AGENDA ITEM

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AGENDA STAFF REPORT
(City Council)

DATE: May 20, 2020

TO: Mayor and City Council

PREPARED BY: David B. Dale, City Manager/Executive Director DD

SUBJECT: Consideration of Approval of a Resolution Approving a Preliminary Official Statement, Bond Purchase Agreements and Appointing Certain Professionals in connection with the proposed Issuance of Water Revenue Bonds, Series 2020A and Wastewater Revenue Bonds, Series 2020B

Recommendation:

It is recommended that the City adopt the attached Resolution: Resolution of The Calexico Financing Authority Approving the Form of and Authorizing the Execution and Delivery of a Preliminary Official Statement and Bond Purchase Agreements in Connection With the Issuance, Sale and Delivery of Water Revenue Bonds and Wastewater Revenue Bonds By The Calexico Public Financing Authority; Approving Certain Professionals and Authorizing Certain Actions in Connection Therewith.

Background:

The City owns and operates a Water System and a Wastewater System (the "Systems") that are each in need of certain capital improvements (the Projects) as contained in the City's Capital Improvement Plan and as previously adopted by the City Council. In the Summer of 2018, the City Council authorized new rate structures for each System to support the financing of the needed improvements, and in late 2018 authorized the issuance of Bonds to finance part of the costs of the Projects.

Due to various circumstances, the Bonds have not yet been issued but the City is now in a position to enter the bond markets to obtain the needed financing. In order to execute the transaction, a Preliminary Official Statement, which describes certain financial and demographic information about the City and certain security and structuring information about the Bonds, needs to be prepared and distributed to potential investors. Bond Purchase Contracts between the Calexico Public Financing Authority and the Underwriter will also need to be executed at the time of the pricing of the Bonds. The Forms of these documents are included in the agenda packet.

AGENDA ITEM

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Discussion & Analysis:

The Calexico Public Financing Authority Resolution would approve the forms of two Bond Purchase Agreements and a Preliminary Official Statement and authorize the Calexico Public Financing Authority to enter into the Bond Purchase Agreements with the Underwriter.

Fiscal Impact:

Issuance of the proposed bonds will result in additional debt in the principal amount of bonds issued for both the Water System and the Wastewater System to be repaid over time in accordance with the financing plan previously approved.

Good Faith Cost Estimates:

The following information was obtained from Kosmont Transactions, Services, Inc., the municipal advisor with respect to the Bonds, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) Bonds:

1. True Interest Costs. Assuming an aggregate principal amount of $18,380,000 of the Water Revenue Bonds, Series 2020A are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Water Revenue Bonds, Series 2020A, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Water Revenue Bonds, Series 2020A, is 2.9041%. Assuming an aggregate principal amount of $22,140,000 of the Wastewater Revenue Bonds, Series 2020B are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Wastewater Revenue Bonds, Series 2020B, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Wastewater Revenue Bonds, Series 2020B, is 2.9019%.

2. Finance Charges. Assuming an aggregate principal amount of $18,380,000 of the Water Revenue Bonds, Series 2020A are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Water Revenue Bonds, Series 2020A, which means the sum of all fees and charges paid to third parties (or costs associated with the Water Revenue Bonds, Series 2020A), is $574,027.35. Assuming an aggregate principal amount of $22,140,000 of the Wastewater Revenue Bonds, Series 2020B are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Wastewater Revenue Bonds, Series 2020B, which means the sum of all fees and charges paid to third parties (or costs associated with the Wastewater Revenue Bonds, Series 2020B), is $649,352.65.

3. Amounts of Proceeds to be Received. Assuming an aggregate principal amount of $18,380,000 of the Water Revenue Bonds, Series 2020A are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Water Revenue Bonds, Series 2020A less the finance charge of the Water Revenue Bonds, Series 2020A described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is $20,716,323.40. Assuming an aggregate principal amount of $22,140,000 of the Wastewater Revenue Bonds, Series 2020B are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith

estimate of the amount of proceeds expected to be received by the Authority for sale of the Wastewater Revenue Bonds, Series 2020B less the finance charge of the Wastewater Revenue Bonds, Series 2020B described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is $25,003,606.65.

4. Total Payment Amounts. Assuming an aggregate principal amount of $18,380,000 of the Water Revenue Bonds, Series 2020A are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Water Revenue Bonds, Series 2020A plus the finance charge of the Water Revenue Bonds, Series 2020A described in paragraph 2 above not paid with the proceeds of the Water Revenue Bonds, Series 2020A, calculated to the final maturity of the Water Revenue Bonds, Series 2020A, is $32,133,982.22. Assuming an aggregate principal amount of $$22,140,000 of the Wastewater Revenue Bonds, Series 2020B are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Wastewater Revenue Bonds, Series 2020B plus the finance charge of the Wastewater Revenue Bonds, Series 2020B described in paragraph 2 above not paid with the proceeds of the Wastewater Revenue Bonds, Series 2020B, calculated to the final maturity of the Wastewater Revenue Bonds, Series 2020B, is $38,752,280.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bond sales, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Bonds sold will be determined by the Authority based on need for project funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the City's and the Authority's control. The Authority has approved the issuance of the Bonds with a maximum true interest cost of 4.50%

Attachments:

1. Resolution
2. Preliminary Official Statement
3. Bond Purchase Agreements

Coordinated With:

Finance Department.

RESOLUTION NO. _____

RESOLUTION OF THE CITY OF CALEXICO APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PRELIMINARY OFFICIAL STATEMENT AND BOND PURCHASE AGREEMENTS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF WATER REVENUE BONDS AND WASTEWATER REVENUE BONDS BY THE CALEXICO PUBLIC FINANCING AUTHORITY; APPROVING CERTAIN PROFESSIONALS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, on November 28, 2018, the City of Calexico (the "City") passed and adopted Resolutions (together, the "Authorizing Resolution"), authorizing the issuance of water revenue bonds (the "Water Bonds") and wastewater revenue bonds (the "Wastewater Bonds" and, together with the Water Bonds, the "Bonds") by the Calexico Financing Authority (the "Authority"); and

WHEREAS, the City has determined to cause the Authority to proceed with the issuance of such Bonds for the purposes described in the Authorizing Resolution; and

WHEREAS, in connection with the issuance of its Bonds the City desires to approve the forms of the Preliminary Official Statement and the Bond Purchase Agreements and approve certain professionals;

NOW, THEREFORE, IT IS HEREBY FOUND, ADOPTED, AND RESOLVED BY THE CITY COUNCIL, AS FOLLOWS:

Section 1. The City finds and determines that the foregoing recitals are true and correct.

Section 2. The proposed form of Preliminary Official Statement with respect to the issuance of the Bonds, substantially in the form on file with the City Clerk, is hereby approved, with such revisions, amendments and completions as shall be approved by any one of the Mayor, the Mayor Pro Tem in the Mayor's absence, or the City Manager of the City, and any one of their respective designees (each, a "Responsible Officer"), in order to make the Preliminary Official Statement final as of its date, except for the omission of certain information, as permitted by Section 240.15c2-12(b)(1) of Title 17 of the Code of Federal Regulations ("Rule 15c2-12"), and any certificate relating to the finality of the Preliminary Official Statement under Rule 15c2-12. Any Responsible Officer is hereby authorized and directed to execute and deliver a final Official Statement in the form of the Preliminary Official Statement, such authorization to be conclusively evidenced by the execution and delivery thereof.

Section 3. The proposed forms of Bond Purchase Agreements, on file with the City Clerk, is hereby approved. Any Responsible Officer is hereby authorized and directed, for and on behalf of the City with the advice of Bond Counsel, to execute and deliver the Bond Purchase Agreements, substantially in the forms on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as such Responsible Officer shall approve, such approval to be conclusively evidenced by the

execution and delivery of the Bond Purchase Agreements; provided, that (i) the principal amount of the Water Bonds shall not exceed $30,000,000, the true interest cost for the Water Bonds shall not exceed 4.50%, and the underwriter's discount shall not exceed 0.65% of the principal amount of such Water Bonds and (ii) the principal amount of the Wastewater Bonds shall not exceed $40,000,000, the true interest costs for such Wastewater Bonds shall not exceed 4.50%, and the underwriter's discount shall not exceed 0.65% of the principal amount of the Wastewater Bonds.

Section 4. In connection with the underwriting or placement of the Bonds, the City hereby approves the appointment of Raymond James & Associates, Inc., which shall replace the underwriter approved in the Authorizing Resolution.

Section 5. Each Responsible Officer, the City Clerk, and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, procurement of municipal bond insurance and/or a reserve surety, and execution and delivery of any and all assignments, certificates, escrow agreements, escrow instructions, requisitions, agreements (including any private placement agreement and placement agent agreement should a placement be necessary or desirable in connection with the sale and delivery of the Bonds), notices, consents, instruments of conveyance, terminations, warrants and other documents, which they, or any of them, deem necessary or advisable to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein and in the Authorizing Resolution.

Section 6. This Resolution is supplemental to the Authorizing Resolution and amends the Authorizing Resolution only to the limited extent provided herein.

Section 7. This Resolution shall take effect from and after its date of adoption.

Section 8. The City Clerk shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the City Clerk pursuant to this Resolution may be performed by a deputy City Clerk with the same force and effect as if performed by the City Clerk hereunder.

PASSED, APPROVED AND ADOPTED at a regular meeting of the by the City Council of the City of Calexico held on May 20, 2020.

CITY OF CALEXICO

Bill Hodge, Mayor City of Calexico

ATTEST:

Gabriela T. Garcia, City Clerk

Approved as to Form:

Carlos Campos, City Attorney

STATE OF CALIFORNIA)

COUNTY OF IMPERIAL)

CITY OF CALEXICO)

I, _____, City Clerk of the City of Calexico, DO HEREBY CERTIFY that the foregoing Resolution No. ___ was passed and adopted by the by the City Council of the City of Calexico, at a regular meeting held on the __ day of _____ 2020, and that it was so adopted by the following roll call vote:

AYES:

NAYES:

ABSTAIN:

ABSENT:

DATED: _____, 2020

_____
Gabriela T. Garcia, City Clerk

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

NEW ISSUE — FULL BOOK-ENTRY

RATINGS: S&P "____" (Insured)
S&P: "____" (Underlying)
(See "RATINGS" herein.)

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in "TAX EXEMPTION" herein, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income for the owners thereof for federal income tax purposes and is not included in the federal alternative minimum tax for individuals or, except as described herein, corporations. See "TAX EXEMPTION" herein. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California.

CALEXICO FINANCING AUTHORITY

$_____* **Water Revenue Bonds Series 2020A**

$_____* **Wastewater Revenue Bonds Series 2020B**

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

The Calexico Financing Authority Water Revenue Bonds Series 2020A (the "2020A Bonds") and the Calexico Financing Authority Wastewater Revenue Bonds Series 2020B (the "2020B Bonds," and together with the 2020A Bonds, the "Bonds") are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers of Bonds in denominations of $5,000 or any integral multiple thereof under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Payment of the principal of and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Bank of New York Mellon Trust Company, N.A. (the "Trustee"), so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to DTC's Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX C – BOOK-ENTRY ONLY SYSTEM."

The Bonds will be issued by the Calexico Financing Authority (the "Authority") with respect to the 2020A Bonds, under an Indenture of Trust, dated as of _____ 1, 2020 (the "2020A Indenture"), by and among the Authority, the City of Calexico (the "City") and The Bank of New York Mellon, as trustee (the "Trustee") and with respect to the 2020B Bonds, under an Indenture of Trust, dated as of _____ 1, 2020 (the "2020B Indenture" and together with the 2020A Indenture, the "Indentures"), by and among the Authority, the City and the Trustee. The Bonds will bear interest at the rates set forth on the inside cover, payable semi-annually on _____ 1 and _____ 1 of each year, commencing _____ 1, 20___, as described herein. Proceeds of the 2020A Bonds will be used (i) to refund the Community Redevelopment Agency of the City of Calexico Water System Lease Revenue Bonds Issue of 2007 (the "Refunded Bonds"), (ii) to finance certain improvements to the Water System (the "Water Project"), (iii) to purchase a municipal bond insurance policy and a debt service reserve surety for the 2020A Bonds, and (iv) to pay costs of issuance of the 2020A Bonds. Proceeds of the 2020B Bonds will be used (i) to finance certain improvements to the Wastewater System (the "Wastewater Project" and together with the Water Project, the "Projects"), (ii) to purchase a municipal bond insurance policy and a debt service reserve surety for the 2020B Bonds, and (iii) to pay costs of issuance of the 2020B Bonds.

The Bonds are subject to redemption as described herein.

[The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by _____. See "BOND INSURANCE" herein.]

[Insurer Logo]

The 2020A Bonds are payable from Water Revenues consisting primarily of installment payments (the "2020A Installment Payments") payable by the City to the Authority under an Installment Purchase Agreement dated as of _____ 1, 2020 (the "2020A Installment Purchase Agreement") and amounts on deposit in certain funds and accounts established by the 2020A Installment Purchase Agreement and the 2020A Indenture. The 2020B Bonds are payable from Wastewater Revenues consisting primarily of installment payments (the "2020B Installment Payments" together with the 2020A Installment Payments, the "Installment Payments") payable by the City to the Authority under an Installment Purchase Agreement dated as of _____ 1, 2020 (the "2020B Installment Purchase Agreement" together with the 2018 Installment Purchase Agreement, the "Installment Purchase Agreements") and amounts on deposit in certain funds and accounts established by the 2020B Installment Purchase Agreement and the 2020B Indenture. The obligation of the City to make 2020A Installment Payments under the 2020A Installment Purchase Agreement is a special obligation of the City payable solely from and secured by a pledge of Net Water Revenues (as defined in this Official Statement) of the City's water system (the "Water System"). The obligation of the City to make 2020B Installment Payments under the 2020B Installment Purchase Agreement is a special obligation of the City payable solely from and secured by a pledge of Net Wastewater Revenues (as defined in this Official Statement) of the City's wastewater system (the "Wastewater System"). See "SECURITY FOR THE BONDS."

The Authority covenants in the Indentures that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Water Revenues or the Wastewater Revenues, as applicable, in whole or in part. The City may execute any contract or issue any bonds secured by Net Water Revenues or Net Wastewater Revenues on a parity with the 2020A Installment Payments or the 2020B Installment Payment, as applicable. See "SECURITY FOR THE BONDS.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM 2020A INSTALLMENT PAYMENTS OR 2020B INSTALLMENT PAYMENTS MADE BY THE CITY AND CERTAIN MONEYS HELD UNDER THE

RESPECTIVE INDENTURES. THE BONDS ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, AND SHALL BE PAYABLE SOLELY FROM THE REVENUES PLEDGED THEREFOR PURSUANT TO THE RESPECTIVE INDENTURES. THE OBLIGATION OF THE CITY TO PAY INSTALLMENT PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO PAY INSTALLMENT PAYMENTS UNDER THE INSTALLMENT PURCHASE AGREEMENTS DOES NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

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

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed on for the Authority by Nixon Peabody LLP, Los Angeles, California, Disclosure Counsel, for the Underwriter by its counsel Kutak Rock LLP, Irvine, California, and for the Authority and the City by the City Attorney. It is anticipated that the Bonds will be available for delivery through the book-entry facilities of DTC on or about _____, 2020.

[Raymond James Logo]

Dated: _____, 2020

Maturity Dates, Amounts, Interest Rates and Yields

$_____
Calexico Financing Authority
Water Revenue Bonds
Series 2020A

Maturity Date (1)	Amount	Interest Rate	Yield	CUSIP† ( )

$_____ _____% Term Bonds due _____ 1, _____; Yield _____%; CUSIP _____

$_____
Calexico Financing Authority
Wastewater Revenue Bonds
Series 2020B

Maturity Date (1)	Amount	Interest Rate	Yield	CUSIP† ( )

$_____ _____% Term Bonds due _____ 1, _____; Yield _____%; CUSIP _____

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Municipal Advisor, the Underwriter or the Authority is responsible for the selection or correctness of the CUSIP numbers set forth herein.

CITY OF CALEXICO
CALEXICO FINANCING AUTHORITY

BOARD OF DIRECTORS

Mayor Bill Hodge, *Chair*
Mayor Pro Tem David Romero, *Vice-Chair*
Council Member Rosie Arreola-Fernandez, *Director*
Council Member Morris Reisin, *Director*
Council Member Lewis Pacheco, *Director*

CITY AND AUTHORITY STAFF

David B. Dale, *City Manager/Executive Director*
Karla Lobatos, *Finance Director/Treasurer*
Liliana "Lily" Falomir, *Public Works Manager- Administrative*
Gabriela T. Garcia, *City Clerk/Secretary*

SPECIAL SERVICES

Municipal Advisor
Kosmont Transactions Services
Manhattan Beach, California

Bond Counsel
Norton Rose Fulbright US LLP
Los Angeles, California

Disclosure Counsel
Nixon Peabody LLP
Los Angeles, California

Authority Counsel
Best Best & Krieger LLP
Riverside, California

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

Verification Agent
Ritz & Associates
Bloomington, Minnesota

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 any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized by the Authority, the City or the Underwriter to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or the owners of the Bonds. Any statements contained in this Official Statement which involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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.

The information set forth herein has been furnished by the City and the Authority and obtained from public documents, records and other sources which are believed to be reliable. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations that such estimates, assumptions and opinions will be realized or fulfilled. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof or the earliest date on which such information was given.

This Official Statement is submitted in connection with the sale and delivery of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. All summaries of documents and laws contained herein are qualified by reference to the complete provisions of all such documents and laws, and do not purport to be complete statements of any or all such provisions. This Official Statement, including any supplements or amendments hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (EMMA).

[_____ makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, _____ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding _____ supplied by _____ and presented under the heading "BOND INSURANCE" and "APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY".]

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

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 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

CALEXICO FINANCING AUTHORITY

$_____*	$_____*
Water Revenue Bonds	**Wastewater Revenue Bonds**
Series 2020A	**Series 2020B**

INTRODUCTION

This Official Statement of the Calexico Financing Authority (the "Authority") sets forth certain information in connection with the sale by the Authority of $_____* aggregate principal amount of its Water Revenue Bonds Series 2020A (the "2020A Bonds") and $_____* aggregate principal amount of its Wastewater Revenue Bonds Series 2020B (the "2020B Bonds" and together with the 2020A Bonds, the "Bonds"). This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement. The capitalization of any word not conventionally capitalized or otherwise defined herein indicates that such word is defined in a particular agreement or other document and, as used herein, has the meaning given it in such agreement or document. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for a summary of certain of such definitions.

The Bonds

The Bonds are being issued pursuant to the Constitution and the laws of the State of California (the "State"), including the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code, as amended (the "Bond Law"), and with respect to the 2020A Bonds, pursuant to an Indenture of Trust, dated as of _____ 1, 2020 (the "2020A Indenture"), by and among the Authority, the City of Calexico (the "City") and The Bank of New York Mellon, as trustee (the "Trustee") and with respect to the 2020B Bonds, pursuant to an Indenture of Trust dated as of _____ 1, 2020 (the "2020B Indenture," and together with the 2020A Indenture, the "Indentures"), by and among the Authority, the City and the Trustee.

The 2020A Bonds are payable from revenues (as further described in this Official Statement, the "Water Revenues") consisting of Installment Payments (the "2020A Installment Payments") to be made by the City to the Authority under an Installment Purchase Agreement, dated as of _____ 1, 2020 (the "2020A Installment Purchase Agreement"), between the City and the Authority and amounts on deposit in certain funds and accounts established under the 2020A Indenture. The 2020B Bonds are payable from revenues (as further described in this Official Statement, the "Wastewater Revenues") consisting of Installment Payments (the "2020B Installment Payments" together with the 2020A Installment Payments, the "Installment Payments") to be made by the City to the Authority under an Installment Purchase Agreement, dated as of _____ 1, 2020 (the "2020B Installment Purchase Agreement," and together with the 2020A Installment Purchase Agreement, the "Installment Purchase Agreements"), between the City and the Authority and amounts on deposit in certain funds and accounts established under the 2020B Indenture.

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* Preliminary; subject to change.

The City's obligation to make 2020A Installment Payments under the 2020A Installment Purchase Agreement is a special obligation of the City payable solely from and secured by a pledge of Net Water Revenues (as defined below) of the City's water system (the "Water System"). The City's obligation to make 2020B Installment Payments under the 2020B Installment Purchase Agreement is a special obligation of the City payable solely from and secured by a pledge of Net Wastewater Revenues (as defined below) of the City's wastewater system (the "Wastewater System" and together with the Water System, the "Systems").

The Authority covenants in the Indentures that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of the Water Revenues or the Wastewater Revenues, as applicable, in whole or in part. The City may execute any contract or issue any bonds secured by Net Water Revenues or Net Wastewater Revenues on a parity with the 2020A Installment Payments or the 2020B Installment Payment, as applicable.

Under the Indentures, the Authority has assigned to the Trustee for the benefit of the Owners of the Bonds substantially all its rights under the respective Installment Purchase Agreements, including its right to receive respective Installment Payments and its rights to enforce payment by the City of such Installment Payments when due.

Use of Proceeds

On January 11, 2007, the Community Redevelopment Agency of the City of Calexico issued the Water System Lease Revenue Bonds Issue of 2007 (the "Refunded Bonds"), currently outstanding in the principal amount of $12,030,000. The Refunded Bonds were issued for the purpose of implementing certain improvements to the Water System.

The proceeds of the sale of the 2020A Bonds will be used: (i) to refund the Refunded Bonds, (ii) to finance certain improvements to the Water System, (iii) to purchase a municipal bond insurance policy and a debt service reserve surety for the 2020A Bonds, and (iv) to pay costs of issuance of the 2020A Bonds. See "PLAN OF REFUNDING," "ESTIMATED SOURCES AND USES OF FUNDS" and "THE PROJECTS."

The proceeds of the sale of the 2020B Bonds will be used: (i) to finance certain improvements to the Wastewater System, (ii) to purchase a municipal bond insurance policy and a debt service reserve surety for the 2020A Bonds, and (iii) to pay costs of issuance of the 2020B Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "THE PROJECTS."

Further Information

Brief descriptions of the Bonds, the Indentures, the Installment Purchase Agreements, the Bond Law, the Authority, the City and the Systems are included in this Official Statement. Such information does not purport to be comprehensive or definitive. All references herein to the Indentures, the Installment Purchase Agreements, the Bond Law, the Constitution and the laws of the State, and the proceedings of the Authority and the City, are qualified in their entirety by reference to each such document, statute, constitution or proceedings. References herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indentures. Copies of the Indentures and the Installment Purchase Agreements are available for inspection at the office of the Authority.

THE AUTHORITY

The Authority is a joint exercise of powers authority duly organized under the Marks-Roos Local Bond Pooling Act of 1985. The Authority was formed under a Joint Exercise of Powers Agreement between the City and the Community Redevelopment Agency of the City of Calexico (the "Agency"), dated as of December 1, 1990 (the "JPA Agreement"). The Authority is governed by a five-member board whose members are the same as the City Council. The Authority has no employees and all staff work is done by City staff or by consultants to the Authority. [The Mayor acts as the President of the Authority, the City Manager as its Executive Director, the City Clerk as its Secretary and the Finance Director as the Treasurer of the Authority.]

THE BONDS

General

The Bonds will be issued in fully registered form without coupons in Authorized Denominations. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York ("DTC"), and will be evidenced by one Bond for each of the maturities in the principal amounts shown on the inside cover page of this Official Statement. DTC is the depository for the Bonds, and registered ownership may not thereafter be transferred except as set forth in the Indentures. The Bonds will mature on _____ 1 in the years and in the amounts shown on the inside cover page of this Official Statement and will bear interest on each Interest Payment Date at the rates shown on the inside cover of this Official Statement.

Interest on the Bonds will be payable semi-annually on each _____ 1 and _____ 1, calculated based on a 360-day year of twelve (12) thirty-day months on each Interest Payment Date, commencing ____ 1, 2019, to the person whose name appears on the registration books of the Trustee as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail to the Owner at the address of such Owner as it appears on the registration books; provided, however, that payment of interest or principal may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of $1,000,000 or more who will furnish written wire instructions to the Trustee prior to the applicable Record Date. Any such written request will remain in effect until rescinded in writing by the Owner. Principal of any Bond and any premium upon redemption will be paid by check or wire of the Trustee upon presentation and surrender thereof at the Trust Office. Principal of and interest and premium (if any) on the Bonds will be payable in lawful money of the United States of America.

Each Bond will be dated as of the Closing Date and will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before [____ 15, 201_], in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Special Mandatory Redemption

The Bonds shall be subject to special mandatory redemption as a whole or in part, on any date, from proceeds of an eminent domain award or proceeds of casualty insurance not used to repair or rebuild the Water System or the Wastewater System, as applicable, which proceeds may be used for such purpose

pursuant to the respective Installment Purchase Agreements, at a redemption price equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium.

Optional Redemption

The Bonds maturing on or before _____ 1, 20__ will not be subject to optional redemption prior to maturity. The Bonds maturing on _____ 1, 20__ will be subject to optional redemption prior to their maturity date, at the option of the Authority, by lot within a maturity on any date on or after _____ 1, 20__, from prepayment of Installment Payments made at the option of the City at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption

The 2020A Bonds maturing on _____ 1, 20__ are also subject to redemption prior to their stated maturity, on _____ 1 in each year, commencing _____ 1, 20__, in part by lot, from mandatory sinking account payments at a redemption price equal to the principal amount thereof, plus accrued interest, if any, to the redemption date, without premium, as set forth below in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; provided, however, that if some but not all of such 2020A Bonds have been redeemed pursuant to optional or special mandatory redemption provisions of the 2020A Indenture, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of such 2020A Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of $5,000. The City will provide the Trustee with a revised sinking fund schedule.

Schedule of Mandatory Sinking Fund Redemptions
2020A Term Bonds Maturing _____ 1, 20__

Redemption Date (1)	Principal Amount
(maturity)	

The 2020B Bonds maturing on _____ 1, 20__ are also subject to redemption prior to their stated maturity, on _____ 1 in each year, commencing _____ 1, 20__, in part by lot, from mandatory sinking account payments at a redemption price equal to the principal amount thereof, plus accrued interest, if any, to the redemption date, without premium, as set forth below in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; provided, however, that if some but not all of such 2020B Bonds have been redeemed pursuant to optional or special mandatory redemption provisions of the 2020B Indenture, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of such 2020B Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of $5,000. The City will provide the Trustee with a revised sinking fund schedule.

Schedule of Mandatory Sinking Fund Redemptions
2020B Term Bonds Maturing _____ 1, 20__

Redemption Date (1)	Principal Amount
(maturity)	

Notice of Redemption

The Trustee on behalf and at the expense of the Authority will send (by first class mail or other means acceptable to the recipient thereof) notice of any redemption to: (i) the respective Owners of any Bonds designated for redemption, at least twenty (20) but not more than sixty (60) days prior to the redemption date, at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services, at least twenty (20) but not more than sixty (60) days prior to the redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. In addition to mailed notice, the notice to the Securities Depositories and Information Service will be given by telephonically confirmed facsimile transmission or overnight delivery service or by such other means approved by such institutions. Such notice will state the date of the notice, the redemption date, the redemption place and the redemption price and will designate the CUSIP numbers, the bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the 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. Neither the Authority nor the Trustee will have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee will be liable for any inaccuracy in such numbers.

Any notice given pursuant to this paragraph may be conditional and/or rescinded by written notice given to the Trustee by the Authority and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given pursuant to the respective Indentures.

Selection of Bonds for Redemption

Whenever provision is made for the special mandatory redemption or optional redemption of Bonds of more than one maturity, the Bonds to be redeemed will be selected in inverse order of maturity or, at the election of the Authority evidenced by a Written Request of the Authority filed with the Trustee at least sixty (60) days prior to the date of redemption, on a pro rata basis among maturities (provided that, in any event, the principal and interest due on the Bonds Outstanding following such redemption will be equal in time and amount to the unpaid payments due under the respective Installment Purchase Agreement); and in each case, the Trustee will select the Bonds to be redeemed within any maturity by lot in any manner which the Trustee in its sole discretion will deem appropriate. For purposes of such selection, all Bonds will be deemed to be comprised of separate $5,000 portions and such portions will be treated as separate Bonds which may be separately redeemed.

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption will have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indentures other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to the Indentures will be canceled and will be destroyed by the Trustee.

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. Payment of the principal of and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Trustee so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to DTC's Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants. See "APPENDIX C – BOOK-ENTRY ONLY SYSTEM."

PLAN OF REFUNDING

The Refunded Bonds were issued to finance certain capital improvements of the Water System. In connection with the issuance of the Refunded Bonds, the City entered into a lease agreement with the Community Redevelopment Agency of the City of Calexico (the "Agency"), under which the City was obligated to make lease payments (the "2007 Lease Payments") to the Agency. The 2007 Lease Payments were payable from certain revenues of the Water System.

A portion of the proceeds from the sale of the 2020A Bonds will be used to prepay the 2007 Lease Payments and cause the refunding of the outstanding Refunded Bonds in the outstanding principal amount of $_____.

Pursuant to an irrevocable prepayment instruction from the City, dated the date of the issuance of the 2020A Bonds, the City will cause to be deposited into an escrow fund securing the Refunded Bonds, moneys which will be sufficient to pay the principal of and interest on the outstanding Refunded Bonds, together with accrued interest thereon without premium on the redemption date of _____.

[VERIFICATION AGENT LANGUAGE TO COME]

THE PROJECTS

The City's adopted budget for Fiscal Year 2018-19 included a 5-year capital improvement program for both the Water System and the Wastewater System totaling $18,313,000 and $38,365,000, respectively.

With respect to the Water System, the 5-year capital improvement program includes improvements to both the water treatment (i.e. filter control replacement system, new clarifier and filter system, raw water reservoir improvements, vehicle and equipment replacement and storage tank repairs) and water distribution (i.e. water pipeline replacement, water distribution expansion and storage tank improvements) components of the Water System. A portion of the proceeds of the 2020A Bonds in the amount of

$_____ will be used to finance a significant portion of the costs of such Water System improvements. The remaining portion of the costs will be financed using available funds of the Water System.

With respect to the Wastewater System, the 5-year capital improvement program includes improvements to both the wastewater treatment (i.e. emergency generator replacement, ultraviolet system upgrade, headwork replacement, vehicle and equipment replacement and upgrade to the wastewater treatment plant) and wastewater collection (i.e. lift station rehabilitation, sewer manhole rehabilitation and vehicle and equipment replacement). A portion of the proceeds of the 2020B Bonds in the amount of $_____ will be used to finance a significant portion of the costs of such Wastewater System improvements. The remaining portion of the costs will be financed using available funds of the Wastewater System.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds related to the issuance of the Bonds.

	2020A Bonds	2020B Bonds
Sources:		
Principal Amount of Bonds		
Plus/Less Original Issue Premium/Discount		
Transfer from _____		
Total Sources		
Uses:		
Deposit to Costs of Issuance Fund[1]		
Deposit to Acquisition and Construction Fund		
Deposit to Escrow Fund		
Total Uses		

[1] Costs of issuance include Underwriter's Discount, fees and expenses of the Bond Counsel, Disclosure Counsel and the Trustee, the premia for the Policy and the Reserve Policy and printing expenses and other costs of issuing the Bonds.

BOND DEBT SERVICE

The following table sets forth the annualized debt service schedule for the 2020A Bonds assuming no redemption other than mandatory sinking fund redemption.

For Bond Year Ending 1	Principal	Interest	Total
TOTAL			

The following table sets forth the annualized debt service schedule for the 2020B Bonds assuming no redemption other thank mandatory sinking fund redemption.

For Bond Year Ending 1	Principal	Interest	Total
TOTAL			

SECURITY FOR THE BONDS

General

The 2020A Bonds are special obligations of the Authority and will be payable from and secured by a charge and lien on Water Revenues, consisting primarily of 2020A Installment Payments to be made by the City under the 2020A Installment Purchase Agreement. The 2020B Bonds are special obligations of the Authority and will be payable from and secured by a charge and lien on Wastewater Revenues, consisting primarily of 2020B Installment Payments to be made by the City under the 2020B Installment Purchase Agreement. Neither the faith and credit of the Authority, the City, the State of California or any political subdivision thereof nor the taxing power of the City, the State of California or any political

subdivision thereof is pledged to the payment of the Installment Payments or the principal or redemption price of or interest on the Bonds. The Authority has no taxing power. Neither the payment of the principal of or interest on the Bonds nor the obligation of the City to make Installment Payments under the Installment Purchase Agreements constitutes a debt of the City, the Authority, the State of California or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Reserve Funds

A Reserve Fund will be established under each of the Indentures in an amount equal to the Reserve Requirement. The "Reserve Requirement" is defined as an amount equal to, at any date of determination, the least of (i) ten percent (10%) of the original par amount of the Bonds, (ii) Maximum Annual Debt Service with respect to the Bonds, or (iii) 125% of average annual debt service on the Bonds.

The Authority will satisfy the Reserve Requirement with respect to the Bonds by depositing the municipal bond debt service reserve insurance policy relating to the 2020A Bonds issued by the Insurer (the "2020A Reserve Policy") and the municipal bond debt service reserve insurance policy relating to the 2020B Bonds issued by the Insurer (the "2020B Reserve Policy") in the respective Reserve Funds in accordance with the Indentures.

The Authority is not obligated to replace the Reserve Policies or to fund the Reserve Funds with cash if, at any time that the Bonds are Outstanding, amounts are not available under the Reserve Policies other than in connection with a draw on the Reserve Policies.

Security Under the Indentures

Installment Payments. Under the Indentures, the Authority irrevocably transfers and assigns over to the Trustee all of the respective Installment Payments received by the Authority under the Installment Purchase Agreements and any and all rights it has to enforce the obligations of the City under the Installment Purchase Agreements. The respective Installment Payments received by the Trustee and all money in the other funds or accounts established under the Indentures are irrevocably pledged by the Authority to the punctual payment of the respective Bonds. The respective Revenues and such other funds and accounts are not permitted to be used for any other purpose while any of the Bonds remain Outstanding, subject to the provisions of the Indentures permitting the application of those moneys for other specified purposes. The Indentures provide that this pledge constitutes a first lien on the respective Revenues and such other money for the payment of the Bonds.

Water Revenue Fund. The 2020A Indenture establishes a special fund known as the "Water Revenue Fund" held by the Trustee into which all 2020A Installment Payments will be deposited. The money in the Water Revenue Fund is required to be transferred by the Trustee for deposit in the following respective funds (each of which is established under the 2020A Indenture and maintained with the Trustee) at the following times and in the following order of priority:

(a) Water Bond Payment Fund. The Trustee will withdraw from the Water Revenue Fund and deposit in the Water Bond Payment Fund on or before each 2020A Interest Payment Date, so long as any 2020A Bonds remain outstanding under the 2020A Indenture, an amount, which, together with other available amounts in the Water Bond Payment Fund is at least equal to the sum of (i) the aggregate amount of principal of and interest coming due and payable on the Bonds on such 2020A Interest Payment Date, and (ii) the redemption price of the Term Bonds coming due and payable on such 2020A Interest Payment Date by operation of mandatory sinking fund redemption.

(b) Water Redemption Fund. The Trustee will deposit into the Water Redemption Fund all amounts required to redeem any 2020A Bonds which are subject to special mandatory and optional redemption when and as such amounts become available. Amounts in the Water Redemption Fund will be applied by the Trustee solely for the purpose of paying the redemption price of 2020A Bonds to be redeemed pursuant to special mandatory and optional redemption.

Wastewater Revenue Fund. The 2020B Indenture establishes a special fund known as the "Wastewater Revenue Fund" held by the Trustee into which all 2020B Installment Payments will be deposited. The money in the Wastewater Revenue Fund is required to be transferred by the Trustee for deposit in the following respective funds (each of which is established under the 2020B Indenture and maintained with the Trustee) at the following times and in the following order of priority:

(a) Wastewater Bond Payment Fund. The Trustee will withdraw from the Wastewater Revenue Fund and deposit in the Wastewater Bond Payment Fund on or before each 2020B Interest Payment Date, so long as any 2020B Bonds remain outstanding under the 2020B Indenture, an amount, which, together with other available amounts in the Wastewater Bond Payment Fund is at least equal to the sum of (i) the aggregate amount of principal of and interest coming due and payable on the Bonds on such 2020B Interest Payment Date, and (ii) the redemption price of the Term Bonds coming due and payable on such 2020B Interest Payment Date by operation of mandatory sinking fund redemption.

(b) Wastewater Redemption Fund. The Trustee will deposit into the Wastewater Redemption Fund all amounts required to redeem any 2020B Bonds which are subject to special mandatory and optional redemption when and as such amounts become available. Amounts in the Wastewater Redemption Fund will be applied by the Trustee solely for the purpose of paying the redemption price of 2020B Bonds to be redeemed pursuant to special mandatory and optional redemption.

Installment Payments

The 2020A Installment Purchase Agreement provides that all Net Water Revenues are pledged to the payment of the 2020A Installment Payments and Net Water Revenues will not be used for any purpose other than as permitted in the 2020A Installment Purchase Agreement while any of the Series 2020A Installment Payments remain unpaid. The pledge constitutes a lien on Net Water Revenues, including Net Water Revenues in the Water Revenue Fund for the payment of the Series 2020A Installment Payments and all other Contracts and Bonds in accordance with the terms of the 2020A Installment Purchase Agreement and the 2020A Indenture.

The 2020B Installment Purchase Agreement provides that all Net Wastewater Revenues are pledged to the payment of the Series 2020B Installment Payments and Net Wastewater Revenues will not be used for any purpose other than as permitted in the 2020B Installment Purchase Agreement while any of the Series 2020B Installment Payments remain unpaid. The pledge constitutes a lien on Net Wastewater Revenues and, including Net Wastewater Revenues in the Wastewater Revenue Fund for the payment of the Series 2020B Installment Payments and all other Contracts and Bonds in accordance with the terms of the 2020B Installment Purchase Agreement and the 2020B Indenture.

The respective Installment Purchase Agreement defines Net Water Revenues, Net Wastewater Revenues and related terms as follows:

"Net Water Revenues" means, for any Fiscal Year, the Water Revenues for such Fiscal Year less the Water Operation and Maintenance Costs for such Fiscal Year.

"Net Wastewater Revenues" means, for any Fiscal Year, the Wastewater Revenues for such Fiscal Year less the Wastewater Operation and Maintenance Costs for such Fiscal Year

"Water Revenues" means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, including, without limiting the generality of the foregoing,

(1) all income, rents, rates, fees, charges, or other moneys derived by the City from the sale, furnishing and supplying of water, or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System, revenues from the lease of any water rights and/or water pumping allocations, plus

(2) the proceeds of any stand-by or capacity charges collected by the City, plus

(3) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including City reserves,

and excluding,

(1) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the City, and

(2) all income, rents, rates, fees, changes or other moneys derived by the City from operations not related to the Water System, and

(3) any impact fees and connection fees imposed for specific purposes (except for any such fees imposed for the financing or payment of the Improvements) as specified by resolutions or ordinances adopted by the City Council, and

(4) any proceeds of taxes or assessments restricted by law to be used by the City to pay bonds, notes or other indebtedness hereafter issued or which are otherwise not legally available for payment of 2020A Installment Payments, and

(5) any amounts reimbursed to the City by the United States of America pursuant to a future program similar to previously enacted Section 54AA of the Code.

"Wastewater Revenues" means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Wastewater System, including, without limiting the generality of the foregoing,

(1) all income, rents, rates, fees, charges, or other moneys derived by the City from the furnishing and supplying of wastewater, or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Wastewater System, plus

(2) the proceeds of any stand-by or capacity charges collected by the City, plus

(3) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including City reserves,

and excluding,

(1) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the City, and

(2) all income, rents, rates, fees, changes or other moneys derived by the City from operations not related to the Wastewater System, and

(3) any impact fees and connection fees imposed for specific purposes (except for any such fees imposed for the financing or payment of the Improvements) as specified by resolutions or ordinances adopted by the City Council, and

(4) any proceeds of taxes or assessments restricted by law to be used by the City to pay bonds, notes or other indebtedness hereafter issued or which are otherwise not legally available for payment of 2020B Installment Payments, and

(5) any amounts reimbursed to the City by the United States of America pursuant to a future program similar to previously enacted Section 54AA of the Code.

"Water Operation and Maintenance Costs" means (i) costs spent or incurred for maintenance and operation of the Water System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of the City that are charged directly or apportioned to the Water System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and (ii) all other reasonable and necessary costs of the City or charges (other than debt service payments) required to be paid by it to comply with the terms of the 2020A Bonds or of the 2020A Installment Purchase or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such 2020A Bonds, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

"Wastewater Operation and Maintenance Costs" means (i) costs spent or incurred for maintenance and operation of the Wastewater System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and including administrative costs of the City that are charged directly or apportioned to the Wastewater System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and (ii) all other reasonable and necessary costs of the City or charges (other than debt service payments) required to be paid by it to comply with the terms of the 2020B Bonds or of the 2020B Installment Purchase Agreement or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such 2020B Bonds, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

2020A Installment Payments

To carry out and effectuate the pledge and lien contained in the 2020A Installment Purchase Agreement, the City agrees and covenants that all Water Revenues will be received by the City in trust hereunder and deposited when and as received in a special fund designated as the "Water Revenue Fund," which fund is created and established under the 2020A Installment Purchase Agreement and which fund the City agrees and covenants to maintain and to hold in trust separate and apart from other funds so long as any 2020A Installment Payments or 2020A Bonds remain unpaid.

The City will, first from the moneys in the Water Revenue Fund, pay all Water Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Water Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable. Thereafter, all Net Water Revenues in the Water Revenue Fund will be set aside by the City at the following times for the transfer to the following respective special funds in the following order of priority:

Water Bond Payment Fund. On or before each Series 2020A Installment Payment Date until the 2020A Bonds have been paid or provision for their payment has been made as provided in the 2020A Indenture, the City will, from the moneys in the Water Revenue Fund, transfer to the Trustee for deposit in the Water Bond Payment Fund the 2020A Installment Payment due and payable on that Series 2020A Installment Payment Date. The City will also, from the moneys in the Water Revenue Fund, transfer to the trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, to pay any other debt service in accordance with the provisions of any Bond or Contract.

Such deposit to the Water Bond Payment Fund will be reduced to the extent amounts on deposit therein are available for application to the Series 2020A Installment Payment due and payable on said Series 2020A Installment Payment Date.

Water Reserve Funds. On or before each Series 2020A Installment Payment Date until the 2020A Bonds have been paid, or provision for their payment has been made as provided in the 2020A Indenture, the City will, from the remaining moneys in the Water Revenue Fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the trustee or other fiduciary for deposit in any reserve fund and/or account as may have been established in connection with Bonds or Contracts, other than the 2020A Installment Purchase Agreement, that sum, if any, necessary to restore such reserve fund or account to an amount equal to the amount required to be maintained therein.

Surplus. Moneys on deposit in the Water Revenue Fund not necessary to make any of the payments required above, may be expended by the City at any time for any purpose permitted by law.

2020B Installment Payments

To carry out and effectuate the pledge and lien contained in the 2020B Installment Purchase Agreement, the City agrees and covenants that all Wastewater Revenues will be received by the City in trust under the 2020B Installment Purchase Agreement and will be deposited when and as received in a special fund designated as the "Wastewater Revenue Fund," which fund is created and established under the 2020B Installment Purchase Agreement and which fund the City agrees and covenants to maintain and to hold in trust separate and apart from other funds so long as any 2020B Installment Payments or 2020B Bonds remain unpaid.

The City will, first from the moneys in the Wastewater Revenue Fund, pay all Wastewater Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Wastewater Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable. Thereafter, all Net Wastewater Revenues in the Wastewater Revenue Fund will be set aside by the City at the following times for the transfer to the following respective special funds in the following order of priority:

Wastewater Bond Payment Fund. On or before each Series 2020B Installment Payment Date until the 2020B Bonds have been paid or provision for their payment has been made as provided in the 2020B Indenture, the City will, from the moneys in the Wastewater Revenue Fund, transfer to the Trustee for deposit in the Wastewater Bond Payment Fund the Series 2020B Installment Payment due and payable on that Series 2020B Installment Payment Date. The City will also, from the moneys in the Wastewater Revenue Fund, transfer to the trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, to pay any other debt service in accordance with the provisions of any Bond or Contract.

Such deposit to the Wastewater Bond Payment Fund will be reduced to the extent amounts on deposit therein are available for application to the Series 2020B Installment Payment due and payable on said Series 2020B Installment Payment Date.

Reserve Funds. On or before each Series 2020B Installment Payment Date until the 2020B Bonds have been paid, or provision for their payment has been made as provided in the 2020B Indenture, the City will, from the remaining moneys in the Wastewater Revenue Fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the trustee or other fiduciary for deposit in any reserve fund and/or account as may have been established in connection with Bonds or Contracts, other than the 2020B Installment Purchase Agreement, that sum, if any, necessary to restore such reserve fund or account to an amount equal to the amount required to be maintained therein.

Surplus. Moneys on deposit in the Wastewater Revenue Fund not necessary to make any of the payments required above, may be expended by the City at any time for any purpose permitted by law.

Rate Covenant

To the extent permitted by law, the City covenants in the Installment Purchase Agreements to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the respective Systems during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Water Revenues or Wastewater Revenues, as applicable, sufficient to pay the following amounts in the following order of priority:

(a) All Operation and Maintenance Costs estimated by the City to become due and payable in such Fiscal Year;

(b) All Installment Payments and payments of principal of and interest on any Bonds or Contracts as they become due and payable during such Fiscal Year, without preference or priority, except to the extent Installment Payments or interest on any Bonds or Contracts are payable from proceeds of the respective Bonds or Bonds or Contracts deposited for such purpose; and

(c) All payments required to meet any other obligations of the City that are charges, liens, encumbrances upon, or that are otherwise payable from, the respective Revenues or the respective Net Revenues during such Fiscal Year.

In addition, to the extent permitted by law, the City will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Systems during each Fiscal Year that are sufficient to yield respective Net Revenues that are at least equal to one hundred twenty five percent (125%) of the amount described in the preceding clause (b) for such Fiscal Year.

Additional Contracts and Bonds

The City may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(a) No Event of Default shall have occurred and be continuing, and the City shall deliver a certificate to that effect to the Trustee; and

(b) The Net Water Revenues or the Net Wastewater Revenues, as the case may be, calculated in accordance with accounting principles consistently applied, as shown by the books of the City for the latest Fiscal Year or, as shown by the books of the City, for any more recent twelve (12) month period selected by the City, plus (at the option of the City) the Additional Water Revenues or Additional Wastewater Revenues, as the case may be, shall be at least equal to one hundred twenty five percent (125%) of the amount of Maximum Annual Debt Service with respect to the Water System or the Wastewater System.

The provisions of subsection (b) above will not apply to any Contracts or Bonds if all of the proceeds of such Contracts or Bonds (other than proceeds applied to pay costs of executing such Contracts or issuing such Bonds and to make any reserve fund deposit required therefor) shall be deposited in an irrevocable escrow for the purpose of paying the principal of and interest and premium (if any) on any Installment Payments or on any outstanding Contracts or Bonds.

The City has covenanted to not issue any evidences of indebtedness or incur other obligations that are payable from and secured by a pledge of and lien on Net Water Revenues or the Net Wastewater Revenues senior to the pledge of and lien on Net Water Revenues or the Net Wastewater Revenues of the 2020A Installment Payments or the 2020B Installment Payments, respectively.

BOND INSURANCE

[TO COME]

THE CITY

General

The City of Calexico (the "City") is located in Imperial County (the "County"), California, approximately 120 miles east of the City of San Diego and approximately 60 miles west of Yuma, Arizona. The City is a general law city incorporated in 1908 with a Council/Manager form of government consisting of five Council members elected to four-year overlapping terms. The City encompasses an area of approximately 8.6 square miles with an average elevation at sea level. As of January 1, 2020, the City had an estimated population of _____. The City lies adjacent to the City of Mexicali, with a population of approximately 1 million. Mexicali is the capital of the State of Baja, Mexico. The City's strategic border location makes it a prime link between the interior of Mexico and the major economic markets along the West Coast of the United States. Each year, more than 1 million vehicles and pedestrians cross into the U.S.

through the City's two ports-of-entry. The East Calexico Port-of-Entry provides an important link to major trucking routes, and has increased the efficiency with which people and goods move between Mexico and the United States. Economically and given its geographic location immediately adjacent to the international border crossing, the City largely functions as a suburb of the metropolitan complex of Mexicali. Mexicali is a major business center, with large manufacturing and agricultural industries, and a busy rail line into California. The economic growth in Mexicali relies on numerous assembly plants, mainly for products to be exported to the United States, including facilities operated by corporations that include: Daewoo, Mitsubishi, Honeywell, Cardinal Health, Bosch, Price Pfister, Gulfstream, Goodrich, Kenworth and Kwikset. For additional information relating to the City, see "APPENDIX A – SUPPLEMENTAL INFORMATION – THE CITY OF CALEXICO."

Management

David Dale P.E., P.L.S. (City Manager)

Mr. Dale is a registered Civil Engineer and Land Surveyor in the State of California with 20 years of public works engineering and construction management experience. As City Manager, Mr. Dale is under the direction of the City Council. He plans, organizes, controls and directs City-wide operations, activities, departments, programs and functions; provides support for the City Council, direction and vision for the organization, and overall leadership and direction to the entire City government; implements the policies of the City Council; supervise and evaluate the performance of assigned personnel. Mr. Dale has been with the City for three years.

His experience includes design and management of complex multimillion dollar public projects within the County as well as projects funded through local, State and Federal agencies. His experience includes managing the execution of assigned projects within the established schedules, planning, and organizing financing of projects. Including supervising and reviewing performance of professional engineers and engineering technicians; performing highly complex and responsible civil, mechanical and land surveying work on a wide variety of projects; directing, overseeing and participating in conducting diverse and complex field, site and office studies, investigations and research; performing, reviewing complex calculations and analyses; developing, reviewing and editing specialized and technical reports; preparing summaries of highly technical and complex engineering reports; drafting and completing preliminary and final designs, drawings and specifications for designated capital improvement and major maintenance programs; supervising and reviewing, revising and improving designs, drawings and specifications of subordinate staff; assembling, and managing and direct work of engineering project teams.

Karla Lobatos (Finance Director)

[TO COME]

Lilliana Falomir (Public Works Manager)

Ms. Falomir has over 23 years of experience working for the City in multiple divisions: Public Works, Engineering, Finance, the City Manager's Office and the City Clerk's Office. In 2018, Ms. Falomir became the Public Works Manager – Administrative for the City's Public Works Department. Her duties and responsibilities are to coordinate and manage construction project which range from $10,000 to $10,000,000. In addition to managing construction projects, Ms. Falomir has also grant writing experience and has prepared various grant applications for the City that have been successful. During Ms. Falomir's employment with the City, she has obtained an Associate of Arts in Business Administration from Imperial

Valley College, Bachelor of Arts in Applied Arts and Science – Public Administration and Masters of Public Administration from San Diego State University.

State Audit

On January 24, 2019, the City received a letter from the California State Controller stating that the State Controller's Office had conducted a review of the City's internal control system to evaluate the adequacy of the City's controls for conducting its operations, preparing financial reports, safeguarding assets, and ensuring proper use of public funds. Its review found deficiencies in the City's internal control system based on the conditions that existed during the review period of July 1, 2015 through June 30, 2017. The letter notes that the City has taken effective corrective actions and continues to make efforts to enhance its internal control system. On October 24, 2019, the California State Auditor launched a new online tool that ranks more than 470 California cities based on detailed information about their fiscal health. The State Auditor used publicly available information to assess the fiscal health of cities. The City was identified as number 5 on the top California cities facing fiscal challenges. The State Auditor's financial analysis was based on information for Fiscal Year 2016-17. With respect to the City's audited financial statements for the Fiscal Years ended June 30, 2016 and June 30, 2017, the City's independent auditors' report stated that the accompanying financial statements were prepared assuming the City will continue as a going concern as the City suffered significant reductions in fund balances from operations and is experiencing cash shortfalls. Since then, the City has implemented cost cutting measures, has experienced increase in revenues and has seen its operating reserves grow. The City's independent auditor's report with respect to the City's audited financial statements for the Fiscal Years ended June 30, 2018 and June 30, 2019 does not reference the going concern.

THE WATER SYSTEM

General

The City provides potable water service to its residential, commercial and industrial customers within the City limits. The City's Water System treats Colorado River surface water imported 80 miles from the Colorado River by Imperial Irrigation District ("IID") via the All American Canal near the Southern Pacific Railroad. Raw water is pumped through a 42-inch pipeline to the City's 25 million gallon ("MG") reservoir. The water is then pumped from the raw water reservoir through a 30-inch pipeline to the City's water treatment plant, located at 545 Pierce Avenue, a distance of approximately one mile from the diversion point.

The existing 14 million gallons per day ("MGD") surface water treatment plant is a conventional plant consisting of two up-flow clarifiers, gravity filtration, and chlorine disinfection. This water is treated in compliance with the Surface Water Filtration and Disinfection Treatment Regulations found in Chapter 17 Title 22, California Code of Regulations, the California Department of Health Services, and Local Agency requirements. The level of treatment and compliance with safe drinking water requirements varies with the quality of the raw water delivered.

Treated water is stored in three above grade, fabricated steel, tanks located at the treatment plant site and the eastside reservoir. These tanks have the capacities of 6 MG, 6 MG and 4 MG for a total of 16 MG available for distribution.

The City has one finished water pump station at the water treatment plant, which maintains water pressure in the City. The current flow rate of the finished water pump station is 18,000 gallons per minute ("GPM") or 26 MGD. The discharge pressure of this pump station is approximately 62 pounds per square inch (PSI). Seven pumps transfer potable water from the storage tanks to the City's distribution system.

The present Water System is operated in one pressure zone which is sustained by pumping only. Because the topography is essentially flat throughout the City, there are no reservoirs in the system that can provide hydraulic gradient to sustain even the minimum pressures required by users. The existing water distribution system includes over 75 miles of pipelines ranging from two inches to 30 inches in diameter.

The City maintains two emergency diesel pumps that pump at 4,000 GPM.

Organization and Management

The City provides water services to its residential and commercial/industrial customers through its Public Works Department. Jose Saldaña, the Water System Supervisor, oversees the day-to-day operation of the Water System and reports to the City Manager.

Mr. Saldaña has over 28 years of experience working for the City in both water treatment and distribution systems. In 2017, he became the Water System Supervisor. His duties and responsibilities are to organize, direct and participate in a variety of activities involved in the installation, maintenance and repair of the City's water treatment and distribution systems. Mr. Saldaña currently holds a State of California Water Treatment Plant Operator Grade V, Water Distribution Operator Grade IV, Backflow Tester and Cross-Connection Control Specialist Certificate.

Employees and Employee Benefits

The City employs a staff of ____ full time equivalent employees to operate the Water System. Such employees are represented by _____. The current memorandum of understanding between the City and _____ expires on _____.

See Appendix F for information with respect to the City's pension plans and other post-employment benefits. For Fiscal Year 2018-19, the Water System was responsible for approximately ____% of such retirement costs.

Water Supply

IID imports raw Colorado River water and distributes it primarily for agricultural use. IID also distributes the raw water for non-agricultural uses including municipal, industrial, feedlot, dairy, fishery, environmental and recreational uses. In 2014, municipal deliveries accounted for 1.38% of IID's total delivery of untreated Colorado River water. [MORE RECENT INFORMATION AVAILABLE?] IID currently charges the City $20 per acre-foot of water.

The Quantification Settlement Agreement and Related Agreements (QSA/Transfer Agreements) signed on October 10th, 2003 by the United States Secretary of Interior, IID, Coachella Valley Water District ("CVWD"), Metropolitan Water District of Southern California ("MWD"), San Diego County Water Authority ("SDCWA") and other affected parties established a set of interrelated contracts/agreements between the parties for the next 35 to 75 years regarding the use of Colorado River water. The interrelated contracts involved the reasonable and beneficial use of Colorado River water, the ability to conserve, transfer and acquire conserved Colorado River water and the quantification and prioritization within California for use of Colorado River water; including the obligation to implement and fund environmental impact mitigation.

The current allocations for consumption use of Colorado River water by IID, CVWD and MWD that will enable California to stay within its basic annual apportionment of 4.4 Million Acre Feet plus not less than half of any declared surplus are defined by the following table.

Annul Acre-Feet Apportionment

User	Apportionment Acre-Feet/Year
Palo Verde Irrigation District	420,000
Imperial Irrigation District	3,100,000
Coachella Valley Water District	330,000
The Metropolitan Water District of Southern California	550,000
Total	**4,400,000**

As specified in the QSA/Transfer Agreements, by 2026, IID annual use is to be reduced by approximately 16% as a result of water conservation measures to just over 2,600,000 acre-feet/year of its 3,100,000 quantified acre-feet/year apportionment. The remaining 500,000 acre feet are to be transferred on an annual basis to urban water users outside of the Imperial Valley.

IID water distributed for municipal use in Imperial Valley is apportioned to seven cities (Brawley, Calexico, El Centro, City of Imperial, Holtville, Westmorland and Calipatria), three census designated places (Niland, Seeley and Heber), two state prisons (located in Calipatria and Centinela) and the Naval Air Facility (NAF) located in El Centro. Each city, except for Calipatria, operates a City-owned and operated water treatment plant. Niland, Calipatria and the Calipatria State Prison receive treated water from Golden State Water Company. The Heber water purveyor is the Heber Public Utility District ("HPUD"). The Seeley water purveyor is the Seeley County Water District ("SCWD").

Per the QSA/Transfer Agreements, IID adopted an Equitable Distribution Plan to distribute water for municipal use in Imperial Valley in 2007. The Equitable Distribution Plan controlled and set limits on the apportioned water to municipal water users, including the City. Annual increases in municipal water usage were based on a hybrid method including a historical use component and population growth component. As a result of recent court action, IID was directed by a court writ of mandate to repeal the Equitable Distribution Plan in 2017. IID board approved a resolution repealing the Equitable Distribution Plan in February 2018. As a result of the Equitable Distribution Plan repeal, IID water users are currently not limited by an apportionment of water; however, in the absence of the Equitable Distribution Plan all water users are subject to the requirement of reasonable and beneficial use standards. In addition, IID will continue to be subject to the 3.1 million acre-foot annual consumptive cap set forth under the QSA/Transfer Agreements and the rules of the federal inadvertent overrun and payback policy. [EXPLAIN FURTHER]

Although there is not an Equitable Distribution Plan in place at this time, given IID's 3.1 million acre-foot annual allotment and requirement to conserve water with a reduced IID water allotment of 2.6 million acre-foot of water expected in 2026 it appears that controls on water usage by all IID water users, including municipal water users, will likely be implemented in the future. The latest Equitable Distribution Plan water allotment for municipal water users was in effect in the year 2016. The 2016 Equitable Distribution Plan water allotment is as follows:

2016 Equitable Distribution Plan for Municipal Water Allotment

User	2016 Annual Water Apportionment Acre-Feet
Golden State Water – Calipatria & Niland	3,628
City of Imperial	4,430
City of Westmoreland	821
City of El Centro	10,817

City of Brawley	10,872
City of Calexico	8,099
Heber Public Utility District	2,031
Seeley County Water District	365

The 2016 Equitable Distribution Plan limited the City – IID supplied Raw Water Supply to 2,639,000,000 gallons per year or 7,230,331 gallons per day. The water treatment plant distribution system discharge flow record for the year 2017 illustrates the average daily discharge flow to be 7,150,000 per day; which is very close (within 80,331 gallons per day) to the 2016 Equitable Distribution Plan limit.

Although the Equitable Distribution Plan is not in effect at this time, it is likely that some form of water apportionment for municipal water users will be re-established by IID in the future. The City will monitor any future municipal water apportionments in an effort to secure a sufficient raw water supply to maintain current and future water demands within the City's service area.

Customers; Customer Usage

The service area of the City is approximately 8.6 square miles and is contiguous with the City's boundaries. No service is provided to customers outside of the City limits.

The following two tables summarize the customer usage by volume (in acre feet) and the number of customer accounts with respect to the Water System from calendar years 2015 through 2019:

Table __
CITY OF CALEXICO
Water System
Customer Usage by Volume (in acre-feet)

Customer Type	2015	2016	2017	2018	2019
Residential					
Single Family	3,057	3,478	3,895	3,956	3,656
Multifamily	435	509	599	614	568
Residential Total	**3,492**	**3,987**	**4,494**	**4,570**	**4,224**
Commercial/Industrial	1,156	1,220	898	1,025	1,090
Total	**4,648**	**5,207**	**5,391**	**5,595**	**5,314**

Source: City of Calexico.

Table __
CITY OF CALEXICO
Water System
Number of Customer Accounts

Customer Type	2015	2016	2017	2018	2019
Residential					
Single Family	7,264	7,261	7,326	7,314	7,292
Multifamily	527	525	529	526	616
Residential Total	**7,791**	**7,786**	**7,855**	**7,840**	**7,908**
Commercial/Industrial	545	536	536	536	539
Total	**8,336**	**8,322**	**8,391**	**8,376**	**8,447**

Source: City of Calexico.

The following table sets forth the ten largest customers of the Water System for fiscal year ended June 30, 2019.

Table __
CITY OF CALEXICO
Water System
Ten Largest Customers

Customer	Consumption[1]	Revenues
CALEXICO SCHOOL DISTRICT	9,247,067.72	$35,893.68
WILLIE MORENO JR HIGH SCHOOL	8,531,134.48	29,256.00
KENNEDY GARDENS SCHOOL	7,622,383.30	27,573.98
BLANCHE CHARLES ELEMENTARY SCHOOL	7,548,673.88	27,838.78
OUR LADY OF GUADALUPE, SCHOOL	7,543,415.44	27,118.58
CESAR CHAVEZ ELEMENTARY	7,280,643.04	26,792.90
ENRIQUE CAMARENA JR. SCHOOL	7,214,893.84	27,494.39
CALEXICO HIGH SCHOOL	6,766,116.28	26,667.23
ROCKWOOD ELEMENTARY	5,654,311.52	22,777.17
AURORA CONTINUATION SCHOOL	5,136,765.08	21,487.52
Total		

[1] Gallons.
Source: City of Calexico.

Rates, Charges and Fees

The City recovers the cost of Water System operation, maintenance and replacement, and capital expansion through a user fee system. The components of the user fees currently imposed by the City include commodity charges (based on usage), service charges (flat monthly rates), connection fees and miscellaneous fees and charges. See "BONDOWNERS' RISKS – California Constitution Article XIIIC and XIIID."

Commodity and Service Charges. The current rates for the City's water commodity and service charges were adopted by the City Council on November 28, 2018 and became effective on _____, 2018. The current rates were established, based on a report entitled "Water and Sewer Rate and Connection Fee Study," dated October 2018 (the "Rate Study"), prepared by Willdan Financial Services.

The following table shows the City's water service charges for years 2018 through 2022.

Table __
CITY OF CALEXICO
Water System
Projected Rates, Charges and Fees

Customer Type	2018	2019	2020	2021	2022
Residential					
First Dwelling	$17.24	$17.58	$17.94	$18.30	$18.66
Additional Dwelling Units	8.62	8.79	8.97	9.15	9.33
Commercial					
¾-inch	$19.11	$19.49	$19.88	$20.28	$20.69
1-inch	31.92	32.56	33.21	33.87	34.55
1 ½-inch	63.65	64.92	66.22	67.55	68.90
2-inch	101.87	103.91	105.99	108.11	110.27
3-inch	203.94	208.02	212.18	216.42	220.75
4-inch	318.62	324.99	331.49	338.12	344.88
6-inch	637.04	649.78	662.78	676.03	689.55
Construction/ Truck	102.42	104.47	106.56	108.69	110.86
Water for Resale	102.46	104.51	106.60	108.73	110.91
Volume Rate ($/Cubic Ft)					
Residential- All Use	$1.09	$2.03	$2.07	$2.11	$2.15
Commercial, Manufacturing and Industrial- All Use	3.19	3.25	3.32	3.39	3.45
Construction/ Truck	7.56	7.71	7.87	8.02	8.18
Water for Resale	10.86	11.08	11.30	11.52	11.76

Source: City of Calexico.

Connection Fees. Currently, the City charges a development impact fee for each new single family unit, multi-family/mobile home unit, or acre of commercial or industrial development that includes components for water and sewer facilities. Such fees do not constitute Water Revenues. The City is expected to consider the adoption of connection fees based on meter size as was proposed in the Rate Study. However, no assurance can be made that the City will in fact adopt any such connection fees.

Such connection fees, unless they are imposed for specific purposes (except for any such fees imposed for the financing or payment of the Water Project) as specified by resolutions or ordinances adopted by the City Council, would constitute Water Revenues.

Comparative Rates. The following table compares the average monthly bill for a typical single family residential unit imposed by the City and those of certain other communities in the County:

Table __
CITY OF CALEXICO
Water System
Comparative Rates

City	2019
Calexico	
El Centro	
Brawley	
Imperial	

Billing and Collection

Customers are billed on a monthly basis for approximately 30 day periods. Bills are due upon presentation and are considered delinquent after 30 days. If the amount due is unpaid after 30 days, a late charge of $10 is assessed. If payment is not made within 60 days of the original billing, a late notice is mailed to the customer stating the date on which service will be terminated. The customer is allowed 30 days after the notice is mailed to pay, or service will be terminated. The customer is required to pay outstanding fees and charges, including a $20 reconnect fee, before water service is restored. For Fiscal Year 2016-17, the amount of the City's write-off as the result of Water System customer delinquencies was $____. Customers of both the Water System and the Wastewater System receive a single bill for both services. [ARE PARTIAL PAYMENTS ALLOWED?]

Insurance

The City was a member of the California Joint Powers Insurance Authority (JPIA) through December 31, 2015. As of January 1, 2016, the City became self-insured for claims incurred after that date. JPIA continues to administer and settle claims incurred by the City prior to December 31, 2015.

As of January 1, 2016, the City became a member of the California State Association of Counties (CSAC) Excess Insurance Authority. With CSAC membership, the City elected to become self-insured for certain risks and purchased excess insurance for its general liability, property, and workers' compensation programs through CSAC. Effective January 1, 2016, the City's general liability program carries a self-insured retention of $100,000 and its workers' compensation program carries a self-insured retention of $125,000.

With respect to general liability, annual deposits are paid by member cities and are adjusted retroactively to cover costs. Each member city has a specific retention level. The City has a retention level of $100,000 and pays 100% of all losses incurred under $100,000. The City does not share or pay for losses of other cities under $100,000. Losses of $100,000 to $5,000,000 are prorated among all participating cities on a payroll basis. Losses in excess of $5,000,000 are covered by excess insurance purchased by the participating cities, as a part of the pool, to a limit of $10,000,000. This cost is also prorated on a payroll basis. The City purchased an optional excess coverage, which covers up to $20,000,000, and catastrophic coverage up to $50,000,000.

With respect to workers' compensation, the City has a Self-Insured Retention (SIR) of $125,000 per claim and additional coverage above its SIR with CSAC to $5 million per claim; there is an additional $45 million of reinsurance above CSAC coverage bringing the total coverage to over $50 million per claim.

Regulatory Matters

The operation and maintenance of the Water System are subject to various federal, State and local laws and regulations. The City is in compliance with such laws and regulations. [CONFIRM]

Potable water must meet or exceed the requirements set forth in the California Safe Drinking Water Act, California Health and Safety Code, California Code of Regulations Titles 17 and 22, and any regulations, standards, or orders adopted thereunder.

The requirements and standards for potable water are set and regulated by the State Water Resources Control Board, Division of Drinking Water ("Division of Drinking Water") and the U.S. Environmental Protection Agency. The City's water treatment plant and water distribution system operates as Water System Number 1310002 under Water Supply Permit Number 05¬14-02P-011 as issued by the Division of Drinking Water. Water Supply Permit Number 05-14-02P-011 was issued on May 27th, 2003. The Water Supply Permit will not expire until the Water Treatment Plant is upgraded at which time an amended permit will be issued by the Division of Drinking Water. The current Water Supply Permit allows for a maximum Water Treatment Plant Capacity of 16.67 MGD.

A sanitary survey of the Water System was conducted the Division of Drinking Water on December 20 and 27, 2016. The Division of Drinking Water stated in its letter dated June 5, 2017 that the Division of Drinking Water has determined that the Water System is well maintained and operated. The Division of Drinking Water did identify some deficiencies that needed to be addressed to better protect public health and improve system reliability. The City has addressed many of such finding and will continue to address any remaining items. [The projects being financed using the proceeds of the 2020A Bonds are intended to address certain of the remaining items.] The Division of Drinking Water has not provided any response to the City's responses to its original June 5, 2017 letter.

Operating Results and Debt Service Coverage

The table below sets forth the Statement of Revenues, Expenditures and Change in Net Position for the Water System for Fiscal Years 2014-15 through 2018-19.

Table___
CITY OF CALEXICO
Water System
Statement of Revenues, Expenditures and Changes in Net Position
(Fiscal Year Ending June 30)

	2015	2016	2017	2018	2019
OPERATING REVENUES:					
Charges for services	$6,686,106	$6,466,343	$6,719,938	$6,765,161	$7,638,288
Other revenue	1,302,603	55,370	6,591	1,852	2,765
Total operating revenues	7,988,706	6,521,713	6,726,529	6,767,013	7,641,053
OPERATING EXPENSES:					
Salaries and benefits	1,909,010	1,392,187	2,035,313	2,324,480	4,985,316
Materials, supplies and operational expenses	2,621,502	1,723,517	1,997,864	2,566,694	2,133,917
Insurance	159,726	472,130	—	—	—
Depreciation	841,050	1,120,576	1,317,960	1,411,314	1,515,192
Total operating expenses	5,531,288	4,708,410	5,351,137	6,302,488	8,634,425
OPERATING INCOME (LOSS)	2,457,421	1,813,303	1,375,392	464,525	(993,372)
NONOPERATING REVENUES (EXPENSES):					
Interest expense	—	(591,118)	(576,537)	(128,601)	(561,560)
Loss on disposal of assets	(1,668,794)	—	—	—	—
Intergovernmental	—	—	—	—	(477,711)
Investment earnings	—	—	47,625	145,708	270,131
Total nonoperating revenues (expenses)	(1,668,794)	(591,118)	(528,912)	17,107	(769,140)
INCOME(LOSS) BEFORE TRANSFERS	788,627	1,222,185	846,480	481,632	(1,762,512)
NET POSITION:					
Beginning of year (as restated)	32,789,006	33,577,633	32,925,640	32,570,194	33,051,826
End of year	$33,577,633	$34,799,818	$33,772,120	$33,051,826	$31,289,314

[NEED TO EXPLAIN SOME OF THE SIGNIFICANT VARIANCES IN REVENUES AND EXPENSES]
Source: City of Calexico audited financial statements.

The table below sets forth the historical and projected Water System debt service coverage for Fiscal Years 2014-15 through 2023-24. The projections are based on the City's current expectations and are subject to a number of factors and uncertainties that could cause actual results of operations and funds available for debt service to differ materially from those set forth herein.

Table___
CITY OF CALEXICO
Water System
Historical and Projected Debt Service Coverage

Fiscal Year	Water Revenues	Operation and Maintenance Costs	Net Water Revenues	Debt Service	Debt Service Coverage
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					

WASTEWATER SYSTEM

General

The City operates its own wastewater collection and treatment system. The current wastewater collection system consists of pipes ranging in size from six inches to 30 inches in diameter. Lateral and truck, sewer lines discharge into one of two major interceptor sewer mains. The South Interceptor Sewer main primarily serves east of the Southern Pacific Railroad and south of Highway 98. Wastewater flows from the north and west portions of the City discharge into the North Interceptor Sewer Mains.

Due to the flat topography, most of the sewer lines have been constructed at minimum slopes and the interceptors are relatively deep, some as much as 20 feet. A series of small pump stations have also been constructed to provide service to new developments.

The wastewater treatment plant (WWTP) is located in the southwest part of the City. The WWTP is bound by the Calexico International Airport to the south and the New River to the north. Treatment effluent is discharged into the New River. The plant uses activated sludge technology and has an average daily flow capacity of 4.3 MGD and peak daily flow capacity of 5.5 MGD. The process consists of a head works structure, primary clarifier, aeration tanks, secondary clarifiers and sludge drying beds. The current average plant flow is 2.7 MGD.

The existing WWTP has been in service for 50 years. Although the City has partially upgraded certain plant facilities, most of the WWTP components are at the end of their service life and the City needs to upgrade and expand the plant components within the next five years. The City retained Lee & Ro, Inc. to identify the most cost-effective alternative for the WWTP upgrades to accommodate the increased future flows, as well as the potential effluent ammonia concentration limitation that may be set by the Colorado River Basin Regional Water Quality Control Board. In its Wastewater Treatment Facility Master Plan, Lee & Ro, Inc. recommends replacing the existing conventional activated sludge treatment system with the

Biolac System, which is an extended air activated sludge system utilizing moving flexible aeration chains with suspended submerged fine bubble diffusers. [The City intends to upgrade the WWTP using the Biolac System. The City expects the upgrade to be completed by _____.] The proceeds of the 2020B Bonds will be used to finance the upgrade to the WWTP.

Organization and Management

The City provides wastewater services to its residential and commercial/industrial customers through its Public Works Department. Arturo Estrada, the Wastewater System Supervisor, oversees the day-to-day operations of the Wastewater System and reports to the City Manager.

Mr. Estrada has over 36 years of experience working for the City in both wastewater treatment and collection system. In 2017, he became Wastewater System Supervisor. His duties and responsibilities are to organize, direct and participate in the maintenance, servicing and repair of lift stations, wastewater treatment facility and wastewater collection system. Mr. Estrada currently holds State of California Wastewater Treatment Plant Operator Grade III and Wastewater Collection System Grade II Certificate.

Employees and Employee Benefits

The City employs a staff of ____ full time equivalent employees to operate the Wastewater System. Such employees are represented by _____. The current memorandum of understanding between the City and _____ expires on _____.

See Appendix F for information with respect to the City's pension plans and other post-employment benefits. For Fiscal Year 2018-19, the Wastewater System was responsible for approximately ____% of such retirement costs.

Service Area

The service area of the City is approximately 8.6 square miles and is contiguous with the City's boundaries. No service is provided to customers outside of the City limits. As of June 30, 2019, there were _____ accounts.

Customers

The following table summarizes the number of customer accounts with respect to the Wastewater System from calendar years 2015 through 2019:

Table __
CITY OF CALEXICO
Wastewater System
Number of Customer Accounts

Customer Type	2015	2016	2017	2018	2019
Residential					
Single Family					
Multifamily					
Residential Total	**7,724**	**7,755**	**7,812**	**7,870**	**7,819**
Commercial/Industrial	453	452	463	431	479
Total	**8,177**	**8,207**	**8,275**	**8,301**	**8,298**

Source: City of Calexico.

The following table sets forth the ten largest customers of the Wastewater System for fiscal year ended June 30, 2019.

Table __
CITY OF CALEXICO
Wastewater System
Ten Largest Customers

Customer	Consumption	Revenues
CALEXICO HIGH SCHOOL	904,561	$61,321.26
WALMART	656,119	53,450.96
ENRIQUE CAMARENA JR HIGH	964,558	45,390.03
GRAN PLAZA	517,444	42,546.22
FOOD FOR LESS	493,586	39,633.63
ANCHOR TRAILER PARKING	498,110	37,467.38
KLEEGE ENTS. APTS	551,107	29,510.92
CESAR CHAVEZ ELEMENTARY	973,348	26,792.90
REPUBLIC MANAGEMENT / APTS	545,753	22,105.50
IMPERIAL GARDEN APTS	517,621	21,032.48
Total		

Source: City of Calexico.

Regulatory Matters

The operation and maintenance of the Wastewater System are subject to various federal, State and local laws and regulations. The City is in compliance with such laws and regulations. [CONFIRM]

The WWTP is subject to waste discharge requirements set forth by the California Regional Water Quality Control Board, Colorado River Basin Region, within Order R7-2014-0004 and National Pollutant Discharge Elimination System ("NPDES") Permit No. CA7000009 for discharge into the New River. According to the NPDES permit, the WWTP is permitted to discharge 4.3 MGD of treated wastewater into the New River. The current NPDES permit (adopted May 8, 2014) expires on May 31, 2019. [DESCRIBE STATUS OF RENEWAL APPLICATION PRIOR TO POSTING POS]

Wastewater Fees and Charges

Commodity and Service Charges. The current rates for the City's wastewater commodity and service charges were adopted by the City Council on November 28, 2018 and became effective on _____, 2018. The current rates were established, based on a report entitled "Water and Sewer Rate and Connection Fee Study," dated October 2018 (the "Rate Study"), prepared by Willdan Financial Services.

The following table shows the City's wastewater service charges for years 2018 through 2022.

Table __
CITY OF CALEXICO
Wastewater System
Projected Rates, Charges and Fees

Customer Type	2018	2019	2020	2021	2021
Fixed Charges ($/month)					
Residential- First Dwelling	$38.08	$41.67	$42.51	$43.36	$44.23
Additional Dwelling Unit	20.43	20.84	21.25	21.68	22.11
Non-residential II	38.08	38.84	39.62	40.41	41.22
Non-residential III	42.91	43.77	44.64	45.54	46.45
Non-residential IV	47.63	48.58	49.55	50.55	51.56
Flow Rate ($/Cubic Ft)					
Non-residential I (over 1,00 cubic ft)	$3.81	$3.89	$3.96	$4.04	$4.12
Non-residential II (over 1,00 cubic ft)	4.29	4.38	4.46	4.55	4.64
Non-residential III (over 1,00 cubic ft)	4.76	4.86	4.95	5.05	5.15

Source: City of Calexico.

Connection Fees. Currently, the City charges a development impact fee for each new single family unit, multi-family/mobile home unit, or acre of commercial or industrial development that includes components for sewer facilities. Such fees do not constitute Wastewater Revenues. The City is expected to consider the adoption of connection fees based on meter size as was proposed in the Rate Study. However, no assurance can be made that the City will in fact adopt any such connection fees.

Such connection fees, unless they are imposed for specific purposes (except for any such fees imposed for the financing or payment of the Wastewater Project) as specified by resolutions or ordinances adopted by the City Council, would constitute Wastewater Revenues.

Comparative Rates. The following table compares the City's Wastewater System rate structure with rates prevailing in other Imperial County communities as of [_____, 20_].

Table __
CITY OF CALEXICO
Wastewater System
Imperial County Comparative Rate

Agency	Services Fees ($/Month)	Connection Fee ($/Month)

Source: City of Calexico.

Billing and Collection

Customers are billed on a monthly basis for approximately 30 day periods. Bills are due upon presentation and are considered delinquent after 30 days. If the amount due is unpaid after 30 days, a late charge of $10 is assessed. If payment is not made within 60 days of the original billing, a late notice is mailed to the customer stating the date on which service will be terminated. The customer is allowed 30 days after the notice is mailed to pay, or service will be terminated. The customer is required to pay outstanding fees and charges, including a $20 reconnect fee, before wastewater service is restored. For fiscal year 2018-19, the amount of the City's write-off as the result of Wastewater System customer delinquencies was $____.

Operating Results and Debt Service Coverage

The following table shows the Statement of Revenues, Expenses and Changes in Net Position in the Wastewater System Fund for the Fiscal Years ending June 30, 2015 through 2019.

Table__
CITY OF CALEXICO
Wastewater System
Statement of Revenues, Expenses and Changes in Net Position

	2015	2016	2017	2018	2019
OPERATING REVENUES:					
Charges for service	$5,471,850	$5,422,122	$5,592,677	$5,530,908	$5,664,808
Other revenue	22,318	27,119	—	—	—
Total operating revenues	5,495,168	5,449,241	5,592,677	5,530,908	5,664,808
OPERATING EXPENSES:					
Salary and benefits	1,195,892	1,278,047	1,786,509	1,401,368	2,411,667
Material, supplies and operational expenses	1,723,366	1,474,960	1,782,829	1,904,224	1,723,570
Insurance	99,891	184,653	—	—	—
Depreciation	414,288	472,233	4,98,844	538,229	560,259
Total operating expenses	3,433,437	3,409,893	4,068,182	1,687,087	4,695,496
OPERATING INCOME (LOSS)	2,061,731	2,039,348	1,524,495	1,687,087	969,312
NON-OPERATING REVENUE (EXPENSES):					
Intergovernmental	—	—	29,300	13,015	—
Investment earnings	—	—	123,478	265,775	431,594
Interest expense	—	—	—	—	(11,728)
Loss on disposal of assets	(70,349)	—	(1,423,534)	—	—
Total nonoperating revenues (expenses)	(70,349)		(1,270,756)	278,790	419,866
INCOME (LOSS) BEFORE TRANSFERS	1,991,382	2,039,348	253,739	1,965,877	1,389,178
NET POSITION:					
Beginning of year (as restated)	21,525,752	23,517,143	23,951,086	22,765,506	24,731,383
End of year	$23,517,134	$25,556,482	$24,204,825	$24,731,383	$26,120,561

[NEED TO EXPLAIN MATERIAL VARIANCES]
Source: City of Calexico audited financial statement.

The table below sets forth the historical and projected Wastewater System debt service coverage for Fiscal Years 2014-15 through 2023-24. The projections are based on the City's current expectations and are subject to a number of factors and uncertainties that could cause actual results of operations and funds available for debt service to differ materially from those set forth herein.

Table___
CITY OF CALEXICO
Wastewater System
Historical and Projected Debt Service Coverage

Fiscal Year	Wastewater Revenues	Operation and Maintenance Costs	Net Wastewater Revenues	Debt Service	Debt Service Coverage
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					

FINANCIAL STATEMENTS

Financial information regarding the Systems for the Fiscal Year ended June 30, 2019, are set forth in the City's audited financial statements, which are included in Appendix F hereto. The City's audited financial statements have been audited by The Pun Group, LLP, San Diego, California (the "Auditor"), as stated in the report appearing in Appendix F hereto. The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit work on the financial statements.

BONDOWNERS' RISKS

PURCHASE OF THE BONDS INVOLVES CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE BONDS MUST READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE MARKET PRICE OF THE BONDS TO AN EXTENT THAT CANNOT BE DETERMINED. HOWEVER, THEY DO NOT PURPORT TO BE AN EXHAUSTIVE LISTING OF RISKS AND OTHER CONSIDERATIONS WHICH MAY BE RELEVANT TO AN INVESTMENT IN THE BONDS. IN ADDITION, THE ORDER IN WHICH THE FOLLOWING FACTORS ARE PRESENTED IS NOT INTENDED TO REFLECT THE RELATIVE IMPORTANCE OF ANY SUCH RISKS.

Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM 2020A INSTALLMENT PAYMENTS OR 2020B INSTALLMENT PAYMENTS MADE BY THE CITY AND CERTAIN MONEYS HELD UNDER THE RESPECTIVE INDENTURES. THE BONDS ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, AND SHALL BE PAYABLE SOLELY FROM THE

REVENUES PLEDGED THEREFOR PURSUANT TO THE RESPECTIVE INDENTURES. THE OBLIGATION OF THE CITY TO PAY INSTALLMENT PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO PAY INSTALLMENT PAYMENTS UNDER THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Limitations on Remedies Available to Owners of the Bonds and the Trustee

The enforceability of the rights and remedies of the Owners of the Bonds and the Trustee, and the obligations incurred by the City and the respective Systems, may be subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual 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 Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights. Remedies may be limited since each of the Water System and the Wastewater System serves essential public purposes.

Limited Recourse on Default

If the Authority defaults on its obligations to make debt service payments on the Bonds, the Trustee, as assignee of the Authority, has the right to accelerate the total unpaid principal amount of the Bonds. However, in the event of a default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the Bonds.

Loss of Tax Exemption

As discussed under the caption "TAX EXEMPTION" herein, interest with respect to the Bonds could fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for purposes of federal income taxation retroactive to the date of the execution and delivery of the Bonds as a result of future acts or omissions of the Authority or the City in violation of its covenants contained in the Indentures. Should such an event of taxability occur, the Bonds are not subject to special redemption or any increase in interest rate, and will remain outstanding until maturity or until redeemed under one of the redemption provisions contained in the Indenture.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the 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, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Forecasts

Although the Authority and the City believe that the projections herein of future operating results of the Systems 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. In addition, the Systems 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 Systems will not be adversely affected by future economic conditions, governmental policies or other factors beyond the control of the City.

System Expenses and Collections

There can be no assurance that the expenses for the Systems will remain at the levels described in this Official Statement. Changes in technology, energy or other expenses would reduce the Systems Revenues and could require substantial increases in rates or charges. Such rate increases could increase the likelihood of nonpayment, and could also decrease demand. Although the City has covenanted to fix, prescribe, revise and collect rates, fees and charges of the Systems at certain levels, there can be no assurance that such amounts will be collected in the amounts and at the time necessary to make timely payments with respect to the Bonds.

[DISCUSS ANY POTENTIAL COSTS ASSOCIATED WITH POSSIBLE DECREASE IN IID WATER ALLOCATION?]

Natural Disasters

The City, like all California communities, is subject to unpredictable seismic activity, fires or floods. If there were a severe seismic, flood or fire event in the City, there could be substantial damage to and interference with the City, including the Systems, which could impact the receipt of Water System Revenues or Wastewater System Revenues, increase Water Operation and Maintenance Costs and Wastewater Operation and maintenance Costs and adversely affect the City's ability to pay the respective Installment Payments.

Seismic Hazards. The City, like most regions in the State, is located in an area of seismic activity and, therefore, could be subject to potentially destructive earthquakes. The Systems are located in a seismically active region of Southern California and faults are located near the Systems. In the event of property damage caused by an earthquake, the assessed valuation of affected property could be reduced. Such a reduction of assessed valuations could result in a reduction of the Water System Revenues or Wastewater System Revenues that secure the respective Bonds, which in turn could impair the ability of the City to make payments of respective Installment Payments when due.

The Alquist-Priolo Earthquake Fault Zone Act, passed in 1972 by the State of California, requires the State Geologist to establish regulatory zones (known as Earthquake Fault Zones) around the surface traces of active faults and issue appropriate maps to assist in the mitigation of the hazard of surface faulting to structures for human occupancy. The State of California is located on the San Andreas Fault which represents a portion of the boundary between the North American Plate and the Pacific Plate. The Imperial Valley is located in what is known as the Salton Trough, bordered on the east by the San Andreas Fault and Imperial Fault, and to the west by the San Jacinto-Coyote Creek Fault and Elsinore-Laguna Salada Fault. The Salton Trough is one of the most seismically active areas in the United States.

In the last one hundred years, there have been eleven earthquakes that have measured at least magnitude 6.0 on the Richter scale. In 1940, there was a magnitude 7.1 earthquake that occurred along the Imperial Fault that killed 7 people, destroyed numerous structures, and caused major crop damage from

flooding; the International Canal was moved more than 14 feet off its course during that earthquake. In April, 2010, there was an earthquake about 30 miles southeast of the City, in Baja California, Mexico. The earthquake measured 7.2 on the richter scale and caused damage to the property in the City, which led to a number of requests for rehabilitation loans and grants for homes and businesses. [WHAT DAMAGE TO THE WATER SYSTEM AND WASTEWATER SYSTEM OCCURRED?]

Flooding Hazards. According to the Safety Element of the City's General Plan, adopted in 2002, flooding is a natural hazard that is unlikely to affect the City of Calexico under normal rain and run-off conditions. The Federal Emergency Management Agency hazard area map of Calexico shows that the 500-year floodplain of the New River within the City is contained within the area north of the Calexico International Airport that is currently zoned as Open Space land. However, conditions upstream in Mexico do affect the river. As the Mexicali area becomes more urbanized with nothing heretofore having been done to control urban runoff there, the potential for flooding could increase in downstream areas such as Calexico. In addition, flooding could result from seismic damage to a major canal. The City is traversed by two major canals: the All American and the Central Main. For more information, see the Safety Element of the City's General Plan on file with the City Clerk.

As with seismic hazards, the occurrence of flood damage to the Systems could lead to a reduction in Water System Revenues or Wastewater System Revenues that secure the respective Bonds.

Fire Hazards. The Safety Element of the City's General Plan states that downtown Calexico is susceptible to fires because many of the structures were built in the early 1900s and are constructed of wood. Additionally, some buildings lack space between them, thus increasing the chances that a fire could spread to numerous buildings. Also, many of the buildings in downtown Calexico have not been retrofitted for seismic activity and do not contain sprinkler systems.

The City's General Plan states that the City has a low risk of damage from wildfires due to the fact that the undeveloped areas around and outside of the City are either irrigated farm land or sparsely vegetated desert land.

As with seismic hazards and flood hazards, the occurrence of fire damage to Systems could result in a reduction in Water System Revenues or Wastewater System Revenues that secure the respective Bonds.

COVID-19 Outbreak

[TO COME]

California Constitution Article XIIIC and Article XIIID

Proposition 218, a state ballot initiative known as the "Right to Vote on Taxes Act" was approved by California voters on November 5, 1996 and, except for certain provisions that became effective on July 1, 1997, became effective on November 6, 1996. Proposition 218 added Article XIIIC, entitled "Voter Approval of Local Tax Levies" ("Article XIIIC"), and Article XIIID, entitled "Assessment and Property Related Fee Reform ("Article XIIID"), to the California Constitution. Article XIIIC and Article XIIID limit the imposition by a local government of "general taxes," "special taxes," "assessments" and "fees" or "charges." The City is a local government within the meaning of Article XIIIC and Article XIIID.

Article XIIIC, provides, among other things, that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local fee or charge. This extension of the initiative power is not limited by the terms of Article XIIIC to fees and charges imposed after November 6, 1996 and, absent other authority, could result in retroactive reduction in existing fees and charges. Although the terms "fees" and "charges" are not defined in Article XIIIC, the California Supreme Court, in *Bighorn-Desert View Water Agency v. Kari Verjil; E.W. Kelley* (July 2006), has stated that there is no basis for excluding from Article XIIIC's authorization any of the fees subject to Article XIIID. If fees or charges charged or collected by the City for its Systems are subjected to the initiative process and the outcome of any initiative proceedings results in a reduction or repeal of such fees or charges, the ability of the City to generate Water System Revenues or Wastewater System Revenues sufficient to comply with its covenants under the respective Installment Purchase Agreements may be adversely affected. Furthermore, if voters were to approve an initiative lowering the City's water or sewer rates or other charges, the City would need voter approval before it could change the rate or charge that had been set by initiative. The City could, however, increase a charge that was not affected by initiative or to impose an entirely new charge without voter approval.

The California Supreme Court further stated in Bighorn that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative that reduces or repeals local taxes, assessments, fees or charges.

Article XIIID prohibits the assessment upon any parcel of property or upon any person "as an incident of property ownership" (defined to exclude fees for the provision of electrical or gas service) by a local government of any tax, assessment, fee or charge except voter-approved ad valorem property taxes and special taxes, fees or charges as a condition of property development, and assessments and "fees or charges for property related services" levied or imposed in accordance with the provisions of Article XIIID.

Under Article XIIID, revenues derived from a "fee" or "charge" (defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service") may not exceed the funds required to provide the "property-related service" and may not be used for any purpose other than that for which the fee or charge was imposed. Further, the amount of a "fee" or "charge" may not exceed the proportional cost of the service attributable to the parcel, no "fee" or "charge" may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question, and no "fee" or "charge" may be imposed for general governmental service where the service is "available to the public at large in substantially the same manner as it is to the property owners."

In addition, in order for a "fee" or "charge" to be imposed or increased, Article XIIID provides that, among other things, the parcel upon which a fee or charge is proposed for imposition must be identified, the amount of the fee or charge proposed to be imposed on each such parcel must be calculated, written notice by mail of the proposed fee or charge must be provided to the "record owner" of each identified parcel, and a public hearing must be conducted upon the proposed fee or charge. If written protests against the proposed "fee" or "charge" are presented by a majority of owners of the identified

parcels, the fee or charge may not be imposed. The California Supreme Court in Bighorn indicated that once a property owner or resident has paid the connection charges and has become a customer of a public water agency, all charges for water delivery incurred thereafter are charges for a property-related service, whether the charge is calculated on the basis of consumption or is imposed as a fixed monthly fee. Accordingly, the imposition or increase of any fee or charge by the City for its water and sewer service will be the subject of such a majority protest. If such a majority protest occurs, the ability of the City to generate revenues sufficient to comply with its covenants under the Indentures may be adversely affected.

Article XIIID states that, beginning July 1, 1997, all "fees" or "charges" must comply with its provisions. It is unclear how the provisions of Article XIIID will be applied to fees or charges established prior to such date. It is also unclear how the provisions of Article XIIID will be applied to fees or charges established after such date but prior to the Bighorn decision.

As a result of the Bighorn decision, there can be no assurance that Proposition 218 will not limit the ability of the City to impose, levy, charge and collect increased fees and charges for water and sewer services.

The City has followed the notice, hearing and protest procedures in Article XIIID in connection with its water and wastewater rate increases and plans to follow such notice, hearing and protest procedure in connection with future rate increases.

The City is unable to predict how Article XIIIC and Article XIIID will be interpreted by the courts in the future. Bond Counsel has advised that there can be no assurance that Article XIIIC and Article XIIID will not limit the ability of the City to charge and collect fees and charges for its water or sewer service sufficient to enable the City to comply with its covenants under the Installment Purchase Agreements or that the ability of the City to generate Water System Revenues or Wastewater System Revenues, as applicable, sufficient to pay the respective Installment Payments will not be adversely affected.

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 generate Water System Revenues or Wastewater System Revenues.

FORWARD LOOKING STATEMENTS

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

UNDERWRITING

Raymond James & Associates, Inc. (the "Underwriter"), has agreed to purchase the 2020A Bonds at the purchase price of $_____, representing the aggregate principal amount of the 2020A Bonds, plus/less original issue premium/discount of $_____ and less an Underwriter's discount of

$_____, and to re-offer the 2020A Bonds pursuant to the terms and conditions set forth on the inside cover page of this Official Statement. The Underwriter will be obligated to take and pay for all of the 2020A Bonds if any 2020A Bond is purchased.

The Underwriter has agreed to purchase the 2020B Bonds at the purchase price of $_____, representing the aggregate principal amount of the 2020B Bonds, plus/less original issue premium/discount of $_____ and less an Underwriter's discount of $_____, and to re-offer the 2020B Bonds pursuant to the terms and conditions set forth on the inside cover page of this Official Statement. The Underwriter will be obligated to take and pay for all of the 2020B Bonds if any 2020B Bond is purchased.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to the certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers.

CERTAIN LEGAL MATTERS

Legal matters in connection with the authorization, execution, delivery and sale of the Bonds are subject to the approval of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel. The form of the approving opinion of Bond Counsel is attached hereto as Appendix E. Nixon Peabody LLP, Los Angeles, California, is serving as Disclosure Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney, as counsel to the Authority.

TAX EXEMPTION

[The Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issue of the Bonds. Each of the City and the Authority has covenanted in the Indentures and the Installment Purchase Agreements to maintain the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and, assuming compliance with the covenants referred to herein, interest on the Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Bond Counsel is of the further opinion that under existing statutes, regulations, rulings and court decisions, the Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and, therefore, that interest on the Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. However, receipt or accrual of interest on Bonds owned by a corporation may affect the computation of the alternative minimum taxable income of that corporation. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code is computed. Bond Counsel is of the further opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

Pursuant to the Indentures, the Installment Purchase Agreements and the *Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986*, to be delivered by the City and the Authority in connection with the issuance of the Bonds, each of the City

and the Authority will make representations relevant to the determination of, and will make certain covenants regarding or affecting, the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching its opinions described in the immediately preceding paragraph, Bond Counsel will assume the accuracy of such representations and the present and future compliance by each of the City and the Authority with such covenants. Except as stated in the preceding paragraph, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, Bond Counsel will express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel.

A copy of the form of opinion of Bond Counsel relating to the Bonds is included in Appendix E.

Bond Counsel's opinion is not a guarantee of a result, but will represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City and the Authority described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters to be addressed in the opinion of Bond Counsel, and Bond Counsel's opinion will not be binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations, such as the Bonds. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the Authority as the "taxpayer" and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the Authority may have different or conflicting interests from the owners of the Bonds. Further, the disclosure of the initiation of an audit may adversely affect the market price of the Bonds, regardless of the final disposition of the audit.

To the extent that a purchaser of a Bond acquires that Bond at a price in excess of its "stated redemption price at maturity" (within the meaning of section 1273(a)(2) of the Code), such excess will constitute "bond premium" under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a tax-exempt obligation must be amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations); the amount of premium so amortized will reduce the owner's basis in such obligation for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when its Bond is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the Bond to the owner. Purchasers of Bonds at a price that includes bond premium should consult their own tax advisors with respect to the amortization and treatment of such bond premium, including, but not limited to, the calculation of tax basis for purposes of determining gain or loss upon the sale, redemption or other disposition of the Bond.

The excess, if any, of the stated redemption price at maturity of Bonds of a maturity over the initial offering price to the public of the Bonds of that maturity is "original issue discount." Original issue discount accruing on a Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes and is exempt from California personal income tax to the same extent as would be stated interest on that Bond. Original issue discount on any Bond purchased at such initial offering price and pursuant to such initial offering will accrue on a semiannual basis over the term of the Bond on the basis of a constant yield method and, within each semiannual period, will accrue on a ratable daily basis.

The amount of original issue discount on such a Bond accruing during each period is added to the adjusted basis of such Bond to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers of Bonds who purchase such Bonds other than at the initial offering price and pursuant to the initial offering. Purchasers of Bonds of a maturity having original issue discount should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount.

Although Bond Counsel is of the opinion that interest on the Bonds is exempt from California personal income tax and is excluded from the gross income of the owners thereof for federal income tax purposes, an owner's federal, state or local tax liability may be otherwise affected by the ownership or disposition of the Bonds. The nature and extent of these other tax consequences will depend upon the owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds and the Code contains additional limitations on interest deductions applicable to financial institutions that own tax-exempt obligations (such as the Bonds), (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Bonds, (iii) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds and (vi) under section 32(i) of the Code, receipt of investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel has expressed no opinion regarding any such other tax consequences. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds or the tax consequences of the ownership of the Bonds. No assurance can be given that future legislation, or amendments to the Code, if enacted into law, will not contain provisions that could directly or indirectly reduce the benefit of the exemption of interest on the Bonds from personal income taxation by the State of California or of the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their tax advisors with respect to any proposed or future changes in tax law.] *[Bond Counsel to review]*

NO LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the City, threatened, questioning (i) the corporate existence of the Authority, or the title of the officers of the Authority to their respective offices, (ii) the validity of the Bonds or the power and authority of the Authority to issue or remarket the Bonds, (iii) the validity of the Resolution, the Installment Purchase Agreements or the Indentures, or (iv) the authority of the City to fix, charge and collect rates as provided in the Installment Purchase Agreements.

There are no pending suits contesting or affecting the collection of Water Revenues or the Wastewater Revenues or that would materially impair the City's ability to make respective Installment Payments when due, or to receive Water System Revenues or Wastewater System Revenues, as applicable.

RATINGS

S&P Global Ratings ("S&P") is expected to assign a rating of "____" to the Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the payment of principal of and interest on the Bonds when due will be issued by _____. See "BOND INSURANCE." In addition, S&P has assigned its underlying municipal bond rating of "____" on the Bonds without giving effect to the above-described municipal bond insurance policy. Such ratings reflect only the views of such rating agency, and an explanation of the significance of the ratings may be obtained from S&P at: S&P Global Ratings, 55 Water Street, New York, NY 10041. There is no assurance that such ratings will continue for any given period of time or that they 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 ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The City will undertake all responsibilities for any continuing disclosure with respect to holders of the Bonds as described below, and the Authority shall have no liability to the holders of the Bonds or any other person with respect to the Rule (as defined below) as it relates specifically to the City.

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City not later than ten months following the end of the City's Fiscal Year (currently its Fiscal Year ends on June 30), commencing with the report for Fiscal Year ending June 30, 2020 (the "Annual Report"), and to provide notices of the occurrences of certain enumerated events. The Annual Report and any notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access ("EMMA") website. The Municipal Securities Rulemaking Board has made such information available to the public without charge through such internet portal. The specific nature of information to be contained in the Annual Report or the notice of enumerated events is set forth in "APPENDIX D – FORMS OF CONTINUING DISCLOSURE AGREEMENTS." These covenants have been made by the City in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission.

[UPDATE IF NECESSARY]

During the past five years, the City failed to comply with its continuing disclosure obligations with respect to certain community facilities district special tax bonds, sales tax revenue bonds and wastewater revenue bonds. The City's audited financial statements were filed late for Fiscal Years 2014-15 through 2017-18, and the City failed to file its unaudited financial statements when its audited financial statements were not available at such time the annual reports were due. Financial information and operating data were filed late to all series for Fiscal Year 2014-15 and late to some series for Fiscal Years 2015-16 through 2017-18. In addition, the City did not always file notices of late filings.

Furthermore, during the past five years, the Agency failed to comply with its continuing disclosure obligations with respect to its outstanding tax allocation bonds. The Agency was late in filing its audited financial statements for Fiscal Years 2013-14 through 2017-18, and the Agency failed to file its unaudited financial statements when its audited financial statements were not available at such time the annual reports

were due. Financial information and operating data for Fiscal Year 2013-14 was filed late to all series, and Fiscal Year 2016-17 information was filed 15 days late to one series. In addition, the Agency did not always file notices of late filings. Lastly, multiple rating changes (all but one of which were downgrades) with respect to the Agency's certain tax allocation bonds were not filed on a timely basis.

As of the date of this Official Statement, the City and the Agency have cured such past failures identified by the examination. The City believes that its procedures with its Dissemination Agent are sufficient in the normal due course to assure substantial compliance with its continuing disclosure undertakings in the future.

A failure by the City to comply with the provisions of the Disclosure Agreement is not an event of default under the Indentures (although the Trustee does have remedies at law and in equity). However, a failure to comply with the provisions of the Disclosure Agreement must be reported in accordance with the SEC Rule 15c2-12(b)(5) 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 Disclosure Agreement may adversely affect the marketability of the Bonds on the secondary market.

MISCELLANEOUS

This Official Statement does not constitute a contract with the purchasers of the Bonds.

All information included herein has been provided by the Authority and the City, except where attributed to other sources. 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.

All of the preceding descriptions and summaries of certain legal documents, other applicable legislation, agreements, reports 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 available from the Underwriter and following issuance of the Bonds, on file at the offices of the Trustee in Los Angeles, California, for further information in connection therewith. The information contained herein has been compiled from official and other resources and, while not guaranteed by the Authority, is believed to be correct.

AUTHORIZATION OF OFFICIAL STATEMENT

The delivery of this Official Statement has been duly authorized by the Authority and the City. At the time of delivery of the Bonds, an authorized officer of each the Authority and the City will furnish a certificate to the effect that such authorized officer has no knowledge or reason to believe that this Official Statement, as of its date and as of the date of issuance of the Bonds, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

CALEXICO FINANCING AUTHORITY

By: _____
Executive Director

CITY OF CALEXICO

By: _____
City Manager

APPENDIX A

SUPPLEMENTAL INFORMATION – THE CITY OF CALEXICO

The following information concerning the City of Calexico is presented as general background data. The Bonds are not a debt of the City, and are payable solely from Water Revenues or Wastewater Revenues, as applicable, as described in the Official Statement.

General Information

The City of Calexico (the "City") is located in Imperial County, California, approximately 120 miles east of the City of San Diego and approximately 60 miles west of Yuma, Arizona. The City lies adjacent to the City of Mexicali, the capital of the State of Baja, Mexico, and its strategic border location makes it a prime link between the interior of Mexico and the major markets along the West Coast of the United States. Economically and given its geographic location immediately adjacent to the international border crossing, the City largely functions as a suburb of the metropolitan complex of Mexicali. Mexicali's population is approximately 1 million. As of January 1, 2019, the City had an estimated population of 42,198. The City encompasses an area of approximately four square miles with an average elevation at sea level. Its summers are hot and dry, with the winters being mild and generally dry. The average rainfall is 1.75 inches. The City is a general law city incorporated in 1908 with a Council/City Manager form of government consisting of five Council members elected to four-year overlapping terms.

Transportation and Economy

The City is served by California State Highways 98 and 111, with direct connection to Interstate 8 which lies seven miles north of the City. The City's location adjacent to the United States - Mexican border provides overnight trucking access to regional transportation hubs and the ports of Long Beach, California and Ensenada, Mexico. There are eighteen common carriers for intrastate and interstate truck service to the City. Rail service is provided by Union Pacific Railroad and connects the City with the main line to Portland, Oregon; Rock Island, Illinois; Tucumcari, New Mexico; St. Louis, Missouri; and New Orleans, Louisiana. The City is served by Calexico International Airport which is the U.S. Customs and Border Protection check-point for private passenger and air-cargo flights entering the U.S. from Mexico. General aviation facilities and scheduled passenger and air-cargo service to Los Angeles International Airport, Phoenix Sky Harbor International Airport, and other points are available at Imperial County Airport (Boley Field), located 17 miles north of the City.

Each year, more than 1 million vehicles and pedestrians cross into the United States through the City's two ports-of-entry. The East Calexico Port-of-Entry provides an improved link to major trucking routes, and has increased the efficiency with which people and goods move between Mexico and the United States. Mexicali is a major business center, with large manufacturing and agricultural industries and a busy rail line into California. The economic growth in Mexicali relies on numerous assembly plants, mainly for products to be exported to the United States, including facilities operated by corporations that presently include: Daewoo, Mitsubishi, Honeywell, Cardinal Health, Bosch, Price Pfister, Gulfstream, Goodrich, Kenworth and Kwikset.

Population

The following table shows the estimated population growth for the City, the County and the State of California for calendar years 1980, 1990, 2000, 2010 and 2014 through 2019.

CITY OF CALEXICO
City, County and State Population Growth
Calendar Years 1980, 1990, 2000, 2010, 2014 through 2019[1]

Calendar Year	City of Calexico	% Change from Prior Period	Imperial County	% Change from Prior Period	State of California	% Change from Prior Year
1980	14,412	35.64%[2]	92,110	23.65%[2]	23,782,000	18.68%[2]
1990	18,633	29.29	109,303	18.66	29,558,000	24.29
2000	27,109	45.49	142,361	30.24	33,873,086	14.60
2010	40,075	47.83	183,029	28.57	38,648,090	14.10
2014	40,218	0.36	182,006	(0.56)	38,568,628	(0.21)
2015	40,329	0.28	184,569	1.41	38,912,464	0.89
2016	40,436	0.27	186,019	0.79	39,179,627	0.69
2017	40,732	0.73	187,921	1.02	39,500,973	0.82
2018	42,034	3.20	189,623	0.91	39,740,508	0.61
2019	42,198	0.39	190,266	0.34	39,927,315	0.47

[1] Except for years 1990 and 2000 where estimates are as of April 1, all estimates are as of January 1.
[2] Percent change since 1970.
Source: State of California, Department of Finance estimates.

Agriculture

The City is located in the southeast portion of the Imperial Valley for which the Colorado River is the source of irrigation water. The eighty-mile-long All-American Canal delivers water to the region which is known for its midwinter vegetables crops (lettuce, cauliflower, broccoli, cabbage, asparagus and carrots) as well as spring production of warm-season vegetables (onions, sweet corn, bell pepper, chili peppers, cantaloupes, and melons). Alfalfa, baled for shipment to dairies throughout California, is the area's major agronomic crop, comprising approximately forty percent of the irrigated acreage in the Imperial Valley. Sugar beets are also a major crop, as well as wheat, and sudangrass for hay which is used for export. Livestock is also an integral part of the agricultural industry in Imperial County, including large-scale feedlot operations for cattle.

The adjacent Mexicali Valley is the agricultural heart of Baja, Mexico, responsible for some of the largest crops in Mexico, including wheat and cotton. With an ensured supply of water from the Colorado River, Mexicali has also become an important exporter of asparagus, broccoli, green onion and radish.

City's Taxable Valuation

Taxable valuation within the City is established by the Imperial County Assessor (the "County Assessor"), except for utility property, which is assessed by the State Board of Equalization. Article XIIIA of the State Constitution provides that, beginning with the 1978-79 fiscal year, property taxes in California are limited to one percent of full cash value, except for taxes to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and debt service on bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by a two-thirds vote of the people. Article XIIIA defines full cash value as the County Assessor's valuation of real property as shown on the 1975-76 tax bill ("base year") except in the case of newly-constructed property or property which undergoes a

change in ownership. Yearly taxable value increases following the base year are limited to the growth in the consumer price index, but may not exceed two percent annually. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and property the taxes on which are a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

A ten-year summary of the City's taxable valuation is set forth below.

CITY OF CALEXICO
TAXABLE VALUATION
FOR THE PERIOD 2010-2019

Fiscal Year Ending June 30	Secured Property Valuation[1]	Unsecured Property Valuation	Homeowners Exemption	Net Secured Valuation
2010	1,481,620,454	67,535,957	26,570,510	1,575,726,921
2011	1,435,339,986	59,552,243	25,955,833	1,520,848,062
2012	1,340,653,302	57,840,885	25,401,433	1,423,895,620
2013	1,309,487,551	53,023,396	24,528,033	1,387,038,980
2014	1,345,801,540	60,906,084	24,227,033	1,430,934,657
2015	1,518,208,320	62,512,496	23,778,275	1,604,499,091
2016	1,543,687,674	61,068,375	23,455,275	1,628,211,324
2017	1,614,348,753	61,174,262	23,006,275	1,698,529,290
2018	1,670,389,285	56,764,957	22,562,475	1,749,716,717
2019	1,727,937,407	68,885,237	22,019,675	1,818,842,319

[1] Includes secured utility values.
Source: County of Imperial.

Construction Activity

The tables below summarize construction activity in Calexico and Imperial County for both single-family and attached living units and commercial units.

CITY OF CALEXICO
BUILDING PERMIT VALUATION
(VALUATION IN THOUSANDS OF DOLLARS)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-Family	$ 765.9	$1,438.0	$ 0.0	$ 313.0	$ 944.9
New Multi-Family	8,740.0	1,020.0	178.3	575.0	1,892.0
Residential Alterations/Additions	1,161.4	1,636.7	6,045.1	725.6	981.2
Total Residential[1]	**$10,667.3**	**$4,094.7**	**$6,223.4**	**$1,613.6**	**$3,818.1**
New Commercial	32.9	9.0	0.0	0.0	3,800.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	1,021.1	664.8	1,427.9	1,499.2	4,707.1
Commercial Alterations/Additions	3,423.1	2,081.5	6,628.7	3,358.8	9,592.5
Total Nonresidential[1]	**$ 4,477.1**	**$2,755.3**	**$8,056.6**	**$4,858.0**	**$18,099.6**
New Dwelling Units					
Single-Family	4	6	0	2	12
Multiple-Family	53	14	2	6	16
Total	**57**	**20**	**2**	**8**	**28**

[1] Columns may not add due to rounding.
Source: Construction Industry Research Board, Building Permit Summary.

IMPERIAL COUNTY
BUILDING PERMIT VALUATION
(VALUATION IN THOUSANDS OF DOLLARS)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-Family	$33,809.0	$26,492.3	$48,224.3	$36,490.5	$53,710.4
New Multi-Family	9,582.3	20,797.8	7,761.8	733.7	10,626.7
Residential Alterations/Additions	4,211.5	6,386.9	10,004.3	5,166.4	5,183.1
Total Residential[1]	**$47,602.8**	**$53,677.0**	**$65,990.4**	**$42,390.6**	**$69,520.2**
New Commercial	6,833.1	18,009.0	22,447.5	63,056.3	160.0
New Industrial	10,009.0	2,000.0	1,239.2	1,977.2	48,303.7
New Other	3,971.0	13,405.1	48,814.3	94,446.5	73,121.1
Commercial Alterations/Additions	12,257.6	13,616.3	18,720.0	12,701.0	29,858.4
Total Nonresidential[1]	**$33,070.7**	**$47,030.4**	**$91,221.0**	**$172,181.0**	**$151,443.2**
New Dwelling Units					
Single-Family	179	125	230	191	279
Multiple-Family	59	33	41	8	129
Total	**238**	**158**	**271**	**199**	**408**

[1] Columns may not add due to rounding.
Source: Construction Industry Research Board, Building Permit Summary.

Commerce

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions are presented in the following tables.

CITY OF CALEXICO
TAXABLE RETAIL STORES
NUMBER OF PERMITS AND VALUATION OF TAXABLE TRANSACTIONS[2]

	Retail Stores		Total All Outlets	
Year	Taxable Permits	Value of Transactions	Taxable Permits	Value of Transactions
2008	1,308	$368,274,000	1,955	$395,621,000
2009[1]	1,269	301,824,000	1,509	316,895,000
2010	1,255	307,762,000	1,506	323,116,000
2011	1,204	320,653,000	1,444	335,833,000
2012	1,079	315,968,000	1,308	333,144,000
2013	1,037	340,794,000	1,258	355,217,000
2014	1,029	386,313,000	1,229	406,013,000
2015	1,054	376,490,363	1,316	392,723,405
2016	1,074	357,313,554	1,351	373,308,411
2017	997	362,566,921	1,269	376,872,180
2018[2]	996	368,057,663	1,305	382,236,396

[1] Food Stores are included in the Retail Stores category as of 2009.
[2] Latest data available.
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax) and California Department of Tax and Fee Administration.

IMPERIAL COUNTY
NUMBER OF PERMITS AND VALUATION OF TAXABLE TRANSACTIONS
(Valuations in Thousands)

	Retail Stores			Total All Outlets		
Year	No. of Permits	Taxable Transactions	Percent Change	No. of Permits	Taxable Transactions	Percent Change
2008	2,481	$1,426,909	-8.2%	4,118	$2,179,276	-3.3%
2009[1]	2,373	1,216,423	-14.8	3,432	1,773,930	-18.6
2010	2,371	1,317,759	8.3	3,432	1,970,332	11.0
2011	2,339	1,414,803	7.4	3,390	2,181,800	10.7
2012	2,258	1,482,810	4.8	3,288	2,356,313	8.0
2013	2,222	1,561,647	5.3	3,239	3,661,582	55.4
2014	2,293	1,615,754	3.5	3,266	2,893,261	-21.0
2015	2,337	1,612,423	-0.2	3,509	2,652,906	-8.3
2016	2,360	1,600,491	-0.7	3,557	2,458,984	-7.3
2017	2,247	1,711,890	7.0	3,444	2,563,117	4.2
2018[2]	2,337	1,778,646	4.0	3,702	2,793,206	9.0

[1] Food Stores are included in the Retail Stores category as of 2009.
[2] Latest data available.
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax) and California Department of Tax and Fee Administration.

Employment and History

The following table summarizes the civilian labor force in Imperial County for the calendar years 2014 through 2018. These figures are countywide statistics and may not accurately reflect employment trends in the City.

IMPERIAL COUNTY
Annual Average Industrial Employment [1]
Calendar Years 2014 through 2018

Industry	2014	2015	2016	2017	2018
Private, non-farm					
Goods producing:					
Natural resources, mining and construction	2,300	2,600	1,800	1,800	1,700
Manufacturing – durable goods	600	500	500	500	500
Manufacturing – non-durable goods	1,200	700	900	900	600
Service Providing:					
Wholesale trade	1,800	1,800	1,900	2,000	2,100
Retail trade	8,100	8,200	8,000	8,000	8,100
Transport., warehousing and utilities	2,100	2,100	2,400	2,500	2,500
Information	300	300	300	300	300
Financial activities	1,500	1,500	1,400	1,300	1,300
Professional and business services	2,600	2,300	2,400	2,600	2,600
Educational and health services	8,600	8,800	9,200	9,500	8,400
Leisure and hospitality	4,000	4,200	4,400	4,300	4,200
Other services	800	800	900	1,000	900
Subtotal	33,900	33,800	34,100	34,700	33,200
Government	17,900	17,900	18,200	18,500	18,800
Farm	12,200	13,100	11,400	11,700	11,700
Total	64,000	64,800	63,700	64,900	63,700

[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. Based on March 2017 benchmark. Not seasonally adjusted.

Source: State of California, Employment Development Department.

Personal Income

Personal income information for Imperial County, the State of California and the United States are summarized in the table below.

MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME (EBI)
IMPERIAL COUNTY, CALIFORNIA AND UNITED STATES
(2015-2019)

Year	Imperial County	State of California	United States
2015	36,760	50,072	45,448
2016	40,946	53,589	46,738
2017	37,868	55,681	48,043
2018	39,772	59,646	50,735
2019	43,330	62,637	52,841

Source: The Nielsen Company (US), LLC (2015-2018) and Claritas, LLC (2019).

Industrial Development

The City has become a prime target area for manufacturing and assembly plants. Industrial development is on the move with the near future completion and expansion of several properties. Several sites within the City limits are zoned for light industry, the premier development being the 66-acre Industrial Park. The Industrial Park was developed by the Calexico Community Action Council, Inc. This Park is in a prime industrial location situated two miles north of the Point of Entry along the State Highway 111. Seven miles to the north is Interstate 8 which provides highway access to all major western markets. Airport and rail services are also available.

There are 410 acres in the city limits zoned for light industry; about 40% is vacant and available in parcels ranging in size from 1 to 10 acres. Included in this acreage total is one industrial park. The terrain is 1% slope. Drainage is generally good.

Subsoil is adobe, and piling is not required. Sizes of water mains range from two to 18 inches. Sizes of sewer lines range from six to 36 inches. Description of sites zoned for industry outside the City limits in other tracts or districts: approximately 168 acres are zoned light industry and adjoin the City in the North.

Utilities

Water is supplied by the Calexico Water Department. Southern California Gas Company supplies natural gas, and electric power is provided by Imperial Irrigation District. Telephone service is available through Verizon Communications and trash collection is provided by Newco Company.

Community Service Facilities

The City has two general hospitals (El Centro Regional Medical Center and Pioneer Memorial Healthcare District) and several medical clinics serving its residents.

The City has ten churches, one library, one daily newspaper, one weekly newspaper, two radio stations, one television station, one television cable system, four banks, one savings and loan, seven parks, two playgrounds and one theater. Other recreational facilities include the International Golf Course and Country Club and a multitude of activities in Mexicali, Baja California, and Mexico.

The Calexico Community Center provides entertainment and recreation facilities for the community. A monthly publication "Calexico Today" also serves the City by providing important community information. Police and fire protection is maintained by the City to serve the residents.

Education

The Calexico Unified School District includes seven elementary schools (Blanche Charles Elementary, Cesar Chavez Elementary, Dool Elementary, Jefferson Elementary, Kennedy Gardens Elementary, Mains Elementary and Rockwood Elementary), two junior high schools (William Moreno Junior High and Enrique Camarena Junior High), two high schools (Aurora High and Calexico High) and the Robert F. Moreno Adult Education Center. Advanced education is available at two colleges: Imperial Valley College (a two-year campus) in Imperial, California and the Imperial Valley Campus (the "Campus") of the San Diego State University ("SDSU"), which is located in the City. Established in 1959 by an act of the State legislature, the Campus is accredited as an integral division of SDSU and offers the last two years of undergraduate education, graduate programs, and fifth year credential programs for teacher preparation. The Campus accepts students who have at least 60 transferable units from community colleges or other accredited institutions.

The City of Mexicali offers many educational opportunities that contribute to the skilled work force in the region, including the Universidad Autónoma de Baja California, Instituto Teconológico de Mexicali, Universidad Mexicali, and Universidad del Valle de Mexico Campus Mexicali.

Other

Geothermal energy is being produced in the area and solar and wind energy are both potentially important sources for future development. In addition, significant archaeological discoveries have been made in the area and there is continuing archaeological fieldwork. Recreational areas include the Glamis Dunes, the Salton Sea, which is the State's largest inland lake, the Laguna Mountains and the Colorado River.

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The following description concerning DTC and DTC's book-entry system is based solely on information furnished by DTC. No representation is made herein by the Authority or the Underwriter as to the accuracy or completeness of such information.

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on this website is not incorporated by reference herein.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other 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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy 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 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 Trustee, on a 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 Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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 Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority 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.

If DTC determines not to continue to act as securities depository by giving notice to the Authority and the Trustee, and discharges its responsibilities with respect thereto under applicable law and there is not a successor securities depository, or the Authority determines that it is in the best interest of the Beneficial Owners of the Bonds that they be able to obtain certificates, the Trustee will execute, transfer and exchange Bonds as requested by DTC and will deliver new Bonds in fully registered form in denominations of $5,000 principal amount or any integral multiple thereof in the names of Beneficial Owners or DTC Participants.

In the event the book-entry system is discontinued, the principal amount of and premium, if any, payable with respect to the Bonds will be payable upon surrender thereof at the principal corporate trust

office of the Trustee. The interest on Bonds will be payable by check mailed to the respective Owners thereof at their addresses as they appear on the books maintained by the Trustee.

Any Bond may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of the Resolution, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. The Bonds may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series, tenor, maturity and interest rate by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation; provided that no transfer or exchange may occur during the period established by the Trustee for selection of Bonds for redemption, or of any Bond or portion of a Bond so selected for redemption. The Trustee shall require the Bondholder requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

APPENDIX E

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

APPENDIX F

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2019

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY