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RESOLUTION 2013-47

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO AUTHORIZING THE ISSUANCE OF TAX ANTICIPATION NOTES, SERIES 2013, IN AN AGGREGATE PRINCIPAL AMOUNT OF \$5,017,000; APPROVING THE SALE THEREOF BY PRIVATE PLACEMENT; APPROVING THE FORM OF SAID NOTES; AND AUTHORIZING EXECUTION OF DOCUMENTS RELATED TO THE ISSUANCE, SALE AND DELIVERY OF SAID NOTES

WHEREAS, pursuant to Sections 53850 *et seq.* of the Government Code of the State of California (the "State") contained in Article 7.6, Chapter 4, Part 1, Division 2, Title 5 thereof, entitled "Temporary Borrowing" (the "Act"), the City of El Cerrito (the "City") may borrow money by issuing notes for any purpose for which the City is authorized to use and expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment and the discharge of any obligation or indebtedness of the City; and

WHEREAS, this City Council (this "City Council") has determined that the sum of \$5,017,000 is needed to satisfy payment obligations of the City which the City anticipates will become payable prior to the receipt of the taxes in anticipation of which the Notes (as defined below) are being issued, and that it is necessary that said sum be borrowed in anticipation of the receipt of taxes to be received by the City during Fiscal Year 2013-2014, by the issuance of tax anticipation notes, which will be designated "City of El Cerrito Tax Anticipation Notes, Series 2013" (collectively, the "Notes"); and

WHEREAS, this City Council has deemed it necessary and desirable to authorize the issuance and sale of the Notes by negotiated sale to Westamerica Bank on the terms set forth herein; and

WHEREAS, the Notes will be initially issued in the form of two, fully registered Notes, representing the entire issue of the Notes, registered to Westamerica Bank as the initial purchaser thereof, and, provided that the conditions for transfer of registered ownership of the Notes, as set forth herein pertaining to the submission of an executed original of an Investor Letter, substantially in the form set forth in Exhibit A, attached hereto and by this reference incorporated herein, are satisfied, the Notes may later be issued in denominations of \$100,000 or integral multiples thereof; shall be dated the date of delivery thereof; and shall be in substantially the form set forth in Exhibit B, attached hereto and by this reference incorporated herein, and executed in the manner prescribed in this Resolution; and

WHEREAS, the Notes shall mature on January 30, 2014 and May 30, 2014; and

WHEREAS, pursuant to Section 53856 of the Act, the City, by this Resolution, pledges all property taxes received by the City during Fiscal Year 2013-2014 (the "Pledged Taxes"), which Pledged Taxes are by this Resolution pledged for the payment of the Notes; and

WHEREAS, the Notes shall be a general obligation of the City and, to the extent not paid from the Pledged Taxes, shall be paid with interest thereon from any other moneys of the City lawfully available therefor, as required by Section 53857 of the Act; and

WHEREAS, it appears, and this City Council hereby finds and determines, that said \$5,017,000 aggregate principal amount of the Notes, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue, cash receipts, and other moneys of the City, including moneys deposited in inactive or term deposits, attributable to Fiscal Year 2013-2014, and available for the payment of the Notes and the interest thereon; and

WHEREAS, no money has heretofore been borrowed by or on behalf of the City through the issuance of tax anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, taxes, income, revenue, cash receipts, and other moneys of the City, including moneys deposited in inactive or term deposits, that are received by the City for Fiscal Year 2013-2014; and

WHEREAS, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of the Notes, is within all limits prescribed by law.

NOW, THEREFORE, BE IT RESOLVED by City Council of the City of El Cerrito as follows:

SECTION 1. Recitals. All the above recitals are true and correct, and this City Council so finds, determines and represents.

SECTION 2. Authorization of Issuance of Notes; Terms of Notes; Paying Agent. This City Council hereby authorizes the issuance of the Notes in the aggregate principal amount of \$5,017,000. The Notes shall be designated "City of El Cerrito Tax Anticipation Notes, Series 2013." The Notes, when originally issued as two, fully-registered notes, shall be numbered "R-1" and "R-2," and in the event that the Notes are later converted to multiple instruments in the minimum denominations of \$100,000, they will be numbered consecutively upward in order of issuance. The Notes shall be dated their date of delivery, shall mature (without option of prior redemption) on January 30, 2014 and May 30, 2014 (each, a "Maturity Date"), and shall bear interest, computed on a 360-day year consisting of twelve 30-day months, at an interest rate of 1.25% per annum and 1.5% per annum respectively.

Both the principal of and interest on the Notes shall be payable on their respective Maturity Dates in lawful money of the United States of America, at the office of the Finance Director of the City (the "Paying Agent"), El Cerrito City Hall, 10890 San Pablo Avenue, El Cerrito, California 94530, but only upon the surrender of the Notes at said office; provided that, in the event that Westamerica Bank is the registered holder of the Notes at maturity, the principal of and interest on the Notes may be paid on the Maturity Date by wire transfer upon receipt of the Notes.

SECTION 3. Form of Notes. The Notes shall be issued in registered form without coupons substantially in the form and substance set forth in Exhibit B, the blanks in said form to be filled in with the appropriate words and figures.

SECTION 4. Execution of Notes. The Notes shall be executed by manual or facsimile signature of the City Treasurer and countersigned by the manual or facsimile signature of the

City Clerk, with the seal of the City affixed thereto, either manually or by facsimile impression thereof. The Notes shall not be valid unless and until the Paying Agent shall have manually authenticated such Notes.

SECTION 5. Deposit of Note Proceeds. The proceeds of sale of the Notes shall be deposited in the general fund of the City and used and expended by the City for any purpose for which it is authorized to expend funds.

SECTION 6. Payment of Notes.

(a) Source of Payment. The principal amount of the Notes, together with the interest thereon, shall be payable from the Pledged Taxes and from any other taxes, income, revenue, cash receipts or other moneys of the City that are available for the payment of current expenses and other obligations of the City, including moneys deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose), that are received by the City during Fiscal Year 2013-2014 and that are lawfully available therefor (collectively, the "General Fund Revenues"). The Notes shall be a general obligation of the City, and to the extent the Notes are not paid from the Pledged Taxes defined below, the Notes shall be paid with interest thereon from any other moneys of the City lawfully available therefor.

(b) Pledged Taxes. As security for the payment of the principal of and interest on the Notes, the City hereby pledges all property taxes received by the City during Fiscal Year 2013-2014 (the "Pledged Taxes"), which shall be set aside in the Repayment Fund (as hereinafter defined) upon receipt and restricted to the payment of the principal of and the interest on the Notes until the Notes are paid and redeemed in full. The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the City from such Pledged Taxes, as provided by law.

In the event that the amount on deposit in the Repayment Fund (as defined below) is deficient as of the date which is one calendar day prior to the Maturity Date, then the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the repayment of the Notes and interest thereon.

(c) Deposit of Pledged Taxes in Repayment Fund. Forthwith upon receipt by the City, the Pledged Taxes shall be deposited in and held in a special fund designated as the "Series 2013 Tax Anticipation Notes Repayment Fund" (the "Repayment Fund") and applied as directed in this Resolution. Any moneys placed in the Repayment Fund shall be for the benefit of the registered holder or holders of the Notes, and, until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Repayment Fund shall be applied only for the purposes for which the Repayment Fund is created, namely the payment of the principal of and the interest on the Notes on the Maturity Date.

(d) Disbursement and Investment of Moneys in the Repayment Fund. From the date of adoption of this Resolution, which shall be the effective date of this Resolution, all Pledged Taxes, when received, shall be deposited in the Repayment Fund. After such date as the amount on deposit in the Repayment Fund is sufficient to pay in full the principal of and interest on the

Notes on the Maturity Date, any moneys in excess of such amount received by or accruing to the City shall be transferred to the general fund of the City. On the Maturity Date of the Notes, the moneys in the Repayment Fund shall be transferred to the Paying Agent to be used to pay the principal of and interest on the Notes.

Moneys in the Repayment Fund shall be invested by the City in investment securities as permitted by applicable California law and the City's investment policies, as the same are now in effect and as either may be amended, modified or supplemented from time to time; provided that no such investments shall have a maturity date later than the Maturity Date.

(e) Repayment of Notes. In order to give effect to the intent of this Resolution, a 2013-2014 budget appropriation is hereby made in an amount sufficient to pay the Notes in full. Further, the 2013-2014 budget is authorized to be adjusted to reflect the projected earnings to be generated in connection with investment of Note proceeds prior to their expenditure and to reflect any investment earnings on the Repayment Fund.

SECTION 7. Sale and Delivery of the Notes. The Notes are hereby sold to Westamerica Bank at a purchase price of 100% of the principal amount thereof, namely \$5,017,000. The delivery of the Notes to Westamerica Bank is expressly conditioned upon payment to the City of the purchase price and submission to the Paying Agent of an executed original Investor Letter, substantially in the form attached hereto as Exhibit A. The Finance Director of the City (the "Finance Director") is hereby authorized and directed on behalf of the City to provide for the preparation of the Notes and the execution thereof by the City Treasurer and the City Clerk and to coordinate arrangements for the delivery of the Notes and any other documents and opinions as may be reasonably required by the City or Westamerica Bank on or about September 16, 2013 (the "Closing Date," which shall include such other date as mutually agreed upon by the Finance Director and Westamerica Bank), such delivery of the Notes to take place upon receipt by the City of the purchase price thereof and by the Paying Agent of the executed Investor Letter.

SECTION 8. Paying Agent and Registrar. This City Council hereby designates the Finance Director of the City as the paying agent and registrar for the Notes (collectively, the "Paying Agent"). The City hereby directs and authorizes the payment by the Paying Agent of the principal of and the interest on the Notes on the Maturity Date, from the Repayment Fund to be established, held and administered by the Paying Agent in the name of the City pursuant to Section 6 of this Resolution. The City hereby covenants to deposit Pledged Taxes and other moneys of the City lawfully available for the repayment of the Notes and interest thereon in such Repayment Fund at the time and in the amount specified herein to provide sufficient moneys to pay the principal of and interest on the Notes on the Maturity Date. Payment of the Notes shall be in accordance with the terms of the Notes and this Resolution.

SECTION 9. Transfer; Registration; Exchange.

(a) Transfer; Exchange. Any Note may, in accordance with its terms, be transferred or exchanged for a like principal amount of Notes in authorized denominations, on the books required to be kept by the Paying Agent under these provisions, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, and, in the case of a transfer, accompanied by delivery of a written instrument of

transfer, duly executed in a form approved by the Paying Agent, together with an executed original of a "Investor Letter" in substantially the form and with substantially the same contents as the letter provided by Westamerica Bank as the original purchaser of the Notes. The Paying Agent, in the Paying Agent's capacity as Registrar for the Notes, shall not be obligated to implement any transfer of registered ownership of the Notes unless and until an executed Investor Letter, executed by the proposed transferee, is provided to the Registrar. Notwithstanding the foregoing, no Notes shall be transferred or exchanged on the registration books maintained by the Paying Agent later than the fifteenth calendar day prior to the Maturity Date.

Upon satisfaction of the Investor Letter requirement, whenever any Note shall be surrendered for transfer or exchange, the City shall execute and deliver a new Note or Notes of authorized denominations for a like principal amount. The Paying Agent shall require the holder requesting such transfer or exchange to pay any tax or other governmental charge required to be paid for such transfer or exchange. The anticipated transfer upon maturity will not be assessed a fee or charge.

(b) Registration Books. The Paying Agent will keep or cause to be kept, at its principal office, located at 10890 San Pablo Avenue, El Cerrito, California 94530, sufficient books of the registration and transfer of registered ownership of the Notes, which shall at all times be open to inspection by the City. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Notes as hereinbefore provided.

(c) Mutilated Notes. If any Note shall become mutilated, the City, at the expense of the holder of such Note, shall execute, and the Paying Agent shall thereupon authenticate and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Paying Agent of the Note so mutilated. Every mutilated Note so surrendered to the Paying Agent shall be cancelled by it and delivered to, or upon the order of, this City Council on behalf of the City. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to this City Council on behalf of the City and the Paying Agent and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, this City Council, at the expense of the holder, shall execute, and the Paying Agent shall thereupon authenticate and deliver a new Note of like tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (of if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Paying Agent may pay the same without surrender thereof). The Paying Agent may require payment of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses that may be incurred by the City and the Paying Agent. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Notes secured by this Resolution.

(d) Note Holders. The City and the Paying Agent may treat the person in whose name any Note is registered as the holder of such Note for the purpose of receiving payment of principal of and interest on such Note and for all other purposes. It shall be the duty of the owner of the Note to give written notice to the Paying Agent of any change in address or, in the case of

payment on the Maturity Date of the principal of and interest on the Notes by wire transfer, of any change in wire instructions.

The City and the Paying Agent may treat the person in whose name any Note shall be registered as the absolute owner of such Note, and payment of the principal of and interest on any such Note shall be made only to or upon the order of the registered owner thereof or its legal representative.

(e) Cancellation of Notes. This City Council may at any time deliver to the Paying Agent for cancellation any Notes previously executed and delivered hereunder that this City Council may have acquired in any manner whatsoever, and all Notes so delivered shall promptly be cancelled by the Paying Agent. No Note shall be executed in lieu of or in exchange for any Notes cancelled as provided herein, except as expressly permitted hereunder. All cancelled Notes held by the Paying Agent shall be disposed of as directed by this City Council on behalf of the City.

SECTION 10. Book-Entry System. In view of the short-term nature of the Notes, the City will not undertake to qualify the Notes for issuance as book-entry notes.

SECTION 11. Qualified Tax-Exempt Obligations. The City hereby designates the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) ("Section 265(b)(3)(B)") of the Internal Revenue Code (the "Code"). In furtherance of such designation, the City hereby expressly declares that it does not expect that the City, in combination with all subordinate entities of the City, will issue in the aggregate more than \$10,000,000 of tax-exempt obligations during calendar year 2013, with the exception of certain refunding obligations, which are deemed to be "qualified tax-exempt obligations" due to the Section 265(b)(3)(B) designation of the prior bonds that were refunded.

SECTION 12. Covenants and Warranties. It is hereby covenanted that the City, its appropriate officials and this City Council have duly taken, or will take, all proceedings necessary to be taken by them for the levy, collection and enforcement of the Pledged Taxes in accordance with law for carrying out the provisions of this Resolution and the Notes.

SECTION 13. Tax Covenants. The City hereby covenants that, notwithstanding any other provisions of this Resolution, it will make no use of the proceeds of the Notes or of any other amounts, regardless of the source, or of any property, or will take any action, or refrain from taking any action, that would cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code. The City will not make any use of the proceeds of the Notes or of any other amounts, regardless of source, or of any property, or take or omit to take any other action, that would cause the Notes to be "private activity bonds," within the meaning of Section 141 of the Code, or "federally guaranteed" within the meaning of Section 149(b) of the Code. To that end, so long as any Notes are outstanding, the City, with respect to such proceeds and such other amounts, will comply with all requirements of Sections 141 through 149 and Section 103 and all Treasury Regulations issued thereunder, to the extent such requirements are applicable and in effect. These covenants shall survive the payment in full of the Notes. In furtherance thereof, the City will comply with the Tax Certificate to be executed by the City on the date of issuance of the Notes.

SECTION 14. Authorized Investments. Subject to federal tax restrictions, moneys in the funds created hereunder shall be invested in investments permitted under the laws of the State of California and the City's adopted investment policies, as either may be modified or amended from time to time. Without limiting the generality of the foregoing, the proceeds of the Notes and the moneys in the Repayment Fund may be invested in the Local Agency Investment Fund administered by the State of California.

SECTION 15. Delivery of Notes. The Finance Director is hereby authorized and directed to deliver the Notes on the Closing Date to Westamerica Bank, as the original purchaser thereof, in accordance with the terms and conditions of this Resolution. All actions heretofore taken by the officers and agents of the City with respect to the sale and issuance of the Notes are hereby approved, confirmed and ratified, and the officers of the City are hereby authorized and directed, for and in the name and on behalf of this City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with, and to carry out the intent of, this Resolution.

SECTION 16. Professional Services. The Finance Director is hereby authorized to compensate Meyers, Nave, Riback, Silver & Wilson for their special counsel legal services with respect to the authorization, issuance, sale and delivery of the Notes, to pay fees incurred by Westamerica Bank for legal services related to the Notes, and to pay a fee of \$7,500 to Brandis Tallman LLC for services of that firm as broker of the Notes.

SECTION 17. Issuance Costs. The City Council authorizes the Finance Director to pay for costs of issuance of the Notes from the proceeds of the Notes.

SECTION 18. Effective Date. This resolution shall take effect immediately upon its passage.

I CERTIFY that at the regular meeting on September 3, 2013, the El Cerrito City Council passed this resolution by the following vote:

AYES: Councilmembers Abelson, Benassini, Bridges, Friedman and Mayor Lyman
NOES: None
ABSENT: None
ABSTAIN: None

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on September 9, 2013.


Cheryl Morse, City Clerk

APPROVED:


Gregory B. Lyman, Mayor

EXHIBIT A

FORM OF INVESTOR LETTER

September __, 2013

City of El Cerrito
10890 San Pablo Avenue
El Cerrito, California

Re: **CITY OF EL CERRITO, CALIFORNIA**
TAX ANTICIPATION NOTES, SERIES 2013

Ladies and Gentlemen:

The undersigned (the "Investor") hereby acknowledges receipt of the above-referenced notes (the "Notes") on the date of this letter. The Notes have been executed by the City pursuant to the terms of a Resolution of the City Council, adopted _____, 2013 (the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

The Investor will provide the Paying Agent with the following information: a) the Investor's Social Security Number or Tax Identification Number; b) a signed IRS Form W-9; c) the Investor's mailing address; and d) payment instructions.

The undersigned acknowledges that the Notes were delivered for the purpose of financing anticipated cash flow needs of the City.

In connection with the sale of the Notes to the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has authority to purchase the Notes and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Notes.

2. The Investor is a "Qualified Institutional Buyer" and has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations and is capable of evaluating the merits and risks of its investment in the Notes. The Investor is able to bear the economic risk of, and entire loss of, an investment in the Notes. The definition of Qualified Institutional Buyer is attached hereto.

3. The Notes are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Notes, and the Investor intends to hold the Notes for its own account until January 30, 2014 and May 30, 2014 as applicable (the "Final Maturity Date"), and does not intend at this time to dispose of all or any part of the Notes prior to the Final Maturity Date. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

4. The Investor understands that the Notes are not registered under the 1933 Act and that such registration is not legally required as of the date hereof; and further understands that the Notes (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable.

5. The Investor has authority to purchase the Notes and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Notes. The undersigned is a duly appointed, qualified and acting officer of the Investor and is authorized to cause the Investor to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Investor.

6. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City and the Notes and the security therefor so that, as a reasonable investor, the Investor has been able to make a decision to purchase the Notes.

7. The Investor acknowledges that the obligations of the City to make debt service payments with the Notes are limited obligations payable solely from taxes, income, revenue, cash receipts and other moneys which are received by the General Fund of the City for Fiscal Year 2013-2014 and other legally available funds.

8. The Investor has made its own inquiry and analysis with respect to the Notes and the security therefor, and other material factors affecting the security and payment of the Notes. The Investor is aware that the City's finances are subject to certain economic variables and risks that could adversely affect the security for the Notes.

9. The Investor acknowledges that its right to sell and transfer the Notes is subject to the delivery to the Fiscal Agent and the City of an investor's letter from the transferee to the same effect as this Investor's Letter, with no revisions except as may be approved in writing by the City. Failure to deliver such investor's letter to the Fiscal Agent and the City shall cause the purported transfer to be null and void. The Investor agrees to indemnify and hold harmless the City with respect to any claim asserted against the City that is based upon the sale, transfer or other disposition of the Notes in violation of the provisions hereof.

10. Neither Meyers, Nave, Riback, Silver & Wilson ("Special Note Counsel"), Brandis Tallman as broker for to the City respecting sale of the Notes, nor the City, its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Investor for the accuracy or completeness of information obtained by the Investor from any source regarding the City or its financial condition or regarding the Notes, the provision for payment thereof, or the sufficiency of any security therefore. The Investor acknowledges that, as between the Investor and all of such parties, the Investor has assumed responsibility for obtaining such information and making such review as the Investor deemed necessary or desirable in connection with its decision to purchase the Notes.

11. The Notes are being purchased in a direct, private placement transaction and the terms of the sale and purchase have been established through negotiations between the Investor and the City in an arm's-length transaction.

12. The purchase price for the Notes, established as described above, to be paid by the Investor, pursuant to the terms of this letter and the Resolution, is an amount equal to 100% of the aggregate principal amount of the Notes.

13. As of the date hereof, the price at which the Investor agreed to buy the Notes was, to the best knowledge and judgment of the Investor, the fair market value of the Notes. The Investor acknowledges that such price will be relied on by Special Note Counsel as the "issue price" for establishing the yield on the Notes, and other federal tax requirements based upon the issue price of the Notes.

14. The Investor is purchasing the Notes for its own account. If the Investor transfers, sells or disposes of the Notes, or any interest in the Notes, either (a) such transfer of any interest in the Notes will not occur within 60 days of the date hereof, during which time the Notes will be held exclusively for our own account and not subject to contractual arrangement for such transfer, or (b) such transfer of the Notes, or interest therein, will be at a price or prices that, in the aggregate (and taking into account any interest in the Notes not transferred), is not in excess of 100%, unless Special Note Counsel provides a written opinion that the failure to satisfy this paragraph will not adversely affect the exclusion from gross income of interest on the Notes. Furthermore, Investor understands that any transfer of the registered ownership of the Notes will be expressly conditioned upon the purchaser providing the Paying Agent with an executed Investor Letter substantially the same as this letter.

We understand that the foregoing information will be relied upon by the City with respect to certain representations in the Tax Certificate dated as of the date hereof or the Exhibits thereto and by Special Note Counsel in connection with its opinion as to the exclusion of the interest on the Notes from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.

Very truly yours,

Signature: _____

Name: _____

Tax Identification Number: _____

Mailing Address: _____

Payment Instructions: _____

EXHIBIT B

FORM OF NOTE

THE OWNER OF THIS NOTE IS INTENDED TO BE ONLY A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN THE RESOLUTION (AS DEFINED BELOW) THAT HAS EXECUTED AND DELIVERED TO THE PAYING AGENT FOR THE NOTES AN INVESTOR LETTER (AS DEFINED IN THE RESOLUTION), AND ANY TRANSFER OF THE REGISTERED OWNERSHIP OF THIS NOTE MAY ONLY BE TO A QUALIFIED INSTITUTIONAL BUYER THAT HAS EXECUTED AND DELIVERED TO THE PAYING AGENT AN INVESTOR LETTER AS REQUIRED BY THE RESOLUTION; AND ANY SUCH TRANSFEREE, BY THE ACCEPTANCE OF THIS NOTE, REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER AND HAS EXECUTED THE INVESTOR LETTER REQUIRED BY THE RESOLUTION.

Registered
No. R- _____

\$ _____

**CITY OF EL CERRITO, CALIFORNIA
TAX ANTICIPATION NOTE, SERIES 2013**

**RATE OF
INTEREST**

NOTE DATE

MATURITY DATE

_____%

September 16, 2013

PRINCIPAL SUM:

REGISTERED OWNER: WESTAMERICA BANK

FOR VALUE RECEIVED, the City of El Cerrito (the "City"), California acknowledges itself indebted to and promises to pay to the registered holder hereof at City Hall the principal sum shown above in lawful money of the United States of America, on the date shown above as the maturity date (the "Maturity Date"), together with interest thereon at the rate per annum shown above in like lawful money from the date hereof until payment in full of said principal sum. The principal of and the interest on this Note, both payable on the Maturity Date, shall be payable by wire transfer to the registered owner hereof as shown on the registration books of the Paying Agent, serving the function of Registrar, as of the close of business on the 15th calendar day prior to the Maturity Date, provided that this Note has been surrendered to the Paying Agent not later than the Maturity Date. However, no interest shall be payable for any period after the Maturity Date during which the registered owner hereof fails to properly present this Note for payment.

It is hereby certified, recited and declared that Notes R-1 and R-2 represent the entire issue of the City of El Cerrito Tax Anticipation Notes, Series 2013, and this Note is executed and given pursuant to and by authority of Resolution No. 2013-____, adopted by the City Council of the City on September 3, 2013 (the "Resolution"), under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5, California Government Code (the "Act"), and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of this Note, together with the interest thereon, shall be payable from the Pledged Taxes and from any other taxes, income, revenue, cash receipts or other moneys of the City that are available for the payment of current expenses and other obligations of the City, including moneys deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose), that are received by the City during Fiscal Year 2013-2014 and that are lawfully available therefor (collectively, the "General Fund Revenues"). This Note is a general obligation of the City, and to the extent this Note is not paid from the Pledged Taxes (defined below), this Note shall be paid with interest thereon from any other moneys of the City lawfully available therefor.

As security for the payment of the principal of and interest on this Note, the City hereby pledges all property taxes received by the City during Fiscal Year 2013-2014 (the "Pledged Taxes"), which shall be set aside in the Repayment Fund (as defined in the Resolution) upon receipt and restricted to the payment of the principal of and the interest on the Notes until the Notes are paid and redeemed in full. The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the City from such Pledged Taxes, as provided by law.

This Note is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the office of the Paying Agent, but only in the manner and subject to the limitations in the Resolution, including but not limited to the submission to the Paying Agent of an originally executed Investor Letter (as said term is defined in the Resolution). The Paying Agent is not obligated to implement any requested transfer of the registered ownership of this Note until such executed Investor Letter is received by the Paying Agent. Upon such transfer a new note or notes of authorized denominations and for the same aggregate principal amount will be issued to the transferees in exchange therefor.

The City and the Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

IN WITNESS WHEREOF, the City of El Cerrito has caused this note to be executed by the manual or facsimile signature of the City Treasurer and countersigned by the manual or facsimile signature of the City Clerk, and caused a facsimile of its official seal to be reproduced hereon by facsimile this ____ day of _____ 2013.

CITY OF EL CERRITO

(Seal)

Countersigned:

By: _____
City Treasurer

City Clerk

2130505.2