MEETING DATE: 06/22/09

AGENDA ITEM: Approval of Resolutions and Agreements Needed for Refunding of the 1999 Wastewater Facilities Refunding Revenue Bonds

ATTACHMENTS

CITY OF CULVER CITY, CALIFORNIA

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF BONDS TO FINANCE COSTS OF THE CITY'S WASTEWATER SYSTEM

(Adopted June 22, 2009)

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RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF BONDS TO FINANCE COSTS OF THE CITY'S WASTEWATER SYSTEM

WHEREAS, the City of Culver City (the "City") is authorized to issue revenue bonds pursuant to the provisions of the City Charter and Chapter 3.07 of the Culver City Municipal Code incorporating the Revenue Bond Law of 1941, Title 5, Division 2, Part 1, Chapter 6, of the Government Code of the State of California, as amended and supplemented (the "Act").

WHEREAS, the City Council of the City desires to adopt this Resolution (the "Master Resolution") to provide for the issuance of Bonds and other obligations to finance or refinance a portion of the Cost of the Enterprise (as such terms are defined herein); and

WHEREAS, the Bonds will be issued and secured under this Master Resolution, as supplemented by supplemental resolutions; and

WHEREAS, all acts and things have been done and performed which are necessary to make the Bonds, when executed and issued by the City, authenticated by the Trustee and delivered, the valid and binding legal obligations of the City in accordance with their terms and to make this Master Resolution a valid and binding agreement for the security of Bonds authenticated and delivered under the Master Resolution and any supplemental resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CULVER CITY AS FOLLOWS:

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. ***Definitions.*** The following terms shall, for all purposes of the Resolution, have the following meanings:

Accreted Value shall mean, with respect to any Capital Appreciation Bonds, as of the date of calculation, the initial amount thereof plus the interest accrued thereon to such date of calculation, compounded from the date of initial delivery at the approximate interest rate thereof on each date specified with respect thereto, as determined in accordance with the table of accreted values for any Capital Appreciation Bonds prepared by the City at the time of sale thereof, assuming in any year that such Accreted Value increases in equal daily amounts on the basis of a year of 360 days composed of 12 months of 30 days each.

Accreted Value Payment Date shall mean any Payment Date on which Accreted Value is payable.

Accrued Debt Service shall mean, with respect to any period, an amount equal to the sum of Debt Service with respect to all Bonds accrued and to accrue to the end of such period; provided that, in calculating the amount of Accrued Debt Service, Accreted Value with respect to Capital Appreciation Bonds shall be deemed to accrue over the 12-month period immediately preceding the scheduled redemption date of such Capital Appreciation Bonds.

Act shall mean the Revenue Bond Law of 1941, Title 5, Division 2, Part 1, Chapter 6 of the Government Code of the State of California, as amended and supplemented.

Additional Bonds shall mean Bonds authenticated and delivered on original issuance pursuant to Section 204.

Annual Budget shall mean the annual budget of the Enterprise, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 707.

Authorized Officer of the City shall mean the Mayor of the City, the City's Chief Administrative Officer, the City Clerk or any officer, employee or agent of the City authorized by resolution filed with the Trustee to perform the act or sign the document in question.

Bond or Bonds shall mean any bond or bonds, as the case may be, authenticated and delivered pursuant to Section 203, 204 or 205 hereof, together with bonds in lieu of or in substitution for which other bonds shall have been authenticated and delivered pursuant to Article III or Section 406 or Section 1106 hereof.

Bond Counsel shall mean an attorney-at-law, or a firm of such attorneys, of recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

Bondholder or Holder shall mean any person who shall be the registered owner of any Bond or Bonds.

Bond Payments shall mean the principal and interest payments scheduled to be paid by the City on Bonds.

Bond Registrar shall mean the Trustee and any other bank or trust company organized under the laws of any state or national banking association appointed by the City to perform the duties of Bond Registrar enumerated in Section 304 and Section 703.

Bond Year shall mean each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year with respect to a Series of Bonds commences on the date of delivery of such Series of Bonds and extends to and including September 1 in the year as shall be designated pursuant to the Supplemental Resolution authorizing such Series of Bonds.

Business Day shall mean a day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in the city in which the Trustee maintains its principal corporate trust office are authorized or required by law or executive order to close or (c) a day on which the New York Stock Exchange is closed.

Capital Appreciation Bonds shall mean any Bonds described as such when issued.

Charter shall mean the Charter of the City.

City shall mean the City of Culver City, California.

Code shall mean the Internal Revenue Code of 1986, as amended.

Construction Fund shall mean any Construction Fund established pursuant to a Supplemental Resolution.

Cost shall mean, with respect to any part of the Enterprise, the City's costs and expenses attributable or allocable to the study, determination of feasibility, planning, designing, acquiring, constructing, installing and financing thereof, placing the same in operation, and obtaining all governmental approvals, certificates, permits and licenses with respect thereto, including, but not limited to, any good faith or other similar payment or deposits required in connection with the purchase of the Enterprise or any part thereof, the cost of acquisition by or for the City of real and personal property, whether tangible or intangible, or any interests therein, costs of physical construction and costs of the City incidental to such construction or acquisition, the costs of capacity, the costs of any additions, repairs, renewals, replacements, expansions, betterments, extensions and improvements to any part of the Enterprise, the costs of the retiring from service or the disposal of any facilities, the cost of any indemnity or surety bonds and premiums on insurance during construction, preliminary investigation, study, feasibility and development costs, engineering fees and expenses, contractors' fees and expenses, the costs of labor, materials, equipment and utility services and supplies, legal and financial advisory fees and expenses, financing costs, fees and expenses of the Fiduciaries, administration and general overhead expenses and costs of keeping accounts and making reports required by the Resolution prior to or in connection with the completion of construction, amounts, if any, required by the Resolution to be paid into the Debt Service Fund to provide, among other things, for interest on the Bonds during construction and for a reasonable period thereafter (such period not to exceed, however, 12 months) and to provide for the Reserve Requirement or to be paid into the Sewer Enterprise Fund for any of the respective purposes thereof upon the issuance of any Series, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the City incurred for the Enterprise, including Subordinated Indebtedness and other indebtedness, incurred in respect of any of the foregoing, and initial working capital and reserves therefor, and shall include reimbursements to the City for any of the above items theretofore paid by or on behalf of the City. It is intended that this definition be broadly construed to encompass all costs, expenses and liabilities of the City related to the Enterprise which on the date of the Resolution or in the future shall be permitted to be funded with the proceeds of Bonds pursuant to the provisions of California law. The definition of Cost shall not include Operating Expenses.

Debt Service for any Bond Year, or other period, shall mean, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (a) interest payable during such period on Bonds of such Series, assuming that all outstanding Bonds are retired as scheduled, and (b) Principal Installments for such Series payable during such period provided that if any of such Bonds are Capital Appreciation Bonds, the Accreted Value Payment shall be deemed due on the scheduled Accreted Value Payment Date of such Bonds; and provided further that Debt Service shall not include interest on Bonds which is to be paid from amounts constituting capitalized interest pursuant to a Supplemental Resolution.

Debt Service Fund shall mean the Debt Service Fund established in Section 502(a).

Depositary shall mean the Depository Trust Company, New York, New York, and its successors and assigns or any bank or trust company organized under the laws of any state of the United States or any national banking association selected by the City as a depositary of moneys and securities held under the provisions of the Resolution, and may include the Trustee.

Enterprise shall mean the entire wastewater system of the City now existing or hereafter acquired by lease, contract, purchase or otherwise or constructed by the City, including any interest or participation or rights of the City in any facilities used in whole or in part in connection with or for said system, together with any additions, repairs, renewals, replacements, expansions, betterments, extensions and improvements to said system or any part thereof hereafter constructed or acquired and together with all lands, easements, interests in land, licenses and rights of way of the City and all other works, property, structures, equipment of the City and contract rights and other tangible and intangible assets of the City now or hereafter owned or used in connection with, or related to said system.

Event of Bankruptcy shall mean the filing of a petition commencing a case by the City under the Federal Bankruptcy Code or any other applicable bankruptcy or similar law or proceeding for the relief of creditors.

Event of Default shall have the meaning given to such term in Section 801.

Federal Bankruptcy Code shall mean the Bankruptcy Reform Act of 1978, as amended, constituting Title 11, United States Code.

Fiduciary shall mean the Trustee, any Paying Agent, the Bond Registrar, any Depositary, or any or all of them, as may be appropriate.

Fiscal Year shall mean the then current annual accounting period of the City for its general accounting purposes.

Generally Accepted Accounting Principles shall mean the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Information Services means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway Street, 16th Floor, New York, New York 10006; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; Standard & Poor's Corporation's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the City may identify in writing to the Trustee.

Interest Payment Date shall mean a Payment Date on which interest is payable pursuant to a Supplemental Resolution authorizing a Series of Bonds.

Maximum Annual Debt Service shall mean the greatest total Debt Service payable in any Bond Year commencing from the date of calculation through the final maturity date of all Outstanding Bonds.

Moody's shall mean Moody's Investors Service, Inc. and its successors and assigns.

Net Revenues for any period shall mean the Revenues during such period less the Operating Expenses during such period.

Nominee shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 308 hereof.

Operating Expenses shall mean all actual maintenance and operation costs of the Enterprise incurred by the City in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, but only if such charges are considered operating expenses in conformity with Generally Accepted Accounting Principles, including amounts reasonably required to be set aside in reserves for items of Operating Expenses the payment of which is not then immediately required.

Such Operating Expenses shall include, but are not limited to, payment of charges for wastewater services pursuant to a contract with the City of Los Angeles, expenses for ordinary repairs, renewals and replacements of the Enterprise, salaries and wages, employees' health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses, insurance expenses, legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting and technical services, taxes (except as set forth in the following paragraph), payments in lieu of taxes and other governmental charges and any other current expenses or obligations required to be paid by the City under the provisions of the Resolution or by law, all to the extent properly allocable to the Enterprise, and the fees and expenses of the Fiduciaries.

Such Operating Expenses do not include depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the City, costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to or retirements from the Enterprise which under Generally Accepted Accounting Principles are properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Enterprise nor such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practice of the City. Operating Expenses shall also not include any voluntary transfers to the General Fund of the City.

Opinion of Counsel shall mean an opinion in writing signed by an attorney or firm of attorneys (who may be counsel to the City) selected by the City.

Outstanding, when used with reference to Bonds, shall mean, as of any date of calculation, Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

(a) Bonds canceled by the Trustee at or prior to such date;

(b) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III or Section 406 or 1106; and

(d) Bonds deemed to have been paid as provided in subsection (b) of Section 1201.

Participants shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository.

Paying Agent shall mean any bank or trust company organized under the laws of any state of the United States or any national banking association designated as paying agent for the Bonds of any Series, and its successor or successors hereafter appointed in the manner provided in the Resolution.

Payment Date shall mean any date on which Bond Payments are scheduled to be paid by the City under and pursuant to any Bonds.

Permitted Investments mean any of the following obligations if and to the extent that they are permissible investments of funds of the City:

(a) Direct obligations of the United States (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank ("Eximbank")
   Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration ("FmHA")
   Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures ("FHA")
5. General Services Administration
   Participation certificates
6. Government National Mortgage Association ("GNMA")
   GNMA—guaranteed mortgage-backed bonds
   GNMA—guaranteed pass-through obligations (participation certificates) (not acceptable for certain cash-flow sensitive issues)
7. United States Maritime Administration
   Guaranteed Title XI financing
8. United States Department of Housing and Urban Development
   Project Notes
   Local Authority Bonds

New Communities Debentures
United States government guaranteed debentures
United States Public Housing Notes and Bonds
United States government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
   Senior debt obligations

2. Federal Home Loan Mortgage Corporation ("FHLMC")
   Participation Certificates
   Senior debt obligations

3. Federal National Mortgage Association ("FNMA")
   Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association ("SLMA")
   Senior debt obligations

5. Resolution Funding Corporation obligations

6. Farm Credit System
   Consolidated system-wide bonds and notes

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-G," "AAA-m" or "AA-m" and if rated by Moody's rated "Aaa," "Aa1" or "Aa2," including funds for which the Trustee or any of its affiliates (including any holding company, subsidiaries, or other affiliates) provides investment advisory or other management services, provided such funds satisfy the criteria herein contained.

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above or by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law. Such certificates must be issued by commercial banks (including affiliates of the Trustee), savings and loan associations or mutual savings banks.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by FDIC, including Bank Insurance Fund ("BIF") and Savings Association Insurance Fund ("SAIF").

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements with a domestic or foreign bank or corporation the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

A. Interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Construction Fund, Construction Fund draws) on the Bonds;

B. The invested funds are available for withdrawal without penalty or premium for debt service payments and/or Construction Fund draws upon not more than seven days' prior notice;

C. The investment agreement shall state that the provider's payment obligation thereunder is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel, shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

D. The City and the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the City and the Trustee) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the City and the Trustee;

E. The investment agreement shall provide that if during its term:

(I) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 business days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the City, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels of at least 104 percent and in the form of securities described in (a), (b) or (c) above; (B) assign the investment agreement to an entity acceptable to the City and the Trustee that is rated at least "AA-" by S&P and "Aa3" by Moody's, (C) provide a guaranty from a guarantor acceptable to the City that is rated at least AA- by "S&P" and "Aa3" by Moody's; or (D) if the provider fails to perform either (A), (B) or (C) above, repay the principal of and accrued but unpaid interest on the investment, and

(II) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the City or the Trustee, within 10 business days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the City or Trustee,

F. The investment agreement shall state that there are is no prior lien on any collateral pledged under the agreement (at any time) and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

G. the investment agreement must provide that if during its term:

(I) the provider shall default in its payment obligations and such failure continues for one business day or more after the Trustee gives written notice thereof to the provider, the provider's obligations under the investment agreement shall, at the direction of the City or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate, and

(II) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate.

(h) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank (including those of the Trustee and its affiliates) which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(k) Repurchase agreements which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the City or the Trustee, and the transfer of cash from the City or the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the City or the Trustee in exchange for the securities at a specified date, and

1. Repurchase agreements must be between the City or the Trustee and a dealer bank or securities firm

A. Primary dealers on the Federal Reserve reporting dealer list which are rated "A" or better by S&P and Moody's, or

B. Banks rated "A" or above by S&P and Moody's.

2. The written repurchase agreements contract must include the following:

A. Securities which are acceptable for transfer are:

(l) Direct United States governments, or

(2) Federal agencies backed by the full faith and credit of the United States government (and FNMA & FHLMC)

B. The collateral must be delivered to the City, the Trustee (if trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

C. Valuation of Collateral

(l) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

(2) The value of collateral must be equal to 104 percent of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral slips below l04 percent of the value of the cash transferred by

municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105 percent.

(l) Local Agency Investment Fund of the State ("LAIF").

(m) With respect to any fund or account relating to Bonds that are insured, such other types investments as may be approved in writing by the applicable bond insurer.

Principal Installment shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (a) the principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (c) if such future dates coincide as to different Bonds of such Series, the sum of the above, as applicable.

Prudent Utility Practice shall mean any of the practices, methods and acts which, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the wastewater industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition.

Redemption Price shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

Refundable Credits shall mean, with respect to a Series of Bonds: (i) the amounts which are payable by the Federal government under Section 6431 of the Tax Code, which the City has elected to receive under Section 54AA(g)(1) of the Tax Code with respect to "qualified bonds" issued as "Build America Bonds," or (ii) any other amounts payable by the Federal government to the City pursuant to a future change in the Tax Code and pledged as security for the Bonds, which amounts are treated as a credit equal to a percentage of the interest payable by the City on the Interest Payment Date with respect to such Series of Bonds; provided however, that a written opinion of Bond Counsel must be obtained prior to treating such amounts as a Refundable Credit for purposes of this Resolution.

Refunding Bonds shall mean all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to Section 205, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 406 or Section 1106.

Reimbursement Agreement shall mean an agreement between the City and a bank or other financial institution providing for the issuance of a letter of credit, reserve fund insurance policy, guaranty or surety bond for the purpose of making Bond Payments and requiring the City to make payments to reimburse or compensate such bank or financial institution for draws under such instruments from Net Revenues on a parity with all Bonds.

Reimbursement Payments shall mean amounts payable by the City as compensation or reimbursement for a draw on a letter of credit, reserve fund insurance policy, guaranty or surety bond for the purpose of making Bond Payments in accordance with any Reimbursement Agreement.

Representation Letter shall mean a representation letter from the City or the Trustee to the Depository, as described in Section 308 hereof.

Reserve Requirement shall mean, as of any date of calculation, an amount equal to the least of (a) Maximum Annual Debt Service, (b) 125% of average annual Debt Service on all Outstanding Bonds, and (c) 10% of the proceeds of all Outstanding Bonds; provided, however, that the City may at any time elect to maintain the Reserve Requirement by obtaining a letter of credit, a surety bond, a policy of insurance or any other security device (in each case rated in one of the two highest rating categories by each rating agency which rates any of the Bonds at such time), in an amount which, together with any funds on deposit in the Reserve Account, will guarantee to the City the full amount of the Reserve Requirement at such times as all or any portion of the Reserve Requirement is needed for transfer to the Debt Service Account.

Resolution shall mean this Resolution as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms hereof.

Revenues shall mean (a) all revenues, fees, income, rents and receipts earned by the City from or attributable to the ownership and operation of the Enterprise, including all revenues attributable to the Enterprise or to the payment of the costs thereof received by the City under any contract for the sale of any service from the Enterprise or any part thereof or any contractual arrangement with respect to the use of the Enterprise or any portion thereof or the services or capacity thereof, but excluding connection charges, (b) the proceeds of any insurance covering business interruption loss relating to the Enterprise, and (c) interest earned on any moneys or investments held pursuant to the Resolution and required to be paid into the Sewer Enterprise Fund, all as determined in accordance with Generally Accepted Accounting Principles.

S&P shall mean Standard & Poor's Corporation and its successors and assigns.

Securities Depositories means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312)663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Dex (215)496-5058; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may identify in writing to the Trustee.

Series shall mean all of the Bonds authenticated and delivered on original issuance and identified pursuant to this Resolution and the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 406 or 1106, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

Sewer Enterprise Fund shall mean the Sewer Enterprise Fund described in Section 502.

Sinking Fund Installment shall mean an amount so designated which is established pursuant to clause (viii) of paragraph (3) of subsection (a) of Section 202.

Subordinated Indebtedness shall mean any evidence of debt referred to in, and complying with, the provisions of Section 511.

Subordinated Indebtedness Fund shall mean the Subordinated Indebtedness Fund established in Section 502(c).

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution, adopted by the City in accordance with Article X.

Tax Code means the Internal Revenue Code of 1986, as amended.

Trust Estate shall mean (a) the Net Revenues; (b) the moneys in the Funds established by the Resolution including the investment income, if any, thereof; and (c) Refundable Credits, if any, with respect to a Series of Bonds.

Trustee shall mean U.S. Bank National Association, and its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to the Resolution.

2009 Series A Bonds shall mean the Bonds authenticated and delivered pursuant to Section 203 hereof.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies.

All references in the Resolution to Articles, Sections, and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Resolution, and the words herein, hereof, hereunder and other words of similar import refer to the Resolution as a whole and not to any particular Article, Section or subdivision of the Resolution. The headings or titles of the several articles and sections of the Resolution, and any Table of Contents appended to copies of the Resolution, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Resolution.

SECTION 102. ***Authority for This Resolution.*** This Resolution is adopted pursuant to the provisions of the Charter and the Act.

SECTION 103. ***Resolution to Constitute Contract.*** In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Bonds; and the pledge and assignment made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by this Resolution.

ARTICLE II
AUTHORIZATION AND ISSUANCE OF BONDS

SECTION 201. ***Authorization of Bonds.*** (a) This Resolution authorizes Bonds of the City to be designated as "Wastewater Facilities Revenue Bonds." The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Resolution is not limited except as may hereafter be provided in the Resolution or as may be limited by law.

(b) The Bonds may, if and when authorized by the City pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name "Wastewater Facilities Revenue Bonds," shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the City may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

(c) Nothing contained in the Resolution shall be deemed to preclude or restrict the consolidation pursuant to a Supplemental Resolution of any Bonds of any two or more separate Series authorized pursuant to such Supplemental Resolution to be issued pursuant to any of the provisions of Section 203, 204 or 205 into a single Series of Bonds for purposes of sale and issuance; provided that each of the tests, conditions and other requirements contained in Sections 202, 203, 204 and 205 as applicable to each such separate Series shall be met and complied with. Except as otherwise provided in this subsection or in such Supplemental Resolution, such a consolidated Series shall be treated as a single Series of Bonds for all purposes of the Resolution.

SECTION 202. ***General Provisions for Issuance of Bonds.*** (a) All (but not less than all) the Bonds of each Series of Bonds shall be executed by the City for issuance under the Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the City or upon its order, but only upon the receipt by the Trustee of the following moneys and documents, all dated as of the date of such delivery:

(1) An Opinion of Counsel of recognized standing in the field of law relating to municipal bonds to the effect that (i) the City has the right and power under the Charter and the Act as amended to the date of such Opinion to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the City, is in full force and effect and is valid and binding upon the City and enforceable in accordance with its terms, and no other authorization for the Resolution is required; (ii) the Resolution creates the valid pledge and assignment which it purports to create of the Trust Estate; and (iii) the Bonds of such Series are valid and binding obligations of the City as provided in the Resolution and enforceable in accordance with their terms, and entitled to the benefits of the Resolution and of the Act as amended to the date of such Opinion, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of such Opinion, and in accordance with the Resolution; provided, that such Opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, debt adjustment, reorganization or other laws affecting creditors' rights generally and may state that no opinion is being rendered as to the availability of any particular remedy;

(2) A written order as to the authentication and delivery of such Bonds, signed by an Authorized Officer of the City;

(3) A copy of the Supplemental Resolution authorizing such Bonds, certified by an Authorized Officer of the City, which shall, among other provisions, specify: (i) the authorized principal amount, designation and Series of such Bonds; (ii) the purposes for which such Series of Bonds is being issued, which shall be the purpose specified in Section 203, one of the purposes specified in Section 204 or the refunding of Bonds as provided in Section 205; (iii) the date, and the maturity date or dates, of the Bonds of such Series; (iv) the interest rate or rates of the Bonds of such Series and the interest payment dates therefor, provided that the interest rate shall be identical for all such Bonds of like maturity; (v) the denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series, provided that such Bonds shall be denominations of $5,000 or any multiple thereof as authorized by such Supplemental Resolution; (vi) the Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Bonds of such Series; (vii) the Redemption Price or Prices, if any, and, subject to Article IV, the redemption terms, if any, for the Bonds of such Series; (viii) the amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series, provided that each Sinking Fund Installment due date shall fall upon an interest payment date for such Bonds; (ix) if so determined by the City, provisions for the sale of the Bonds of such Series; (x) the amount (or the method of determining the amount), if any, to be deposited from the proceeds of such Series of Bonds in the Debt Service Account in the Debt Service Fund and provisions for the application thereof to the payment of all or a portion of the interest on such Series of Bonds or any other Series of Bonds; (xi) the amount, if any, to be deposited from the proceeds of such Series of Bonds in the Reserve Account; (xii) such other terms and provisions as shall be determined by the City in connection with the issuance and sale of any Series of Bonds; and (xiii) the forms of the Bonds of such Series and of the Trustee's certificate of authentication;

(4) Except in the case of the 2009 Series A Bonds, the amount, if any, necessary for deposit in the Reserve Account in the Debt Service Fund so that such Account shall equal the Reserve Requirement calculated immediately after the authentication and delivery of such Series of Bonds;

(5) Except in the case of the 2009 Series A Bonds or Refunding Bonds, a certificate of an Authorized Officer of the City stating that the City is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution; and

(6) Such further documents, moneys and securities as are required by the provisions of Section 203, 204 or 205 or Article X or any Supplemental Resolution adopted pursuant to Article X.

(b) All the Bonds of each Series of like maturity shall be identical in all respects, except as to denominations and numbers. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Section 406 or 1106.

SECTION 203. ***2009 Series A Bonds.*** (a) There is hereby authorized a first Series of Bonds, which shall be designated "2009 Series A," for the purpose of refinancing the City's Wastewater

Facilities Refunding Revenue Bonds, 1999 Series A, originally issued in the aggregate principal amount of $25,080,000.

(b) Proceeds of the 2009 Series A Bonds shall be applied simultaneously with the delivery of such 2009 Series A Bonds, as shall be provided in the Supplemental Resolution authorizing such 2009 Series A Bonds.

SECTION 204. ***Additional Bonds.*** (a) One or more Series of Additional Bonds may be authenticated and delivered upon original issuance at any time, and from time to time for the purpose of providing funds to pay all or any portion of the Cost of the Enterprise.

(b) Each Supplemental Resolution authorizing the issuance of a Series of Additional Bonds shall specify the purpose for which the proceeds of such Series of Additional Bonds will be applied, and the amount, if any, to be deposited from the proceeds of such Additional Bonds into the Reserve Account; provided that the amount on deposit in the Reserve Account shall be increased at or prior to the time such Additional Bonds become Outstanding in an amount at least equal to the Reserve Requirement on all the Outstanding Bonds and such Additional Bonds, which amount shall be maintained in the Reserve Account.

(c) Except as otherwise provided in this Section 204, each such Series of Additional Bonds shall be authenticated and delivered by the Trustee upon original issuance upon receipt by the Trustee (in addition to the documents set forth in Section 202) of a Certificate, dated as of the date of such delivery, of an Authorized Officer of the City (together with supporting calculations prepared by the City) to the effect that the Net Revenues, calculated on the basis of Generally Accepted Accounting Principles, as shown by the books of the City for the last completed Bond Year prior to the date of the authentication and delivery of such Additional Bonds as shown by an audit certificate or opinion of an independent certified public accountant or fiscal consultant engaged by the City, plus, at the option of the City, either or both of the allowances for earnings set forth in subsection (d) of this Section 204, shall have amounted to at least 1.20 times the Maximum Annual Debt Service on all Bonds to be Outstanding immediately subsequent to the issuance of such Additional Bonds. In computing the amount of Maximum Annual Debt Service for purposes of this subsection (c), the amount of Debt Service coming due in any Bond Year shall be reduced by the full amount of the Refundable Credits which the City expects to receive in such Bond Year.

(d) For the purposes of the Certificate required by subsection (c) of this Section 204, there may be added to the Revenues (1) an allowance for earnings arising from any increase in the charges made for service from the Enterprise which has become effective prior to the issuance of such Additional Bonds but which, during all or any part of said last completed Bond Year, was not in effect, in an amount equal to 90% of the amount by which the Revenues would have been increased if such increase in charges had been in effect during the whole of said last completed Bond Year, as shown by the certificate or opinion of the City Engineer or of an independent certified public accountant or firm of certified public accountants employed by the City or of an independent engineer of recognized standing qualified to pass on questions related to the financial conditions of wastewater system operations; and (2) an allowance for earnings from any additions to or improvements or extensions of the Enterprise to be made with the proceeds of such Additional Bonds and also from any such additions, improvements or extensions which have been made from moneys from any source but which, during all or any part of said last completed Bond Year, were not in service, all in an amount equal to 90% of the estimated additional average annual Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown by a certificate or opinion of the City Engineer or of an independent engineer of recognized standing qualified to pass on questions relating to the financial conditions of wastewater system operations.

(e) The proceeds, including accrued interest, of the Additional Bonds of each Series shall be applied simultaneously with the delivery of such Bonds, as provided in the Supplemental Resolution authorizing such Series.

SECTION 205. ***Refunding Bonds.*** (a) One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund by exchange or otherwise all or any portion of the Outstanding Bonds of one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Resolution required by the provisions of the Supplemental Resolution authorizing such Bonds but in no event in excess of the aggregate principal amount permitted under the Act.

(b) Refunding Bonds of each Series issued to refund Bonds other than by exchange shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 202) of the following documents, all dated as of the date of such delivery:

(1) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date or dates specified in such instructions;

(2) If the Bonds to be refunded are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee, satisfactory to it, to mail the notice provided for in Section 1201 to the Holders of the Bonds being refunded; and

(3) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) Permitted Investments in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of subsection (b) of Section 1201, which Permitted Investments and moneys shall be held in trust and used only as provided in said subsection (b).

(c) The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Bonds for the purposes of making deposits in such funds and accounts as shall be provided by the Supplemental Resolution authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution.

(d) Refunding Bonds of each Series which will be used to refund by an exchange shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 202) of:

(1) Irrevocable instructions from the City to provide for the exchange of such Refunding Bonds for the Bonds being refunded thereby; and

(2) Such further documents or evidences of the satisfaction of conditions as may be required by provisions of the Supplemental Resolutions authorizing the Bonds being refunded that provides for the refunding by such an exchange.

ARTICLE III
GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 301. ***Medium of Payment; Form and Date; Letters and Numbers.*** (a) The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(b) The Bonds of each Series shall be issued only in the form of fully registered Bonds without coupons unless otherwise authorized by a Supplemental Resolution.

(c) Each Bond shall be numbered as provided in the Resolution or the Supplemental Resolution authorizing the Series of which such Bond is a part and so as to be distinguished from every other Bond.

(d) The Bonds of each Series shall be dated as provided in the Supplemental Resolution authorizing the Bonds of such Series. Except as otherwise provided herein, Bonds of each Series shall bear interest from their date.

SECTION 302. ***Legends.*** The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the City prior to the authentication and delivery thereof.

SECTION 303. ***Execution and Authentication.*** (a) The Bonds shall be executed in the name of the City by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of the City Clerk of the City, or in such other manner as may be required or permitted by law. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed on behalf of the City by such persons as at the time of the execution of such Bonds shall be duly authorized or hold the proper office in the City, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

(b) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Resolution authorizing such Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication, shall be entitled to any right or benefit under the Resolution, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the City shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefits of the Resolution.

SECTION 304. ***Exchange, Transfer and Registration.*** (a) The Bonds shall be transferable only upon the books of the City, which shall be kept for such purposes at the corporate trust office of the Trustee as Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond the City shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond.

(b) The registered owner of any Bond or Bonds of one or more denominations shall have the right to exchange such Bond or Bonds for a new Bond or Bonds of any denomination of the same aggregate principal amount and Series and maturity of the surrendered Bond or Bonds. Such Bond or Bonds shall be exchanged by the City for a new Bond or Bonds upon the request of the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender of such Bond or Bonds together with a written instrument requesting such exchange satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

(c) The City and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the City as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor any Fiduciary shall be affected by any notice to the contrary. The City agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under the Resolution, in so treating such registered owner.

SECTION 305. ***Regulations With Respect to Exchanges and Transfers.*** In all cases in which the privilege of exchanging or transferring Bonds is exercised, the City shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Trustee and canceled or retained by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the City or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Bond Registrar shall be required (a) to exchange or transfer Bonds of any Series for a period of 15 days next preceding an interest payment date on the Bonds of such Series or next preceding any selection of Bonds to be redeemed or thereafter until after the exchange or mailing of any notice of redemption; or (b) to exchange or transfer any Bonds or portions thereof called for redemption.

SECTION 306. ***Bonds Mutilated, Destroyed, Stolen or Lost.*** If any Bond becomes mutilated or is lost, stolen or destroyed, the City shall execute and the Trustee shall authenticate and deliver a new Bond of like date of issue, maturity date, principal amount and interest rate per annum as the Bond so mutilated, lost, stolen or destroyed, provided that (a) in the case of such mutilated Bond, such Bond is first surrendered to the Trustee, (b) in the case of any such lost, stolen or destroyed Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to the Trustee and the City together with indemnity satisfactory to the Trustee and the City, (c) all other reasonable requirements of the Trustee and the City (provided that the City shall have advised the Trustee of any such requirements) are complied with, and (d) expenses in connection with such transaction are paid by the Holder. Any Bond surrendered for exchange shall be canceled. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the City, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under the Resolution, in any moneys or securities held by the City or any Fiduciary for the benefit of the Holders of the Bonds.

SECTION 307. ***Temporary Bonds.*** (a) Until the definitive Bonds of any Series are prepared, the City may execute, in the same manner as is provided in Section 303, and, upon the request of the City, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The City at its own expense shall prepare and execute definitive Bonds and, upon the surrender of such temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, such definitive Bonds of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to the Resolution.

(b) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

SECTION 308. ***Book-Entry System.*** Prior to the issuance of any Series of Bonds issued hereunder, the City may provide that such Series of Bonds shall be initially issued as Book-Entry Bonds, in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of such Bonds. Upon initial delivery, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of the Nominee as nominee of the Depository. Except as provided in this section, all of the Outstanding Bonds shall be registered in the registration books kept by the Trustee in the name of the Nominee.

With respect to Bonds registered in the registration books kept by the Trustee in the name of the Nominee, the City and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than a Holder, as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other person, other than a Holder as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The City and the Trustee may treat and consider the person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest due with respect to the Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the City's obligations with respect to payment of the principal, premium, if any, and interest due with respect to the Bonds to the extent of the sum or sums so paid. No person other than a Holder, as shown in the registration books kept by the Trustee, shall receive a Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to the Resolution. Upon delivery by the Depository to the Trustee and the City of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to record dates, the word Nominee in this Resolution shall refer to such new nominee of the Depository.

In order to qualify the Bonds for the Depository's book-entry system, the City shall execute and deliver to the Depository a Representation Letter. The execution and delivery of a Representation Letter shall not in any way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Holders, as shown on the registration books kept by the Trustee. The Trustee agrees to take all action necessary to comply with all representations made by it in its Representation Letter to the extent that such action is not inconsistent with this Resolution. In addition to the execution and delivery of a Representation Letter, the Mayor, the Chief Administrative Officer and all other Authorized Officers of the City are hereby authorized to take any other actions, not inconsistent with this Resolution, to qualify the Bonds for the Depository's book-entry program.

In the event (a) the Depository determines not to continue to act as securities depository for the Bonds, or (b) the City determines that the Depository shall no longer so act, then the City will discontinue the book-entry system with the Depository. If the City fails to identify another qualified securities depository to replace the Depository, then the Bonds so designated shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee, but shall be registered in whatever name or names persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 304 of the Master Resolution.

Notwithstanding any other provisions of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

The initial Depository under this Article shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

ARTICLE IV
REDEMPTION OF BONDS

SECTION 401. ***Privilege of Redemption and Redemption Price.*** Bonds subject to redemption prior to maturity pursuant to this Resolution or a Supplemental Resolution shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in the Resolution or in the Supplemental Resolution authorizing such Series.

SECTION 402. ***Redemption at the Election or Direction of the City.*** In the case of any redemption of Bonds at the election or direction of the City, the City shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the City in its sole discretion, subject to any limitations with respect thereto contained in the Resolution). Such notice shall be given at least 60 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, there shall be paid prior to the redemption date to the appropriate Paying Agents an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. The City shall promptly notify the Trustee in writing of all such payments by it to a Paying Agent other than the Trustee.

SECTION 403. ***Redemption Otherwise Than at City's Election or Direction.*** Whenever by the terms of the Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the City, the Trustee shall select the Bonds to be redeemed, give the notice of redemption for and on behalf of and at the expense of the City, and pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV and, to the extent applicable, Section 505.

SECTION 404. ***Selection of Bonds to be Redeemed.*** If fewer than all of the Bonds of like maturity of any Series shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by $5,000.

SECTION 405. ***Notice of Redemption.*** When the Trustee shall receive notice from the City of its election or direction to redeem Bonds pursuant to Section 402, and when redemption of Bonds is authorized or required pursuant to Section 403, the Trustee shall give notice, in the name of, on behalf of and at the expense of the City, of the Redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the CUSIP numbers, the redemption date and the place or places where amounts due upon such redemption will be payable and, if fewer than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall give such notice by mailing (by first class mail) such notice to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Trustee as bond registrar, to the Securities Depositories and to one or more Information Services, at least 30 but not more than 60 days prior to the redemption date. Failure to receive any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

SECTION 406. ***Payment of Redeemed Bonds.*** Notice having been given in the manner provided in Section 405, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be drawn for redemption less than all of a Bond, the City shall execute and the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bonds so surrendered, Bonds of like Series and maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE V
ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

SECTION 501. ***The Pledge Effected by the Resolution.*** (a) The Bonds shall be special obligations of the City payable solely from and secured as to the payment of the principal and Redemption Price thereof, and interest thereon, in accordance with their terms and the provisions of the Resolution solely by the Trust Estate, and the Trust Estate hereby is pledged and assigned to the Trustee for the benefit of the holders of the Bonds subject only to the provisions of the Resolution permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth in the Resolution.

(b) The Bonds shall not constitute a general indebtedness or a pledge of the full faith and credit of the City within the meaning of any constitutional or statutory provision or limitation of indebtedness. No Bondholder shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the City or the forfeiture of any property of the City, including the Enterprise, for the payment of the principal of or interest on the Bonds or the making of any payments hereunder. The Bonds and the obligations evidenced thereby shall not be payable from, nor constitute a lien on, any property or fund of the City, including the general fund of the City, other than the Trust Estate as herein provided. The principal and redemption price of and interest on the Bonds are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of the City's property, or upon any of its income, receipts, or revenues except the Trust Estate.

(c) Nothing contained in the Resolution shall be construed to prevent the City from acquiring, constructing or financing through the issuance of its bonds, notes or other evidences of indebtedness any facilities which do not constitute a part of the Enterprise for the purposes of the Resolution or from securing such bonds, notes or other evidences of indebtedness by a mortgage of the facilities so financed or by a pledge of, the revenues therefrom or any lease or other agreement with respect thereto or any revenues derived from such lease or other agreement; provided that such bonds, notes or other evidences of indebtedness shall not be payable out of or secured by the Trust Estate, and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Trust Estate.

SECTION 502. ***Funds and Accounts.*** The City has previously established the Sewer Enterprise Fund ("Sewer Enterprise Fund"), which the City will continue to hold and maintain. The following additional Funds are hereby established:

(a) Debt Service Fund, to be held by the Trustee, consisting of a Debt Service Account and a Reserve Account, and

(b) Subordinated Indebtedness Fund, to be held by the Trustee.

SECTION 503. ***Construction Funds.*** The City shall establish a separate Construction Fund, to be held and administered by the City, with respect to each Series of Bonds other than Refunding Bonds. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution and any Supplemental Resolutions, and there may be paid into the Construction Funds, at the option of the City, any moneys received for or in connection with the Enterprise by the City from any other source, unless required to be otherwise applied as provided by the Resolution. Amounts in the Construction Funds shall be applied to the Cost of the Enterprise in the manner provided in this Section subject to the provisions of any Supplemental Resolution.

The City may establish one or more separate accounts within the Construction Fund, including a separate account to facilitate the payment of those items of Cost which constitute the City's costs and expenses attributable or allocable to the issuance and sale of the Bonds.

SECTION 504. ***Allocation of Revenues and Refundable Credits.*** The City shall deposit all Revenues when and as received by it in the Sewer Enterprise Fund. Immediately upon receipt, the City shall deposit, or cause to be deposited, all Refundable Credits, if any, with respect to a Series of Bonds, in the Debt Service Account of the Debt Service Fund.

The City shall pay all Operating Expenses (including amounts reasonably required to be set aside in contingency reserves for maintenance and operation costs the payment of which is not then immediately required) from the Sewer Enterprise Fund as they become due and payable, and all remaining money on deposit in the Sewer Enterprise Fund shall be set aside and deposited or transferred by the City, as the case may be, at the following times in the following order of priority:

(a) On or before the last Business Day of the month immediately preceding each Interest Payment Date, the City shall transfer to the Trustee, for deposit in the Debt Service Fund (1) for credit to the Debt Service Account, the amount, if any, required so that the balance in said Account shall equal the Accrued Debt Service for the six-month period ending on such Interest Payment Date, plus a sum equal to all Reimbursement Payments then due and payable; provided that no such deposit need be made if amounts on deposit in the Debt Service Account equal the amount of Bond Payments due with respect to all Bonds on the next succeeding Interest Payment Date (with respect to interest), Principal Payment Date (with respect to principal) and Accreted Value Payment Date (with respect to Accreted Value) for such Bonds, and the Reimbursement Payments then due and payable; (2) for credit to the Reserve Account, the amount required for such account to equal the Reserve Requirement (and in the event that there are insufficient moneys in the Sewer Enterprise Fund to make such required deposits, the available moneys in the Sewer Enterprise Fund shall be allocated first to the Debt Service Account and the balance to the Reserve Account); and

(b) After making the transfers required by subsections (a) of this Section, the City shall transfer to the Trustee (or any other Fiduciary responsible therefore) for deposit in the Subordinated Indebtedness Fund the amounts, if any, required to be deposited under or pursuant to the resolution (including any Supplemental Resolution), indenture or other instrument securing Subordinate Indebtedness.

In the event that a deposit or transfer for any calendar month as set forth above is less than the amount required for that month because of lack of funds or for any other reason, the deficiency shall be added to and become a part of the deposits or transfers required for the following calendar month.

At such time as the total amount held in the Debt Service Account and the Reserve Account shall be sufficient to fully pay all Outstanding Bonds in accordance with their terms (including

Principal Installments of, and interest thereon), no further deposits shall be required to be made into such Accounts, and the Bonds shall no longer be deemed Outstanding pursuant to the Resolution.

SECTION 505. ***Debt Service Fund--Debt Service Account.*** (a) The Trustee shall pay out of the Debt Service Account to the respective Paying Agents (1) on or before each Interest Payment Date for any of the Bonds the amount required for the interest payable on such date; (2) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (3) on or before any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Account to the Paying Agents the accrued interest included in the purchase price of Bonds purchased for retirement.

(b) Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) may and, if so directed by the City, shall be applied by the Trustee, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, to (1) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (2) the redemption at the applicable sinking fund Redemption Price, pursuant to Article IV, of such Bonds, if then redeemable by their terms. After the 75th day but on or prior to the 60th day preceding the due date of such Sinking Fund Installment, any amounts then on deposit in the Debt Service Account (exclusive of amounts, if any, set aside in said Account which were deposited therein from the proceeds of Bonds) may and, if so directed by the City, shall be applied by the Trustee to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. All purchases of any Bonds pursuant to this subsection (b) shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed by the City. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Sinking Fund Installment Date, for the purpose of calculating the amount of such Account. As soon as practicable after the 60th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as provided in Section 405, on such due date Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Debt Service Account to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the City from the Sewer Enterprise Fund pursuant to a schedule provided by the Trustee and by the Paying Agents and approved by the City.

(c) The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Bonds or transferred to the Debt Service Account from a Construction Fund pursuant to a Supplemental Resolution shall be set aside and applied to the payment of interest on the Bonds of such Series (or on the Refunding Bonds issued to refund such Bonds) as the same becomes due and payable.

(d) In the event of the refunding of Bonds, the Trustee shall, upon the written direction of the City, withdraw from the Debt Service Account amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (1) immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to subsection (b) of Section 1201, and (2) the amount remaining in the Debt Service Account after such withdrawal shall not be less than the requirement of such Account pursuant to subsection (a) of Section 504.

SECTION 506. ***Debt Service Fund--Reserve Account.*** (a) If on any Interest Payment Date the amount in the Debt Service Account shall be less than the amount required to be in such Debt Service Account pursuant to paragraph (a) of Section 504 and there shall not be on deposit in the Subordinated Indebtedness Fund available moneys to cure such deficiency, the Trustee shall apply amounts from the Reserve Account to the extent necessary to cure the deficiency.

(b) Whenever the moneys on deposit in the Reserve Account shall exceed the Reserve Requirement with respect to all Series of Bonds, such excess shall be transferred by the Trustee to the City and deposited in the Sewer Enterprise Fund.

(c) Whenever the amount in the Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Reserve Account shall be transferred to the Debt Service Account.

SECTION 507. ***Subordinated Indebtedness Fund.*** (a) Subject to subsection (b) hereof, the Trustee (or any other Fiduciary responsible therefor) shall apply amounts in the Subordinated Indebtedness Fund (subject to the provisions of, and to the priorities and limitations and restrictions provided in, the resolution, indenture or other instrument securing each issue of Subordinated Indebtedness) to the payment of the amounts required to pay principal or sinking fund installments of and interest on each issue of Subordinated Indebtedness and reserves therefor in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided in, the resolution, indenture or other instrument authorizing or securing each issue of Subordinated Indebtedness.

(b) If at any time the amounts in the Debt Service Account, or the Reserve Account shall be less than the current requirements of such accounts, respectively, pursuant to Section 504, then the Trustee (or any other Fiduciary responsible therefor) shall withdraw from the Subordinated Indebtedness Fund and deposit in the Debt Service Account or the Reserve Account in that priority, as the case may be, the amount necessary (or all the moneys in said Fund, if less than the amount necessary) to make up such deficiency.

(c) Subject to the provisions of, and to the priorities and limitations and restrictions provided in, the resolution, indenture or other instrument securing each issue of Subordinated Indebtedness, amounts in the Subordinated Indebtedness Fund which the City at any time determines to be in excess of the requirements of such Fund, may, at the discretion of the City, be transferred to the Sewer Enterprise Fund.

Notwithstanding any provision of this Resolution to the contrary, no Fiduciary shall be deemed to have knowledge of the existence of any facts or conditions which would prohibit the making of any deposit or transfer to or withdrawal or payment from the Subordinated Indebtedness Fund, unless and until such Fiduciary shall have received written notice thereof from the City, any Bondholder, any other Fiduciary or the holder or representative of any class of obligation senior to those who are to be paid from the Subordinated Indebtedness Fund, and no Fiduciary shall be liable or responsible for accepting any such deposit or transfer or making any such payment or withdrawal unless and until it has been deemed to have such knowledge.

SECTION 508. ***Subordinated Indebtedness.*** (a) To finance any Cost of the Enterprise, the City may, at any time, or from time to time, issue Subordinated Indebtedness payable out of, and which may be secured by a security interest in or pledge and assignment of such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the purpose of payment thereof as provided in Section 507; provided, however, that any such security interest in or pledge and assignment shall be, and shall be expressed to be, subordinate in all respects to the pledge and assignment of the Trust Estate created by the Resolution as security for the Bonds. No such Subordinate Indebtedness shall be issued unless an Authorized Officer of the City shall file with the Trustee a certificate that the City is not in default under the Resolution.

(b) The resolution, indenture or other instrument, including any Supplemental Resolution, securing each issue of Subordinated Indebtedness shall contain provisions (which shall be binding on all holders of such Subordinated Indebtedness) not more favorable to the holders of such Subordinated Indebtedness than the following;

(1) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to the City or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the City, whether or not involving insolvency or bankruptcy, the holders of all Bonds then Outstanding shall be entitled to receive payment in full of all principal and interest due on all such Bonds in accordance with the provisions of the Resolution before the holders of the Subordinated Indebtedness are entitled to receive any payment from the Trust Estate on account of principal (and premium, if any) or interest upon the Subordinated Indebtedness.

(2) In the event that any issue of Subordinated Indebtedness is declared due and payable before its expressed maturity because of the occurrence of an event of default (under circumstances when the provisions of (1) above shall not be applicable), the holders of all Bonds Outstanding at the time such Subordinated Indebtedness so becomes due and payable because of such occurrence of such an event of default shall be entitled to receive payment in full of all principal and interest on all such Bonds before the holders of the Subordinated Indebtedness are entitled to receive any accelerated payment from the Trust Estate of principal (and premium, if any) or interest upon the Subordinated Indebtedness.

(3) If any Event of Default with respect to the Bonds shall have occurred and be continuing (under circumstances when the provisions of (1) above shall not be applicable), the holders of all Bonds then Outstanding shall be entitled to receive payment in full of all principal and interest then due on all such Bonds before the holders of the Subordinated Indebtedness are entitled to receive any payment from the Trust Estate of principal (and premium, if any) or interest upon the Subordinated Indebtedness.

(4) No Bondholder shall be prejudiced in his right to enforce subordination of the Subordinated Indebtedness by any act or failure to act on the part of the City.

(5) The Subordinated Indebtedness may provide that the provisions (1), (2), (3) and (4) above are solely for the purpose of defining the relative rights of the Holders of the Bonds on the one hand, and the holders of Subordinated Indebtedness on the other hand, and that nothing therein shall impair, as between the City and the holders of the Subordinated Indebtedness, the obligations of the City, which are unconditional and absolute, to pay to the holders thereof the principal thereof and premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the Subordinated Indebtedness from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights under (1), (2), (3) and (4) above of the holders of Bonds to receive cash, property or securities otherwise payable or deliverable to the holders of the Subordinated Indebtedness; and the Subordinated Indebtedness may provide that, insofar as a trustee or paying agent for such Subordinated Indebtedness is concerned, the foregoing provisions shall not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Subordinated Indebtedness if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

(c) Any issue of Subordinated Indebtedness may have such rank or priority with respect to any other issue as may be provided in the resolution, indenture or other instrument, including any Supplemental Resolution, securing such issue of Subordinated Indebtedness and may contain such other provisions as are not in conflict with the provisions of the Resolution.

ARTICLE VI
DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

SECTION 601. ***Depositaries.*** (a) All moneys held by the Trustee under the provisions of the Resolution shall be deposited with the Trustee, and the Trustee at the written request of an Authorized Officer shall deposit such moneys with one or more Depositaries appointed by the City, provided the Trustee receives a certificate of the City stating that such moneys are subject to the lien of the Resolution. All moneys held by the City under the Resolution shall be deposited in one or more Depositaries in trust for the City. All moneys deposited under the provisions of the Resolution with the Trustee or any Depositary shall be held in trust and applied only in accordance with the provisions of the Resolution, and each of the Funds established by the Resolution shall be a trust fund for the purposes thereof.

(b) Each Depositary shall be a bank or trust company organized under the laws of any state of the United States or a national banking association which is willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Resolution.

SECTION 602. ***Deposits.*** (a) The provisions of this Section 602 deal with moneys not invested pursuant to Section 603. No moneys shall be deposited with any Depositary in any amount exceeding 10% of the amount which an officer of such Depositary shall certify to the City and the Trustee as the total of the paid-up capital and surplus of such Depositary.

(b) All Revenues and other moneys held by any Depositary under the Resolution may be placed on demand or time deposit, if and as directed by the City, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. The Depositary shall not be liable for any loss or depreciation in value resulting from any investment made pursuant to the Resolution. All such moneys deposited with a Fiduciary, acting as a Depositary, may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the City and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar condition or as required by law.

(c) All moneys held under the Resolution by the Trustee or any Depositary shall be (1) either (i) continuously and fully insured by the Federal Deposit Insurance Corporation, or (ii) continuously and fully secured by lodging with the Trustee, as custodian, as collateral security, such securities as are authorized by California law to secure deposits of public funds having a market value (exclusive of accrued interest) not less than the amount of such moneys, and (2) in such other manner as may then be required by applicable Federal or State of California laws and regulations and applicable state laws and regulations of the state in which the Trustee or such Depositary (as the case may be) is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Fiduciaries to give security under this subsection (c) for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee or any Depositary to give security for any moneys which shall be represented by obligations or certificates of deposit purchased as an investment of such moneys.

(d) All moneys deposited with the Trustee and each Depositary shall be credited to the particular Fund or Account to which such moneys belong.

SECTION 603. ***Investment of Certain Funds.*** (a) Moneys held in the Debt Service Account and the Reserve Account shall be invested and reinvested by the Trustee to the fullest extent practicable in Permitted Investments which mature not later than at such times as shall be necessary to provide moneys when needed for payments to be made from such Accounts, and in the case of the Reserve Account not later than the earlier of (a) five years from the date of purchase by the Trustee or (b) the final maturity date of the Bonds; provided, however, that (i) an obligation which may be redeemed at par at the option of the Trustee on the Business Day prior to each Interest Payment Date during which such obligation is outstanding and (ii) an investment agreement which permits the Trustee to withdraw invested amounts on any Business Day, on no more than seven Business Days' notice, without penalty, to be used as required by Section 5.06, may have any maturity. Subject to the terms of any resolutions, indentures, or other instruments securing any issue of Subordinated Indebtedness, moneys in the Subordinated Indebtedness Fund shall be invested and reinvested to the fullest extent practicable in Permitted Investments which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from said Fund. Moneys held in the Sewer Enterprise Fund and the Construction Fund may be invested and reinvested in Permitted Investments which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. The Trustee shall make all such investments of moneys held by it in accordance with written instructions received from any Authorized Officer of the City. The City shall instruct the Trustee in writing two Business Days in advance of making the investment to invest in any Permitted Investments with moneys in any Fund or Account established under the Resolution, to combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Permitted Investments. In the absence of instructions, the Trustee shall invest in any obligations described in paragraphs (d) of the definition of "Permitted Investments" set forth in Section 101.

(b) Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and realized gains earned on any moneys or investments in such Funds and Accounts, other than the Construction Fund and the Subordinated Indebtedness Fund, shall be paid into the Sewer Enterprise Fund or into any Fund or Account established hereunder as directed by an Authorized Officer of the City or by a resolution of the City. Interest earned on any moneys or investments in a separate account in the Construction Fund shall be held in such account for the purposes thereof. Subject to the terms of any resolutions, indentures or other instruments securing any issue of Subordinated Indebtedness, net interest earned on any moneys or investments in the Subordinated Indebtedness Fund shall be paid into the Sewer Enterprise Fund; provided, however, that, subject to such terms, such interest earned prior to the date of commercial operation of any part of the Enterprise such Subordinated Indebtedness was issued for shall be paid into the account in the Construction Fund applicable to such part.

(c) Nothing in the Resolution shall prevent any Permitted Investments acquired as investments of funds held under the Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

(d) Any Fund or Account required by this Resolution to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. Investments in any and all such Funds or Accounts may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in a particular Fund or Account amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the particular Fund or Account to which they are credited and otherwise as provided in this Resolution.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statement which shall include detail for all investment transactions made by the Trustee hereunder.

SECTION 604. ***Valuation and Sale of Investments.*** Obligations purchased as an investment of moneys in any Fund created under the provisions of the Resolution shall be deemed at all times to be a part of such Fund and any profit realized from the liquidation of such investment shall be credited to such Fund and any loss resulting from the liquidation of such investment shall be charged to the respective Fund.

In computing the amount in any Fund created under the provisions of the Resolution for any purpose provided in the Resolution, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations, exclusive of accrued interest.

Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption, any obligation so purchased as an investment whenever it shall be requested in writing by an Authorized Officer of the City so to do or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund held by it. The Trustee shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

ARTICLE VII
PARTICULAR COVENANTS OF THE CITY

The City covenants and agrees with the Trustee and the Bondholders as follows:

SECTION 701. ***Payment of Bonds.*** The City shall duly and punctually pay or cause to be paid, but solely from the Trust Estate, the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds according to the true intent and meaning thereof.

SECTION 702. ***Extension of Payment of Bonds.*** The City shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of Net Revenues, Refundable Credits or Funds established by the Resolution, including the investments, if any, thereof, pledged under the Resolution or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the City to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

SECTION 703. ***Offices for Servicing Bonds.*** The City shall at all times maintain one or more agencies in Los Angeles or San Francisco, California, where Bonds may be presented for payment and shall at all times maintain one or more agencies in Los Angeles or San Francisco, California, where Bonds may be presented for registration or transfer, and where notices, demands and other documents may be served upon the City in respect of the Bonds or of the Resolution. The City hereby appoints the Trustee as the Bond Registrar to maintain the agency for the registration or transfer of Bonds, and for the service upon the City of such notices, demands and other documents, and as Paying Agent.

SECTION 704. ***Further Assurance.*** At any and all times the City shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee to pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Net Revenues, Refundable Credits and other moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the City may become bound to pledge or assign.

SECTION 705. ***Power to Issue Bonds and Pledge Net Revenues, Refundable Credits and Other Funds.*** The City is duly authorized under all applicable laws to create and issue the Bonds and to adopt the Resolution and to pledge the Net Revenues, Refundable Credits and other moneys, securities and funds purported to be pledged by the Resolution in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Resolution, the Net Revenues, Refundable

Credits and other moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment created by the Resolution, and all corporate or other action on the part of the City to that end has been and will be duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the City in accordance with their terms and the terms of the Resolution. The City shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Net Revenues, Refundable Credits and other moneys, securities and funds pledged under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

SECTION 706. ***Creation of Liens; Sale and Lease of Property; Eminent Domain.*** (a) The City shall not issue any bonds, notes, debentures, or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a pledge or assignment of the Net Revenues, Refundable Credits or other moneys, securities or funds held or set aside by the City or by the Fiduciaries under the Resolution and shall not create or cause to be created any lien or charge on the Net Revenues, Refundable Credits or such moneys, securities or funds; provided, however, that nothing contained in the Resolution shall prevent the City from issuing or incurring, if and to the extent permitted by law:

(1) evidences of indebtedness (i) payable out of moneys in the Construction Fund as part of the Cost of the Enterprise, or (ii) payable out of, or secured by a pledge and assignment of, Net Revenues to be received on and after such date as the pledge of the Net Revenues provided in the Resolution shall be discharged and satisfied as provided in Section 1201, or

(2) Subordinated Indebtedness as provided in Section 508.

(b) The Enterprise shall not be sold, leased, mortgaged or otherwise disposed of as a whole or substantially as a whole unless such sale or other disposition shall be so arranged as to provide for a continuance of payments into the Sewer Enterprise Fund sufficient in amount to permit payment therefrom of the principal of and interest on and premiums, if any, due upon the call and redemption thereof, of the Bonds, payment of which is required to be made out of the Net Revenues, and also to provide for such payments into the funds and accounts as are required under the terms of the Resolution. The City will not enter into any agreement which impairs the operation of the Enterprise or any part of it necessary to secure adequate revenues to pay the principal of and interest on the Bonds or which otherwise would impair the rights of the Holders with respect to the revenues or the operation of the Enterprise. If any substantial part of the Enterprise is sold the payment therefor shall either be used for the acquisition or construction of improvements and extensions of the Enterprise or shall be used to pay or call and redeem Bonds in the manner provided in the Resolution.

Any amounts received as awards as a result of the taking of all or any part of the Enterprise by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property, shall either be used for the acquisition or construction of improvements and extensions of the Enterprise or shall be used to pay or call and redeem Bonds in the manner provided in the Resolution.

SECTION 707. ***Annual Budget.*** For each Fiscal Year following delivery of any Bonds hereunder the City shall prepare and adopt a budget for the Enterprise for the next ensuing Fiscal Year. Any such Annual Budget may be amended from time to time by the City. Following adoption of such budget, or any amendment thereof, the City shall file with the Trustee a certificate that such budget provides adequate Revenues to discharge its obligations under the Resolution. If necessary, the City shall immediately increase rates if and when any such increase is required to produce budgeted anticipated Revenues.

SECTION 708. ***Operation and Maintenance of the Enterprise.*** The City shall at all times use its best efforts to operate or cause to be operated the Enterprise properly and in an efficient and economical manner, as required by the Act and consistent with Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Enterprise may be properly and advantageously conducted.

SECTION 709. ***Rates, Fees and Charges; Enforcement.*** (a) The City shall at all times prescribe, revise and collect rates, fees and charges for the use or service of the Enterprise as provided in the Act and so that in each twelve month period such rates, fees and charges, together with other Revenues reasonably expected to be available during such period, are reasonably expected to yield Net Revenues during such twelve month period sufficient for the payment of the sum of the following:

(1) An amount equal to the sum of 1.20 times the Maximum Annual Debt Service; provided, however, that in computing the amount of Maximum Annual Debt Service for purposes of this subsection (a)(1), the amount of Debt Service coming due in any Bond Years shall be reduced by the full amount of the Refundable Credits which the City expects to receive in such Bond Year.

(2) The amount, if any, to be paid during such twelve month period into the Reserve Account in the Debt Service Fund (other than amounts required to be paid into such Account out of the proceeds of Bonds); and

(3) All other charges or liens whatsoever payable out of Revenues during such twelve month period, and, to the extent not otherwise provided for, all amounts payable on Subordinated Indebtedness.

(b) Promptly upon any material change in the circumstances which were not contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, the City shall review the rates and charges so established and shall promptly revise such rates and charges as necessary to comply with the foregoing requirements, provided that such rates and charges shall in any event produce moneys sufficient to enable the City to comply with all its covenants under the Resolution.

(c) No free service or service otherwise than in accordance with the established rates, fees and charges shall be furnished by the Enterprise, which rates, fees and charges shall not permit the granting of preferential rates, fees or charges among the users of the same class of customers. If and to whatever extent the City receives the services and facilities of the Enterprise, it shall pay for such services and facilities according to the City's established rate schedule, and the amounts so paid shall be included in the amount of Revenues.

(d) The City shall compel the prompt payment of rates, fees, rentals and charges imposed for service rendered by the Enterprise, and to that end will vigorously enforce all of the provisions of any ordinance or resolution of the City having to do with wastewater charges and any other Enterprise charges, and all of the rights and remedies permitted the City under law. The City by this

Section expressly covenants and agrees to exercise and enforce every right and remedy legally available to it to the end that such rates, fees, and charges will be enforced and promptly collected to the full extent of the law.

SECTION 710. ***Maintenance of Insurance; Reconstruction; Application of Insurance Proceeds.*** (a) The City shall provide protection for the Enterprise in accordance with Prudent Utility Practice. Said protection may consist of insurance, self-insurance and indemnities. The City will keep, or cause to be kept, the works, plants and facilities comprising the properties of the Enterprise insured, and will carry such other insurance against fire and other risks, accidents or casualties at least to the extent and of the kinds that insurance is usually carried by utilities operating like properties. Any insurance shall be in the form of policies or contracts for insurance with insurers of good standing, shall be payable to the City and may provide for such deductibles, exclusions, limitations, restrictions and restrictive endorsements customary in policies for similar coverage issued to entities operating properties similar to the properties of the Enterprise. Any self insurance shall be in the amounts, manner and of the type provided by entities operating properties similar to the properties of the Enterprise. Within 150 days after the close of each Fiscal Year the City will file with the Trustee a certificate (1) describing in reasonable detail the insurance then in effect and any program of self insurance then in effect pursuant to the requirements of this paragraph and stating whether such insurance complies in all respects with such requirements, and (2) stating whether during such year the Enterprise has suffered damage or destruction in an amount of more than $500,000 and, if so, the amount of insurance proceeds received on account of such damage or destruction and specifying the reasonable and necessary cost of reconstruction or replacement.

(b) In the event of any loss or damage to the Enterprise covered by insurance, the City will, with respect to each such loss, promptly repair, reconstruct or replace the parts of the Enterprise affected by such loss or damage to the extent necessary to the proper conduct of the operation of the business of the Enterprise, shall cause the proceeds of such insurance to be applied for that purpose to the extent required therefor, and pending such application shall hold the proceeds of any insurance policy covering such damage or loss in trust to be applied for that purpose to the extent required therefor. Any excess insurance proceeds received by the City shall be transferred to the Sewer Enterprise Fund.

(c) Notwithstanding the provisions of subsections (a) and (b) of this Section 710, the City shall not be required to provide such protection with respect to the City's interest in the Hyperion Treatment Plant and related facilities which are under the management and control of The City of Los Angeles.

SECTION 711. ***Accounts and Reports.*** (a) The City shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Enterprise and each Fund and Account established under the Resolution and all other books and papers of the City, including insurance policies, relating to the Enterprise, shall at all times be subject to the inspection of the Trustee and the Holders of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

(b) The Trustee shall advise the City in the account statements of the Trustee provided to the City after the end of each calendar month of the transactions during such month period relating to each Fund and Account held by it under the Resolution. The City shall advise the Trustee promptly after the end of each fiscal quarter of transactions during such quarter relating to each Fund held by it under the Resolution.

(c) The City shall annually, within 150 days after the close of each Fiscal Year (the first such report to be filed with respect to the Fiscal Year ending June 30, 2009), file with the Trustee, and otherwise as provided by law, a financial statement in reasonable detail for the preceding Fiscal Year showing the Revenues, all expenditures from the Revenues for operation and maintenance of the Enterprise and other expenditures from the Revenues applicable to the Enterprise, together with a balance sheet in reasonable detail reflecting the financial condition of the City, including the balances of all funds relating to the Enterprise as of the end of such Fiscal Year, which financial statement and balance sheet shall be accompanied by a Certificate of the Chief Financial Officer of the City. Such Certificate shall also state whether or not, to the knowledge of the signer, the City is in default with respect to any of the covenants, agreements or conditions on its part contained in the Resolution, and if so, the nature of such default.

(d) The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Resolution shall be available for the inspection of Bondholders at the office of the Trustee and shall be mailed to each Bondholder who shall file a written request therefor with the City. The City may charge for such reports, statements and other documents, a reasonable fee to cover reproduction, handling and postage.

SECTION 712. ***Payment of Taxes and Charges.*** The City will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the City or upon the rights, revenues, income, receipts, and other moneys, securities and funds of the City when the same shall become due (including all rights, moneys and other property transferred, assigned or pledged under the Resolution), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the City shall in good faith contest if the City shall in all such cases have set aside on its books reserves deemed adequate with respect thereto.

SECTION 713. ***No Diminution of Rights.*** The City will not enter into any contract or arrangement, nor take any action, the results of which might impair or diminish the rights of the Holders of the Bonds. The City shall not, without a certificate or opinion of the City Engineer, or of an independent engineer of recognized standing qualified to pass on questions relating to the financial conditions of wastewater system operations, stating that such action will not materially impair or diminish the rights of the Holders of the Bonds, voluntarily give up any service area of the Enterprise, and the City shall in good faith resist all efforts which may result in the diminution of such service area. The City shall not surrender its power and authority to fix and maintain rates and conditions for services of the Enterprise, and the City shall in good faith resist all efforts which may result in the abridgement or diminution of any such power and authority.

SECTION 714. ***Governmental Reorganization.*** Notwithstanding any other provisions of this Resolution, this Resolution shall not prevent any lawful reorganization of the governmental structure of the City, including a merger or consolidation of the City with another public body or the transfer of a public function of the City to another public body, provided that any reorganization which affects the Enterprise shall provide that the Enterprise shall be continued as a single enterprise and that any public body which succeeds to the ownership and operation of the Enterprise shall also assume all rights, powers, obligations, duties and liabilities of the City under this Resolution and pertaining to all Bonds. Except as permitted in this Section 714, the City shall not cause or permit its corporate existence to be abolished and shall resist all attempts substantially to contract or diminish the territorial limits of the City or the service area of the Enterprise.

SECTION 715. ***Tax Covenants.*** (a) The City covenants that, in order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the Bonds, and for no other purpose, the City will satisfy, or take such actions as are necessary to cause to be satisfied, each provision of the Code necessary to maintain such exclusion. In furtherance of this covenant the City agrees to comply with such written instructions as may be provided by Bond Counsel.

(b) The City covenants that no part of the proceeds of the Bonds shall be used, directly or indirectly, to acquire any "investment property," as defined in section 148 of the Code, which would cause the Bonds to become "arbitrage bonds" within the meaning of section 148 of the Code, as in effect from time to time, or under applicable Treasury regulations promulgated thereunder. In order to assure compliance with the rebate requirements of section 148 of the Code, the City further covenants that it will pay or cause to be paid to the United States Treasury Department the amounts necessary to satisfy the requirements of section 148(f) of the Code, and that it will establish such accounting procedures as are necessary to adequately determine, account for and pay over any such amount or amounts required to be paid to the United States in a manner consistent with the requirements of section 148 of the Code, such covenants to survive the defeasance of the Bonds.

(c) The City covenants that it will not take any action or omit to take any action, which action or omission, if reasonably expected on the date of initial execution and delivery of the Bonds, would result in a loss of exclusion from gross income for purposes of Federal income taxation, under section 103 of the Code, of interest on the Bonds.

(d) The City covenants that it will not use or permit the use of any property financed with the proceeds of the Bonds by any person (other than a state or local governmental unit) in such manner or to such extent as would result in a loss of exclusion of the interest on the Bonds from gross income for Federal income tax purposes under section 103 of the Code.

(e) Notwithstanding any provision of this Resolution, and except as provided below, the City covenants that none of the moneys contained in any of the funds or accounts created pursuant to the Resolution shall be: (1) used in making loans guaranteed by the United States (or any agency or instrumentality thereof), (2) invested directly or indirectly in a deposit or account insured by the Federal Deposit Insurance Corporation, National Credit Union Administration or any other similar Federally chartered corporation, or (3) otherwise invested directly or indirectly in obligations guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof); provided, however, that the above restrictions do not apply to: (i) the investment of moneys held in the Debt Service Fund or any other "bona fide debt service fund" as defined for purposes of Section 148 of the Code, (ii) investment in direct obligations of the United States Treasury, (iii) investment in obligations guaranteed by the Federal National Mortgage Association, Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, (iv) investment in obligations issued pursuant to section 21B(d)(3) of the Federal Home Loan Bank Act, as amended by section 511(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, (v) investments permitted under regulations issued pursuant to section 149(b)(3)(B) of the Code, or (vi) such other investments permitted under the Resolution as, in the opinion of Bond Counsel, do not jeopardize the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

SECTION 716. ***Rights and Licenses.*** The City shall at all times undertake reasonable efforts to perfect, protect and maintain all rights, permits, licenses, exemptions and claims necessary for the operation of the Enterprise.

SECTION 717. ***General.*** (a) The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of the Act and the Resolution.

(b) Upon the date of authentication and delivery of any of the Bonds, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the City, shall comply in all respects with the applicable laws of the State of California.

SECTION 718. ***Notification to Rating Agency.*** The City hereby agrees to furnish to any rating agency which shall have issued a rating on any Series of Bonds written notification of (a) any change in the Trustee or (b) any material change in the Resolution.

SECTION 719. ***Refundable Credits.*** The City hereby agrees to submit all documentation, and take all actions, as may be required to receive and collect the Refundable Credits, if any, with respect to a Series of Bonds, when due, and to the extent permitted by the applicable provisions of the Tax Code, the City shall direct that the payment of the Refundable Credits be made directly to the Trustee by the federal government. Any Refundable Credits collected or received by the City shall be deemed to be held, and to have been collected or received by the City as agent of the Trustee and shall forthwith be paid by the City to the Trustee for deposit in the Debt Service Account of the Debt Service Fund.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

SECTION 801. ***Events of Default.*** Each of the following events is hereby defined as and declared to be and shall constitute an Event of Default:

(a) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call or proceedings for redemption, or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment, when and as such interest installment or Sinking Fund Installment shall become due and payable;

(c) if default shall be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and such default shall have continued for a period of 60 days after written notice specifying such default and requiring that it shall have been remedied is given to the City by the Trustee or to the City and to the Trustee by the Holders of not less than 25% in principal amount of the Bonds Outstanding; or

(d) if the City shall commence a voluntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy, insolvency or other similar law now or hereafter in effect, or shall, other than to secure the Bonds, consent to the appointment of or taking possession by a custodian or receiver or liquidator or trustee or assignee or sequestrator (or similar official) of it or of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as such debts become due or shall take any action in furtherance of any of the foregoing; then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the City), or the Holders of not less than 25% in principal amount of the Bonds Outstanding (by notice in writing to the City and the Trustee), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Resolution or in any of the Bonds contained to the contrary notwithstanding. The right of the Trustee or of the Holders of not less than 25% in principal amount of the Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the City under the Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the City or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provisions deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Holders of a majority in principal amount of the Bonds Outstanding, by written notice to the City and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted itself, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Holders of a majority in principal amount of the Bonds then Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default and its consequences shall *ipso facto* be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Notwithstanding anything to the contrary expressed in this Resolution, the Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at its principal corporate trust office in Los Angeles, California. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds or as to the existence of an Event of Default hereunder or thereunder.

SECTION 802. ***Accounting and Examination of Records After Default.*** (a) The City covenants that if an Event of Default shall have occurred and shall not have been remedied, the books of record and accounts of the City and all other records relating to the Enterprise shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys.

(b) The City covenants that if an Event of Default shall have occurred and shall not have been remedied, the City, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues, Refundable Credits and other moneys, securities and funds pledged or held under the Resolution for such period as shall be stated in such demand.

SECTION 803. ***Application of Revenues and Other Moneys After Default.*** (a) The City covenants that if an Event of Default shall have occurred and shall not have been remedied, the City, upon the demand of the Trustee, shall pay over or cause to be paid over to the Trustee (1) forthwith, all moneys, securities and funds then held by the City in any Fund under the Resolution, and (2) all Revenues and Refundable Credits as promptly as practicable after receipt thereof.

(b) During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds, Revenues and Refundable Credits received by the Trustee pursuant to any right given or action taken under the provisions of this Article as follows and in the following order:

(1) Fees and expenses of Fiduciaries--to the payment of the reasonable and proper fees, charges, expenses and liabilities of the Fiduciaries;

(2) Operating Expenses--to the payment of the amounts required for reasonable and necessary Operating Expenses and for the reasonable renewals, repairs and replacements of the Enterprise necessary in the judgment of the Trustee (or its agent or agents which are actively managing the Enterprise) to prevent a loss of Revenues. For this purpose the books of record and accounts of the City relating to the Enterprise shall at all times be subject to the inspection of the Trustee and its representatives and agents during the continuance of such Event of Default;

(3) Principal or Redemption Price and Interest -- to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:

(i) unless the principal of all of the Bonds shall have become due and payable,

First: Interest--to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price--to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) if the principal of all of the Bonds shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper fees, charges, expenses and liabilities of the Fiduciaries, and all other sums payable by the City under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable, shall either be paid by or for the account of the

City, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the City all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon the City and the Trustee shall be restored, respectively, to their former positions and rights under the Resolution. No such payment over to the City by the Trustee nor such restoration of the City and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

SECTION 804. ***Appointment of Receiver.*** The Trustee shall have the right to apply in an appropriate proceeding for the appointment of a receiver of the Enterprise.

SECTION 805. ***Proceedings Brought by Trustee.*** (a) If an Event of Default shall have occurred and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Holders of not less than 25% in principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Holders of the Bonds under the Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted or any remedy granted under the Act, or for an accounting against the City as if the City were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution.

(b) All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

(c) The holders of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the provisions of this subsection (c).

(d) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Resolution and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

(e) Regardless of the occurrence of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Holders of a majority in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Resolution by any acts which may be unlawful or in violation of the Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

SECTION 806. ***Restriction on Bondholder's Action.*** (a) No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Holders of at least 25% in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Resolution or by the Act or by the laws of California or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Resolution, or to enforce any right under the Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Resolution shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Holders of the Outstanding Bonds, subject only to the provisions of Section 702.

(b) Nothing in the Resolution contained shall affect or impair the obligation of the City, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and premium, if any, and interest on the Bonds to the respective Holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of his Bond.

SECTION 807. ***Remedies Not Exclusive.*** No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law, including under the Act, or in equity or by statute on or after the date of adoption of the Resolution.

SECTION 808. ***Effect of Waiver and Other Circumstances.*** (a) No delay or omission of the Trustee or any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

(b) The Holders of not less than 66-2/3% in aggregate principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of interest on or principal of or premium, if any, on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 809. ***Notice of Default.*** The Trustee shall, as soon as practicable after receipt of knowledge of an Event of Default, mail written notice of the occurrence of any Event of Default to each registered owner of Bonds then Outstanding at his address, if any, appearing on the registration books of the City maintained by the Trustee as Bond Registrar; provided that notice may be withheld in the case of a non-monetary default if the Trustee deems such withholding to be in the interests of the Holders..

ARTICLE IX
CONCERNING THE FIDUCIARIES

SECTION 901. ***Trustee; Appointment and Acceptance of Duties.*** The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution and all other agreements with the City by executing and delivering to the City a written acceptance thereof in the form of Exhibit A hereto, and by executing such acceptance, the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be validly issued, but only, however, upon the terms and conditions set forth in the Resolution.

SECTION 902. ***Paying Agents; Appointment and Acceptance of Duties.*** (a) The City shall appoint one or more Paying Agents for the Bonds of each Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 913 for a successor Paying Agent. The Trustee may be appointed a Paying Agent.

(b) Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the City and to the Trustee a written acceptance thereof.

(c) Unless otherwise provided, the principal corporate trust offices of the Paying Agents are designated as the respective offices or agencies of the City for the payment of the interest on and principal or Redemption Price of the Bonds.

SECTION 903. ***Responsibilities of Fiduciaries.*** (a) The recitals herein and in the Bonds contained shall be taken as the statements of the City, and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representation as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or as to the security afforded by the Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate of authentication on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of the Resolution to or upon the order of the City or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of subsection (b) of this Section 903, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct. No Fiduciary shall be liable for any error of judgment, made in good faith, unless it is proved that such Fiduciary was negligent in ascertaining the pertinent facts.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Resolution. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of the Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 903.

(c) The Trustee has no obligation or liability to the Bondholders for the payment of interest, principal or Redemption Price with respect to the Bonds; but rather the Trustee's sole obligations are to administer, for the benefit of the City and the Bondholders, the various Funds and Accounts established in the Resolution and held by the Trustee.

(d) The Fiduciaries may execute any of the trusts or powers hereof and perform the duties required of them hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and their duties hereunder, and no Fiduciary shall be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

(e) No provision of this Resolution shall require any Fiduciary to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) The permissive right of the Fiduciaries to do things enumerated in this Resolution shall not be construed as a duty.

SECTION 904. ***Evidence on Which Fiduciaries May Act.*** (a) Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of the Resolution, shall examine such instrument to determine whether it conforms to the requirements of the Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may reasonably consult with counsel, who may or may not be of counsel to the City, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the City, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as may seem reasonable to it.

(c) Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the City to any Fiduciary shall be sufficiently executed in the name of the City by an Authorized Officer of the City.

SECTION 905. ***Compensation.*** Prior to its appointment, each Fiduciary shall file with the City a negotiated schedule of anticipated fees and charges for services to be performed pursuant to the Resolution. The City shall pay to each Fiduciary from time to time pursuant to such schedule reasonable compensation for all services rendered under the Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and other persons not regularly in is employ, incurred in and about the performance of their powers and duties under the Resolution, and each Fiduciary shall have a lien therefor on any and all funds at any time held by it under the Resolution. Subject to the provisions of Section 903 and to the extent permitted by law, the City further agrees to indemnify and hold harmless each Fiduciary and their officers, employees and agents from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever, including, but not limited to, losses, claims, damages, liabilities, or expenses arising out of, resulting from or in any way connected with (a) the Enterprise to be financed, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of such facilities or any part thereof; (b) the sale of any Bonds and the carrying out of any of the transactions contemplated by the Bonds or the Resolution; (c) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure document utilized in connection with the issuance and sale of the Bonds; and (d) the acceptance and performance of the duties and obligations of the Trustee under this Resolution. The City's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Bonds.

SECTION 906. ***Certain Permitted Acts.*** Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

SECTION 907. ***Resignation of Trustee.*** The Trustee may at any time resign and be discharged from the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the City, and mailing notice thereof, specifying the date when such resignation shall take effect, to the registered owners of the Bonds then Outstanding, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the City or the Bondholders as provided in Section 909, in which event such resignation shall take effect immediately on the appointment of such successor.

SECTION 908. ***Removal of Trustee.*** The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the City. The City may remove the Trustee at any time, except during the existence of an Event of Default, for cause.

SECTION 909. ***Appointment of Successor Trustee.*** (a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the City and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Bondholders as aforesaid, the City by a duly executed written instrument signed by an Authorized Officer of the City shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders as authorized in this Section 909. After such appointment of a successor Trustee, the City shall mail notice of any such appointment by it or the Bondholders to the registered owners of the Bonds then Outstanding. Any successor Trustee appointed by the City shall, immediately and without further act, be superseded by a Trustee appointed by the Bondholders.

(b) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the City written notice as provided in Section 907 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national banking association, having capital stock, surplus and undivided earnings aggregating at least $50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

SECTION 910. ***Transfer of Rights and Property to Successor Trustee.*** Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the City, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the City, or of the successor Trustee, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the City be reasonably required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, power and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the City. The City shall promptly notify the Paying Agents of the appointment of any such successor Trustee.

SECTION 911. ***Merger or Consolidation.*** Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

SECTION 912. ***Adoption of Authentication.*** In case any of the Bonds contemplated to be issued under the Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and, in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in the Resolution provided that the certificate of the Trustee shall have.

SECTION 913. ***Resignation or Removal of Paying Agent and Appointment of Successor.*** (a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days' written notice to the City, the Trustee, and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the City. Any successor Paying Agent shall be appointed by the City and shall be a bank or trust company organized under the laws of any state of the United States or national banking association, having capital stock, surplus and undivided earnings aggregating at least $5,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE X
SUPPLEMENTAL RESOLUTIONS

SECTION 1001. ***Supplemental Resolutions Effective Upon Filing With the Trustee.*** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the City may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the City, shall be fully effective in accordance with its terms:

(a) To expand the definition of "Enterprise" herein to include the storm drain system of the City;

(b) To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(c) To add, to the covenants and agreements of the City in the Resolution, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(d) To add, to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(e) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Sections 201, 202, 203, 204 or 205 hereof, and also any other matters and things relative to such Bonds which are required by the Resolution or are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(f) To authorize, in compliance with all applicable law, Bonds of each Series to be issued in the form of coupon bonds registrable as to principal only and, in connection therewith, specify and determine the matters and things relative to the issuance of such coupon Bonds, including provisions relating to the timing and manner of provision of any notice required to be given hereunder to the Holders of such coupon Bonds, which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such coupon Bonds;

(g) To authorize, in compliance with all applicable law, Bonds of each Series to be issued in the form of Bonds issued and held in book-entry form on the books of the City or any Fiduciary appointed for that purpose by the City and, in connection therewith, make such additional changes herein, not materially adverse to the rights of the Holders of the Bonds, as are necessary or appropriate to accomplish or recognize such book-entry form Bonds and specify and determine the matters and things relative to the issuance of such book-entry from Bonds as are appropriate or necessary;

(h) To authorize Subordinated Indebtedness of a Series and, in connection therewith, specify and determine such matters and things relative to such Subordinated Indebtedness which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Subordinated Indebtedness;

(i) To confirm, as further assurance, any pledge or assignment under, and the subjection to, any security interest, pledge or assignment created or to be created by, the Resolution, of the Revenues, Refundable Credits or of any other moneys, securities or funds;

(j) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;

(k) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to the Resolution as theretofore in effect; or

(l) To modify any of the provisions of the Resolution in any other respect whatever, provided that (1) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (2) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof.

SECTION 1002. ***Supplemental Resolutions Effective With Consent of Bondholders.*** At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of Article XI, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the City and upon compliance with the provisions of said Article XI, shall become fully effective in accordance with its terms as provided in said Article XI.

SECTION 1003. ***General Provisions.*** (a) Prior to the issuance and delivery of the 2009 Series A Bonds, the terms and conditions of the Resolution and the rights and obligations of the City and the Bondholders may be modified or amended in any respect without the consent of any person, upon the adoption by the City of one or more Supplemental Resolutions.

(b) After the issuance and delivery of the 2009 Series A Bonds, the Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article X and Article XI. Nothing in this Article X or Article XI contained shall affect or limit the right or obligation of the City to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 704 or the right or obligation of the City to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

(c) Any Supplemental Resolution referred to and permitted or authorized by Section 1001 may be adopted by the City without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Section. Except for a Supplemental Resolution adopted pursuant to subsection (d) of Section 1001, the copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by an Opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the City in accordance with its terms.

(d) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Section 1001 or 1002 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an Opinion of Counsel that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

(e) No Supplemental Resolution shall change or modify any of the rights, liabilities or obligations of any Fiduciary without its written assent thereto.

ARTICLE XI
AMENDMENTS

SECTION 1101. ***Mailing.*** Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid only (a) to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registration books of the City and (b) to the Trustee.

SECTION 1102. ***Powers of Amendment.*** Any modification or amendment of the Resolution and of the rights and obligations of the City and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 1103, (a) of the Holders of not less than a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of not less than a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (c) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Find Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights, liabilities or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same materially adversely affects or diminishes the rights of the Holders of Bonds of such Series.

SECTION 1103. ***Consent of Bondholders.*** The City may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1102 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto), together with a request to Bondholders for their consent thereto, shall be mailed by the City to Bondholders, (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (a) there shall have been filed with the Trustee (1) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1102 and (2) an Opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the City in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the City and enforceable in accordance with its terms, and (b) a notice shall have been given as hereinafter in this Section 1103 provided. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1202. A certificate or certificates executed by the Trustee and filed with the City stating that it has examined such proof and that such proof is sufficient in accordance with Section 1202 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 1202 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 1103 provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1202. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the City to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the City a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the City on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 1103, may be given to Bondholders by the City by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1103 provided). The City shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 1103 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the City, the Fiduciaries and the Holders of all Bonds at the expiration of 40 days after the filing with the Trustee of the proof of the mailing of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40 day period; provided, however, that any Fiduciary and the City during such 40 day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

SECTION 1104. ***Modifications or Amendments by Unanimous Consent.*** The terms and provisions of the Resolution and the rights and obligations of the City and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the City of a Supplemental Resolution and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 1103 except that no notice to Bondholders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

SECTION 1105. ***Exclusion of Bonds.*** Bonds owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article XI, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the City shall furnish the Trustee a certificate of an Authorized Officer of the City, upon which the Trustee may rely, describing all Bonds so to be excluded.

SECTION 1106. ***Notation on Bonds.*** Bonds authenticated and delivered after the effective date of any action taken as in Article X or this Article XI provided may, and, if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the City and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the corporate trust office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the City or the Trustee shall so determine, new Bonds so modified to conform to such action shall be prepared, authenticated and delivered and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

ARTICLE XII
MISCELLANEOUS

SECTION 1201. ***Defeasance.*** (a) If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of Net Revenues, Refundable Credits and other moneys and securities pledged under the Resolution and all covenants, agreements and other obligations of the City to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the City to be prepared and filed with the City and, upon the request of the City, shall execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the City all moneys or securities held by them pursuant to the Resolution which are not required for the payment of principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Outstanding Bonds of a particular Series, or of a particular maturity within a Series, the principal or Redemption Price and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the

City to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the City of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section. All Outstanding Bonds of any Series, or of any maturity within a Series, shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City shall have given to the Trustee irrevocable written instructions to the Trustee to mail as provided in Article IV notice of redemption of such Bonds on said date, (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Permitted Investments (including any Permitted Investments issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the City shall have given the Trustee in form satisfactory to it irrevocable instructions to mail a notice to the Holders of such Bonds that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price on said Bonds. Neither Permitted Investments nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Permitted Investments shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price and interest on said Bonds; provided that any cash received from such principal or interest payments on such Permitted Investments deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Permitted Investments maturing at times and in amounts sufficient to pay when due the principal or Redemption Price and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Trustee, free and clear of any trust, lien or pledge. For the purposes of this Section, Permitted Investments shall mean and include only such securities as are direct obligations of the United States or obligations for the payment of which the full faith and credit of the United States is pledged, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof. The mathematical computations of the adequacy of such Permitted Investments to pay when due the principal or Redemption Price of and interest on said Bonds shall be verified by the report of an independent certified public accountant or firm of certified public accountants employed by the City.

SECTION 1202. ***Evidence of Signatures and Bondholders and Ownership of Bonds.*** (a) Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (1) the execution of any such instrument, or of an instrument appointing any such attorney, or (2) the holding by any person of the Bonds shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(i) The fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or member of the New York Stock Exchange or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(ii) The amount of Bonds transferable by delivery held by any person executing any instrument as a Bondholder, the date of his holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depositary wherever situated, showing at the date therein mentioned that such person exhibited to such member or officer or had on deposit with such depositary the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depositary with respect to Bonds owned by it, if acceptable to the Trustee.

(b) The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be proved by the registration books.

(c) Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the City or any Fiduciary in accordance therewith.

SECTION 1203. ***Moneys Held for Particular Bonds.*** The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds.

SECTION 1204. ***Preservation and Inspection of Documents.*** All documents received by any Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City, any other Fiduciary, and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

SECTION 1205. ***Parties Interested Herein.*** Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the City, the Fiduciaries and the Holders of the Bonds any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Fiduciaries, and the Holders of the Bonds.

SECTION 1206. ***No Recourse on the Bonds.*** No member of the City Council and no officer, agent or employee of the City shall be individually or personally liable for the payment of the principal or Redemption Price or interest on the Bonds.

SECTION 1207. ***Unclaimed Moneys.*** Anything in this Resolution to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds that remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall, at the written request of the City, be repaid by the Trustee to the City, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the City for the payment of such Bonds; provided, however, that before being required to make any such payment to the City, the Trustee shall, at the expense of the City, cause to be mailed to the Holders of all such Bonds, at their respective addresses appearing on the registration books of the City, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the City.

SECTION 1208. ***Severability of Invalid Provisions.*** If any one or more of the covenants or agreements provided in the Resolution on the part of the City or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Resolution.

SECTION 1209. ***Repeal of Inconsistent Resolutions.*** Any resolution of the City, and any part of any resolution, inconsistent with the Resolution is hereby repealed to the extent of such inconsistency.

SECTION 1210. ***Saturdays, Sundays and Holidays.*** In any case where the date for any transfer to any Fund or Account established by the Resolution or for the payment of the principal of, the Redemption Price of, or interest on any Bond shall not be a Business Day in the city in which such transfer or payment is to be made, such transfer or payment in such city may be made on the next succeeding Business Day with the same force and effect as if made on the date provided in the Resolution and no additional interest shall be payable on any Bond by reason of the postponement of transfer or payment through operation of this Section 1210.

SECTION 1211. ***Notices.*** Whenever any notice is required to be given hereunder, such notice shall be mailed by first-class mail, postage prepaid, to the following parties at the following addresses:

If to the City: 9770 Culver Boulevard
Culver City, California 90232
Attention: Chief Financial Officer
Fax: (310) 253-5880

If to the Trustee: U.S. Bank National Association
633 West Fifth Street, 24th floor
Los Angeles, California 90071
Attention: Corporate Trust Department
Fax: (213) 615-6199

Unless otherwise required by the City or the Trustee, any notice required to be given hereunder in writing may be given by any form of electronic notice capable of producing a written record. Each such party shall file with the Trustee information appropriate to receiving such form of electronic notice.

ARTICLE XIII
BOND FORMS AND EFFECTIVE DATE

SECTION 1301. ***Forms of Bonds and Trustee's Certificate of Authentication.*** Subject to the provisions of the Resolution, the forms of the Bonds of each Series, and the Trustee's Certificate of Authentication, shall be of substantially the tenor set forth in the Supplemental Resolution authorizing the issuance of such Bonds.

SECTION 1302. ***Effective Date.*** This Resolution shall take effect immediately.

ADOPTED, SIGNED AND APPROVED this 22nd day of June, 2009.

ATTEST:

____
Mayor

____
City Clerk

EXHIBIT A

ACCEPTANCE OF OFFICE OF TRUSTEE AND PAYING AGENT

[Date]

City of Culver City
9770 Culver Blvd.
Culver City, California 90232

Re: [Name of Series of Bonds]

The undersigned hereby accepts the duties and obligations of Trustee imposed upon the undersigned by Resolution No. ___ of the City Council of the City of Culver City, California (the "City") adopted June 22, 2009, as supplemented by Resolution No. ___ of said City Council adopted _____ (collectively, the "Resolution").

The undersigned in its capacity as trustee hereby also accepts the duties and obligations of Bond Registrar and Paying Agent for the ____ Bonds of the City imposed upon the undersigned by the Resolution.

U.S. Bank National Association

By:___________________________________
Authorized Officer

CITY OF CULVER CITY, CALIFORNIA

RESOLUTION NO. ___

FIRST SUPPLEMENTAL RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF A SERIES OF BONDS DESIGNATED "WASTEWATER FACILITIES REFUNDING REVENUE BONDS, 2009 SERIES A"

(ADOPTED JUNE 22, 2009)

TABLE OF CONTENTS

RESOLUTION NO. _____

FIRST SUPPLEMENTAL RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF A SERIES OF BONDS DESIGNATED "WASTEWATER FACILITIES REFUNDING REVENUE BONDS, 2009 SERIES A"

WHEREAS, the City of Culver City (the "City") has heretofore issued its Wastewater Facilities Refunding Revenue Bonds, 1999 Series A (the "1999 Bonds") in the principal amount of $25,080,000, of which $20,720,000 remains outstanding; and

WHEREAS, the City Council of the City has heretofore adopted its Resolution No. ____ (the "Master Resolution") to provide for the issuance of Bonds and other obligations to finance or refinance a portion of the Cost of the Enterprise (as such terms are defined therein); and

WHEREAS, the City desires to issue its Wastewater Facilities Refunding Revenue Bonds, 2009 Series A (the "2009 Bonds") in order to refund the outstanding 1999 Bonds; and

WHEREAS, the 2009 Bonds will be issued and secured under the Master Resolution, as supplemented by this First Supplemental Resolution of the City Council of the City of Culver City, California, Authorizing the Issuance of a Series of Bonds Designated "Wastewater Facilities Refunding Revenue Bonds, 2009 Series A" (the "First Supplemental Resolution"); and

WHEREAS, all acts and things have been done and performed which are necessary to make the 2009 Bonds, when executed and issued by the City, authenticated by the Trustee and delivered, the valid and binding legal obligations of the City in accordance with their terms and to make this First Supplemental Resolution a valid and binding agreement for the security of Bonds authenticated and delivered under the Master Resolution and this First Supplemental Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CULVER CITY AS FOLLOWS:

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 101. Supplemental Resolution; Master Resolution Remains in Effect. This First Supplemental Resolution is supplemental to the Master Resolution. Save and except as supplemented by this First Supplemental Resolution, the Master Resolution shall remain in full force and effect.

Section 102. Authority for this First Supplemental Resolution. This First Supplemental Resolution is adopted (i) pursuant to the provisions of the City Charter and the Revenue Bond Law of 1941, Title 5, Division 2, Part 1, Chapter 6, of the Government Code of the State of California, as amended and supplemented (the "Act") and (ii) in accordance with the Master Resolution.

Section 103. Definitions. Except as provided by this First Supplemental Resolution, all terms which are defined in Section 101 of the Master Resolution shall have the same meanings in this First Supplemental Resolution. The following additional terms shall, for all purposes of the Resolution, have the following meanings:

Authorized Officers shall mean the Mayor, the City Manager or the Chief Financial Officer of the City.

Bond Year shall mean each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year with respect to the 2009 Bonds commences on the date of delivery of the 2009 Bonds and extends to and including September 1, 2010.

Continuing Disclosure Agreement shall mean the Continuing Disclosure Agreement to be delivered pursuant to Section 602 hereof, the form of which is attached hereto as Exhibit D.

Escrow Agent shall mean U.S. Bank National Association.

Escrow Agreement shall mean the Escrow Agreement dated as of July 1, 2009, by and between the City and the Escrow Agent, the form of which is attached hereto as Exhibit C.

Escrow Fund shall mean the Escrow Fund established under the Escrow Agreement.

Purchase Agreement shall mean the Bond Purchase Agreement by and between the City and the Underwriter, the form of which is attached hereto as Exhibit B.

Underwriter shall mean Stone & Youngberg LLC.

1999 Bonds shall mean the City of Culver City, Wastewater Facilities Refunding Revenue Bonds, 1999 Series A, originally issued in the aggregate principal amount of $25,080,000, of which $20,720,000 remain outstanding.

2009 Bonds shall mean the City of Culver City, Wastewater Facilities Refunding Revenue Bonds, 2009 Series A, issued pursuant to the Master Resolution and this First Supplemental Resolution.

ARTICLE II

SALE OF 2009 BONDS

Section 201. Purchase Agreement. The form of Purchase Agreement by and between the City and the Underwriter and the sale of the 2009 Bonds pursuant thereto upon the terms and conditions set forth therein are hereby approved. Subject to the parameters set forth in Section 202 hereof, the Authorized Officers, acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Purchase Agreement in substantially said form, with such changes therein as such Authorized Officer executing the same may require or approve, including such matters as are authorized by Section 202 hereof, such approval to be conclusively evidenced by his or her execution and delivery thereof.

Section 202. Final Terms of Sale of 2009 Bonds. The Authorized Officers, acting singly, are hereby authorized and directed to act on behalf of the City to establish and determine (i) the aggregate principal amount of the 2009 Bonds, which amount shall not exceed $23,000,000; (ii) the purchase price of the 2009 Bonds and the interest rates on the 2009 Bonds, provided that the true interest cost on the 2009 Bonds shall not exceed 5.75% per annum; and (iii) the Underwriter’s compensation with respect to the 2009 Bonds, which shall not exceed 0.50% of the principal amount thereof.

Section 203. Official Statement. The Preliminary Official Statement relating to the 2009 Bonds, in the form on file with the City Clerk, is hereby approved. Each of the Authorized Officers, acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as such authorized officer may approve, to be deemed final for the purposes of Rule 15c2-12, promulgated pursuant to the Securities and Exchange Act of 1934, as amended. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the 2009 Bonds.

The Authorized Officers, acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to cause the Preliminary Official Statement to be brought into the form of a final Official Statement, and to execute the same for and in the name and on behalf of the City, with such additions or changes therein as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer’s execution and delivery thereof). The distribution and use of the final Official Statement by the Underwriter in connection with the sale of the 2009 Bonds is hereby approved.

ARTICLE III

TERMS OF 2009 BONDS

Section 301. Authorization and Purpose. The 2009 Bonds were authorized pursuant to, and are entitled to the benefit, protection and security of, the provisions of the Resolution. The 2009 Bonds are issued for the purpose of refunding the outstanding 1999 Bonds.

Section 302. Terms of the 2009 Bonds. The 2009 Bonds authorized to be issued by the City under and subject to the terms of the Resolution and the Act shall be designated the "City of Culver City Wastewater Facilities Refunding Revenues bonds, 2009 Series A" and shall be in the aggregate principal amount set forth in the Purchase Agreement, subject to the provisions of Section 202 hereof.

The 2009 Bonds shall be dated as of their delivery date, shall mature on September 1 in each of the years and in the principal amounts, and shall bear interest from their date at the rates per annum, as set forth in the Purchase Agreement and certified in writing by the City to the Trustee. Interest on the 2009 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

Interest on the 2009 Bonds shall be payable semiannually on March 1 and September 1 of each year, commencing on March 1, 2010. Each 2009 Bond shall bear interest until the principal sum thereof has been paid; provided, however, that if at the maturity date of any 2009 Bond or, if the same has been duly called for redemption, at the date fixed for redemption, funds are available for the payment or redemption thereof in full accordance with the terms of this First Supplemental Resolution and of the Master Resolution, such 2009 Bond shall then cease to bear interest.

The 2009 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) such date of authentication is during the period from the 16th day of the month next preceding an Interest Payment Date to and including such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or (ii) such date of authentication is on or before the 15th day of the month next preceding the first Interest Payment Date, in which event they shall bear interest from their dated date; provided, however, that if, at the time of authentication of any 2009 Bond, interest is then in default on the Outstanding 2009 Bonds, such 2009 Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding 2009 Bonds. Principal of and redemption premiums, if any, and interest on the 2009 Bonds shall be paid in lawful money of the United States of America.

Section 303. Form, Denomination, Numbers. The 2009 Bonds shall be issued in fully registered form in the denomination of $5,000 or any integral multiple of $5,000. The 2009 Bonds initially issued shall be numbered as determined by the Trustee.

Section 304. Place of Payment. The principal and redemption price of the 2009 Bonds shall be payable at the corporate trust office designated by the Trustee. Interest on the

2009 Bonds shall be payable by check or draft of the Trustee mailed to the registered owner shown on the registration records maintained by the Trustee as Bond Registrar as of the close of business on the 15th day of the calendar month immediately preceding the Interest Payment Date whether or not a business day; provided, however, that at the written request of the registered owner of at least $1,000,000 in aggregate principal amount of outstanding 2009 Bonds filed with the Trustee prior to the 15th day of the calendar month immediately preceding an Interest Payment Date interest on such 2009 Bonds shall be paid to such registered owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by wire transfer of immediately available funds to an account in the continental United States designated in such written request.

Section 305. Redemption Terms and Prices.

The Trustee shall give notice of redemption of 2009 Bonds in accordance with the provisions of Section 405 of the Master Resolution.

(a) Optional Redemption. The 2009 Bonds may be redeemed prior to their maturity at the option of the City from any source of funds, as a whole on any date or in part in any order of maturity as determined by the City or, in the absence of direction by the City, pro rata among maturities and by lot within a maturity on any Interest Payment Date, on the redemption date(s) and at the redemption price(s) as set forth in the Purchase Agreement and certified in writing by the City to the Trustee, plus accrued interest thereon to the redemption date.

(b) Mandatory Sinking Fund Redemption. Any 2009 Bonds designated in the Purchase Agreement as term bonds will be subject to mandatory sinking fund redemption in part by lot from mandatory annual Sinking Fund Installments, at the principal amount thereof plus accrued interest to the redemption date, without premium, in the aggregate principal amounts and in the years as set forth in the Purchase Agreement and certified in writing by the City to the Trustee.

Section 306. Establishment of Cost of Issuance Fund. The City hereby establishes a separate fund to be known as the 2009 Bonds Cost of Issuance Fund (the "Cost of Issuance Fund"), which shall be held and maintained by the Trustee. Moneys in the Cost of Issuance Fund shall be applied by the Trustee to pay items of Cost attributable to the costs and expenses of issuing and selling the 2009 Bonds. On November 1, 2009, or upon the earlier written determination of the City, the amount, if any, remaining in the Cost of Issuance Fund shall be transferred to the City to be used for any lawful purpose.

Section 307. Application of Proceeds of Sale of 2009 Bonds. The proceeds of sale of the 2009 Bonds shall be received by the Trustee and applied, as more fully set forth in written instructions signed by an Authorized Officer of the City, as follows:

(a) The Trustee shall deposit in the Debt Service Reserve Account of the Debt Service Fund a sum sufficient to cause the balance therein to equal the Debt Service Reserve Requirement.

(b) The Trustee shall deposit in the Escrow Fund a sum sufficient to meet the Refunding Requirements, as defined in the Escrow Agreement.

(c) The Trustee shall deposit the balance of the proceeds of the 2009 Bonds in the Cost of Issuance Fund to pay the costs of issuing the 2009 Bonds.

Section 308. Book-Entry System. The 2009 Bonds shall be initially issued as Book-Entry Bonds, in accordance with Section 308 of the Master Resolution.

Section 309. Form of 2009 Bonds. The form of the 2009 Bonds shall be substantially in the form set forth in Exhibit A hereto, with necessary or appropriate variations, omissions and insertions as permitted or required by this First Supplemental Resolution.

ARTICLE IV
MISCELLANEOUS

Section 401. Escrow Agreement. The form of the Escrow Agreement is hereby approved and the Authorized Officers, acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Escrow Agreement in substantially the form hereby approved, with such additions or changes as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof.

Section 402. Continuing Disclosure Agreement. The form of the Continuing Disclosure Agreement is hereby approved and the Authorized Officers, acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver at the time of delivery of the 2009 Bonds the Continuing Disclosure Agreement in substantially the form hereby approved, with such additions or changes as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof.

Section 403. Qualified Tax-Exempt Obligations. The 2009 Bonds are hereby designated by the City as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Internal Revenues Code of 1986, as amended. In that connection, the City represents and covenants that it, together with all its subordinate entities or entities that issue obligations on its behalf, or on behalf of which it issues obligations, during the current calendar year, (i) has not issued and will not issue tax-exempt obligations designated as Qualified Tax-Exempt Obligations in an aggregate amount, including the 2009 Bonds, exceeding $30,000,000, and (ii) has not issued, does not reasonably anticipate issuing, and will not issue, tax-exempt obligations in an aggregate amount exceeding $30,000,000 (including the 2009 Bonds, but excluding (a) private activity bonds that are not qualified 501(c)(3) Bonds and (b) current refunding issues to the extent that the amount of the current refunding issue does not exceed the outstanding amount of the prior issue), unless the City first obtains a written opinion of the bond counsel approving the 2009 Bonds that such designation or issuance, as applicable, will not adversely affect the status of the 2009 Bonds as Qualified Tax-Exempt Obligations. The City represents and covenants that, during any time or in any manner as might affect the status of the 2009 Bonds as Qualified Tax-Exempt Obligations, no entity has been or will be formed or availed of in order to avoid the purposes of subparagraph (C) or (D) of Section 265(b)(3) of the Internal Revenues Code of 1986, as amended. The City further represents that the 2009 Bonds are not being issued as part of a direct or indirect composite issue that combines issues or lots of tax-exempt obligations of different issuers.

Section 404. Other Acts. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things (including, without limitation, negotiations to obtain a municipal bond insurance policy), to execute, deliver and cause the recordation of any and all documents which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the 2009 Bonds, or otherwise to effectuate the purposes of this First Supplemental Resolution and the documents approved hereby, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 405. Effective Date. This First Supplemental Resolution shall take effect immediately.

PASSED, APPROVED and ADOPTED this 22nd day of June, 2009.

AYES:

NOES:

ABSENT:

ABSTAIN:

____

Mayor

ATTEST:

____

City Clerk

EXHIBIT A

FORM OF BOND

[UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE CITY OF CULVER CITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

CITY OF CULVER CITY
WASTEWATER FACILITIES REFUNDING REVENUE BONDS
2009 SERIES A

No.R-______ $____

Interest Rate	Dated Date	Maturity Date	CUSIP No.
%	______________, 2009	___ 1, 20__	

Registered Owner: CEDE & CO.

Principal Amount: _______ DOLLARS

The **CITY OF CULVER CITY** (the "City"), a charter city and political subdivision of the State of California, acknowledges itself indebted to, and for value received hereby promises to pay to the registered owner named above, or registered assigns, on the Maturity Date stated above, but solely from the Trust Estate (as defined in the Resolutions hereinafter mentioned) pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office (the "Office") of U.S. Bank National Association, as Trustee (the "Trustee"), in Los Angeles, California, or at such other office as the Trustee may designate, the principal amount stated above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay to such registered owner interest on such principal sum by check or draft of the Trustee mailed to such owner at such owner's address as shown on the registration books, at the rate of interest set forth above, payable on the first day of March and September in each year, commencing on March 1, 2010, until the City's obligation with respect to the payment of such principal sum shall be discharged. Such interest shall be payable from the interest payment date next preceding the date of authentication of this bond (unless this bond is authenticated as of an interest payment date, in which event it shall bear interest from such interest payment date, or unless the bond is authenticated on or before February 15, 2010, in which event it shall bear interest from the Dated Date stated above, or unless this bond is authenticated on a date between the 15th day of the calendar month next preceding an interest payment date and such interest payment date, in which event it shall bear interest from such interest payment date). The interest so payable on any interest payment date will be paid to the person in whose name this bond is registered at the close of business on the 15th day of the calendar month immediately preceding such interest payment date whether or not a business day.

This bond is one of a duly authorized issue of bonds of the City designated as its "Wastewater Facilities Refunding Revenue Bonds, 2009 Series A" (the "2009 Bonds"), in the aggregate principal amount of $______ issued pursuant to the provisions of the City Charter, and the Revenue Bond Law of 1941, Title 5, Division 2, Part 1, Chapter 6, of the Government Code of the State of California, as amended (the "Act"). The 2009 Bonds are all issued under and are equally and ratably secured and entitled to the protection given by Resolution No. ____, duly adopted by the City Council of the City on June 22, 2009 (the "Master Resolution"), as amended and supplemented by Resolution No. ___, a First Supplemental Resolution duly adopted by the City Council of the City on June 22, 2009 (the "Supplemental Resolution" and together with the Master Resolution, the "Resolutions"). Copies of the Resolutions are on file at the office of the City Clerk and reference is hereby made to the Resolutions and the Act and to all amendments and supplements thereto for a description of the terms of the bonds, to all of which terms the registered owner of this bond, by acceptance hereof, assents and agrees.

As provided in the Master Resolution, bonds of the City may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in a supplemental resolution. The aggregate principal amount of bonds which may be issued under the Master Resolution is not limited except as provided in the Master Resolution, and all bonds issued and to be issued under the Master Resolution are and will be equally secured by the pledge and assignment and covenants made therein, except as otherwise expressly provided or permitted in the Master Resolution.

In the manner provided by the Resolutions, the provisions of the Resolutions, or any resolution amendatory thereof or supplement thereto, may (with certain exceptions stated in the Resolutions) be modified or amended by the City with the written consent of the owners of at least a majority in principal amount of the bonds then outstanding.

The bonds are issuable in the form of registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof.

If this bond matures on or after September 1, 20__, it is redeemable in the manner and subject to the terms and provisions, and with the effect, set forth in the Resolutions, at the option of the City, on September 1, 20__ or thereafter prior to maturity, as a whole on any date or in part, in any order of maturity as determined by the City or, in the absence of direction by the City, pro rata among maturities and by lot within a maturity, on any interest payment date, at a redemption price (expressed as a percentage of the principal of the bond) plus accrued interest to the redemption date if redeemed at the following times:

Redemption Dates	Redemption Price

If this bond matures on September 1, ____, it is subject to mandatory sinking fund redemption in part by lot on September 1 in each year commencing September 1, ____ from sinking fund installments, at the principal amount thereof plus accrued interest to the redemption date, without premium, in the aggregate principal amounts and on the dates set forth in the Resolutions.

The Trustee on behalf and at the expense of the City shall mail (by first class mail) notice of any redemption to the respective owners of any bonds designated for redemption, at their respective addresses appearing on the registration books maintained by the Trustee, to the Securities Depositories and to one or more Information Services (as such terms are defined in the Resolution), at least 30 but not more than 60 days prior to the redemption; <u>provided, however</u>, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the serial numbers of each maturity or maturities (except that if the event of redemption is of all of the bonds of such maturity or maturities in whole, the Trustee shall designate such maturities or the maturity in whole without referencing each individual number) of the bonds to be redeemed, and shall require that such bonds be then surrendered at the principal corporate trust office of the Trustee for redemption at the redemption price, giving notice also that further interest on such bonds will not accrue from and after the redemption date.

This bond, the interest thereon, and any premium payable upon the redemption thereof are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Trust Estate (as defined in the Resolutions). This bond does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the City Council nor any persons executing this bond are liable personally on this bond by reason of its issuance.

This bond is transferable as provided in the Resolutions, only upon the books of the City kept for that purpose at the above-mentioned office of the Trustee, by the registered owner thereof in person, or by his duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered bond or bonds, without coupons, and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon payment of the charges therein prescribed. The City and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes.

The registered owner of this bond shall have no right to enforce the provisions of the Resolutions or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolutions, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolutions. In certain events, on the conditions, in the manner and with the effect set forth in the Resolutions, the principal of all the bonds issued under the Resolutions and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

It is hereby certified and recited that all condition, acts and things required by law and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this bond exist, have happened and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the City, complies in all respects with the applicable laws of the State of California, including, particularly, the Act.

This bond shall not be entitled to any benefit under the Resolutions or be valid or become obligatory for any purpose until this bond shall have been authenticated by the manual execution by the Trustee of the Trustee's Certificate of Authentication hereto.

IN WITNESS WHEREOF, THE CITY OF CULVER CITY has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, as of ____, 2009.

CITY OF CULVER CITY

ATTEST: ______________________________ BY: ___________________________________
City Clerk Mayor

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 2009 Bonds delivered pursuant to the within mentioned Resolutions.

Date of Authentication: ______, 2009

U.S. BANK NATIONAL ASSOCIATION
as Trustee

BY: ___________________________________
AUTHORIZED SIGNATORY

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

____

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within Bond of the City of Culver City and does hereby irrevocably constitute and appoint __ ______________ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: ________________________________

____

Notice: The Signature of this assignment and transfer must correspond with the name as written upon the face of this Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by

____

Notice: Signature must be guaranteed by a member of the National Association of Securities Dealers, a commercial bank, a trust company or other eligible guarantor institution.

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

EXHIBIT C

FORM OF ESCROW AGREEMENT

EXHIBIT D

FORM OF CONTINUING DISCLOSURE AGREEMENT

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2009

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the dated date of the Official Statement. 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.

NEW ISSUE - BOOK-ENTRY ONLY
BANK QUALIFIED

RATING: S&P: "AA"
See "CONCLUDING MATTERS – Rating."

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, 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 imposed on individuals and corporations, and (ii) interest on the Bonds is exempt from personal income taxation by the State of California. Interest on the bonds may be subject to certain federal taxes imposed only on certain corporations including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "CONCLUDING MATTERS – Tax Matters" herein."

[City Logo]

$21,175,000*
CITY OF CULVER CITY
WASTEWATER FACILITIES REFUNDING REVENUE BONDS
2009 SERIES A

Dated: Delivery Date

Due: September 1, as shown on the inside front cover

The City of Culver City (the "City") will issue its Wastewater Facilities Refunding Revenue Bonds, 2009 Series A (the "Bonds") pursuant to a Master Resolution, adopted by the City Council on June [22], 2009 (the "Master Resolution"), as supplemented by Resolution No. ___, adopted by the City Council on June [22], 2009 (the "Supplemental Resolution" and together with the Master Resolution, the "Resolutions"). Proceeds of the Bonds will be used to (i) current refund the City's outstanding Wastewater Facilities Refunding Revenue Bonds, 1999 Series A, originally issued in the aggregate principal amount of $25,080,000, of which $20,720,000 is outstanding; (ii) fund the Reserve Account; and (iii) pay costs of issuance of the Bonds. See "PLAN OF FINANCING."

The Bonds will be payable from and secured by, a pledge of and first lien on, the Net Revenues of the City's wastewater enterprise (the "Enterprise") and amounts on deposit in certain funds and accounts established pursuant to the Master Resolution. See "SECURITY FOR THE BONDS."

The Bonds are subject to optional and mandatory sinking fund redemption prior to their maturity as described herein.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in book-entry form only in integral multiples of $5,000. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be paid directly to DTC by the Trustee. Principal of the Bonds is payable on their maturity dates set forth on the inside cover. Interest on the Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2010. Upon its receipt of payments of principal and interest, DTC is in turn obligated to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM NET REVENUES OF THE ENTERPRISE AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE MASTER RESOLUTION. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

MATURITY SCHEDULE

(see inside front cover)

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision. See the section of this Official Statement entitled "BONDOWNERS' RISKS" for a discussion of certain of the risk factors that should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds.

The Bonds are offered, when, as and if issued, subject to the approval of Richards Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel. In addition, certain legal matters will be passed on for the City by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, as Disclosure Counsel. It is anticipated that the Bonds will be available for delivery to DTC in New York, New York on or about July ___, 2009.

Stone & Youngberg

* Preliminary, subject to change.

11354.0003\1080916

Dated: ____ __, 2009

$21,175,000*
CITY OF CULVER CITY
WASTEWATER FACILITIES REFUNDING REVENUE BONDS
2009 SERIES A

MATURITY SCHEDULE*

$____ Serial Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	CUSIP† (Base:___)
		%	%	

$____ ____% Term Bonds due September 1, 20__ Yield: ____% CUSIP†
$____ ____% Term Bonds due September 1, 20__ Yield: ____% CUSIP†

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* Preliminary, subject to change.

† CUSIP Copyright 2009, American Bankers' Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies. Inc. Neither the City nor the City guarantees the accuracy of the CUSIP data.

CITY OF CULVER CITY, CALIFORNIA

CITY COUNCIL

Andrew Weissman, *Mayor*
Christopher Armenta, *Vice Mayor*
D. Scott Malsin, *Councilmember*
Micheál O' Leary, *Councilmember*
Gary Silbiger, *Councilmember*

CITY STAFF

Jeff Muir, *Chief Financial Officer*
Mark Scott, *City Manager*
Martin Cole, *City Clerk/Assistant City Manager*
Charles Herbertson, *Public Works Director*
Carol Schwab, *City Attorney*

SPECIAL SERVICES

Bond Counsel
Richards Watson & Gershon
A Professional Corporation
Los Angeles, California

Disclosure Counsel
Richards, Watson & Gershon
A Professional Corporation
Los Angeles, California

Financial Advisor
Fieldman, Rolapp & Associates
Irvine, California

Trustee/Escrow Agent
U.S. Bank National Association
Los Angeles, California

Verification Agent
Causey Demgen & Moore Inc.
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

Estimates and Forecasts. Certain statements included or incorporated by reference in this Official Statement and in any continuing disclosure by the City, any press release and in any oral statement made with the approval of an authorized officer of the City or any other entity described or referenced herein, constitute "forward-looking statements." Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "anticipate," "estimate," "budget" or other similar words and include, but are not limited to, statements under the caption "THE ENTERPRISE." The achievement of certain results or other expectations contained in such forward-looking statements involves 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. While the City has undertaken to provide certain on-going financial and other data pursuant to a continuing disclosure agreement (see "CONCLUDING MATTERS – Continuing Disclosure" and APPENDIX F), the City does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based change.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but 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.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information as of Dated Date of Official Statement. The information and expressions of opinions in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any other entity described or referenced in this Official Statement since the dated date shown on the front cover. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. 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 inside front cover and said public offering prices may be changed from time to time by the Underwriter.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAW OF ANY STATE.

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[insert map]

$21,175,000*
CITY OF CULVER CITY
WASTEWATER FACILITIES REFUNDING REVENUE BONDS
2009 SERIES A

INTRODUCTION

This introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the documents referred to herein for more complete information with respect to matters concerning the Bonds. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

General

This Official Statement, including the cover page, inside cover page and appendices, is provided to furnish information in connection with the sale by the City of Culver City (the "City") of its $21,175,000* aggregate principal amount of Wastewater Facilities Refunding Revenue Bonds, 2009 Series A (the "Bonds"). The Bonds are being issued pursuant to (i) the City Charter and Chapter 3.07 of the Culver City Municipal Code incorporating the Revenue Bond Law of 1941, Title 5, Division 2, Part 1, Chapter 6 of the Government Code (the "Act"), and (ii) Resolution No ___, adopted by the City Council on June [22], 2009 (the "Master Resolution"), as supplemented by Resolution No. ___, adopted by the City Council on June [22], 2009 (the "Supplemental Resolution" and together with the Master Resolution, the "Resolutions").

Proceeds from the sale of the Bonds will be used to (i) current refund the City's outstanding Wastewater Facilities Refunding Revenue Bonds, 1999 Series A, originally issued in the aggregate principal amount of $25,080,000, of which $20,720,000 is outstanding (the "1999 Bonds"); (ii) fund the Reserve Account; and (iii) pay costs of issuance of the Bonds. See "PLAN OF FINANCING."

The Bonds will be dated their date of delivery and will mature on September 1 in the years and in the amounts shown on the inside front cover of this Official Statement. Interest on the Bonds will be calculated at the rates shown on the inside cover page of this Official Statement, payable semiannually on March 1 and September 1 (each, an "Interest Payment Date") in each year, commencing on March 1, 2010, by check mailed to the registered owners or upon the written request of the registered owner of $1,000,000 or more in principal amount of Bonds, by wire transfer to an account in the United States which shall be designated in such written request to U.S. Bank National Association, as trustee (the "Trustee") on or before the 15th day of the calendar month immediately preceding the Interest Payment Date.

The Bonds will be executed and delivered as one fully-registered Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. See "THE BONDS – Book-Entry Only System" and "APPENDIX E – DTC'S BOOK-ENTRY ONLY SYSTEM."

Security for the Bonds

Under the terms of the Master Resolution, the City has pledged net revenues ("Net Revenues") generated from the ownership and operation of the wastewater system (the "Enterprise") and moneys in certain funds and accounts established by the Resolution. Net Revenues generally include all revenues, fees, income, rents and receipts earned by the City from its operation of the Enterprise, proceeds of

* Preliminary, subject to change.

business interruption insurance and interest earnings from funds held under the Resolutions, less maintenance and operation costs. See "SECURITY FOR THE BONDS."

The City has covenanted in the Master Resolution that it shall at all times prescribe, revise and collect rates, fees and charges for the use or service of the Enterprise as provided in the Act and so that in each twelve month period such rates, fees and charges, together with other Revenues reasonably expected to be available during such period, are reasonably expected to yield Net Revenues during such twelve month period sufficient for the payment of the sum of the following: (1) an amount equal to the sum of 1.20 times the Maximum Annual Debt Service; (2) the amount, if any, to be paid during such twelve month period into the Reserve Account in the Debt Service Fund (other than amounts required to be paid into such Account out of the proceeds of Bonds); and (3) all other charges or liens whatsoever payable out of Revenues during such twelve month period, and, to the extent not otherwise provided for, all amounts payable on Subordinated Indebtedness. See "SECURITY FOR THE BONDS – Rate Covenant."

A Reserve Account (the "Reserve Account") will be established pursuant to the Master Resolution and maintained by the Trustee. Upon issuance of the Bonds, the Trustee will deposit into the Reserve Account from the sale proceeds of the Bonds, an amount equal to the initial Reserve Requirement for the Bonds. "Reserve Requirement" is defined in the Master Resolution to mean, as of any date of calculation, an amount equal to the least of (a) Maximum Annual Debt Service, (b) 125% of average annual Debt Service on all Outstanding Bonds, and (c) 10% of the proceeds of all Outstanding Bonds. Pursuant to the Master Resolution, money in the Reserve Account will be used by the Trustee to replenish the Debt Service Account in the event of a deficiency in such account for payment of interest and/or principal of the Bonds. See "SECURITY FOR THE BONDS" and "BONDOWNERS' RISKS."

Under the terms of the Master Resolution, the City may at any time issue Additional Bonds on a parity with the Bonds, provided that the City complies with certain conditions under the Master Resolution. See "SECURITY FOR THE BONDS – Additional Bonds."

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM NET REVENUES OF THE ENTERPRISE AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE MASTER RESOLUTION. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

The City and the Enterprise

The City encompasses five square miles and is located in the western portion of Los Angeles County. It is approximately 10 miles west of downtown Los Angeles and five miles inland of the Pacific Ocean. The City is mostly surrounded by the City of Los Angeles, but also has a border with unincorporated areas of Los Angeles County on its eastern side. The City was incorporated in 1917, and became Charter City in 1947. The City operates under a Mayor/City Council-City Manager form of government. The City is governed by a five-member City Council, elected at large to serve four-year terms. As of January 1, 2009, the City had a population of approximately 40,657, according to California Department of Finance estimates. See "APPENDIX A – CITY OF CULVER CITY GENERAL INFORMATION" for more information about the City.

The City owns and operates the Enterprise. The Enterprise collects wastewater generated by the residential, commercial, governmental and industrial members of the City and transports the wastewater for treatment to the City of Los Angeles' Hyperion Sewage Treatment Plant. The Enterprise serves the City's population through 11,841 residential, 1,263 commercial, 6 school and 57 industrial parcels. See "THE ENTERPRISE" and "THE HYPERION SYSTEM."

Continuing Disclosure

The City has covenanted in a Continuing Disclosure Agreement to prepare and deliver an annual report and notices of certain material events to the Municipal Securities Rulemaking Board, via its Electronic Municipal Market Access ("EMMA") system. See "CONCLUDING MATTERS – Continuing Disclosure" and "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT."

Summaries of Documents

This Official Statement contains descriptions of the Bonds, the Resolutions and various other agreements and documents. The descriptions and summaries of documents contained in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms not defined herein shall have the meanings set forth in the Resolutions. Copies of the Resolutions are available for inspection during business hours at the corporate trust office of the Trustee in Los Angeles, California.

Other Information

This Official Statement speaks only as of its date as set forth on the cover, and the information and expressions of opinion are subject to change without notice, and neither the delivery of this Official Statement nor any sale of Bonds shall under any circumstances create any implication that there has been no change in the affairs of the City since the date of this Official Statement. Unless otherwise expressly noted, all references to internet websites in this Official Statement, including without limitation, the City's website, are shown for reference and convenience only, and none of their content is incorporated by reference in this Official Statement. The information contained within such websites has not been reviewed by the City and the City makes no representation regarding such information.

PLAN OF FINANCING

General

The Bonds are being issued in order to: (i) refinance the City's outstanding Wastewater Facilities Refunding Revenue Bonds, 1999 Series A, which were originally issued in the aggregate principal amount of $25,080,000, of which $20,720,000 remain outstanding (the "1999 Bonds"); (ii) fund a deposit to the Reserve Account; and (iii) pay cost of issuance of the Bonds.

Plan of Refunding

The Bonds are being issued to current refund all of the remaining outstanding 1999 Bonds in the amount of $20,720,000. Proceeds of the 1999 Bonds were used to refund the City's outstanding Wastewater Facilities Revenue Bonds, 1991 Series A and to finance certain improvements to the Enterprise. A portion of the proceeds of the Bonds, together with certain other moneys to be released from funds relating to the 1999 Bonds will be deposited in an escrow fund (the "Escrow Fund") created pursuant to an Escrow Agreement, dated as of July 1, 2009, by and between the City and U.S. Bank National Association, as escrow bank. Moneys in the Escrow Fund, together with interest earnings thereon, will be sufficient to pay all outstanding 1999 Bonds in full on September 1, 2009, at a redemption price equal to 102% of the remaining principal amount to be redeemed, plus accrued interest thereon to the date of redemption.

Estimated Sources and Uses of Funds

The following table shows the estimated sources and uses of the proceeds from the sale of the Bonds:

Sources:	
Par amount of the Bonds	$
[Less/plus]: Original issue [discount/premium]	
Less Underwriter's discount	
Transfer from prior Reserve Account	
Transfer from prior Debt Service Account	
Total Sources	$
Uses:	$
Escrow Fund	
Reserve Account(1)	
Costs of Issuance Account(2)	
Total Uses	$

(1) An amount equal to the initial Reserve Requirement.
(2) Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, Trustee, Verification Agent, printing expenses, rating fee and other costs.

Annual Debt Service*

The following table shows the scheduled annual debt service for the Bonds:

Bond Year Ending September 1	Principal*	Interest*(1)	Total Annual Debt Service*(1)
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
Total			

* Preliminary, subject to change.
(1) Assumes a yield of ___%.

THE BONDS

General

The Bonds will be issued in the aggregate principal amount and will mature on the dates and bear interest at the rates per annum as set forth on the inside front cover of this Official Statement. The Bonds will be issued in integral multiples of $5,000 and will be dated their date of delivery. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on March 1 and September 1 of each year, commencing March 1, 2010 (each an "Interest Payment Date"), until maturity or earlier redemption.

The Bonds will be initially delivered as one fully registered certificate for each maturity (unless the Bonds of such maturity bear different interest rates, then one certificate for each interest rate among such maturity) and will be delivered by means of the book-entry system of DTC. See "—Book-Entry Only System" below.

Redemption

Optional Redemption.* The Bonds maturing on or prior to September 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after September 1, 20__ may be redeemed, at the option of the City, from any source of funds, on September 1, 20__ or thereafter prior to maturity, as a whole on any date or in part, in any order of maturity as determined by the City or, in the absence of direction by the City, pro rata among maturities and by lot within a maturity on any Interest Payment Date, at [a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, without premium]/[the following redemption price (expressed as a percentage of the principal amount thereof) plus accrued interest thereon to the redemption date if redeemed at the following times:]

Redemption Dates (September 1)	Redemption Price
	%

Mandatory Term Bond Redemption.* The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption in part by lot, from mandatory annual Sinking Fund Installments, in the principal amounts hereinafter set forth, without premium, on September 1 of each year, commencing on September 1, 20__ in each of the years and in the amounts as follows:

Term Bonds Maturing on September 1, 20___*

Redemption Date* (September 1)	Principal Amount to be Redeemed*
	$
(Maturity)	

Notice of Redemption. The Trustee shall give notice of the Redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the CUSIP numbers, the redemption date and the place or places where amounts due upon such redemption will be payable and, if fewer than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or

* Preliminary, subject to change.

other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall give such notice by mailing (by first class mail) such notice to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Trustee as bond registrar, to the Securities Depositories and to one or more Information Services, at least 30 but not more than 60 days prior to the redemption date. Failure to receive any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

Selection of Bonds for Redemption. If fewer than all of the Bonds of like maturity of any Series are called for prior redemption, the particular Bonds or portions of Bonds to be redeemed will be selected by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Bond of a denomination of more than $5,000 to be redeemed will be in multiples of $5,000, and that, in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by $5,000.

Effect of Redemption. If notice of redemption is given in the manner provided in the Master Resolution, the Bonds or portions thereof so called for redemption will become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be drawn for redemption less than all of a Bond, the City shall execute and the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the owner, for the unredeemed balance of the principal amount of the Bonds so surrendered, Bonds of like Series and maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available on said date and if notice of redemption shall have been mailed as described above, then, from and after the redemption date interest on the Bonds or portions of the Bonds of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Book-Entry Only System

The Bonds will be issued as one fully registered bond certificate without coupons for each maturity (unless the Bonds of such maturity bear different interest rates, then one certificate for each interest rate among such maturity) and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in integral multiples of $5,000. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. So long as DTC's book-entry system is in effect with respect to the Bonds, notices to Owners of the Bonds by the City or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and then to the beneficial owners of the Bonds, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. See "APPENDIX E – DTC'S BOOK-ENTRY ONLY SYSTEM."

In the event (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the City determines that the DTC shall no longer so act, then the City will discontinue the book-entry system with DTC. If the City fails to identify another qualified securities depository to replace DTC, then the Bonds so designated shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., but shall be registered in whatever name or names persons transferring or exchanging Bonds shall designate, in accordance with the provisions of the Master Resolution.

SECURITY FOR THE BONDS

Pledge of Net Revenues

Under the terms of the Master Resolution and the Act, the City has pledged the Net Revenues (as defined below) to secure the payment of all Bonds issued under the Master Resolution. The City also has pledged all moneys and securities held in the funds and accounts created under the Master Resolution. Such pledge is for the equal and proportionate benefit and security of all Bonds issued under the terms of the Master Resolution regardless of the time or times of their issuance or maturity, and all Bonds issued under the terms of the Master Resolution will be of equal rank without priority over any other Bond. Notwithstanding the foregoing, the Master Resolution permits the issuance of obligations secured by Net Revenues on a subordinated basis. See “APPENDIX D — SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Moneys in the Sewer Enterprise Fund will be used and applied by the City as provided in the Master Resolution. The City will, from the moneys in the Sewer Enterprise Fund, pay all Operating Expenses (as defined below) as they become due and payable. All remaining moneys in the Sewer Enterprise Fund (i.e., the Net Revenues) will be used and applied to pay Debt Service as defined in the Master Resolution, including Debt Service on the Bonds and any Additional Bonds and to replenish all reserve funds (including the Reserve Account) established for the Bonds or for other purposes of the City permitted by law. See “APPENDIX A — Summary of Certain Provisions of the Principal Legal Documents.”

“Revenues” are defined in the Resolutions to mean, for any particular Fiscal Year or period to which such term is applied, (a) all revenues, fees, income, rents and receipts earned by the City from or attributable to the ownership and operation of the Enterprise, including all revenues attributable to the Enterprise or to the payment of the costs received by the City under any contract for the sale of any service from the Enterprise or any contractual arrangement with respect to the use, services or capacity of the Enterprise, but excluding connection charges, (b) the proceeds of any insurance covering business interruption loss relating to the Enterprise, (c) interest earned on any moneys or investments held pursuant to the Resolution and required to be paid into the Sewer Enterprise Fund, all as determined in accordance with Generally Accepted Accounting Principles, and (d) Refundable Credits, if any, with respect to a Series of Bonds.

“Operating Expenses” are generally defined in the Resolutions to mean all actual maintenance and operation costs of the Enterprise incurred by the City in any particular Fiscal Year or period to which said term is applicable or charges made during such Fiscal Year or period, but only if such charges are considered operating expenses in conformity with Generally Accepted Accounting Principles, including amounts reasonably required to be set aside in reserves for items of Operating Expenses the payment of which is not then immediately required. Operating Expenses include the payment of charges for wastewater services pursuant to the City’s contract with Los Angeles.

“Net Revenues” mean, for any period, the Revenues during such period less the Operating Expenses during such period.

See “APPENDIX D - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS -Definitions.”

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM NET REVENUES OF THE ENTERPRISE AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE MASTER RESOLUTION. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

Rate Covenant

The City has covenanted in the Master Resolution that it will at all times prescribe revise and collect rates, fees and charges for the use or service of the Enterprise as provided in the Act and so that in each twelve-month period such rates fees and charges together with other Revenues reasonably expected to be available during such period are reasonable expected to yield Net Revenues during such twelve month period sufficient for the payment of the sum of the following:

(i) An amount equal to 1.20 times the Maximum Annual Debt Service;

(ii) The amount if any to be paid during such twelve-month period into the Reserve Account in the Debt Service Fund (other than amounts required to be paid into such Account out of the proceeds of Bonds); and

(iii) All other charges or liens whatsoever payable out of Revenues during such twelve-month period, and, to the extent not otherwise provided for, all amounts payable on Subordinated Indebtedness.

Reserve Account

A Reserve Account is established by the Master Resolution and is required to be funded in an amount equal to the least of (i) Maximum Annual Debt Service, (ii) 125% of average annual Debt Service on all Outstanding Bonds, and (iii) 10% of the proceeds of all Outstanding Bonds (the "Reserve Requirement"). See "PLAN OF FINANCE — Estimated Sources and Uses of Funds." Amounts in the Reserve Account are to be used only for the payment of principal and interest with respect to the Bonds to the extent amounts in the Debt Service Account are insufficient and moneys in certain other funds are not available to restore the deficiency. See "APPENDIX D — SUMMARY OF PRINCIPAL LEGAL DOCUMENTS." Amounts available and on deposit in the Reserve Account in excess of the Reserve Requirement are to be transferred to the Sewer Enterprise Fund. Whenever the amount in the Reserve Account together with the amount in the Debt Service Account is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund redemption price and interest thereon), the funds on deposit in the Reserve Account will be transferred to the Debt Service Account.

The City may satisfy the Reserve Requirement by obtaining a policy of insurance a letter of credit, a surety bond or any other security device meeting the requirements set forth in the Resolutions.

Additional Bonds

In addition to the Bonds, the City may authorize one or more other series of Additional Bonds secured by the pledge of Revenues made under the Master Resolution equally and ratably with the Bonds, provided the following conditions among others are met:

(i) The Trustee must receive a certificate of an Authorized Officer of the City (together with supporting calculations prepared by the City) to the effect that the Net Revenues, calculated on the basis of Generally Accepted Accounting Principles, as shown by the books of the City for the last completed Fiscal Year prior to the date of the authentication and delivery of such Additional Bonds as shown by an audit certificate or opinion of an independent certified public accountant or firm of certified public accountants engaged by the City, plus, at the option of the City, either or both of the allowances for earnings set forth in subsection (ii) below, shall have amounted to at least 1.20 times the Maximum Annual Debt Service on all Bonds to be Outstanding immediately subsequent to the issuance of such Additional Bonds.

(ii) For the purposes of the Certificate required above, there may be added to the Revenues (1) an allowance for earnings arising from any increase in the charges made for service from the Enterprise which has become effective prior to the issuance of such Additional Bonds but which, during all or any part of said last completed Fiscal Year, was not in effect, as shown by the certificate or opinion of the City Engineer or of an independent certified public accountant or firm of certified public accountants employed b the City or of an independent engineer of recognized standing qualified to pass on questions related to the financial conditions of Enterprise operations; and (2) an allowance for earnings from any additions or to improvements of extensions of the Enterprise to be made with the proceeds of such Additional Bonds and also from any such additions, improvements or extensions which have been made from moneys from any source but which, during all or any part of said last completed Fiscal Year, were not in service, all as shown by a certificate or opinion of the City Engineer or of an independent engineer of recognized standing qualified to pass on questions relating to the financial conditions of Enterprise operations.

(iii) The amount on deposit in the Reserve Account must be increased at or prior to the time such Additional Bonds become Outstanding to an amount at least equal to the Reserve Requirement on all Outstanding Bonds and such Additional Bonds.

THE ENTERPRISE

General

The Enterprise includes a collection system consisting of 86 miles of underground sewer lines and seven sewer pumping stations located entirely within the City. This City has a contractual right to wastewater treatment and disposal at the Hyperion Plant, pursuant to a sewage disposal contract executed by the City and the city of Los Angeles in 1999. See "THE HYPERION SYSTEM - Contracting Agencies and the Sewage Disposal Contracts." The City is responsible for the operation and maintenance of the local facilities constituting the Enterprise and Los Angeles is responsible for operation and maintenance of the Hyperion System.

Service Area

The Enterprise serves the area defined by the boundaries of the City, representing approximately five square miles. The Enterprise collects wastewater flows from approximately 12,728 parcels of land representing approximately 18,058 residential, commercial, industrial and institutional units. The City is located in the western portion of the County, approximately eight miles west from downtown Los Angeles, five miles east of the Pacific Ocean and five miles north of Los Angeles International Airport. The City has a population of approximately 40,657 and is substantially developed.

Management and Employee Relations

The City has 10.33 employees assigned directly to the Enterprise for Fiscal Year 2008-09. The Public Works Director has overall responsibility for the Enterprise. The following are certain key personnel responsible for the operation and maintenance of the Enterprise.

Charles Herbertson, Public Works Director. Mr. Herbertson has been the Public Works Director and City Engineer for the City since 2004. In this capacity he is in overall charge of the Public Works

Department and oversees the activities of its four divisions: Administration, Engineering, Environmental Programs and Operations, and Maintenance Operations. He came to the City from the city of Hawthorne where he worked in various capacities since 1985, including as City Engineer and Airport Manager. In 1994, Mr. Herbertson became the Director of Public Works for the city of Hawthorne and was subsequently promoted to Chief of General Services and Public Works in 1998. In this position he was responsible for all public works construction in the City and supervised the three divisions of Public Works: Engineering, Equipment, and Street and Facilities Maintenance. Between September 2002 and January 2004, Mr. Herbertson served as Interim City Manager of the city of Hawthorne. Mr. Herbertson received his Bachelor of Science degree in Civil Engineering from Old Dominion University in Norfolk, Virginia. He also has a Master's in Public Administration from the University of Southern California. He is a licensed professional Civil Engineer and Land Surveyor in the State of California.

Mate Gaspar, Engineering Services Manager. Mr. Gaspar was appointed Manager of the Engineering Division of Public Works in 2005. Mr. Gaspar has been with the City since 1999. He has been the Engineering Services Manager of the Public Works Department - Engineering Division since 2004. In this capacity, he is responsible for the work activities of the division employees. Mr. Gaspar worked for Charles Abbott Associates from 1994 to 1999. While employed with Charles Abbott he worked in the City of Palos Verdes Estates, City of Rancho Palos Verdes, City of Apple Valley and city of Moorpark under city engineering and planning consultant contracts. Mr. Gaspar worked for the city of El Monte from 1991 to 1994 and supported general city engineering activities. Mr. Gaspar received a Bachelor of Science in Civil Engineering from California State Polytechnic University, Pomona. Mr. Gaspar is a certified Building Inspector.

Heustace Lewis, Maintenance Operations Manager. Mr. Lewis was appointed Manager of the Maintenance Operations Division of Public Works in 2005. Mr. Lewis has been with the City since 1985. He has been the Maintenance Operations Manager of the Public Works Department – Maintenance and Operations Division since 2005. In his capacity he is responsible for the overall work activities of the Division employees such as electrical, building, and sewer and street maintenance. Mr. Lewis was an electrical supervisor from 1990 to 2005.

The City's employees in general are represented by six bargaining units; the employees of the Enterprise are represented by two of those units, whose contracts expire as follows:

Bargaining Unit	Contract Expiration Date
General Service Workers	December 2010
Management Employees	October 2010

Outstanding Indebtedness

As of the date of the Official Statement, there is no outstanding bonded indebtedness of the Enterprise, other than the 1999 Bonds (which will be defeased with proceeds of the Bonds).

Historical Number of Customers

The City's customer base has remained relatively stable over the past five years. The following table sets forth the average number of Enterprise customers during the last five fiscal years.

TABLE 1
City of Culver City
Enterprise
Historical Average Number of Customers

Fiscal Year	Number of Customers[(1)]
2003-04	18,040
2004-05	18,040
2005-06	18,050
2006-07	18,055
2007-08	18,060

Source: City of Culver City
(1) The City's customer base is very stable because the City is already built-out, other than the occasional small scale multi-unit development project.

Top Ten Customers

The top ten customers, listed in the following table, accounted for approximately 12.67 percent of the total Enterprise revenues for the fiscal year ending June 30, 2009.

TABLE 2
City of Culver City
Wastewater Enterprise
Top Ten Customers
(Fiscal Year 2008-09)[(1)]

Customer	Type of Use	Annual Flow Hundred Cubic Feet[(2)]	Revenues	Percent of Total Wastewater Revenues
Fox Hills Canterbury Co	Condominiums	43,642	$167,068	1.93%
Lot Inc. (subsidiary of Sony Pictures)	Movie Studio/Offices	51,561	165,722	1.91
CRP Centinela LP	Hotel	26,845	143,663	1.66
George Levy	Laundromat	31,886	122,803	1.42
Culver Center Partners East 1 LP	Shopping Center	20,515	119,760	1.38
Fox Hills Mall LLC	Fox Hills Mall	24,455	102,620	1.18
Brotman Medical Center Inc	Hospital	23,532	88,852	1.03
Maier Brewing Co	Retail Market / Restaurant	11,471	75,163	0.87
DP Culver LLC (Sheraton)	Hotel	11,746	62,883	0.73
Raintree Realty LLC	Shopping Center	7,248	49,607	0.57
	Total	**252,901**	**$1,098,141**	**12.67%**

Source: City of Culver City
(1) Based on the sewer user charge structure adopted by the City for the 2008-09 Fiscal Year.
(2) Annual flow data is the actual annual flow from the calendar year prior to the beginning of the fiscal year. Therefore, sewer user charges for fiscal year 2008-09, which began on July 1, 2008, are based on the actual flow from calendar year 2007.

Budget Process and Billing Procedures

As an annual operating practice, the Engineering Division of the Public Works Department provides estimates of revenues and expenditures for operations of the Enterprise (including expected contract billings from Los Angeles for the treatment of effluent at the Hyperion Plant, which have fluctuated over the past ten years) for the upcoming fiscal year by May of each year to an outside firm (the "Consultant"). The Consultant prepares an analysis of the rates and charges necessary to provide adequate revenues to the Enterprise. The recommendations of the Consultant are included in a report by the City Engineer to the City Council by June of each year. The City Council conducts a review of the proposed budget and makes such revisions as it deems desirable and adopts a budget by July 1. The City reports the adopted sewer user charges to the County Tax Collector's Office by August 10 of each fiscal year for inclusion in the tax bills mailed to owners of property in the City. See "—Rates and Charges."

Each Enterprise user pays sewer charges as a direct assessment billed on his or her property tax bill. Property taxes are due on November 1 but are not delinquent if paid by December 10 (for the first installment) and April 10 (for the second installment). The County remits sewer charge revenues to the City in seven installments. Current payment practices by the County provide for payment to the City of approximately 60% of the sewer charge revenues by February. By April, the County allocates approximately 89% of sewer charge revenues to the City with the balance delivered by June. If a property owner fails to pay the sewer charge portion of his or her property tax bill, the entire amount is considered delinquent and remains subject to penalties and tax foreclosure procedures. If the property tax bill remains unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Tax Collector for the delinquent amount. The current year property tax delinquency rate within the City has averaged less than 2 percent over the past 10 years.

The following table summarizes payments made to Hyperion from Fiscal Year 1999-2000 through 2007-08.

TABLE 3
City of Culver City
Wastewater Enterprise
Hyperion Payments
Fiscal Year 1999-2000 through 2007-08

Fiscal Year	Charges from Hyperion	Percent Change in Annual Charges
1999-2000	$ 825,000	--
2000-01	1,665,000	101.8%
2001-02	2,155,000	29.4
2002-03	2,882,000	33.7
2003-04	1,881,000	-34.7
2004-05	2,108,000	12.1
2005-06[(1)]	2,210,000	4.8
2006-07[(1)]	2,940,000	33.0
2007-08[(1)]	2,313,000	-21.3

Source: City of Culver City
(1) Hyperion is crediting back to the City in fiscal year 2008-09 approximately $3,000,000 for overpayments charged by Hyperion in fiscal years 2005-06, 2006-07 and 2007-08.

Rates and Charges

The City increased its sewer user charges in 2007 in compliance with Proposition 218, after providing mailed notice at least 45 days prior to a public hearing. See "CONSTITUTIONAL PROVISIONS AFFECTING ENTERPRISE REVENUES AND EXPENDITURES."

The City Council approved the current Enterprise charges on [June 22, 2009]. For single family residences, the billing rate formula includes a minimum, or base charge (by distributing the customer service cost equally among all single family users), a flow credit (based upon a prorated average flow for a single family residence), a unit excess wastewater flow surcharge, and an adjustment factor to compensate for exterior water use. The average annual single family sewer charge for Fiscal Year 2008-09 is $380.20; the multi-family sewer charge is set at 75% of the single family rate. The following table provides a summary of the City's Enterprise charges.

TABLE 4
City of Culver City
Wastewater Enterprise
History of Single Family Sewer Rates

Fiscal Year	Sewer User Charge Rate[(2)]	Percent Change in Rates[(3)]	Average Annual Charge	Percent Change in Annual Charges[(4)]
2000-01	$0.34 + $2.39(.58W – 0.13)	--	$201.38	--
2001-02	$0.34 + $2.39(.58W – 0.13)	0.0%	200.40	-0.5%
2002-03	$0.34 + $2.39(.58W – 0.14)	-1.7	220.55	10.1
2003-04[(1)]	$30.27 + (.85W X $2.75)	--	267.93	21.5
2004-05	$33.30 + (.85W X $3.03)	10.0	289.87	8.2
2005-06	$34.97 + (.85W X $3.18)	5.0	306.74	5.8
2006-07	$38.47 + (.85W X $3.50)	10.0	317.69	3.6
2007-08	$42.32 + (.85W X $3.85)	10.0	365.49	15.0
2008-09	$42.32 + (.85W X $3.85)	0.0	380.20	4.0

(1) City Council approved new formula.
(2) Where W equals the actual water meter use in the calendar year prior to the beginning of the respective fiscal year, measured in 100 cubic feet increments.
(3) Pure Rate Change holds W constant to measure the increase in rate only.
(4) Percentage Change for Average Annual Charge varies from the Percentage Change for Sewer User Charge Rate due to the increase or decrease in W (i.e. Water Consumption) by Users from year to year.

The table below provides a comparison of the average annual single-family residential customer's usage charge for the City and neighboring communities for fiscal year 2007-08:

TABLE 5
City of Culver City
Wastewater Enterprise
Comparison of Average Annual Single-Family Residential Customers Charges
(Fiscal Year 2007-08)

City	Average Annual Charges per Single Family Unit
Beverly Hills[(1)(3)]	$234.00
Burbank[(1)(3)]	328.08
Culver City[(2)(3)]	**365.49**
Glendale[(2)(4)]	204.00
Los Angeles[(2)(3)]	336.12
Manhattan Beach[(2)(3)(5)]	149.28
San Fernando[(1)(4)(6)]	249.60
Santa Monica[(2)(3)]	240.24

Source: Wastewater User Charge Survey Report FY 2007-2008, dated May 2008, California Environmental Protection Agency, State Water Resources Control Board, Division of Financial Assistance
(1) Single Family Residence Rate is a fixed charge.
(2) User fees for Single Family Residence are variable based on water use.
(3) User fee includes debt service cost.
(4) No debt service fee included in user fee.
(5) Manhattan Beach data from Fiscal Year 2006-07.
(6) San Fernando data from Fiscal Year 2005-06.

The following table sets forth sewer charge collection history for the Enterprise for the last five fiscal years.

TABLE 6
City of Culver City
Enterprise
Historical Collection of Sewer Charges

Fiscal Year	Amount Billed	Current Amount Collected	Current Amount Collected as a Percentage of Billings	Prior Years' Delinquent Collections[1]	Total Collections as Percentage of Amount Billed
2003-04	$6,406,348	$6,585,942	102.80%	$ 50,323	103.59%
2004-05	6,873,260	6,682,384	97.22	97,692	98.64
2005-06	7,157,128	7,157,194	100.00	262,965	103.68
2006-07	7,539,361	7,433,405	98.59	36,604	99.08
2007-08	8,655,481	8,654,674	99.99	36,372	100.41
Totals	**$6,406,348**	**$6,585,942**	**102.80%**	**$ 50,323**	**103.59%**

Source: City of Culver City
(1) Includes current year late payments, current year penalties, and prior year adjustments for late payment and penalties.

Enterprise User Composition

As summarized in the tables below, as of fiscal year 2007-08, the Enterprise served approximately 16,726 residential units in the City, including 5,766 single-family residences and 10,960 multi-family units. Residential dwellings represent approximately 62.04% of sewer user charge revenues, with commercial and industrial users representing 28.69%. Since sewer user charges are incorporated in the County's annual property tax billing, usage calculations are based on the water consumption for 2006-07.

TABLE 7
City of Culver City
Wastewater Enterprise
Wastewater Revenue Allocation by User Classification
Fiscal Year 2007-08

User Classification	No. of Units	Customer Service Cost	Volume Cost	Total Revenues	Percent of Total Revenues
Group I					
Single Family	5,766	$244,017	$1,861,964	$2,105,981	24.25%
Multi Family	10,960	463,827	2,817,337	3,281,164	37.79
Total Group I	16,726	707,844	4,679,301	5,387,145	62.04
Group II Users (Commercial)	982	41,558	1,735,653	1,777,211	20.47
Group III Users (Comm./Indus.)	126	5,332	708,157	713,489	8.22
Group IV Users (Institutions)	48	2,032	198,494	200,526	2.31
Group V Users (Schools)	4	169	4,952	5,121	0.06
Group VI Users (Large Volume)	15	635	599,213	599,848	6.91
Total	**17,901**	**$757,570**	**$7,925,770**	**$8,683,340**	**100.0%**

Source: City of Culver City

Connection Charges

Connection charges are paid to the City directly by developers or property owners for any change of business use at the time of the issuance of a building permit by the Building and Safety Division of the City's Community Development Department to connect to the Enterprise. The charge is determined by the Engineering Division of the City's Public Works Department. The City passes on approximately half of the connection charges it receives to the City of Los Angeles to pay for the expansion of the Hyperion Plant. Income from connection charges is not included in the pledge for the Bonds.

The table below set forth a schedule of one-time sewer facilities charges for fiscal years 1998-99 through 2007-08.

TABLE 8
City of Culver City
Wastewater Enterprise
History of Connection Charges

Fiscal Year	Total Connection Fees Collected
1998-99	$ 175,000
1999-00	64,017
2000-01	43,570
2001-02	35,935
2002-03	23,850
2003-04	154,901
2004-05	287,683
2005-06	1,278,169[1]
2006-07	230,621
2007-08	632,233[2]

Source: City of Culver City

(1) Increase in fees collected in fiscal year 2005-06 is due primarily to a one-time sewer facility connection fee from a large development project (i.e., Symantec Corp.).

(2) Increase in fees collected in fiscal year 2007-08 is due primarily to a one-time sewer facility connection fee from a large development project (i.e., Westfield Mall renovation).

Financial Statements

Set forth in the following tables are the statements of net assets and statements of revenues, expenditures and changes in fund net assets with respect to the Sewer Enterprise Fund derived from City's audited financial statements for the Fiscal Years 2003-04 through 2007-08. The City's audited financial statements for the Fiscal Year ended June 30, 2008 are included as APPENDIX B to this Official Statement. The following table should be read in conjunction with the information and related footnotes contained in APPENDIX B.

Table 9
CITY OF CULVER CITY
Sewer Enterprise Fund
Statements of Net Assets
(Fiscal Years Ending June 30)
(Dollars in Thousands)

	2003-04	2004-05	2005-06	2006-07	2007-08
Assets					
Current:					
Cash and investments	$16,430	$18,338	$20,222	$22,238	$22,044
Accounts receivable	127	119	--	--	--
Accrued interest receivable	163	219	226	284	284
Due from other governments	--	--	693	142	228
Unamortized debt issuance costs	1,686	1,594	1,503	1,408	1,313
Restricted assets: Cash with fiscal agent	1,710	1,710	1,710	1,710	1,710
Total Current Assets	**$20,116**	**$21,980**	**$24,354**	**$25,782**	**$25,579**
Noncurrent:					
Fixed assets-net of accumulated depreciation	35,751	34,591	33,476	33,252	35,293
Total Noncurrent Assets	**35,751**	**34,591**	**33,476**	**33,252**	**35,293**
Total Assets	**55,867**	**56,571**	**57,830**	**59,034**	**60,872**
Liabilities					
Current:					
Accounts payable	358	620	65	1,009	599
Accrued payroll	27	5	5	--	15
Accrued vacation and sick leave	27	25	22	18	46
Accrued interest payable	419	413	406	398	391
Deposits payable	66	66	66	66	66
Current portion of bonds note and loans payable	445	--	485	505	--
Total Current Liabilities	**$1,342**	**$1,129**	**$1,049**	**$1,996**	**$1,117**
Noncurrent:					
Bonds, notes and capital leases	22,705	22,705	21,760	21,255	21,255
Total Noncurrent Liabilities	**22,705**	**22,705**	**21,760**	**21,255**	**21,255**
Total Liabilities	**$24,047**	**$23,834**	**$22,809**	**$23,251**	**$22,372**
Net assets					
Invested in capital assets, net of related debt	12,601	11,886	11,231	11,492	14,038
Unrestricted	19,219	20,851	23,790	24,291	24,462
Total Net Assets	**31,820**	**32,737**	**35,021**	**35,783**	**38,500**
Total Liabilities and Net Assets	**$55,867**	**$56,571**	**$57,830**	**$59,034**	**$60,872**

Source: City of Brea audited financial statements for fiscal years 2003-04 through 2007-08.

Table 10
City of Culver City
Enterprise
Historical Operating Results
(Fiscal Years Ending June 30)
(Dollars in Thousands)[1]

	Audited 2003-04	Audited 2004-05	Audited 2005-06	Audited 2006-07	Audited 2007-08
Operating Revenues:					
Sales and service charges	$6,669	$6,844	$7,431	$7,527	$8,716
Sewer connection fees	155	288	1,278[2]	231	632[3]
Miscellaneous	1	--	2	2	--
Total Operating Revenues	**$6,825**	**$7,132**	**$8,711**	**$7,760**	**$9,348**
Operating Expenses:					
Salaries and benefits	317	392	438	572	651
Supplies	59	80	113	347	446
Charges from Hyperion System[4]	1,881	2,108	2,210	2,940	2,313
Repairs and maintenance	37	113	161	67	114
Insurance	7	7	12	13	89
Claims and settlements	--	--	--	--	6
Administrative services	517	598	599	546	543
Rent and lease expenses	407	406	406	406	360
Consulting and contractual services	231	198	190	506	439
Depreciation and amortization	1,404	1,417	1,415	1,392	1,419
Total Operating Expenses	**$4,860**	**$5,319**	**$5,544**	**$6,789**	**$6,380**
Operating Income (Loss)	**$1,965**	**$1,813**	**$3,167**	**$ 971**	**$2,968**
Nonoperating Revenues (Expenses):					
Interest revenue	214	559	433	1,132	1,066
Interest expense	(1,354)	(1,455)	(1,316)	(1,300)	(1,277)
Total Nonoperating Revenues (Expenses)	**$(1,140)**	**$(896)**	**$(883)**	**$(168)**	**$(211)**
Income (Loss) Before transfers	**825**	**917**	**2,284**	**803**	**2,756**
Transfers:					
Transfers in	--	--	--	--	--
Transfers out	--	--	--	(41)	(40)
Changes in Net Assets	**$ 825**	**$ 917**	**$2,284**	**$ 762**	**$2,716**
Net Assets:					
Net assets (deficit): beginning of fiscal year	30,995	31,820	32,737	35,021	35,784
Net assets (deficit): end of fiscal year	**$31,820**	**$32,737**	**$35,021**	**$35,783**	**$38,500**

Source: City of Culver City Comprehensive Annual Financial Reports and City of Culver City
(1) Numbers may not add due to rounding.
(2) Increase in sewer connection fees in fiscal year 2005-06 is due primarily to a large development project (i.e., Symantec Corp.).
(3) Increase in sewer connection fees in fiscal year 2007-08 is due primarily to a large development project (i.e., Westfield Mall renovation).
(4) Primarily represents payments to the City of Los Angeles for wastewater treatment costs.

The table below sets forth the historical Net Revenues and debt service coverage of the Enterprise for fiscal year 2003-04 through 2007-08.

TABLE 11
City of Culver City
Wastewater Enterprise
Historical Net Revenues and Debt Service Coverage
(Fiscal Years Ending June 30)

	2003-04	2004-05	2005-06	2006-07	2007-08
Operating Revenues:					
Charges for Services[1]	$6,670,741	$6,844,378	$7,432,712	$7,529,392	$8,716,475
Interest Income[2]	212,576	559,271	432,926	1,132,252	1,065,496
Total Operating Revenues	$6,883,317	$7,403,649	$7,865,638	$8,661,644	$9,781,971
Operating Expenses:					
Total Operating Expenses[3]	$3,456,000	$3,902,000	$4,129,000	$5,397,000	$4,961,174
Net Revenues	**$3,427,317**	**$3,501,649**	**$3,736,638**	**$3,264,644**	**$4,820,797**
1999 Bonds Debt Service[4]	$1,700,000	$1,692,000	$1,688,000	$1,692,000	$1,690,000
Coverage	2.02x	2.07x	2.21x	1.93x	2.85x
Net Revenues after Debt Service	$1,727,317	$1,809,649	$2,048,638	$1,572,644	$3,130,797

Source: Fieldman, Rolapp & Associates based on information provided by the City and the City's audited financial statements
(1) Sales and Service Charges.
(2) Includes investment income.
(3) Includes salaries and benefits, supplies, repair and maintenance, insurance, claims and settlements, administrative services, rent and lease expenses, consulting and contract services. Does not include depreciation.
(4) Annual debt service on the 1999 Bonds rounded to the nearest thousand to reconcile to the city's audited financial statements.

The table below sets forth the projected revenues, expenditures and debt service coverage of the Enterprise for fiscal years 2008-09 through 2013-14.

TABLE 12
City of Culver City
Wastewater Enterprise
Projected Revenues, Expenses and Coverage*
(Fiscal Years Ending June 30)

	Estimated 2008-09	Projected 2009-10	Projected 2010-11	Projected 2011-12	Projected 2012-13	Projected 2013-14
Operating Revenues:						
Charges for services[(1)]	$8,668,401	$8,203,000	$8,367,060	$8,534,401	$8,705,089	$8,879,191
Interest Income[(2)]	350,000	350,000	350,000	350,000	350,000	350,000
Total Operating Revenues	**$9,018,401**	**$8,553,000**	**$8,717,060**	**$8,884,401**	**$9,055,089**	**$9,229,191**
Operating Expenses:						
Salaries and benefits[(3)]	$1,096,332	$1,140,185	$1,162,989	$1,186,249	$1,209,974	$1,234,173
Hyperion O&M[(4)]	37,000	1,331,600	1,409,300	1,462,000	1,517,300	1,572,000
Hyperion capital costs[(4)]	0	1,312,300	1,691,600	1,691,200	1,080,000	903,800
Administration, Insurance, Rent[(5)]	1,891,025	1,947,756	2,006,188	2,066,374	2,128,365	2,192,216
Total Operating Expenses	**$3,024,357**	**$5,731,841**	**$6,270,077**	**$6,405,823**	**$5,935,639**	**$5,902,189**
Net Revenues	**$5,994,044**	**$2,821,159**	**$2,446,983**	**$2,478,578**	**$3,119,450**	**$3,327,002**
1999 Bonds Debt Service[(6)]	$1,708,844	$1,134,617	--	--	--	--
2009 Bonds Debt Service*	--	$ 519,024	$1,553,588	$1,551,838	$1,554,413	$1,552,313
Coverage[(7)]*	3.51x	1.71x	1.58x	1.60x	2.01x	2.14x
Remaining revenues*	**$4,285,200**	**$1,167,518**	**$ 893,395**	**$ 926,740**	**$1,565,037**	**$1,774,689**

Source: City of Culver City Comprehensive Annual Financial Reports and Fieldman, Rolapp & Associates.
(1) Projected revenues reflect (a) an estimated 6% decrease in fiscal year 2009-10 water consumption in the City over fiscal year 2008-09 projections and thereafter, no changes in water consumption through 2013-14, and (b) a planned 2% increases in sewer user charge fees charged by the City in Fiscal Years 2010-11 through 2013-14.
(2) Interest earnings reflect amount budgeted in Fiscal Year 2008-09 and remain constant. Assumes interest rate of 1.5% applied to projected year end fund balance.
(3) Reflects the amount budgeted for Fiscal Year 2008-09. Salary and benefit figures for subsequent years incorporate a 4% increase in Fiscal Year 2009-10 per expiring bargaining unit contract and a 2% increase thereafter.
(4) Figures for the City's projected Hyperion payments are derived from information provided by the city of Los Angeles, which provides a five-year forecast of operating and capital costs. The actual amount charged to the City in Fiscal Year 2008-09 will be approximately $37,000, which is significantly less than the budgeted amount of $3,677,243 because Hyperion is giving the City credit for over-payments in prior fiscal years.
(5) Reflects the amount budgeted for Fiscal Year 2008-09. Administrative and related costs reflect a 3% annual increase factor. Excludes Depreciation.
(6) For Fiscal Year 2009-10, debt service on the 1999 Bonds is a September 1, 2009 payment to be made from the Escrow Fund.
(7) Equals Net Revenues divided by total debt service.

THE HYPERION SYSTEM

General

As described in "Contracting Agencies" below, the City conveys wastewater from the City to the Hyperion Plant for treatment and disposal. The Hyperion Plant is a major component in the wastewater treatment and disposal system operated by Los Angeles, which serves an area of approximately 600 square miles in the Los Angeles Basin (the "Hyperion System"). The Hyperion Plant serves the central coastal area of the Los Angeles Basin and portions of the San Fernando Valley. Three inland plants along the Los Angeles River (the Tillman Water Reclamation Plant, the Burbank Plant and the Los Angeles-Glendale Water Reclamation Plant) also treat wastewater flows; however, sludge from these three

* Preliminary, subject to change.

facilities is discharged into interceptor sewers and the Hyperion Plant for additional treatment and disposal.

The Hyperion System consists of a series of approximately 6,000 miles of local, collector and interceptor sewers terminating at the Hyperion Plant. Five major sewers collect and convey wastewater to the Hyperion Plant: (i) the Central Outfall Sewer, (ii) the North Outfall Replacement Sewer, (iii) the North Outfall Sewer, (iv) the North Central Outfall Sewer, and (v) the Coastal Interceptor Sewer. The Enterprise has access to the Hyperion Plant through the latter four sewers. The existing Hyperion Plant, designed for an average flow of 450 mgd, currently treats to a secondary treatment standard an average dry weather flow of approximately 322 million gallons per day and has a total wet weather flow capacity of 850 million gallons per day. The Hyperion Plant receives wastewater flow from the central, western and northern areas of the City of Los Angeles.

Certain information about the City of Los Angeles, its wastewater system and the Hyperion Plant is set forth in an Official Statement, dated March 18, 2009, relating to the bonds captioned “$454,785,000 City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2009-A” (the “Los Angeles Bonds”). The City of Los Angeles has also entered into various continuing disclosure agreements, including one with respect to the Los Angeles Bonds, pursuant to which it is contractually obligated to file annual reports, notices of certain material events as defined under Rule 15c2-12 of the Exchange Act (“Rule 15c2-12”) and annual audited financial statements with the Municipal Securities Rulemaking Board. The Official Statement relating to the Los Angeles Bonds and Los Angeles’ annual reports should be reviewed for information pertaining to the Hyperion Plant. The information in the Official Statement relating to the Los Angeles Bonds is not incorporated by reference in this Official Statement.

THE CITY OF LOS ANGELES HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE CITY, THE TRUSTEE, THE UNDERWRITER OR THE OWNERS OF THE BONDS TO PROVIDE INFORMATION ABOUT THE LOS ANGELES BONDS, THE CITY OF LOS ANGELES OR THE HYPERION PLANT TO THE CITY OR THE OWNERS OF THE BONDS. ALTHOUGH THEY BELIEVE LOS ANGELES TO BE A RELIABLE SOURCE OF INFORMATION WITH RESPECT TO THE HYPERION PLANT, NEITHER THE CITY NOR THE UNDERWRITER ASSUMES ANY RESPONSIBILITY FOR THE ACCURACY OF SUCH INFORMATION.

Contracting Agencies and the Sewage Disposal Contracts

Los Angeles currently provides sewer transportation and treatment on an area-wide basis for 29 agencies (the “Contracting Agencies”) pursuant to certain contracts executed and in force with each agency (the “Sewage Disposal Contracts”). Of the 29 Contracting Agencies, the five largest (Beverly Hills, Los Angeles County Sanitation District Number 4, Glendale, Santa Monica and the City) account for approximately 78 percent of the Contracting Agencies’ total flow of effluent.

The Sewage Disposal Contracts between Los Angeles and the Contracting Agencies, including the City’s (which was executed in 1999), include the following key provisions:

- Los Angeles is recognized as the sole owner and sole operating authority of the Hyperion System.
- Discharge entitlements will be eliminated and all unused capacity in the Hyperion System will be available to any Contracting Agency in return for proportionally shared future sewer facility charges and capital costs for upgrade of existing facilities and construction of new facilities.
- Treatment and disposal charges will be based on actual discharge by measuring discharge in terms of flow and strength.
- Conveyance charges will be based on actual flow and distance.

- There will be no limitation on the wastewater that a Contracting Agency can discharge to the Hyperion System.
- Los Angeles and the Contracting Agency will share the connection fee income paid by new customers discharging to the Hyperion System.
- Interest and penalties will be added to late payments by the Contracting Agencies.
- Each Agency may have access to a share of the reusable water produced by Los Angeles's water reclamation plants.
- Federal or state liability, whether relating to water or air, including fines, penalties, increased costs due to increased regulations and the costs of any alternative project, including third party liability, including compensatory damages and liability arising from operator error, negligence, sewage spills or other discharges, but not including liability arising from gross negligence and/or willful and/or intentional acts by Los Angeles, will be borne by the Contracting Agencies on a proportional basis.
- Contracting Agencies will not be responsible for liability arising from construction and operation of Los Angeles's wastewater system and Los Angeles will not be responsible for liability arising from construction and operation of the wastewater system of the Contracting Agencies.
- The new contracts will have thirty-year terms, except that the parties may initiate renegotiations after ten years for certain changed conditions.
- Contracting Agencies will reimburse Los Angeles for certain capital improvements and related engineering and contract administration costs.

Regulatory Requirements

The Hyperion System is subject to regulatory requirements relating to the Federal Water Pollution Control Act as amended. The regulatory requirements are administered by the United States Environmental Protection Agency ("EPA") through the State Water Resources Control Board ("SWRCB"). Regulations of these agencies deal primarily with the quality of effluent which may be discharged from the Hyperion Plant, the disposal of sludge, the discharge of pollutants into the groundwater, and the nature of waste material (particularly industrial waste) discharged into the Hyperion System. As a condition of having received federal EPA grant funds under the Clean Water Act for planning, design and construction of various wastewater projects, Los Angeles is subject to additional requirements. Among the grant-related requirements are guidelines which must be followed concerning planning methodologies, design criteria, procurement, construction activities, and financing of facilities.

To comply with federally mandated effluent quality and disposal criteria, Los Angeles must operate the Hyperion System according to discharge limitations and reporting requirements set forth in National Pollutant Discharge Elimination System (NPDES) discharge permits. At the present time the Hyperion Plant is in compliance with the requirements of its NPDES permits.

In addition to federal requirements, the Hyperion System must comply with State requirements. The primary State law concerned with the control of water quality is the Porter Cologne Water Quality Control Act of 1969 as amended.

BONDOWNERS' RISKS

INVESTMENT IN THE BONDS INVOLVES ELEMENTS OF RISK. THE FOLLOWING SECTION DESCRIBES CERTAIN SPECIFIC RISK FACTORS AFFECTING THE PAYMENT AND SECURITY OF THE BONDS. THE FOLLOWING DISCUSSION OF RISKS IS NOT MEANT TO BE

AN EXHAUSTIVE LIST OF THE RISKS ASSOCIATED WITH THE PURCHASE OF THE BONDS AND THE ORDER OF DISCUSSION OF SUCH RISKS DOES NOT NECESSARILY REFLECT THE RELATIVE IMPORTANCE OF THE VARIOUS RISKS. POTENTIAL INVESTORS ARE ADVISED TO CONSIDER THE FOLLOWING FACTORS ALONG WITH ALL OTHER INFORMATION IN THIS OFFICIAL STATEMENT IN EVALUATING THE BONDS. THERE CAN BE NO ASSURANCE THAT OTHER RISK FACTORS NOT DISCUSSED UNDER THIS CAPTION WILL NOT BECOME MATERIAL IN THE FUTURE.

Limited Obligations with Respect to the Bonds

The Bonds are special obligations of the City payable solely from, and secured by, a pledge of Net Revenues of the Enterprise and any funds and accounts held under the Resolutions. See "SECURITY FOR THE BONDS." If, for any reason, the Net Revenues are not sufficient to pay debt service on the Bonds, the City will not be obligated to utilize any other of its funds, other than moneys on deposit in the Reserve Account and the other funds and accounts established under the Resolutions. The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Forecasts

Although the City believes that the projections of future operating results of the Enterprise contained in this Official Statement are reasonable, there can be no assurance that actual operating results will match the projections due to changes in general economic conditions and similar factors, including defaults in the payment of property taxes. In addition, the Enterprise and economic development within the service area of the City are subject to federal, State and local regulations. There can be no assurance that the Enterprise will not be adversely affected by future economic conditions, governmental policies or other factors beyond the control of the City.

Wastewater System Expenses And Collections

There can be no assurance that the Operating Expenses for the Enterprise will remain at the levels described in this Official Statement. Changes in Hyperion charges to the City, technology, energy or other expenses could reduce the Net Revenues and could require substantial increases in rates or charges. Given the requirements of Proposition 218, the City can give no assurance that any such increase in sewer charges would not be precluded by a majority protest. See "CONSTITUTIONAL PROVISIONS AFFECTING ENTERPRISE REVENUES AND EXPENDITURES" below. Additionally, any such rate increases could increase the likelihood of nonpayment by customers of the Enterprise, which may have an adverse impact on the City's ability to pay debt service on the Bonds.

Casualty Risk; Earthquakes

Any natural disaster or other physical calamity, including earthquake, may have the effect of reducing sewer revenues through damage to the Enterprise and/or adversely affecting the economy of the surrounding area. The City currently maintains insurance or self-insurance, but only if and to the extent available at reasonable cost from reputable insurers. No assurance can be given that property insurance will continue to be maintained at such levels in the future, depending upon factors such as cost and availability.

The State of California is a seismically active region. There are several geological faults in the area, which have the potential to cause serious earthquakes and damage to the Enterprise. According to the City's General Plan, the two most probable major earthquake sources for the City are the San Andreas Fault Zone, which is located 45 miles from the City at its closest point, and the Newport-Inglewood Fault Zone, a portion of which is located within the City. The City is also in proximity to the Overland and Charnock faults, but movement along those faults is not anticipated because evidence suggest those faults are no longer active. The City does not carry earthquake insurance. Loss of components of the Enterprise may have an adverse impact on the City's ability to pay debt service on the Bonds.

Additional Bonds and Future Rate Increases

The Master Resolution permits the incurrence of additional obligations secured by Net Revenues on a parity basis with the Bonds, upon the City's compliance with certain conditions. Such additional Parity Bonds would increase debt service payable from Net Revenues and could adversely affect debt service coverage with respect to the Bonds. Although the rate covenant of the City under the Master Resolution will remain in effect, the City can give no assurance that any required increase in sewer rates pursuant to the rate covenant would not be precluded by a majority protest. See "SECURITY FOR THE BONDS," "THE ENTERPRISE – Rates and Charges" and "CONSTITUTIONAL PROVISIONS AFFECTING ENTERPRISE REVENUES AND EXPENDITURES."

Limitations on Remedies

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest and premium, if any, on the Bonds or to preserve the tax-exempt status of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and the Resolutions to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay in the exercise of, or limitations on or modifications to, the rights of the Owners.

Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the City, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity 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 Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State.

Investment of Funds

The Reserve Account and all other funds held under the Resolutions are required to be invested in Permitted Investments as provided under the Master Resolution. See "APPENDIX D - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS." All investments, including Permitted Investments, authorized by law from time to time for investments by the City contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, decline in market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Resolutions could have a material adverse effect on the security for the Bonds.

Voter Initiatives -- State Constitutional Amendment

California's voter initiative process allows measures which qualify for the ballot to be approved or disapproved by voters in a State of California statewide election. From time to time initiative measures could be adopted which adversely affect the ability of the City to pay debt service on the Bonds. In recent years, several initiative measures have been proposed or adopted which affect the ability of local governments to increase taxes and rates. There is no assurance that the electorate or the State legislature will not at some future time approve additional limitations that would affect the ability of the City to implement rate increases, which could reduce Net Revenues and adversely affect the security for the Bonds.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the City has covenanted to comply with the applicable requirements of Section 148 and certain other sections of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as private activity bonds, among other things. The interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds as a result of acts or omissions of the City in violation of their covenants. Should such an event of taxability occur, the Bonds are not subject to redemption or any increase in interest rates and may remain Outstanding until maturity or until redeemed under one of the redemption provisions contained in the Resolutions. See "CONCLUDING MATTERS – Tax Matters."

Secondary Market

There can be no assurance that there will be a secondary market for the Bonds, or if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, pricing of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could substantially differ from the original purchase price.

CONSTITUTIONAL PROVISIONS AFFECTING ENTERPRISE REVENUES AND EXPENDITURES

Article XIIIA and Article XIIIB

Pursuant to California law, any fee that exceeds the reasonable cost of providing the service for which the fee is charged is a "special tax," which under Article XIIIA of the California Constitution must be authorized by a two-thirds vote of the electorate. This requirement may be applicable to rates for water and sewer service and capacity charges, to the extent that such rates and charges exceed the reasonable costs of providing service. In addition, the California courts have determined that fees imposed as a condition of approval of a development project, such as impact fees for water or sewer service, will not be special taxes if the fees approximate the reasonable cost of constructing the related improvements contemplated by the local agency imposing the fee. Such court determinations have been codified in California Government Code Section 66005.

On November 6, 1979, California voters approved Proposition 4, the "Gann Initiative," which added Article XIIIB to the California Constitution. Under Article XIIIB, state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys that are called "appropriations subject to limitation" (consisting of tax revenues, state subventions, and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriations of moneys that are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any tax year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. Certain expenditures are excluded from the appropriation limit, including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by voters and payments required to comply with court or federal mandates which without discretion required an expenditure for additional services or which unavoidably make the providing of existing services more costly.

The City believes that its rates and charges for water and sewer service do not exceed the costs the City reasonably bears in providing existing such services, and are presently in compliance with Article XIIIA and Article XIIIB.

Proposition 218: Article XIIIC and Article XIIID

General. On November 5, 1996, California voters approved Proposition 218, "the Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the California Constitution, providing certain voter approval requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges.

Article XIIIC. Article XIIIC provides that a local government may not impose, extend, or increase local taxes until such taxes are submitted to the electorate for approval. General taxes, imposed, extended, or increased for general governmental purposes of the city, require a majority vote and special taxes, imposed, extended, or increased for specific purposes, require a two-thirds vote. In addition, Article XIIIC provides that the constitutional initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local taxes, assessments, fees, and charges. This provision with respect to the initiative power is not limited to taxes, assessments, fees, and charges imposed on or after November 6, 1996, the effective date of Proposition 218. No assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges, including a reduction of all or any portion of the customer charges for wastewater services securing the Bonds. The use of the initiative power is arguably limited in the case of levies directly pledged to bonded indebtedness, such as the City's charges for wastewater services. Although the City expects that the impairment of contracts clause of the federal Constitution would likely invalidate a rate-reduction initiative that violated a rate covenant in existing revenue bond agreements, it is possible that courts deciding the issue could determine otherwise. If an initiative to reduce the City's charges for wastewater service is the subject of a challenge, no guarantee can be made that the courts will agree with such interpretation.

Article XIIID. Article XIIID imposes various procedural and substantive requirements on local governments that levy an "assessment," "fee," or "charge." Article XIIID defines "fees" or "charges" 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 a user fee or charge for a property related service." "Property related service" means a public service having a direct relationship to property ownership (property ownership includes tenancies where tenants are directly liable to pay the fee or charge). In particular, a fee or charge (i) may not exceed the funds required to provide the "property related service," (ii) may not be used for any purpose other than that for which the fee or charge was imposed, (iii) may not exceed the proportional cost of the service attributable to the parcel, (iv) may not be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question, and (v) may not be imposed for general governmental services.

In addition, before any property related fee or charge may be imposed or increased, the local government agency must provide mailed notice 45 days in advance of a hearing regarding the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the local government agency may not impose or increase the fee or charge. Moreover, except for fees or charges for water, wastewater, and refuse collection services (or fees for electrical and gas service, which are expressly exempted from Proposition 218), no property related fee or charge may be imposed or increased without a majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds approval by those residing in the affected area and voting at the election. Article XIIID states that, beginning July 1, 1997, all fees or charges must comply with its provisions.

The ability of the City to comply with the covenants in the Resolutions in connection with the levy and collection of wastewater service charges, including the rate covenant described under "SECURITY FOR THE BONDS – Rate Covenant," could be adversely affected by actions taken or not taken by voters, property owners or other persons obligated to pay wastewater service charges.

In July 2006, the California Supreme Court decided Bighorn-Desert View Water Agency v. Verjil ("Bighorn") and held that fees and charges for ongoing water service through an existing connection were fees and charges for a property related service and were therefore imposed on a person as an incident of property ownership for purposes of Article XIIID. As the California Courts continue to interpret Proposition 218, charges for wastewater services could also be found to be fees or charges as defined by Proposition 218. The City believes that it has complied with the requirements of Proposition 218 in all material respects with respect to the adoption of the City's current charges for the Enterprise.

The general financial condition of the City may be affected by provisions of Article XIIIC and Article XIIID, including (A) provisions of Article XIIIC (i) requiring taxes for general governmental purposes to be approved by a majority vote and taxes for specific purposes, even if deposited into the General Fund, to be approved by two-thirds vote, (ii) requiring any general purpose tax which the City imposed, extended or increased, without voter approval, after December 31, 1994, to be approved by majority vote on November 5, 1998, (iii) subjecting all taxes, assessments, fees and charges to reduction or repeal at any time through the initiative process; and (B) provisions of Article XIIID that could reduce the ability of the City to fund certain services or programs that it may be required or choose to fund, such as provisions (1) adding requirements making it generally more difficult to levy and maintain assessments, (2) requiring the City to hold a noticed public hearing at which a majority of the owners of property subject to any new or increased fee or charge may protest and prevent the City from imposing the new or increased fee or charge, and (3) requiring any imposition or increase of fees or charges other than for sewer, water and refuse collection services or fees for electrical or gas service (which are not treated as property related for purposes of Article XIIID) to be approved by "majority of the property owners" subject to the fee or charge or, at the option of the local government, two-thirds vote of the electorate residing in the affected area.

The foregoing discussion of Article XIIIC and Article XIIID should not be considered an exhaustive or authoritative treatment of the issues. The City does not expect to be in a position to control the consideration or disposition of these issues and cannot predict the timing or outcome of any judicial or legislative activity in this regard. Interim rulings, final decisions, legislative proposals and legislative enactments may all affect the impact of Article XIIIC and Article XIIID on the Bonds as well as the market for the Bonds. Legislative and court calendar delays and other factors may prolong any uncertainty regarding the effects of Article XIIIC and Article XIIID.

CONCLUDING MATTERS

Absence of Litigation

To the City's knowledge, there is no litigation pending or threatened to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Resolutions, or any proceedings of the City with respect thereto. In the opinion of the City and its counsel, there is no lawsuit or claim pending against the City which will materially impair the City's ability to enter into the Resolutions or restrain or enjoin the collection of Revenues or the payment of the Bonds as contemplated therein.

Continuing Disclosure

The City has undertaken for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the Enterprise and other data by not later than March 31 of each year, commencing March 31, 2010 with the report for the 2008-2009 fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and notices of material events will be filed by the City or U.S. Bank National Association, as the Dissemination Agent on behalf of the City, with the Municipal Securities Rulemaking Board, via its Electronic Municipal Market Access ("EMMA") system. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT." This undertaking has been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended.

A failure by the City to comply with the provisions of the Continuing Disclosure Agreement is not an event of default under the Resolutions (although the holders and beneficial owners of the Bonds do have remedies at law and in equity). However, a failure to comply with the provisions of the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds. Therefore, a failure by the City to comply with the provisions of the Continuing Disclosure Agreement may adversely affect the marketability of the Bonds on the secondary market.

Certain Legal Matters

The legality of the issuance of the Bonds is subject to the approval of Richards Watson & Gershon, A Professional Corporation, Los Angeles, Bond Counsel. Bond Counsel's opinions with respect to the Bonds will be substantially in the forms set forth in APPENDIX C of this Official Statement. In addition, certain other legal matters will be passed on by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, as Disclosure Counsel. Fees payable to Bond Counsel and Disclosure Counsel are contingent upon successful sale and delivery of the Bonds.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to their date of issue. These requirements include, but are not limited to, provisions which limit how the proceeds of the Bonds may be spent and invested, and generally require that certain investment earnings be rebated on a periodic basis to the United States of America. The City has made certifications and representations and has covenanted to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law and, assuming the accuracy of such certifications and representations by the City and compliance with such covenants, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code, and (ii) the Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Code and, therefore, interest on the Bonds is not a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes.

A portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. The exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those deemed to incur indebtedness to acquire tax-exempt obligations, and individuals eligible for the earned income tax credit. Bond Counsel will express no opinion regarding these and other such consequences.

Bond Counsel has not undertaken to advise in the future whether any circumstances or events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future legislation, or amendments to the Code, if enacted into law, will not contain provisions which could eliminate, or directly or indirectly reduce the benefit of the exclusion of interest on the Bonds from gross income for Federal income tax purposes. Certain requirements and procedures contained or referred to in relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond, or the interest thereon, if any such change occurs or action is taken upon the advice or approval of bond counsel other than Richards, Watson & Gershon, A Professional Corporation.

If the issue price of a Bond (the first price at which a substantial amount of the bonds of a maturity are to be sold to the public) is less than the stated redemption price at maturity of such Bond, the difference constitutes original issue discount, the accrual of which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant yield method over the term of each such Bond and the basis of each Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Purchasers who acquire Bonds with original issue discount are advised that they should consult with their own independent tax advisors with respect to the state and local tax consequences of owning such Bonds.

If the issue price of a Bond is greater than the state redemption price at maturity of such Bond, the difference constitutes original issue premium, the amortization of which is not deductible from gross income for Federal income tax purposes. The amount of amortizable Bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each such Bond, or in the case of a callable bond, possibly on a more accelerated basis. For purposes of determining gain or loss on the sale or other disposition of such Bond, the purchaser is required to decrease such purchaser's adjusted basis in such Bond annually by the amount of amortizable Bond premium for the taxable year.

Prospective purchasers of the Bonds should consult their own independent tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

The Internal Revenue Service has established a program to audit issues of tax-exempt bonds in order to determine whether, in its view, interest should instead be included in gross income of the Bondholders for purposes of federal income taxation. It cannot be predicted whether or not the Bonds will be subjected to such an audit. If such an audit is undertaken, it could adversely affect the market value of the Bonds until the audit is concluded, regardless of the ultimate outcome of the audit.

Financial Advisor

Fieldman, Rolapp & Associates has acted as financial advisor to the City concerning the Bonds. As financial advisor, Fieldman, Rolapp & Associates will receive compensation contingent upon the sale and delivery of the Bonds.

Underwriting

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a purchase price of $_____ (equal to the principal amount of the Bonds, less a net original issue discount of $_____ and less an underwriter's discount of $_____). The Underwriter intends to offer the Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice.

Qualified Tax-Exempt Obligations

The Bonds have been designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Code) to deduct any of its interest expense allocable to tax-exempt interest and instead generally subjects certain financial institutions to a prohibition against deducting 20 percent of its interest expense allocable to interest on the Bonds.

Rating

Standard & Poors ("S&P"), is expected to assign an underlying rating of "AA" to the Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Financial Statements

Excerpts of the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2008, which include the City's 2007-08 financial statements and the Independent Auditor's Report issued by Mayor Hoffman McCann P.C., Certified Public Accountants, Irvine, California, (the "Auditor") regarding such financial statements, are set forth in Appendix B. The Auditor was not requested to consent to the inclusion of its report in Appendix B and it has not undertaken to update financial statements included in Appendix B. No opinion is expressed by the Auditor with respect to any event subsequent to its report.

Miscellaneous

All of the preceding description and summaries of the Bonds and the Resolutions, other applicable agreements, legislation and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

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

The City has duly authorized the execution and delivery of this Official Statement by their duly authorized officers.

CITY OF CULVER CITY

By:______________________________
City Manager

APPENDIX A

CITY OF CULVER CITY GENERAL INFORMATION

This Appendix is included solely to provide background and demographic information regarding the City. The City's obligation to pay debt service on the Bonds is a special obligation limited solely to the Net Revenues of the Enterprise. No other funds or property of the City shall be liable for the payment of the Bonds or any other amounts payable under the Resolutions.

General

The City encompasses five square miles and is located in the western portion of Los Angeles County. It is approximately 10 miles west of downtown Los Angeles and five miles inland of the Pacific Ocean. The City is mostly surrounded by the City of Los Angeles, but also has a border with unincorporated areas of Los Angeles County on its eastern side.

Municipal Government

The City was incorporated in 1917, and adopted a City Charter in 1947. The City operates under a Mayor/City Council-City Manager form of government. The City is governed by a five-member City Council, elected at large to serve four-year terms. The City Council selects from among its members a Mayor and Vice Mayor, to serve in those positions for a period of one year. The City Council appoints the City Manager, City Attorney, Police Chief and Fire Chief. Other department heads are appointed by the City Manager. As of June 30, 2008 the City had 695 full-time employees.

The current members of the City Council are as follows:

Name and Office	Current Term Expires
Andrew Weissman, *Mayor*	April 2012
Christopher Armenta, *Vice Mayor*	April 2012
D. Scott Malsin, *Council Member*	April 2010
Micheál O'Leary, *Council Member*	April 2012
Gary Silbiger, *Council Member*	April 2010

Population

The following table shows a summary of population data for the City, Los Angeles County (the "County") and the State of California (the "State") for the years shown.

CITY OF CULVER CITY
City, County and State Population
Calendar Years 1980, 1990, 2000, 2005 & 2009

Calendar Year	City	County	State
1980	38,139	7,447,421	23,782,000
1990	39,550	8,832,500	29,558,000
2000	38,716	9,477,651	33,721,583
2005	40,603	10,158,409	36,676,931
2009	40,657	10,393,185	38,292,687

Source: State of California Department of Finance estimates as of January 1 of each year.

City's Taxable Valuation

A summary of the City's taxable valuation for fiscal years 2003-04 through 2007-08 is set forth below. These figures are presented for historical comparison, with reference only to the time frame of the years shown.

CITY OF CULVER CITY
Assessed Valuations
Fiscal Years 2003-04 through 2007-08

Fiscal Year	Secured Property	Unsecured Property	Total Taxable Assessed Value	Growth Rate
2003-04	$4,417,537,522	$392,953,627	$4,811,667,938	--
2004-05	4,719,905,822	322,647,260	5,053,794,455	5.03%
2005-06	5,053,722,604	366,616,923	5,420,774,502	7.26
2006-07	5,455,470,578	357,449,547	5,813,305,100	7.24
2007-08	5,999,920,641	379,698,875	6,380,004,491	9.75

Source: City of Culver City Comprehensive Annual Financial Report for fiscal year ended June 30, 2008.

Tax Levies and Delinquencies

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Secured property tax bills are mailed in October, the first installment of the secured tax levy is due November 1 and the second installment is due February 1, but the entire bill may be paid when paying the first installment. If the first installment of the property tax bill is not paid by December 10, then the taxes becomes delinquent and a ten percent delinquent penalty is added to the amount due. If the second installment of the property tax bill is not paid by April 10, then it becomes delinquent and a ten percent delinquent penalty is added to the amount due and an administrative charge of $10 is added. Unsecured taxes become delinquent if unpaid on August 31.

Property owners who fail to pay either or both installments by June 30, will have their properties tax defaulted. Properties may be redeemed under an installment plan of redemption that allows property owners to make payments on defaulted taxes over a five-year period. To open an installment plan, the property owner must pay a $75 non-refundable application fee, make a minimum payment of 20 percent of the total tax amount including penalty and interest charges, and pay any current year's taxes and penalties on or before April 10. Interest accrues at 1.5 percent per month on the unpaid balance once the account has been opened. If no payments have been made on delinquent taxes at the end of five fiscal years for residential property and three years for non-residential property, the properties then become subject to the County Treasurer and Tax Collector's power of sale as provided by law.

Each Enterprise user pays sewer charges as a direct assessment billed on his or her property tax bill. The County remits sewer charge revenues to the City in seven installments. Current payment practices by the County provide for payment to the City of approximately 60% of the sewer charge revenues by February. By April, the County allocates approximately 89% of sewer charge revenues to the City with the balance delivered by June. If a property owner fails to pay the sewer charge portion of his or her property tax bill, the entire amount is considered delinquent and remains subject to the penalties and tax foreclosure procedures described in the preceding paragraph. If the property tax bill remains unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector for the delinquent amount. The current year property tax delinquency rate within the City has averaged less than 2 percent over the past 10 years.

Construction Activity

The following is a summary of the construction permits issued by the City from calendar years 2004 through 2008.

City of Culver City
Building Permits Issued and Values for Permits Issued
Calendar Years 2004 through 2008

		Valuation of Permits Issued				
Calendar Year	Total Permits	Commercial and Office	Residential Single	Residential Multi-Units	All Other	Total
2004	818	$22,937,027	$10,660,683	$1,661,038	$ 212,700	$ 35,471,448
2005	813	25,983,553	13,022,004	3,395,961	94,400	42,495,918
2006	809	121,810,523	15,501,358	7,340,421	142,200	144,794,502
2007	813	45,509,397	14,143,216	3,021,992	4,146,261	66,820,866
2008	822	162,128,515	13,780,064	3,087,327	12,669,300	191,665,206

Source: City of Culver City.

Employment

According to the State of California Employment Development Department, the March 2009 preliminary, estimated unemployment rate for the City was 7.8 percent, and that for the County was 11.3 percent. The following table shows certain employment statistics for the City and the County for calendar years 2004 through 2008.

CITY OF CULVER CITY
City and County Employment Statistics
Calendar Years 2004 through 2008 (1)

	City			County	State
Year	Labor Force	Employed	Unemployment Rate	Unemployment Rate	Unemployment Rate
2004	24,100	23,000	4.4%	6.5%	6.2%
2005	24,400	23,500	3.6	5.3	5.4
2006	24,600	23,800	3.2	4.8	4.9
2007	24,900	24,100	3.4	5.1	5.4
2008	25,000	23,700	5.1	7.5	7.2

(1) Not seasonally adjusted. Figures represent the 12-month average for each such year.
Source: State of California, Employment Development Department.

The following table lists the principal employers in the City.

City of Culver City
Principal Employers
as of June 30, 2008

Name of Company	Product/Service	Employees	% of Total City Employment
Sony Pictures Entertainment	movie studio	2,020	8.38%
Westfield Shoppingtown-Fox Hills	shopping center	1,500	6.22
Brotman Medical Center	hospital	900	3.73
Symantec Corp.	software company	800	3.32
City of Culver City	government	688	2.85
Metric Products	clothing manufacturer	650	2.70
Culver City Unified School District	school	575	2.39
Radisson Hotel	hotel	300	1.24
Kaiser Permanente	hospital	275	1.14
West L.A. College	college	250	1.04
Total		**7,958**	**33.02**

Source: City of Culver City Comprehensive Annual Financial Report for fiscal year ended June 30, 2008 and City of Culver City.

The following table summarizes the civilian labor force in the County for the calendar years 2004 through 2008. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

LOS ANGELES COUNTY
Annual Average Industrial Employment [1]
Calendar Years 2004-2008

Industry	2004	2005	2006	2007	2008
Private, non-farm					
Goods producing:					
Natural resources and mining	3,800	3,700	4,000	4,400	4,400
Construction	140,200	148,700	157,500	157,600	145,100
Manufacturing – durable goods	267,800	263,400	257,300	250,900	242,900
Manufacturing – non-durable goods	215,800	208,300	204,400	198,300	191,000
Service Providing:					
Wholesale trade	215,100	219,300	225,700	227,000	224,500
Retail trade	405,400	414,400	423,300	426,000	417,400
Transport., warehousing and utilities	161,100	161,700	165,200	165,600	162,000
Information	211,900	207,600	205,600	209,800	211,300
Financial activities	241,600	244,000	248,800	246,000	235,400
Professional and business services	562,400	576,100	598,900	605,400	584,100
Educational and health services	467,000	471,300	478,700	490,500	501,500
Leisure and hospitality	372,800	377,800	388,600	397,900	399,500
Other services	144,700	144,300	145,200	147,100	146,500
Subtotal					
Government	587,100	583,700	589,400	595,700	603,700
Farm	7,600	7,400	7,600	7,500	6,900
Total	4,004,100	4,031,600	4,100,100	4,129,600	4,076,200

(1) Employment reported by place of work; does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not add due to rounding. Figures represent the 12-month average for each such year. Not seasonally adjusted.

Source: State of California, Employment Development Department.

Per Capita Personal Income

The following table shows the annual per capita personal income for the Los Angeles-Long Beach-Glendale Metropolitan Division, the State and the United States from 1998 through 2007.

Los Angeles-Long Beach-Glendale Metropolitan Division, the State and the United States
Per Capita Personal Income [(1)]
Calendar Years 1998 through 2007

Calendar Year	Los Angeles-Long Beach-Glendale Metropolitan Division	State of California	United States
1998	27,220	28,374	26,883
1999	27,973	29,828	27,939
2000	29,238	32,467	29,847
2001	30,541	32,901	30,582
2002	30,924	32,870	30,838
2003	31,611	33,620	31,530
2004	33,167	35,531	33,157
2005	35,147	37,418	34,690
2006	37,991	40,020	36,794
2007	39,794	41,805	38,615

(1) Per capita personal income is calculated as the personal income of residents of a given area divided by the resident population of the area. In computing per capita personal income, the Bureau of Economic Analysis uses the U.S. Census Bureau's annual midyear population estimates.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Commercial Activity

The following table summarizes the annual volume of taxable transactions within the City for calendar years 2003 through 2007.

CITY OF CULVER CITY
Taxable Transactions
Calendar Years 2003 through 2007
(in Thousands of Dollars)

	2003	2004	2005	2006	2007
Retail Outlets					
Apparel store	$80,107	$85,481	$93,844	$94,355	$91,747
General merchandise stores	334,386	352,410	367,295	383,975	385,075
Food stores	35,725	33,631	39,824	46,503	45,315
Eating & drinking places	88,669	100,252	105,274	116,730	123,440
Home furn. & appliances	47,007	52,343	62,461	75,407	74,951
Bldg. material and farm impl.	63,662	73,362	84,752	83,682	67,430
Auto dealers & supplies	223,441	247,720	213,938	195,141	178,594
Service stations	45,592	51,764	62,834	67,742	72,092
Other retail stores	223,926	236,209	243,875	253,741	267,816
Subtotal	1,142,515	1,233,172	1,274,097	1,317,276	1,306,460
All Other Outlets	262,404	264,856	278,990	310,374	312,925
All Outlets	$1,404,919	$1,498,028	$1,553,087	$1,627,650	$1,619,385

Source: Compiled from data published by State of California Board of Equalization.

Transportation

The City is well served by area transportation routes and offers access to several airports. The San Diego Freeway (Interstate 405), is a major north-south interstate highway that crosses through the City. The City is also within minutes of the Santa Monica Freeway (Interstate 10), a major east-west interstate highway which runs from the Pacific Ocean to California's border with Arizona, and the Marina Freeway (State Route 90) which crosses Interstate 405 and connects the City to the unincorporated area of Marina del Rey. The City is served by Los Angeles International Airport, which is located approximately seven miles south of the City. The City operates the Culver CityBus, which serves residents in the City and surrounding communities. Phase 1 of the Expo Line, a light rail line that will travel from downtown Los Angeles to a terminal station in the City, started in 2006. The Expo Line will be approximately 8.6 miles in length, traveling parallel to the Santa Monica Freeway, and will allow passengers to travel between downtown Los Angeles and the City in 30 minutes. Phase 1 is currently estimated to open in the summer of 2010. The proposed extension of the Expo Line for Phase 2 involves extending the Expo Line from the City to the beach. Environmental studies for Phase 2 are expected to be completed by January 2010.

Education

The City's students are served by the Culver City Unified School District presided over by a separately elected board. The system includes five elementary schools, one middle school, one high school, a continuation school, an adult school, an independent study school, and a children's center. The City also has several private elementary schools and the Culver City Academy of Visual & Performing Arts. Antioch University Los Angeles, which offers a bachelors and various masters degree programs is located in the City and West Los Angeles College, a two-year community college is located just east of the City. Other nearby higher education opportunities are available within easy freeway access at UCLA (five miles northwest of the City) and USC (nine miles east of the City).

Community Facilities and Services

The City is a full service city, and the services provided by the City include police, fire, general maintenance, public improvements, planning and zoning, refuse collection, municipal bus lines, recreation and community services, and general administrative services. Medical facilities include Brotman Medical Center and Kaiser Permanente's Playa Vista Medical Offices. The City offers a wide variety of neighborhood parks for leisure activities, including a dog park and a skate park. The City maintains a teen center and a senior citizen's center which provides a variety of educational, recreational and social services for seniors, residents with disabilities and members of the general community.

APPENDIX B

CITY OF CULVER CITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2008 (EXCERPTS)

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Bonds, Richards Watson & Gershon, A Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

APPENDIX D

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX E

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable and the City takes no responsibility for the accuracy thereof. The City give no assurances that (i) DTC, the Direct and Indirect Participants or others will distribute payments of principal, premium (if any) or interest with respect to the Bonds paid to DTC or its nominee as, the registered owner, to the Beneficial Owners, (ii) such entities will distribute redemption notices or other notices, to the Beneficial Owners, or (iii) an error or delay relating thereto will not occur.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. 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*.

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

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

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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity 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.

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

Principal, premium (if any) and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the City or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any) and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, 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.

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

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered in accordance with the provisions of the Resolutions.

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the City of Culver City (the "City") and U.S. Bank National Association, as dissemination agent (the "Dissemination Agent") in connection with the issuance by the City of its $[principal amount] aggregate principal amount of Wastewater Facilities Refunding Revenue Bonds, 2009 Series A (the "Bonds"). The Bonds are being issued pursuant to a Master Resolution, adopted by the City Council of the City on ___, 2009 (the "Master Resolution"), as supplemented by a First Supplemental Resolution, adopted by the City Council of the City on ___, 2009 (the "Supplemental Resolution" and together with the Master Resolution, the "Resolution"), by and among the City and U.S. Bank National Association, as trustee (the "Trustee"). The City covenants and agrees as follows:

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

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

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in Sections 3 and 4 of this Disclosure Agreement.

"Dissemination Agent" shall mean U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the City and which has filed with the City and the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system located at http://www.emma.msrb.org, which is the centralized on-line repository for municipal disclosure documents to be filed with the MSRB pursuant to the Rule.

"Implementation Date" means July 1, 2009, or any later date set by the Securities and Exchange Commission for implementation of the EMMA continuing disclosure service.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the final Official Statement relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provisions of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than March 31 of each year, commencing March 31, 2010 with the report for the 2008-2009 fiscal year, provide to the MSRB, via EMMA, in an electronic format accompanied by identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report 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).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) above for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by such date, the Dissemination Agent 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 first sentence of this subsection (b). 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 it hereunder.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB, via EMMA, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent (if other than the City) shall, if and to the extent, the City has provided an Annual Report in final form to the Dissemination Agent for dissemination, file a report with the City certifying that the Annual Report has been provided to the MSRB, via EMMA, pursuant to this Disclosure Agreement, 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) Audited financial statements of the City 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 time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following financial information and operating data set forth in the Official Statement:

(i) To the extent not contained in the audited financial statements filed pursuant to the preceding subsection (a) by the date required by Section 3 hereof, updates of Tables ___ set forth in the Official Statement.

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 have been available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the security.

(vii) Modifications to rights of security holders.

(viii) Bond calls.

(ix) Defeasances.

(x) Release, substitution, or sale of property securing repayment of the securities.

(xi) Rating changes

(b) The Dissemination Agent shall, as soon as reasonably practicable after obtaining knowledge of the occurrence of any of the Listed Events, inform the City of such event and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (c).

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would be material under applicable Federal securities law. If the City determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the City shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, via EMMA, in an electronic format accompanied by identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) 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 pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent.

(a) The City hereby appoints and engages U.S. Bank National Association as the Dissemination Agent to assist it in carrying out is obligations under this Disclosure Agreement. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. The City may replace the Dissemination Agent with or without cause. If at the time there is no designated Dissemination Agent appointed by the City, the City shall be the Dissemination Agent and undertake or assume its obligations hereunder.

Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act. The Dissemination Agent may resign its duties hereunder by giving 30-days written notice to the City.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees agreed to between the Dissemination Agent and the City from time to time and for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. 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, holders or beneficial owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the City or an opinion of nationally recognized bond counsel.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement 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 Resolution for amendments to the Resolution 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 the change in the accounting principles shall be sent to the MSRB in the same manner as for a Listed Event under Section 5(c).

No amendment to this Agreement which modifies the duties or rights of the Dissemination Agent shall be made without the prior written consent of the Dissemination Agent.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. 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 Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, 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 it 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 may rely and shall be protected in acting or refraining from acting upon any direction from the City or an opinion of nationally recognized bond counsel. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Alternative Filing Location. Prior to the Implementation Date, any filing under this Disclosure Agreement may be made solely by transmitting such filing to (a) the Texas Municipal Advisory Council ("Texas MAC") as provided at http://www.disclosureusa.org, unless the Securities and Exchange Commission has withdrawn its interpretive advice letter to Texas MAC, dated September 7, 2004, or (b) such other "Central Post Office" designated and accepted by the Securities and Exchange Commission.

Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the City:	City of Culver City 9770 Culver Blvd. Culver City, California 90232 Attention: Jeff Muir, Chief Financial Officer Fax: (310) 253-5880
To the Dissemination Agent:	U.S. Bank National Association 633 West Fifth Street, 24th Floor Los Angeles, California 90071 Attention: Julia Hommel Fax: (213) 615-6199

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date written below.

Dated: _______, 2009

CITY OF CULVER CITY

____
[title]

U.S. Bank National Association
as Dissemination Agent

____
Authorized Officer

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING
BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City of Culver City
Name of Bond Issue:	$[principal amount] Wastewater Facilities Refunding Revenue Bonds, 2009 Series A
Date of Issuance:	_______, 2009

NOTICE IS HEREBY GIVEN that the City of Culver City (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by the Master Resolution, adopted by the City Council of the City on ___, 2009, as supplemented by a First Supplemental Resolution, adopted by the City Council of the City on ___, 2009. [The City anticipates that the Annual Report will be filed by __________________.]

Date:_______________, 20__

U.S. Bank National Association
as Dissemination Agent

By:____
Title:____

cc: Jeff Muir, Chief Financial Officer of the City

ESCROW AGREEMENT

by and between

CITY OF CULVER CITY

and

U.S. BANK NATIONAL ASSOCIATION
as Escrow Agent

Dated as of July 1, 2009

Pertaining to the refunding of

City of Culver City
Wastewater Facilities Refunding Revenue Bonds,
1999 Series A

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ESCROW AGREEMENT

This Escrow Agreement (this “Agreement”), is made and entered into as of July 1, 2009, by and between the City of Culver City, a charter city duly organized and existing pursuant to and under the laws of the State of California (the “City”), and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as Escrow Agent (the “Escrow Agent”).

W I T N E S S E T H:

A. The City is a charter city duly organized and existing pursuant to and under the laws of the State of California, and is authorized pursuant to the provisions of the City Charter and the Revenue Bond Law of 1941, Title 5, Division 2, Part 1, Chapter 6, of the Government Code of the State of California, as amended and supplemented (the “Act”) to issue revenue bonds and to refund outstanding bonds of the City.

B. The City has heretofore issued its $25,080,000 aggregate principal amount of Wastewater Facilities Refunding Revenue Bonds, 1999 Series A, of which $20,720,000 are currently outstanding (the “1999 Bonds”).

C. The 1999 Bonds were issued pursuant to Resolution No. 99-R093, as supplemented by Resolution No. 99-R094, each adopted by the City Council of the City on November 8, 1999 (collectively, the “Prior Resolution”).

D. The City proposes to sell and issue its $___ aggregate principal amount of Wastewater Facilities Refunding Revenue Bonds, 2009 Series A (the “2009 Bonds”) to be issued and secured pursuant to Resolution No. ___ adopted by the City Council of the City on _______, 2009, as supplemented by Resolution No. ____ of said City Council adopted on _______, 2009 (collectively, the “Resolution”).

E. A portion of the proceeds of the 2009 Bonds will be used to the refund all of the outstanding 1999 Bonds on September 1, 2009.

F. In accordance with the Resolution, if the City shall deposit, or cause to be deposited, with the Escrow Agent, in trust, funds, which when added to other funds on hand with respect to the 1999 Bonds, shall be sufficient pay to the holders of the 1999 Bonds, the principal of, interest on, and premium, if any, to become due on the 1999 Bonds, then the 1999 Bonds shall be deemed discharged and the pledge of the Trust Estate (as defined in the Prior Resolution) thereupon will cease and terminate; and

G. Pursuant to this Agreement, a portion of the proceeds derived from the sale of the 2009 Bonds will be deposited, together with certain other available moneys, in escrow with the Escrow Agent and applied to the purchase of Investment Securities to effect the refunding of the 1999 Bonds; and

H. In order to provide for the proper and timely application of the moneys deposited in said escrow to the payment of the 1999 Bonds, it is necessary to enter into this Escrow Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

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

"Code" means the Internal Revenue Code of 1986, as amended, together with regulations promulgated, and official public guidance published, thereunder.

"Escrow Agent" means U.S. Bank National Association., in its capacity as the escrow agent under this Agreement, and its successors and assigns.

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

"Escrow Securities" means the Investment Securities set forth in Schedule B hereto.

"Investment Securities" means noncallable direct obligations of the United States of America, or bonds or other obligations which are noncallable and the payment of principal and interest of which are unconditionally and fully guaranteed by the United States of America, to mature or be withdrawable, as the case may be, not later than the time when needed for the payment or redemption of the 1999 Bonds in order to discharge the pledge and lien securing the 1999 Bonds, as specified and defined in the Prior Resolution.

"Refunding Requirements" means an amount sufficient to pay all installments of principal, interest and redemption premium on the 1999 Bonds, on September 1, 2009, as set forth in Schedule A attached hereto.

SECTION 2. Purpose of Agreement; Acceptance of Duties. The City and the Escrow Agent are entering into this Agreement for the benefit of the holders of the 1999 Bonds to provide for the refunding of all of the remaining outstanding 1999 Bonds in the manner contemplated in Section 1201 of the Prior Resolution. The Escrow Agent hereby accepts its duties and obligations hereunder and agrees that the irrevocable instructions to the Escrow Agent provided herein are in a form satisfactory to it. The applicable and necessary provisions of the Prior Resolution, including particularly the defeasance and redemption provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of Prior Resolution shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

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

SECTION 4. Deposits to Escrow Fund. The City shall cause to be deposited with the Escrow Agent in the Escrow Fund, to be held in irrevocable trust by the Escrow Agent and to be applied solely as provided in this Escrow Agreement, (i) $_______, representing a portion of the proceeds of the 2009 Bonds and (ii) $_______ of excess moneys from the funds and accounts under the Prior Resolution and the City hereby directs the Escrow Agent in its capacity as Trustee to effectuate such transfers.

SECTION 5. Maintenance of Escrow Fund. The Escrow Agent upon receipt of the moneys described in Section 4, shall immediately (i) invest $_______ of such proceeds in the Escrow Securities set forth in Schedule B, (ii) deposit such securities in the Escrow Fund, and (iii) deposit the remaining $_________ in the Escrow Fund to be held uninvested. All proceeds received upon the maturity of the Escrow Securities, including interest earnings thereon, shall be retained in the Escrow Fund.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, at the written request of the City and upon compliance with the conditions hereinafter set forth, the Escrow Agent shall have the power to sell, transfer, request the redemption of or otherwise dispose of some or all of the Escrow Securities in the Escrow Fund and to substitute Investment Securities. The foregoing may be effected only if: (a) the substitution of Investment Securities for the substituted Escrow Securities occurs simultaneously; (b) the amounts of and dates on which the anticipated transfers from the Escrow Fund to the Trustee for the payment of the Refunding Requirements will not be diminished or postponed thereby, as shown in the certification (described below) of an independent certified public accountant; (c) the Escrow Agent shall receive the unqualified opinion of nationally recognized bond counsel to the effect that (i) such disposition and substitution would not cause any of the 1999 Bonds or the 2009 Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations thereunder in effect on the date of such disposition and substitution and applicable to obligations issued on the respective issue dates of the 1999 Bonds and the 2009 Bonds, such disposition or substitution would not be inconsistent with the City's tax covenants contained in the Resolution and that the conditions of this Section as to the disposition and substitution have been satisfied and (ii) the City has the right and power to effect such disposition and substitution; and (d) the Escrow Agent shall receive from an independent certified public accountant a certification that, immediately after such transaction, the principal of and interest on the Investment Securities in the Escrow Fund will, together with other moneys available for such purpose, be sufficient to pay the Refunding Requirements.

Upon the written direction of the City, but subject to the conditions and limitations herein set forth, any moneys received from the maturing principal of or interest or other investment income on any Escrow Securities held in the Escrow Fund, or the proceeds from any sale, transfer, redemption or other disposition of Escrow Securities pursuant to Section 5 not required for the purposes of Section 6, as shall be certified to the Escrow Agent by a nationally recognized firm of independent certified public accountants or such other qualified firm selected by the City, shall be paid by the Escrow Agent to the City, free and clear of any trust, lien, pledge or assignment securing the 1999 Bonds or otherwise existing hereunder, after provision for payment of amounts due the Escrow Agent pursuant to Section 14 hereof. Once the 1999 Bonds have been redeemed and paid in full, all amounts remaining in the Escrow Fund shall be paid to the City and the Escrow Fund shall be closed.

SECTION 6. Payment of Refunding Requirements. On September 1, 2009, as set forth in Schedule A, the Escrow Agent shall transfer an amount sufficient to pay the Refunding Requirements from the Escrow Fund to the Trustee. Such amounts shall be applied to the payment of the Refunding Requirements for the equal and ratable benefit of the holders of the 1999 Bonds.

SECTION 7. Verification. The City has caused schedules to be prepared relating to the sufficiency of the anticipated receipts from the Escrow Securities to pay the Refunding Requirements. The City herewith furnishes the Escrow Agent with the report of Causey Demgen & Moore Inc., verifying the mathematical accuracy of the computations contained in such schedules.

SECTION 8. Compliance with Prior Resolution. The City hereby directs and the Escrow Agent hereby agrees that the Escrow Agent in its capacity as Trustee under the Prior Resolution will take all the actions required to be taken by it under the Prior Resolution, including the timely transfer of moneys, in order to effectuate this Agreement. The liability of the Escrow Agent for the payment of the Refunding Requirements, pursuant to Section 6 shall be limited to the application, in accordance with this Agreement, of moneys in the Escrow Fund (including interest earnings thereon, if any).

SECTION 9. Tax Covenant. Notwithstanding any other provision of this Agreement, the City hereby covenants that no part of the proceeds of the 2009 Bonds or of the moneys or funds held by the Escrow Agent hereunder shall be used, and that the City shall not direct the Escrow Agent to use any of such moneys or funds at any time, directly or indirectly, in a manner that would cause any of the 2009 Bonds to be an "arbitrage bond" under Section 148 of the Code, as the same shall be in effect at the time of such use and applicable to obligations issued on the date of issuance of the 2009 Bonds. Neither the City nor the Escrow Agent shall, except as permitted by Section 5 hereof, invest moneys in the Escrow Fund, except that the Escrow Agent may effectuate the transfer of such moneys to a successor escrow agent in accordance with the provisions of Section 15 relating to the transfer of rights and property to successor escrow agents.

SECTION 10. Notices. As soon as practicable, upon receipt of the deposit of moneys in the Escrow Fund pursuant to Section 4, the Escrow Agent shall mail to the registered owners Prior Resolution) a notice substantially in the form set forth in Exhibit A attached hereto. In addition, the Escrow Agent is hereby instructed to send, not less than 30 nor more than 60 days before the redemption date, notices of redemption to the registered owners of the 1999 Bonds, the Securities Depositories and Information Services (as defined in the Prior Resolution), all as provided in the Prior Resolution.

SECTION 11. Defeasance of 1999 Bonds. The City hereby gives notice, pursuant to the Prior Resolution, that by entering into this Agreement, it is electing to defease all of the remaining outstanding 1999 Bonds, notwithstanding that such 1999 Bonds shall not have been surrendered for payment. Concurrently with the initial deposit of Escrow Securities in the Escrow Fund pursuant to Section 4 hereof, the 1999 Bonds shall no longer deemed to be outstanding within the meaning and with the effect expressed in the Prior Resolution and the pledge of the "Trust Estate" and other funds provided for such 1999 Bonds under the Prior Resolution shall cease and terminate.

SECTION 12. Nature of Lien. The trust hereby created shall be irrevocable and the holders of the 1999 Bonds shall have an express lien on all moneys and Escrow Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

SECTION 13. Amendments. This Agreement is made pursuant to and in furtherance of the Prior Resolution and for the benefit of the City and the holders from time to time of the 1999 Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent and the City; provided, however, that the City and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

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

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the 1999 Bonds, any additional rights, remedies, powers or City that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

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

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the 1999 Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 14. Compensation of Escrow Agent. In consideration of the services rendered by the Escrow Agent under this Agreement, the City agrees to and shall pay to the Escrow Agent its proper fees and expenses in accordance with the agreement therefor reached by the Escrow Agent and the City, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, from any moneys of the City lawfully available therefor and the Escrow Agent shall have no lien whatsoever upon any of the moneys in the Escrow Fund for the payment of such proper fees and expenses.

SECTION 15. Resignation or Removal of Escrow Agent; Appointment of Successor. Notwithstanding anything to the contrary in Prior Resolution, the Escrow Agent agrees to abide by this Section 15 with respect to its duties under this Agreement. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the City, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the 1999 Bonds or by the City as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and the City and signed by the holders of a majority in principal amount of the 1999 Bonds. The Escrow Agent may also be removed at any time by the City with prior written notice.

In the event the Escrow Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor escrow agent may be appointed by the holders of a majority in principal amount of the 1999 Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the City shall appoint a temporary escrow agent to fill such vacancy until a successor escrow agent shall be appointed by the holders of a majority in principal amount of the 1999 Bonds, and any such temporary escrow agent so appointed by the City shall immediately and without further act be superseded by the escrow agent so appointed by such holders.

In the event that no appointment of a successor escrow agent or a temporary successor escrow agent shall have been made by such holders or the City pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the City, the holder of any of the 1999 Bonds or any retiring escrow agent may apply to any court of competent jurisdiction for the appointment of a successor escrow agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor escrow agent.

No successor escrow agent shall be appointed unless such successor escrow agent shall be a corporation or association with trust powers organized under the banking laws of the United States or any State, and shall have at the time of appointment capital and surplus of not less than $75,000,000.

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

Any entity into which the escrow agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party, shall, if it meets the qualifications set forth in the fifth paragraph of this Section and if it is otherwise satisfactory to the City, be the successor escrow agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 16. Limitation of Powers and Duties. The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 5 and 9 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

SECTION 17. Indemnification. To the extent permitted by law, the City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the City or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the City shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligent or intentional act or omission or the negligent or intentional act or omission of the Escrow Agent's employees or the material breach by the Escrow Agent of the terms of this Agreement. In no event shall the City or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 18. Limitation of Liability. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the moneys held hereunder to accomplish the redemption of the 1999 Bonds, or any payment, transfer or other application of moneys by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the City and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the moneys to accomplish the redemption of the 1999 Bonds pursuant to the Prior Resolution or to the validity of this Agreement as to the City and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the City. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion.

SECTION 19. Termination. This Agreement shall terminate when moneys have been withdrawn from the Escrow Fund in a sufficient amount to satisfy all of the Refunding Requirements and pay all 1999 Bonds In accordance with Section 6 of this Agreement. Upon such termination, all moneys remaining in the Escrow Fund, after payment of amounts due to the Escrow Agent, shall be released to the City.

SECTION 20. Governing Law. This Agreement shall be governed by the laws of the State of California.

SECTION 21. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 22. Agreement Binding on Successors. All the covenants, promises and agreements in this Agreement contained by or on behalf of the City or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 23. Counterparts. This Agreement may be executed in several counterparts, all of which shall be regarded as one original and shall constitute and be but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized signatories and appointed or elected officials as of the date first above written.

CITY OF CULVER CITY

By________________________________
City Manager

ATTEST:

By________________________________
City Clerk

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By________________________________
Authorized Officer

SCHEDULE A

REFUNDING REQUIREMENTS

City of Culver City
Wastewater Facilities Refunding Revenue Bonds,
1999 Series A

Redemption Date	Principal	Interest	Redemption Premium (2%)	Total
September 1, 2009	$	$	$	$

SCHEDULE B

ESCROW SECURITIES

Type of Security	Maturity Date	Par Amount	Rate

EXHIBIT A

FORM OF DEFEASANCE NOTICE

Adelanto Public Utility City
County of San Bernardino, California

Notice to the Holders of

City of Culver City
Wastewater Facilities Refunding Revenue Bonds,
1999 Series A

(CUSIP Nos. ________)

NOTICE IS HEREBY GIVEN on behalf of the City of Culver City (the "City"), that pursuant to Section 1201 of Resolution No. 99-R093, as supplemented by Resolution No. 99-094, each adopted by the City Council of the City on November 8, 1999 (collectively, the "Prior Resolution"), pertaining to the above-captioned bonds (the "1999 Bonds"), the lien of the Prior Resolution has been discharged through the irrevocable deposit in escrow of cash and Escrow Securities (as defined in the Escrow Agreement). The 1999 Bonds are deemed to have been paid in accordance with Section 1201 of the Prior Resolution, and will be redeemed on September 1, 2009 at a redemption price equal to 102% of the principal amount thereof.

DATED this ___ day of ____________, 2009

___________________________________,
as Escrow Agent and Trustee

$[principal amount]
City of Culver City
Wastewater Facilities Refunding Revenue Bonds
2009 Series A

BOND PURCHASE AGREEMENT

[pricing date], 2009

City of Culver City
9770 Culver Boulevard
Culver City, California 90232

Ladies and Gentlemen:

The undersigned, ___________, (the "Underwriter"), hereby offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the City of Culver City (the "City"). Upon the acceptance of this Purchase Agreement by the City, this offer will be binding upon the City and the Underwriter. This offer is made subject to (i) the acceptance by the City, by execution of this Purchase Agreement and its delivery to the Underwriter prior to 5:00 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to the acceptance of this Purchase Agreement by the City.

1. **Purchase and Sale**. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth in this Purchase Agreement, the City hereby agrees to sell and deliver to the Underwriter all but not less than all, of the aggregate principal amount of the City's $[principal amount] Wastewater Facilities Refunding Revenue Bonds, 2009 Series A (the "2009 Bonds"). The 2009 Bonds shall be dated their delivery date, shall mature on the dates, and shall bear interest at the rates per annum shown on Exhibit A hereto. Interest on the 2009 Bonds shall be payable on March 1 and September 1 of each year, commencing March 1, 2010. The price at which the Underwriter is to purchase the 2009 Bonds shall be $_________ in immediately available funds (being the aggregate principal amount thereof, [less/plus] a net original issue [discount/premium] of $_________ and less an Underwriter's discount of $_________). (The date of such payment and delivery is referred to herein as the "Closing Date," the hour and date of such delivery and payment is referred to herein as the "Closing Time," and the other actions contemplated hereby to take place at the time of such payment and delivery are sometimes referred to herein as the "Closing").

2. **The 2009 Bonds**. The 2009 Bonds shall be issued and secured pursuant to the provisions of the City Charter and the Revenue Bond Law of 1941, Title 5, Division 2, Part

1, Chapter 6, of the Government Code of the State of California, as amended and supplemented (the "Act"), and Resolution No. ___ adopted by the City Council of the City on _______, 2009, as supplemented by Resolution No. ____ of said City Council adopted on _______, 2009 (collectively, the "Resolutions"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Resolutions. The 2009 Bonds are being issued to (i) refund the City's remaining outstanding Wastewater Facilities Refunding Revenue Bonds, 1999 Series A (the "1999 Bonds"), (ii) fund a debt service reserve account for the 2009 Bonds, and (iii) pay costs of issuance of the 2009 Bonds.

Optional Redemption. The 2009 Bonds maturing on or prior to September 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after September 1, 20__ may be redeemed, at the option of the City, from any source of funds, on September 1, 20__ or thereafter prior to maturity, as a whole on any date or in part, in any order of maturity as determined by the City or, in the absence of direction by the City, pro rata among maturities and by lot within a maturity on any Interest Payment Date, at [a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, without premium]/[the following redemption price (expressed as a percentage of the principal amount thereof) plus accrued interest thereon to the redemption date if redeemed at the following times:]

Redemption Dates (September 1)	Redemption Price
	%

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption in part by lot, from mandatory annual Sinking Fund Installments, in the principal amounts hereinafter set forth, without premium, on September 1 of each year, commencing on September 1, 20__ in each of the years and in the amounts as follows:

Term Bonds Maturing on September 1, 20__

Redemption Date (September 1)	Principal Amount to be Redeemed
	$
(Maturity)	

The 2009 Bonds shall be payable as provided in the Resolutions and shall be as described in the Preliminary Official Statement of the City dated [date of POS], 2009 and the Official Statement of the City dated as of even date herewith. Such Preliminary Official Statement, including the cover page, the inside front cover and the appendices thereto, relating to the 2009 Bonds, as amended to include the terms of this Purchase Agreement with respect to pricing and interest rates and with such changes and amendments thereto as have been mutually agreed to by the City and the Underwriter, is hereinafter referred to as the "Official Statement."

The City will enter into an Escrow Agreement, dated as of ___ 1, 2009 (the "Escrow Agreement"), with U.S. Bank National Association, as escrow agent (the "Escrow Agent"), in order to provide for the refunding of the City's Wastewater Facilities Revenue Refunding, 1999 2009 Bonds. The City will also enter into a Continuing Disclosure Agreement, dated as of ______ 1, 2009 (the "Continuing Disclosure Agreement"), by and between the City and U.S. Bank National Association, as dissemination agent (the "Dissemination Agent"), in order to assist the Underwriter in complying with the requirements of Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934 ("Rule 15c2-12"). Herein, the Resolutions, this Purchase Agreement, the Official Statement, the Escrow Agreement and the Continuing Disclosure Agreement are referred to as the "City Documents."

3. **Offering by the Underwriter**. It shall be a condition to the City's obligations to sell and to deliver the 2009 Bonds to the Underwriter, and to the Underwriter's obligation to purchase, to accept delivery of and to pay for the 2009 Bonds that the entire principal amount of the 2009 Bonds shall be issued, sold and delivered by the City to the Underwriter, and purchased, accepted and paid for by the Underwriter at the Closing. It is understood that the Underwriter proposes to offer the 2009 Bonds for sale to the public (which may include selected dealers and special purchasers) at the yield (or price) as set forth in Exhibit A hereto and on the inside front cover of the Official Statement. Concessions from the public offering price may be allowed to selected dealers and special purchasers. It is understood that the initial public offering price and concessions set forth in the Official Statement may vary after the initial public offering. It is further understood that the 2009 Bonds may be offered to the public at prices other than the prices set forth in Exhibit A hereto. The Underwriter hereby represents that it has the full right, power and authority to enter into this Purchase Agreement.

4. Delivery of Official Statement; Use of Documents. (a) The City hereby authorizes the use by the Underwriter of the Preliminary Official Statement and the Official Statement (including any supplements or amendments thereto), the Resolutions and the Continuing Disclosure Agreement and the information therein contained, in connection with the public offering and sale of the 2009 Bonds. "). The City hereby certifies that such Preliminary Official Statement is deemed final as of its date for purposes of Rule 15c2-12, except for certain omissions with respect to the pricing of the Bonds permitted to be omitted therefrom by Rule 15c2-12, and has executed and delivered a certificate, dated [date of POS], 2009, in substantially the form attached hereto as Exhibit D.

(b) The City shall deliver to the Underwriter, within seven business days from the date hereof, such number of copies of the final Official Statement executed on behalf of and approved for distribution by the City as the Underwriter may reasonably request in order for the Underwriter to comply with the rules of the Municipal Securities Rulemaking Board and Rule 15c2-12.

5. Representations, Warranties and Agreements of the City. The City represents, warrants and agrees as follows:

(a) The City is a charter city duly organized and existing pursuant to and under the laws of the State of California.

(b) The City has full legal right, power and authority to (i) enter into, execute and deliver the City Documents; (ii) sell, issue and deliver the 2009 Bonds as provided in this Purchase Agreement; and (iii) carry out and consummate the transactions on its part contemplated by the City Documents.

(c) By all necessary official action, the City has duly authorized and approved the execution and delivery of the City Documents and the performance by the City of the obligations in connection with the issuance of the 2009 Bonds on its part contained in the Resolutions and this Purchase Agreement, and the consummation by it of all other transactions contemplated by the City Documents in connection with the issuance of the 2009 Bonds.

(d) As of the date hereof, to the best of its knowledge, the City is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party which breach or default has or may have an adverse effect on the ability of the City to perform its obligations under the Resolutions, this Purchase Agreement, or the Continuing Disclosure Agreement and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the City Documents, and compliance with the provisions on the City’s part contained in the Resolutions, this Purchase Agreement and the Continuing Disclosure Agreement, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as provided by the 2009 Bonds and the Resolutions.

(e) To the best of the City’s knowledge, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the Resolutions, this Purchase Agreement or the Continuing Disclosure Agreement or in connection with the issuance of the 2009 Bonds as contemplated in this Purchase Agreement or the Resolutions have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the 2009 Bonds.

(f) The Resolutions, the Continuing Disclosure Agreement and the 2009 Bonds when issued, will conform to the descriptions thereof contained in the Official Statement under the captions “INTRODUCTION,” “THE BONDS,” “SECURITY FOR THE BONDS,”

"APPENDIX D – SUMMARY OF THE RESOLUTIONS" and "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT."

(g) The 2009 Bonds, when issued, authenticated and delivered in accordance with the Resolutions will be validly issued and outstanding obligations of the City, entitled to the benefits of the Resolutions, and upon such issuance and delivery, the Resolutions will provide, for the benefit of the owners from time to time of the 2009 Bonds, the legally valid and binding pledge of and lien and security interest they purport to create.

(h) As of the date hereof, to the best of the City's knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending and notice of which has been received by the City or, threatened against the City, affecting the existence of the City or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the 2009 Bonds or the pledge and lien on the Net Revenues or any other monies pledged to the payment of the 2009 Bonds pursuant to the Resolutions, or contesting or affecting as to the City the validity or enforceability of the Act, the 2009 Bonds, this Purchase Agreement, the Resolutions, the Continuing Disclosure Agreement or contesting the tax-exempt status of the 2009 Bonds, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the City for the issuance of the 2009 Bonds, or the execution and delivery by the City of the City Documents, or in any way contesting or challenging the consummation of the transactions contemplated thereby or challenging the rights of the City to collect Net Revenues pledged to the payment of the 2009 Bonds; nor, to the best knowledge of the City, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Act, the issuance of the 2009 Bonds, or the authorization, execution, delivery or performance by the City of the City Documents.

(i) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order to (i) qualify the 2009 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, (ii) determine the eligibility of the 2009 Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the 2009 Bonds; provided, however, that the City shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction, and provided, further, that the Underwriter shall bear all costs in connection with the City's action under (i) and (ii) above, and (iii) assure or maintain the tax-exempt status of the interest on the 2009 Bonds.

(j) As of the date of the Preliminary Official Statement, the descriptions in the Preliminary Official Statement pertaining to the City, the 2009 Bonds and the City Documents do not, except for the omission of certain information permitted to be omitted in accordance with Rule 15c2-12, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(k) At the time of the City's acceptance of this Purchase Agreement, and at all times subsequent thereto up to and including the Closing Date, the descriptions in the Official Statement pertaining to the City, the 2009 Bonds and the City Documents do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except as the Official Statement may be supplemented or amended pursuant to paragraph (m) of this Section 5.

(l) If the Official Statement is supplemented or amended pursuant to paragraph (m) of this Section 5, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date, the Official Statement as so supplemented or amended, to the best of the City's knowledge, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(m) If between the date of this Purchase Agreement and that date which is 25 days after the end of the underwriting period (as determined in accordance with Section 14), any event affecting the City and known to the City shall occur which might adversely affect the marketability or the market prices of the 2009 Bonds, or which might cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading, the City shall notify the Underwriter of such event, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense prepare and furnish to the Underwriter a reasonable number of copies of such supplement to, or amendment of, the Official Statement in a form and in a manner approved by the Underwriter.

(n) The City will refrain from taking any action, or permitting any action to be taken, with regard to which the City may exercise control, that results in the loss of the tax-exempt status of the interest on the 2009 Bonds.

(o) Any certificate signed by any officer of the City and delivered to the Underwriter pursuant to the Resolutions, this Purchase Agreement or any document contemplated thereby shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(p) The City will cause the proceeds from the sale of the 2009 Bonds to be paid to the Trustee for the purposes specified in the Resolutions and the Official Statement. So long as any of the 2009 Bonds are outstanding and except as may be authorized by the Resolutions, the City will not issue or sell any bonds or other obligations, other than the 2009 Bonds sold by this Purchase Agreement, the interest on and premium, if any, or principal of which will be payable senior to or on a parity with the 2009 Bonds from the Net Revenues securing the payments to be made under the Resolutions.

(q) At or prior to the Closing, the City shall have duly authorized, executed and delivered the Continuing Disclosure Agreement which complies with the provisions of Rule

15c2-12 and which shall be substantially in the form presented as Appendix F to the Official Statement.

6. **Closing**. At 8:00 a.m., California time, on [closing date], 2009, or on such earlier date or as soon thereafter as practicable, as may be mutually agreed upon by the City and the Underwriter, the City will deliver (i) the 2009 Bonds in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), to the Trustee (so that the 2009 Bonds may be authenticated by the Trustee and credited to the account specified by the Underwriter under DTC's Fast Automated Securities Transfer procedures), and (ii) the closing documents hereinafter mentioned at the offices of Richards, Watson & Gershon, A Professional Corporation ("Bond Counsel"), in Los Angeles, California or another place to be mutually agreed upon by the City and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the 2009 Bonds as set forth in Section 1 of this Purchase Agreement in immediately available funds to the order of the Trustee. The 2009 Bonds will be made available to the Underwriter for inspection not less than 24 hours prior to the Closing.

7. **Closing Conditions**. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the City contained in this Purchase Agreement, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the 2009 Bonds shall be conditioned upon the performance by the City of its obligations to be performed under this Purchase Agreement and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the City contained in this Purchase Agreement shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) At the time of the Closing, the City Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto and the City Documents shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriter;

(c) At the time of the Closing, all necessary official action of the City and of the other parties thereto relating to this Purchase Agreement and the Resolutions shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, there shall not have occurred any change affecting particularly the City or the 2009 Bonds, as the foregoing matters are described in the Official Statement, which in the reasonable opinion of the Underwriter materially impairs the investment quality of the 2009 Bonds;

(e) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) A copy of Resolution No. __, Resolution of the City Council of the City of Culver City, California, Authorizing the Issuance of Bonds to Finance Costs of the City's Wastewater System, adopted by the City Council of the City on _____, 2009, certified by the City Clerk or a Deputy City Clerk;

(2) A copy of Resolution No. ____, First Supplemental Resolution of the City Council of the City of Culver City, California, Authorizing the Issuance of a Series of Bonds Designated "Wastewater Facilities Refunding Revenue Bonds, 2009 Series A", adopted by the City Council of the City on _____, 2009, certified by the City Clerk or a Deputy City Clerk;

(3) The Official Statement and each supplement or amendment, if any, thereto, executed by the City;

(4) A copy of the Continuing Disclosure Agreement, executed by the City and the Dissemination Agent;

(5) A certificate, dated the Closing Date, signed by a duly authorized official of the City satisfactory in form and substance to the Underwriter to the effect that the representations and warranties of the City contained in this Purchase Agreement are true and correct in all material respects as of the Closing Date;

(6) The final approving legal opinion of Bond Counsel, dated the Closing Date and addressed to the City, in substantially the form included as Appendix C to the Official Statement, accompanied by a reliance letter from Bond Counsel to the effect that such opinion may be relied upon by the Underwriter with the same effect as if such opinion were addressed to the Underwriter (which reliance letter may be incorporated in the supplemental opinion to be delivered pursuant to Item (7) below);

(7) A supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, in substantially the form attached hereto as Exhibit B;

(8) An opinion, dated the Closing Date and addressed to the Underwriter and the City, of Richards, Watson & Gershon, A Professional Corporation, as Disclosure Counsel, in substantially the form attached hereto as Exhibit C;

(9) An opinion, dated the Closing Date and addressed to the Underwriter, of the City Attorney of the City, as counsel to the City, to the effect:

(i) The City is a charter city duly organized and validity existing under the laws of the State of California;

(ii) The resolution of the City approving and authorizing the execution and delivery of the City Documents was duly adopted at a meeting of the governing body of the City which was called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout and the resolution is now in full force and effort; and

(iii) There are no judgments, actions, suits, proceedings, inquiries or investigations at law or in equity by or before any court, governmental agency, public board or body pending or to the best of such counsel's knowledge, threatened against the City in any way contesting or affecting the validity of the 2009 Bonds or the City Documents or the transactions described in and contemplated thereby wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the 2009 Bonds or the City Documents or in which a final adverse decision could materially adversely affect the operations of the City;

(iv) to the best of legal counsel's current, actual knowledge without duty of inquiry, the information and statements contained in the Official Statement under the captions "THE ENTERPRISE," "THE HYPERION SYSTEM," and "CONCLUDING MATTERS – Absence of Litigation" (but only to the extent such information relates to the City) do not contain any untrue statement of a material fact required to be stated therein or necessary to make the statement therein, in light of the circumstances under which they are made, not misleading in any material respect;

(10) A certificate of U.S. Bank National Association ("U.S. Bank"), in form and substance satisfactory to the City and the Underwriter, dated the Closing Date, that as of the Closing Date:

(i) U.S. Bank is a national banking association organized and existing under and by virtue of the laws of the United States of America;

(ii) U.S. Bank has the full power and has been duly authorized to (a) authenticate the 2009 Bonds, (b) enter into and deliver the Acceptance of Office of Trustee, Paying Agent and Escrow Agent pursuant to which the U.S. Bank shall be deemed to have accepted such duties and obligations set forth in the Resolutions, the Escrow Agreement and the Continuing Disclosure Agreement (together, the "U.S. Bank Documents") and (c) perform its duties under the U.S. Bank Documents;

(iii) U.S. Bank has on the Closing Date authenticated and delivered the 2009 Bonds and executed and delivered the U.S. Bank Documents;

(iv) To the best of U.S. Bank's knowledge, after due inquiry, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over U.S. Bank that has not been obtained by U.S. Bank is or will be required for the execution and delivery of the U.S. Bank Documents or the performance by U.S. Bank of its duties and obligations under the U.S. Bank Documents;

(v) To the best of U.S. Bank's knowledge, the execution and delivery by U.S. Bank of the U.S. Bank Documents, the authentication and delivery of the 2009 Bonds, and compliance with the terms of the U.S. Bank Documents do not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, the Articles of Association or Bylaws of U.S. Bank or any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which U.S. Bank is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over U.S. Bank or any of its activities or properties, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of U.S. Bank; and

(vi) To the best of the knowledge of the U.S. Bank officer signing the certificate, after due inquiry, there is no action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against U.S. Bank, affecting the existence of U.S. Bank, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the execution and delivery of any of the U.S. Bank Documents or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the 2009 Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the U.S. Bank Documents or contesting the powers of U.S. Bank or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the U.S. Bank Documents or the power and authority of U.S. Bank to enter into the U.S. Bank Documents and perform its duties under the U.S. Bank Documents and to authenticate and deliver the 2009 Bonds;

(11) A copy of the general resolution (or excerpt of bylaws or other similar instrument) of U.S. Bank authorizing the execution and delivery of certain documents by certain officers of U.S. Bank, which resolution authorizes the authentication of the 2009 Bonds and the execution and delivery of the U.S. Bank Documents;

(12) An opinion of counsel to the U.S. Bank, dated the Closing Date and addressed to the City and the Underwriter, in form and substance satisfactory to the City and Underwriter, to the effect that:

(i) U.S. Bank has been duly organized and is validly existing and in good standing as a national banking association under the laws of the United States of America with full corporate power to perform its obligations under the Resolutions;

(ii) U.S. Bank has duly authorized, executed and delivered the U.S. Bank Documents, and by all proper corporate actions has authorized the authentication and delivery of the 2009 Bonds in its capacity as Trustee under the Resolutions and the acceptance of the duties and obligations of U.S. Bank as Trustee, Dissemination Agent and Escrow Agent under the respective U.S. Bank Documents;

(iii) Assuming due authorization, execution and delivery by the other parties thereto, the U.S. Bank Documents are valid, legal and binding agreements of U.S. Bank, enforceable in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(iv) Exclusive of federal or state securities laws and regulations, to the best of such counsel's knowledge after reasonable inquiry and investigation, other than routine filings required to be made with governmental agencies in order to preserve the U.S. Bank's authority to perform a trust business (all of which routine filings such counsel believes, after reasonable inquiry and investigation, to have been made), no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over U.S. Bank is or will be required for the execution and delivery by U.S. Bank of the U.S. Bank Documents or the authentication and delivery of the 2009 Bonds; and

(v) To the best of such counsel's knowledge, there is no litigation pending or threatened against or affecting U.S. Bank to restrain or enjoin U.S. Bank's participation in, or in any way contesting the powers of U.S. Bank with respect to the transactions contemplated by the 2009 Bonds, and the U.S. Bank Documents;

(13) Verification report;

(14) Evidence that the 2009 Bonds have been assigned the rating(s) specified on the cover of the Official Statement;

(15) Certificate Regarding Compliance with Certain Tax Matters, executed by the City; and

(16) Such additional legal opinions, certificates, instruments and other documents as Bond Counsel or the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the City's representations and warranties contained in this Purchase Agreement

and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City on or prior to the Closing Date of all the agreements then to be performed and conditions then to be satisfied by it.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions of this Purchase Agreement if, but only if, they are in form and substance satisfactory to Bond Counsel and the Underwriter. The opinions and certificates presented as Exhibits hereto or as Appendices to the Official Statement shall be deemed satisfactory provided they are substantially in the forms of such exhibits or appendices.

If the City shall be unable to satisfy the conditions to the obligation of the Underwriter to purchase, to accept delivery of and to pay for the 2009 Bonds contained in this Purchase Agreement, or if the obligation of the Underwriter to purchase, to accept delivery of and to pay for the 2009 Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under any further obligation under this Purchase Agreement.

9. Termination. The Underwriter shall have the right to terminate the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the 2009 Bonds by notifying the City, in writing or by telegram, of their election to do so, if, after the execution of this Purchase Agreement and prior to the Closing:

(a) The United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency affecting the normal operation of the government of, or in the financial community in, the United States of America in a manner that makes it impracticable for the Underwriter to market the 2009 Bonds or enforce the contracts for sale of the 2009 Bonds;

(b) There shall have occurred the declaration of a general banking moratorium by any authority of the United States or the States of New York or California;

(c) An event shall have occurred or been discovered as described in paragraph (m) of Section 5 of this Purchase Agreement which, in the reasonable opinion of the Underwriter, requires the preparation and publication of disclosure material or a supplement or amendment to the Official Statement, and (i) the City refuses to prepare and furnish such disclosure material, or supplement or amendment to the Official Statement, or (ii) in the reasonable judgment of the Underwriter, the occurrence or discovery of such event materially and adversely affects the marketability of the 2009 Bonds or renders the enforcement of contracts for sale of the 2009 Bonds impracticable;

(d) Any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency in the State of California, or a decision by any court of competent jurisdiction within the State of California shall be rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the 2009 Bonds;

(e) Legislation shall be introduced, by amendment or otherwise, or be enacted by the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the issuance, offering or sale of the 2009 Bonds or obligations of the general character of the 2009 Bonds as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of the 2009 Bonds or obligations of the general character of the 2009 Bonds, as contemplated hereby or by the Official Statement;

(f) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(g) The New York Stock Exchange, or other national securities exchange or association or any governmental authority, shall impose as to the 2009 Bonds, or obligations of the general character of the 2009 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by or the charge to the net capital requirements of broker dealers;

(h) Trading in securities on the New York Stock Exchange or the American Stock Exchange shall have been suspended or limited or minimum prices have been established on either such exchange; or

(i) Any action shall have been taken by any government in respect of its monetary affairs which, in the reasonable opinion of the Underwriter, has a material adverse effect on the United States securities market, rendering the marketing and sale of the 2009 Bonds, or enforcement of sale contracts with respect thereto impracticable.

If this Purchase Agreement shall be terminated pursuant to Section 8 or this Section 9, or if the purchase provided for in this Purchase Agreement is not consummated because any condition to the Underwriter's obligation hereunder is not satisfied or because of any refusal, inability or failure on the part of the City to comply with any of the terms or to fulfill any of the conditions of this Purchase Agreement, or if for any reason the City shall be unable to perform all of its obligations under this Purchase Agreement, the City shall not be liable to the Underwriter for damages alleged as loss of anticipated profits arising out of the transactions covered by this Purchase Agreement.

10. Payment of Costs and Expenses. (a) Subject to Sections 5(i) and 10(b), the Underwriter shall be under no obligation to pay and the City shall pay or cause to be paid the expenses incident to the performance of the obligations of the City hereunder including but not limited to: (i) the fees and expenses of the City and City Attorney; (ii) the fees and expenses of Bond Counsel and Disclosure Counsel; (iii) the fees of any rating agencies in connection with obtaining at the City's request ratings on the 2009 Bonds; (iv) all costs and expenses incurred in connection with the preparation and printing of the 2009 Bonds; (v) all expenses in connection with the preparation, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto; and (vi) the fees and expenses of the Trustee.

(b) The Underwriter shall pay, and the City shall be under no obligation to pay, all expenses incurred by the Underwriter in connection with the public offering and distribution of the 2009 Bonds, including but not limited to CDIAC, DTC, MSRB, CUSIP Bureau, California Public Securities Association and SIFMA fees, if any, and all advertising expenses in connection with the public offering of the 2009 Bonds.

11. Representations, Warranties and Agreements to Survive Delivery. The representations, warranties, agreements and other statements of the City and the Underwriter or their officers or partners set forth in, or made pursuant to, this Purchase Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of the City or the Underwriter or any controlling person and will survive delivery of and payment for the 2009 Bonds.

12. Notices. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing:

To the City:	City of Culver City 9770 Culver Boulevard Culver City, California 90232 Attention: City Manager
To the Underwriter:	Stone & Youngberg LLC One Ferry Building, Suite 275 San Francisco, California 94111 Attention: Jim Cervantes, Managing Director

13. Parties in Interest. This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right under or by virtue of this Purchase Agreement. All of the City's representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the 2009 Bonds pursuant to this Purchase Agreement; and (iii) any termination of this Purchase Agreement.

14. Determination of End of the Underwriting Period. For purposes of this Purchase Agreement, the end of the Underwriting Period for the 2009 Bonds shall mean the earlier of (a) the day of the Closing unless the City has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the "end of the underwriting period" for the 2009 Bonds for all purposes of Rule 15c2-12 will not occur on the day of the Closing, or (b) the date on which notice is given to the City by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the City pursuant to clause (a) above that the "end of the underwriting period" for the 2009 Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the City in writing as soon as practicable following the "end of the underwriting period" for the 2009 Bonds for all purposes of Rule 15c2-12; provided, that the End of the Underwriting Period shall in no event extend beyond 90 days after the Closing.

15. Effectiveness. This Purchase Agreement shall become effective upon the execution of the acceptance by the designees of the City, and shall be valid and enforceable at the time of such acceptance.

16. Headings. The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part of this Purchase Agreement.

17. Governing Law. This Purchase Agreement shall be construed in accordance with the laws of the State of California.

18. Counterparts. This Purchase Agreement may be executed in any number of counterparts.

If the foregoing is in accordance with your understanding of the Purchase Agreement please sign and return to us the enclosed duplicate copies of this Purchase Agreement, whereupon it will become a binding agreement between the City and the Underwriter in accordance with its terms.

____

By:________________________________
Principal

Accepted as of the date first stated above:

CITY OF CULVER CITY

By:_____________________________
City Financial Officer

Exhibit A

Maturity Schedule

$[principal amount]
City of Culver City
Wastewater Facilities Refunding Revenue Bonds
2009 Series A

Maturity Date (September 1)	Principal Amount	Interest Rate	Price or Yield

Exhibit B

Supplemental Opinion of Bond Counsel
Addressed to the Underwriter

[closing date], 2009

Stone & Youngberg LLC
San Francisco, California

Supplemental Opinion of Bond Counsel

with reference to

$[principal amount]
City of Culver City
Wastewater Facilities Refunding Revenue Bonds
2009 Series A

Ladies and Gentlemen:

We have this day released to the City of Culver City (the "City") our final approving legal opinion with respect to the above-captioned bonds (the "Bonds"). You are authorized to rely on such opinion as if the same were addressed to you.

In connection with rendering the above-described opinion, we examined the record of proceedings submitted to us relative to the issuance of the Bonds and such other documents as are in our opinion necessary to enable us to express an informed opinion with respect to the following matters. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Bond Purchase Agreement, dated [pricing date], 2009 (the "Purchase Agreement"), relating to the Bonds.

The opinions expressed herein are based on an analysis of existing law and cover certain matters not directly addressed thereby. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in such documents. Furthermore, we have assumed compliance with all agreements and covenants contained in such documents.

Based upon the foregoing, in our opinion:

1. The Purchase Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Underwriter, constitutes the legal, valid and binding agreement of the City, enforceable in accordance with its terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws

affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases.

2. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification under the Trust Indenture Act of 1939, as amended.

3. The statements contained in the Official Statement with respect to the Bonds under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "CONCLUDING MATTERS – Tax Matters" and in Appendices C and D to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds, the Resolutions and Bond Counsel's final opinion, are accurate in all material respects; provided that we do not express any opinion with respect to any financial, statistical or numerical information contained therein.

This letter is furnished by us as Bond Counsel to the City. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is delivered to the addressee, is solely for the benefit of the addressee and is not to be used, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may, not, be relied upon by owners of the Bonds.

Respectfully submitted,

Exhibit C

Opinion of Richards, Watson & Gershon, A Professional Corporation, Disclosure Counsel

[closing date], 2009

City of Culver City
Culver City, California

Opinion of Disclosure Counsel

with reference to

$[principal amount]
City of Culver City
Wastewater Facilities Refunding Revenue Bonds
2009 Series A

Ladies and Gentlemen:

We have acted as Disclosure Counsel with respect to the above-captioned Bonds (the "Bonds"). This opinion is rendered to pursuant to the Bond Purchase Agreement, dated [pricing date], 2009 (the "Purchase Agreement"), by and between the City of Culver City (the "City") and Stone & Youngberg LLC (the "Underwriter"). All capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Purchase Agreement, and if not in the Purchase Agreement, in the Official Statement, dated [pricing date], 2009, relating to the Bonds (the "Official Statement").

In rendering this opinion, we have reviewed such records, documents, certificates and opinions, and made such other investigations of law and fact as we have deemed necessary or appropriate. This opinion is limited to matters governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

In our capacity as Disclosure Counsel, we have participated in the preparation of the Official Statement. Such participation included, among other things, discussions and inquiries concerning various legal matters, review of certain documents and proceedings, and participation in conferences with, among others, representatives of the City, the Underwriter, Fieldman, Rolapp & Associates, as financial advisor, Causey Demgen & Moore Inc., as verification agent, at which conferences the contents of the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement), no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance in connection with the preparation of the Official Statement which cause us to believe that the Official Statement as of its date (excluding therefrom financial statements, and any other financial, engineering and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions, including but not limited to those relating to the finances and operation of the City and its water system; information about the Depository Trust Company and the book-entry only system; statements relating to the treatment of the Bonds or the interest, discount or premium related thereto for tax purposes under the law of any jurisdiction; and without limiting the foregoing, the statements contained in the Official Statement under the captions "THE BONDS – Book-Entry Only System," "CONCLUDING MATTERS – Tax Matters" and Appendices A, B, C, D and E; as to all of which we express no view herein) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

During the period from the date of the Official Statement to the date of this opinion, except for our review of the certificates and opinions regarding the Official Statement delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Official Statement.

This opinion is furnished by us as Disclosure Counsel to the City. No attorney-client relationship has existed or exists between our firm and the Underwriter in connection with the Bonds or by virtue of this letter. This opinion is rendered in connection with the transaction described herein, and may not be relied upon for any other purpose. This opinion shall not extend to, and may not be used, quoted, referred to, or relied upon by any other person, firm, corporation or other entity without our prior written consent. Our engagement with respect to this matter terminates upon the delivery of this opinion to you at the time of the closing relating to the Bonds, and we have no obligation to update this opinion.

Very truly yours,

Exhibit D

FORM OF

S.E.C. RULE 15c2-12 CERTIFICATE

with reference to

$[principal amount]
City of Culver City
Wastewater Facilities Refunding Revenue Bonds
2009 Series A

[date of POS], 2009

With reference to the above-captioned bonds (the "Bonds"), the undersigned hereby certifies and represents as follows:

(1) The person setting his or her signature below is the duly appointed and acting Chief Financial Officer of the City of Culver City (the "City") and, as such is authorized to execute and deliver this Certificate on behalf of the City.

(2) This Certificate is being delivered in order to enable Stone & Youngberg LLC, as the initial underwriter for the Bonds, to comply with the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(3) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated [date of POS], 2009, setting forth information concerning the Bonds, the Enterprise and the City (the "Preliminary Official Statement").

(4) The Preliminary Official Statement is, except for Permitted Omissions (defined below), deemed final within the meaning of the Rule.

As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the Bonds depending on such matters, all with respect to the Bonds.

CITY OF CULVER CITY

By:________________________________
Name: Jeff Muir
Title: Chief Financial Officer