.6	0.0	0.0	0.0	0.0
Res. Alterations/Additions	<u>176.6</u>	<u>79.5</u>	<u>565.5</u>	<u>106.2</u>	<u>295.0</u>
Total Residential	9,957.2	79.5	565.5	106.2	295.0
New Commercial	0.0	304.5	851.9	819.9	158.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	74.5	9.0	96.8	241.3	66.3
Com. Alterations/Additions	<u>20.0</u>	<u>35.0</u>	<u>0.0</u>	<u>172.3</u>	<u>39.1</u>
Total Nonresidential	94.5	339.5	948.7	1,233.5	263.4
<u>New Dwelling Units</u>					
Single Family	0	0	0	0	0
Multiple Family	<u>100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	100	0	0	0	0

Source: Construction Industry Research Board, Building Permit Summary.

YUBA COUNTY Total Building Permit Valuations Calendar Years 2014 through 2018 (dollars in thousands)

	2014	2015	2016	2017	2018
<u>Permit Valuation</u>					
New Single-family	\$22,775.8	\$37,130.1	\$41,863.7	\$50,703.4	\$92,173.3
New Multi-family	9,780.6	4,675.7	0.0	236.7	576.1
Res. Alterations/Additions	<u>2,040.5</u>	<u>5,459.5</u>	<u>3,828.5</u>	<u>2,480.7</u>	<u>4,357.5</u>
Total Residential	34,596.9	47,265.3	45,692.2	53,447.9	97,106.9
New Commercial	3,575.4	5,037.4	5,677.9	7,315.2	593.0
New Industrial	17,586.6	0.0	0.0	0.0	0.0
New Other	1,791.7	3,296.1	4,074.2	4,015.2	4,034.1
Com. Alterations/Additions	<u>952.1</u>	<u>5,110.3</u>	<u>1,075.2</u>	<u>4,178.9</u>	<u>9,034.4</u>
Total Nonresidential	23,905.8	13,443.8	10,827.3	15,509.3	13,661.5
<u>New Dwelling Units</u>					
Single Family	112	175	190	224	401
Multiple Family	<u>100</u>	<u>34</u>	<u>0</u>	<u>2</u>	<u>4</u>
TOTAL	212	209	190	226	405

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX D
FORMS OF BOND COUNSEL OPINION

[Closing Date]

City Council
City of Wheatland
111 C Street
Wheatland, California 95692

OPINION: \$ _____ City of Wheatland
 2019 Revenue Refunding Bonds, Series A (Wastewater System)

Members of the City Council:

We have acted as bond counsel to the City of Wheatland (the "City") in connection with the issuance by the City of \$ _____ aggregate principal amount of bonds of the City designated the "City of Wheatland 2019 Revenue Refunding Bonds, Series A (Wastewater System)" (the "Bonds"), under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), under an Indenture of Trust dated as of December 1, 2019 (the "Indenture"), between the City and The Bank of New York Mellon Trust Company, N.A. as trustee, and under a resolution of the City Council of the City adopted on November 12, 2019. We have examined the Bond Law, an executed copy of the Indenture and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

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

1. The City is a general law city and municipal corporation organized and existing under the Constitution and laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the City and are legal, valid and binding obligations of the City, payable solely from the sources provided therefor in the Indenture.
3. The Indenture has been duly approved by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

4. Under the Bond Law, the Indenture establishes a valid lien on and pledge of the Net Revenues of the Wastewater System (as such terms are defined in the Indenture) for the security of the Bonds and any obligations issued on a parity therewith.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted in the Indenture to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

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

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

[Closing Date]

City Council
City of Wheatland
111 C Street
Wheatland, California 95692

OPINION: \$_____ City of Wheatland
 2019 Revenue Refunding Bonds, Series B (Water System)

Members of the City Council:

We have acted as bond counsel to the City of Wheatland (the "City") in connection with the issuance by the City of \$_____ aggregate principal amount of bonds of the City designated the "City of Wheatland 2019 Revenue Refunding Bonds, Series B (Water System)" (the "Bonds"), under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), under an Indenture of Trust dated as of December 1, 2019 (the "Indenture"), between the City and The Bank of New York Mellon Trust Company, N.A., as trustee, and under a resolution of the City Council of the City adopted on November 12, 2019. We have examined the Bond Law, an executed copy of the Indenture and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

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

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

2. The Bonds have been duly authorized, executed and delivered by the City and are legal, valid and binding obligations of the City, payable solely from the sources provided therefor in the Indenture.

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

4. Under the Bond Law, the Indenture establishes a valid lien on and pledge of the Net Revenues of the Water System (as such terms are defined in the Indenture) for the security of the Bonds and any obligations issued on a parity therewith.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted in the Indenture to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

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

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
CITY OF WHEATLAND
2019 Revenue Refunding Bonds
Series A (Wastewater System)

\$ _____
CITY OF WHEATLAND
2019 Revenue Refunding Bonds
Series B (Water System)

This CONTINUING DISCLOSURE CERTIFICATE (this "**Disclosure Certificate**") is executed and delivered by the CITY OF WHEATLAND (the "**City**") in connection with the issuance of its 2019 Revenue Refunding Bonds, Series A (Wastewater System) (the "**Series A Bonds**") and its 2019 Revenue Refunding Bonds, Series B (Water System) (the "**Series B Bonds**," and together with the Series A Bonds, the "**Bonds**"). Each series of Bonds are being executed and delivered pursuant to an Indenture of Trust dated as of December 1, 2019 for the applicable series of Bonds (each, an "**Indenture**"), between the City and The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as trustee (the "**Trustee**").

The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined herein).

Section 2. Definitions. In addition to the definitions set forth above and in the Indentures, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4.

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

"*Dissemination Agent*" means NHA Advisors, LLC or any dissemination agent designed in writing by the City to act as such.

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

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the City in connection with the issuance of the Bonds.

"Participating Underwriter" means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

"Listed Events" means any of the events listed in Section 5(a).

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the

final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding Fiscal Year:

(i) With respect to the Series A Bonds, and only for so long as the Series A Bonds are outstanding, the following information related to the Wastewater System:

- (1) Adopted rates and charges of the Wastewater System.
- (2) A table showing the number of customers of the Wastewater System for the prior Fiscal Year, substantially in the form of Table 1.
- (3) A table showing the top customers of the Wastewater System for the prior Fiscal Year, substantially in the form of Table 5.
- (4) A table showing the Gross Revenues, Operating and Maintenance Costs, Net Revenues, and debt service coverage ratio for the Series A Bonds and any Parity Obligations for the prior Fiscal Year, substantially in the form of Table 6.

(ii) With respect to the Series B Bonds, and only for so long as the Series B Bonds are outstanding, the following information related to the Water System:

- (1) Adopted rates and charges of the Water System.
- (2) A table showing the number of customers of the Water System for the prior Fiscal Year, substantially in the form of Table 8.
- (3) A table showing the top customers of the Water System for the prior Fiscal Year, substantially in the form of Table 12.
- (4) A table showing the Gross Revenues, Operating and Maintenance Costs, Net Revenues, and debt service coverage ratio for the Series B Bonds and any Parity Obligations for the prior Fiscal Year, substantially in the form of Table 13.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series A Bonds or Series B Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for the definition of "financial obligation," see clause (e)).
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for the definition of "financial obligation," see clause (e)).

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely

manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (a)(ix) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law.

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

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. The initial Dissemination Agent shall be the City. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the City.

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

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in

legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

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

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

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section shall be filed in the same manner as for a Listed Event under Section 5(c).

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

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriters or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2019

CITY OF WHEATLAND

By _____
Finance Director

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Wheatland

Name of Issue: \$_____ 2019 Revenue Refunding Bonds, Series A (Wastewater System) and \$_____ 2019 Revenue Refunding Bonds, Series B (Water System)

Date of Issuance: _____, 2019

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated November __, 2019. The City anticipates that the Annual Report will be filed by _____.

Date: _____

CITY OF WHEATLAND

By _____
Authorized Officer

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company ("**DTC**"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Bonds (the "**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "**Agent**") take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the securities (the "**Securities**"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers

and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.