We May Disagree, but We Will Be Respectful of One Another
All Comments Will Be Directed to the Issue at Hand, and Addressed to the City Council
Personal Attacks are Unacceptable

I. CALL TO ORDER / FLAG SALUTE / ROLL CALL 8:00AM

<table>
<thead>
<tr>
<th>Council</th>
<th>Staff</th>
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<tbody>
<tr>
<td>Council Member Tiara Brown</td>
<td>Interim City Manager Randy Mendosa</td>
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<td>Council Member Dean Glaser</td>
<td>City Clerk Linda McGill</td>
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<td>Council Member Douglas Strehl</td>
<td>Police Chief Bill Dobberstein</td>
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<td>Mayor Pro Tem Tami Trent</td>
<td>City Engineer/Public Works Director Merritt Perry</td>
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<td>Mayor Sue Long</td>
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</table>

II. ORAL COMMENTS FROM THE PUBLIC
Members of the Public may be heard on any item on the Closed Session Agenda. Speakers addressing the Council will be limited to 3 minutes per speaker. Be advised, by law the City Council cannot deliberate or take action on issues presented during Oral Comments that are not shown on the Agenda.

III. ADJOURN TO CLOSED SESSION

1. PUBLIC EMPLOYEE APPOINTMENT pursuant to Section 54957 of the Government Code; Title: City Manager

IV. CALL TO ORDER THE OPEN SESSION / FLAG SALUTE / ROLL CALL 9:00AM

V. REPORT OUT OF CLOSED SESSION

VI. ORAL COMMENTS FROM THE PUBLIC
Members of the Public may be heard at this time on any item within the subject matter jurisdiction of the City that is not on the Public Meeting Agenda. It is the practice of this Council to hold public comment for every item of business on the agenda at the time that item is heard. If a speaker cannot stay for a particular item of business, they may be heard during this time. Speakers addressing the Council will be limited to 3 minutes per speaker. Be advised that, by law, the City Council can only deliberate or take action on items that are included on the agenda.

VII. BUSINESS

A. Discussion About Process to Implement Measure E
B. Council Appointments to Committees and Commissions
C. Approve Agreements with Peché & Associates to Develop a Continuing Disclosure Program for Fortuna Bond Issues
D. Approve Interim City Manager Mendosa and Special Finance Department Advisor Rodrigues as Authorized Signers for City of Fortuna Investment Transactions with the Edward Jones Company

VIII. ADJOURN
Pursuant to Government Code Section 54957.5, any non-confidential documents or writings that the City distributes, less than 72 hours before a regular meeting, to all or a majority of the legislative body’s members must be made available to members of the public at the same time as the distribution. Documents and information related to the agenda topics are available for review at City Hall, 621 11th Street, between the hours of 8:00 AM to 5:00 PM. Members of the public are invited to come to the meeting and comment. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at 725-7600. Notification prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Linda McGill
City Clerk
DATE: November 17, 2016

TO: Honorable Mayor and Council Members

FROM: Randy Mendosa, Interim City Manager

SUBJECT: Discussion About Process To Implement Measure E

STAFF RECOMMENDATION:

1. Receive information from staff about the process with the Board of Equalization to establish the collection of Measure E revenues.

2. Discuss criteria to appoint an oversight committee. Staff recommends the actual appointments take place during a future regular City Council meeting.

EXECUTIVE SUMMARY:

On November 8, 2016 the voters of Fortuna approved Measure E, a 0.75% Transactional Use Tax on taxable purchases. City staff will be working with our Special Finance Department Advisor Paul Rodriguez, as well as our sales tax consultants at HdL, for assistance with the City’s application to the Board of Equalization for the collection of the revenues.

There are a variety of options for the Council to consider for the establishment of the Citizens Oversight Committee, some of which include:

- Advertise for citizens to send applications to City Hall for membership on the Measure E Oversight Advisory Committee. Staff could compile applications for the Council to consider before the appointments are made at a future regular City Council meeting.

- Each Council member could nominate a member to the first Oversight Advisory Committee. Given the interest in the community for additional police officers and improvements to the City’s infrastructure, the Council might consider allowing the Chief of Police and the Director of Public Works to each nominate one member to the first Oversight Advisory Committee. The City Council as a whole would vote on each nomination for a committee of seven persons.

- To ensure continuity, the terms of individual committee member slots should be staggered between two, three, and four year terms. As the terms of individual committee members expire, the full Council would decide how to fill the open seats.

FINANCIAL IMPACT:

- Staff estimates the Board of Equalization will start collecting the new revenues by March or April of 2017.

RECOMMENDED COUNCIL ACTION:

1. Receive staff report.
2. Receive comments from members of the public.
3. Provide direction to staff to set up a process for a future regular Council Meeting, for the Council to establish and appoint members to the Measure E Oversight Advisory Committee.
DATE: November 17, 2016

TO: Honorable Mayor and Council Members

FROM: Randy Mendosa, Interim City Manager

SUBJECT: Council Appointments to Committees and Commissions

STAFF RECOMMENDATION:

Appoint Council members to primary and alternate seats on the following committees and commissions as shown in Attachment A.

EXECUTIVE SUMMARY:

As a point of review, the City Council Policies and Procedures Manual addresses individual Council members contact with Committees and commissions as follows:

3.4.2 Influence: Council Members must recognize that it is important for City Staff, Commissions and Committees to be able to make objective recommendations on items related to the City. Council Members must be certain that any opinions expressed to members of Staff, Commissions and Committees are clearly identified as individual personal opinions, unless official Council action has been taken on the subject in question.

3.4.3 City Representation: Council Members, simply by being Council Members, are at all times viewed as representatives of the City. The conduct of Council Members is a direct reflection on the City and members should conduct themselves accordingly. Except where specifically authorized by City Council action or for purely ceremonial purposes, no City Council Member should make any statement or appearance or indicate in any way that he or she is representing the city.

FINANCIAL IMPACT:

Not Applicable

RECOMMENDED COUNCIL ACTION

1. Receive Staff Report
2. Receive Public Comments
3. Appoint individual Council members to primary and alternate positions on the list of committees and commissions.
4. Discuss Individual Council member contacts with committees and commissions appointed by the City Council.

ATTACHEMENT

- Current Council Committee Roster
### COUNCIL BOARD AND COMMISSIONS

*These are unpaid positions members of the Council serve on State Wide*

<table>
<thead>
<tr>
<th>Boards and Commissions</th>
<th>Time</th>
<th>Meeting Date</th>
<th>CURRENT Council Liaison &amp; Alternate</th>
<th>NEW Council Liaison &amp; Alternate</th>
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<td>HCAOG - Humboldt County Association of Governments</td>
<td>4:00 PM</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; Thursday Each Month</td>
<td>Doug Strehl</td>
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<td>Sue Long</td>
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<td>HTA - Humboldt Transit Authority</td>
<td>9:00 AM</td>
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<td>6:30 PM</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; Monday Each Month</td>
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<td>FBID - Fortuna Business Improvement District</td>
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<td>LAFCO</td>
<td>9:00 AM</td>
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<td>Redwood Coast Energy Authority</td>
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<td>Doug Strehl</td>
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<td>Varies</td>
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<tr>
<td>League of California Cities (LOCC) Legislative Committee (serves as voting delegate)</td>
<td>Qrtl at Division Meetings</td>
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<td>LOCC Economic Development Policy Committee</td>
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<td>Regan Candelario</td>
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<td>LOCC Employee Relations Policy Committee</td>
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<td>LOCC Transportation, Communications &amp; Public Works Policy Committee</td>
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<td>Merritt Perry</td>
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DATE: November 17, 2016

TO: Honorable Mayor and Council Members

FROM: Randy Mendosa, Interim City Manager

SUBJECT: Approve Agreements with Peché & Associates to Develop a Continuing Disclosure Program for Fortuna Bond Issues

STAFF RECOMMENDATION:

Approve the three Peché & Associates agreements covering Fortuna’s 3 bond issues for which Staff has identified Continuing Disclosure Agreements to begin the various steps necessary to bring Fortuna in compliance. (This does not cover disclosure requirements for the Series P Bonds as no Disclosure Certificate could be found for this issue. If a Disclosure Certificate is found for this issue, Staff will request an additional proposal from Peché & Associates for this issue).

EXECUTIVE SUMMARY:

Beginning in July 1995, the Securities and Exchange Commission (the “SEC”) required tax-exempt issuers to sign continuing disclosure certificates for financings in excess of $1,000,000 that were sold to investors through an Official Statement. The City of Fortuna has the following bond issues that were issued after 1995 for which the City signed Continuing Disclosure Certificates (“Disclosure Certificates”) as part of the closing documents:

- $8,085,000 Fortuna Financing Authority, Water Revenue Bonds, Series 2006 (the “2006 Water Bonds”)
- $13,820,000 Fortuna Financing Authority, Wastewater Revenue Bonds, Series 2006 (the “2006 Sewer Bonds”)
- $17,500,000 Fortuna Financing Authority, Revenue Bonds, Series 2007 (the “2007 Revenue Bonds”)

The City also has the following bond issue after 1995 for which Staff cannot locate a Disclosure Certificate in closing documents:

- California Statewide Communities Development Authority, (Fortuna Family Apartments Project) 2006, Series P Bonds (the “Series P Bonds”). No Disclosure Certificate could be found for this issue.

In 2014 the SEC began enforcement action against cities, school districts, redevelopment agencies, special districts and other tax-exempt issuers that had issued bonds in the prior 5 years that had stated in official statements that they had been in compliance with their continuing disclosure requirements, when in fact, they had not been in compliance with all or a portion of these requirements. Fortunately, Fortuna has not fallen into this category because the City did not have any bond issues after 2009 that made such representations in official statements. Therefore, the City does not have to worry about enforcement action for not completing any or all of prior continuing disclosure reporting.
However, it is important to note that the City is still required to provide any continuing disclosure information in the Disclosure Certificates prior to undertaking any new bond issue, including refinancing bonds that are publicly sold to investors. An underwriter cannot underwrite any new bond issue until at least 5 years of prior requirements have been provided in a disclosure report and uploaded on the Electronic Municipal Market Access (“EMMA”) system. In addition, any new Official Statement will be required to state that the City was not in compliance with disclosure requirements and any remedial action that was taken to bring the City into compliance. Finally, Standard & Poor’s, the rating agency that rated the 2007 Revenue Bonds, will need to see information required in the disclosure reports to maintain the rating on these bonds.

In September 2016 Susan Mayer, a consultant working for Fortuna recommended that the City engage a firm that could assist the City with providing 5 years of prior disclosure requirements and ongoing annual disclosure requirements so that the City can be in compliance with its ongoing disclosure requirements. Paul Rodrigues then began working with Albert Peché of A. M. Peché & Associates LLC (“Peché & Associates”) to gather the prior official statements and Disclosure Certificates for City bonds issued after 1995. A significant amount of time by Mr. Rodrigues and Mr. Peché went into reviewing this information in October and November to determine what ongoing information would need to be provided to bring the City into compliance. Although some information might be located in the City’s audits, other required information was not provided.

Staff requested a proposal from Peché & Associates to assist Fortuna in putting together a Continuing Disclosure Program. Mr. Peché has been preparing disclosure reports for cities, redevelopment agencies, school districts, community colleges, and special districts for 20 years. Of particular importance is that he has assisted cities, and other entities who had not previously complied with disclosure requirements, to bring them current on their past due requirements and then keeping them in compliance with ongoing annual reports. Mr. Peché has provided a list of references, including a local reference from the McKinleyville Community Services District, where he has assisted in financings and preparing annual disclosure reports. The proposal from Peché & Associates to provide a Continuing Disclosure Program (the “Program”) for Fortuna is attached.

**FINANCIAL IMPACT:**

These services will be paid for by the respective City funds for which the bonds were issued. Therefore, the Water Enterprise Fund will pay for the 2006 Water Bonds; the Sewer Enterprise Fund will pay for the 2006 Sewer Bonds; and the Successor Agency (through the ROPS process) and the General Fund will share the costs for the 2007 Revenue Bonds.

To begin the Program that covers 5 years of Disclosure Reports for 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16, Peché & Associates proposes a fee structure for each of the 2006 Water Bonds and 2006 Sewer Bonds:

- **$6,000** for the first year for each 2006 Water Bonds and 2006 Sewer Bonds, plus out-of-pocket expenses
- **$2,250** for each 2006 Water Bonds and 2006 Sewer Bonds for subsequent years, plus out-of-pocket expenses

The Series 2007 has 2 Disclosure Certificates with requirements for both the City and the Redevelopment Agency of information that needs to be provided. Peché & Associates proposes the following fee structure for the Series 2007:

- **$7,000** for the first year, plus out-of-pocket expenses
- **$2,750** for subsequent years, plus out-of-pocket expenses

The out-of-pocket expenses will primarily be travel costs to Fortuna, copying charges, etc. There will be an annual flat fee charge of $50 for phone and miscellaneous for each of the 3 issues. This does not
include any expenses for gathering required data from third parties, such as HDL, that will bill Fortuna directly for such information. The normal cost for the Peché & Associates existing public finance clients is $5,000 for just the first year report. Staff believes that this provides an excellent value as it covers 5 years of disclosure reports for Fortuna. Equally as important, it will keep Fortuna current on annual continuing disclosure requirements moving forward. This is also important to maintain the City’s ratings as Standard & Poor’s have expressed concern about the City’s ratings without ongoing disclosure reporting.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff
2. Open for public comments
3. Close public comments
4. Motion to approve all Peché & Associates agreements covering Fortuna’s 3 bond issues for which Staff has identified Continuing Disclosure Agreements to begin the various steps necessary to bring Fortuna in compliance. (This does not cover disclosure requirements for the Series P Bonds as no Disclosure Certificate could be found for this issue). Voice vote.

ATTACHMENTS:

- Peché & Associates proposal
- Fortuna 2006 City Water Disclosure Agreement
- Signed Disclosure Agreement Fortuna Series 2006 Bonds
- Fortuna 2006 City Sewer Disclosure Agreement
- City Disclosure Agreement Fortuna Series 2007 Bonds
- 2007 RDA Revenue Bonds Disclosure Agreement
- Signed RDA Disclosure Agreement Fortuna Series 2007 Bonds
CITY OF FORTUNA

PROPOSAL TO DEVELOP A CONTINUING DISCLOSURE PROGRAM

A. M. PECHÉ & ASSOCIATES LLC

November 2, 2016
November 2, 2016

Mr. Randy Mendoza
City Manager
City of Fortuna
621 11th Street
Fortuna, CA 95540

RE: Proposal for Developing a Continuing Disclosure Program for the City of Fortuna

$8,085,000 Fortuna Financing Authority, Water Revenue Bonds, Series 2006
$13,820,000 Fortuna Financing Authority, Wastewater Revenue Bonds, Series 2006
$17,500,000 Fortuna Financing Authority, Revenue Bonds, Series 2007

Dear Randy:

Thank you for contacting me in October about my Firm's ability to provide continuing disclosure services for the City of Fortuna ("Fortuna"). It is a pleasure to present this Proposal for developing a Continuing Disclosure Program (the 'Program') required by the: Water Revenue Bonds, Series 2006; Wastewater Revenue Refunding Bonds, Series 2006; and the Revenue Bonds, Series 2007 (collectively, the 'Bonds').

I was referred to you by Susan Mayer who assisted Paul Rodrigues as a contract employee. I have known Susan since 2012 when she was consulting to the City of Oakdale. I consulted to Oakdale on several bond and budgetary issues with Ken Dieker of Del Rio Advisors, LLC, who is also a municipal advisor. Of particular importance to this engagement is that my Firm and I were tasked with bringing Oakdale current on years of past due disclosure reporting requirements for two Oakdale bond issues. I have also assisted the City of Atwater, Willits Unified School District, and the City of El Monte with fulfilling years of past due disclosure reporting requirements. My experience goes back over 20 years to when disclosure requirements were first mandated by the SEC.

Beginning in 1995, tax-exempt issuers were required to sign continuing disclosure certificates for financings in excess of $1,000,000 that were sold to the public. I began assisting issuers shortly thereafter in meeting their specific continuing disclosure requirements. Since that time I have filed over 190 Continuing Disclosure Reports for clients. I have also had articles published in California Special Districts Association on the subject of Continuing Disclosure. As described above, I have assisted issuers complete past due reports and filing them on the Electronic Municipal Market Access system ("EMMA") to bring them into compliance with their disclosure requirements.

I have had several conversations with Paul and he send me information on the Bond issues. I have reviewed the Official Statements and Continuing Disclosure Certificates (the “Disclosure Certificates”) for the 3 referenced Bond issues. I now have a good grasp on what needs to be accomplished to bring Fortuna current on its disclosure requirements. Industry standards require at least 5 years of prior disclosure reports to bring an issuer compliant with disclosure requirements. Therefore, I will assist in preparing 3 separate disclosure reports for the Water Series 2006, Wastewater Series 2006, and Series 2007 Bonds that will cover 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16.

Please note that this Proposal will not cover the California Statewide Communities Development Authority, (Fortuna Family Apartments Project) 2006, Series P Bonds. Although Paul sent me the transcripts for this issue, there was no Official Statement or Continuing Disclosure Certificate for this issue. This leads me to believe that this was a Direct Placement with an institutional investor that did not require ongoing continuing disclosure. If a disclosure certificate can be found for the Series P Bonds, or any other Fortuna issues, I will be happy to review them to determine any ongoing Fortuna requirements.

Once you accept this Proposal, our first step will be to prepare a list of information that will be required to complete the 3 separate reports. I will send the list to you and staff so that the information can be gathered. I will then prepare separate drafts for the Series 2006 and 2007 Bonds of disclosure reports similar to others we have prepared for our clients. However, this report will be structured specifically for Fortuna to meet the requirements set forth in the respective Continuing Disclosure Certificates and also provide information that will be helpful to investors and other...
interested parties. Please note that your staff will need to gather years of data from Humboldt County and other information may need to be gathered by a third party, like HDL, that provided the information in official statements.

Once the information is gathered and included in the drafts, we can arrange to meet at the Fortuna offices to go over the specific ongoing requirements drafts and finalize the reports. We will also review with you what constitute “Significant Events” and the importance of filing Significant Event Notices within 10 business days of an event. I will then meet annually with you and staff to keep Fortuna in compliance moving forward.

To begin the Program that covers 5 years of Disclosure Reports from 2011-12 to 2015-16, we propose a fee structure for each Water Series 2006, Wastewater Series 2006:

- $6,000 for the first year, plus out-of-pocket expenses
- $2,250 for subsequent years, plus out-of-pocket expenses

The Series 2007 has 2 Disclosure Certificates with requirements for both the City and the Redevelopment Agency of information that needs to be provided. We propose the following fee structure for the Series 2007:

- $7,000 for the first year, plus out-of-pocket expenses
- $2,750 for subsequent years, plus out-of-pocket expenses

The out-of-pocket expenses will primarily be travel costs to Fortuna, copying charges, etc. There will be an annual flat fee charge of $50 for phone and miscellaneous for each 3 issues. This does not include any expenses for preparing data required data from third parties, such as HDL, that will bill Fortuna directly. This fee reflects our commitment to provide you and Fortuna with the highest quality service. Please note that the normal cost for the Firm’s existing public finance clients is $5,000 for just the first year reports. This provides an excellent value as it covers 5 years of disclosure reports which I hope this demonstrates my commitment to develop a long term relationship with Fortuna.

If this proposal meets with your approval, please sign and return a copy of this letter to me. I will then prepare 3 separate Agreements for your signature. Once we have received the signed Consulting Services Agreement, I will prepare a list of items that I will need from Fortuna. I will be able to start the work in December and then work closely with you and your staff to complete the work. We can meet at a convenient time when we have significant drafts to review. Once all the information is received it should take approximately four to six weeks to complete the annual disclosure report for 5 years. These will then be filed on EMMA and hard copies will be sent to Fortuna.

Thank you again for this opportunity to work with you and Fortuna. If you have any questions regarding this letter or if you wish to reach me for any reason, please do not hesitate to call me at (510) 521-2077.

Sincerely,

Albert M. Peché
Manager

cc: Paul Rodrigues

Date:____________

Randy Mendoza
City Manager
City of Fortuna
1a. Disclosure Experience

CONTINUING DISCLOSURE PROGRAM

Since July 3, 1995, the Securities and Exchange Commission has required that all tax-exempt issuers provide investors with an annual disclosure report when they issue tax-exempt financings of over $1,000,000 in par amount in any one calendar year. In these situations, when an issuer’s governing board adopts the financing documents, it must also approve a Continuing Disclosure Certificate (the “Disclosure Certificate”). The Disclosure Certificate requires the issuer to provide annual reports disclosing certain information (the “Disclosure Report”) for as long as the financing is outstanding.

A. M. Peché & Associates LLC has assisted issuers in meeting the requirements set forth in an issuer’s Disclosure Certificate. As requirements in the Disclosure Certificate are different from issuer to issuer, the Firm begins by reviewing the adopted Disclosure Certificate. The Firm then prepares a Disclosure Report that not only meets, but also often exceeds the requirements in the Disclosure Certificate. Peché & Associates LLC will then file the Disclosure Report the Electronic Municipal Market Access system (“EMMA”). The Disclosure Report can also be provided directly to Rating Agencies, Bond Insurers or other interested parties. Peché & Associates LLC has prepared the following Disclosure Reports. Reports with an asterisk (*) are in progress.

Disclosure Reports Prepared For Disclosure Advisory Clients
December 1, 1996 to the Present

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<thead>
<tr>
<th>Client</th>
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<td>Atwater Public Financing Authority</td>
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<td>2003-04 Disclosure Report</td>
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<td>Atwater Redevelopment Agency/Successor Agency</td>
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<td>2013-14 Disclosure Report</td>
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<td>2014-15 Disclosure Report</td>
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<tr>
<td>Organization</td>
<td>Dates</td>
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| Firebaugh Redevelopment Agency and Financing Authority | 2004-05 Disclosure Report  
2005-06 Disclosure Report  
2006-07 Disclosure Report  
2007-08 Disclosure Report  
2008-09 Disclosure Report  
2009-10 Disclosure Report  
2010-11 Disclosure Report  
2011-12 Disclosure Report  
2012-13 Disclosure Report  
2013-14 Disclosure Report  
2014-15 Disclosure Report |
| City of Grover Beach (GO Bond Program)             | 2014-15 Disclosure Report |
| Grover Beach Improvement Agency                    | 2006-07 Disclosure Report  
2007-08 Disclosure Report  
2008-09 Disclosure Report  
2009-10 Disclosure Report  
2010-11 Disclosure Report  
2011-12 Disclosure Report  
2012-13 Disclosure Report  
2013-14 Disclosure Report  
2014-15 Disclosure Report |
| Hart-Ransom Union School District                  | 2007-08 Disclosure Report  
2008-09 Disclosure Report  
2009-10 Disclosure Report  
2010-11 Disclosure Report  
2011-12 Disclosure Report  
2012-13 Disclosure Report  
2013-14 Disclosure Report  
2014-15 Disclosure Report |
| La Honda-Pescadero Unified School District         | 2006-07 Disclosure Report  
2007-08 Disclosure Report  
2008-09 Disclosure Report  
2009-10 Disclosure Report  
2010-11 Disclosure Report  
2011-12 Disclosure Report  
2012-13 Disclosure Report  
2013-14 Disclosure Report  
2014-15 Disclosure Report |
| Livingston Union School District                   | 2004-05 Disclosure Report  
2005-06 Disclosure Report  
2006-07 Disclosure Report  
2007-08 Disclosure Report  
2008-09 Disclosure Report  
2009-10 Disclosure Report  
2010-11 Disclosure Report  
2011-12 Disclosure Report  
2012-13 Disclosure Report  
2013-14 Disclosure Report  
2014-15 Disclosure Report |
| Los Osos Community Services District               | 2001-02 Disclosure Report  
2002-03 Disclosure Report  
2003-04 Disclosure Report |
| McKinleyville Community Services District          | 1995-96 Disclosure Report  
1997-98 Disclosure Report  
1998-99 Disclosure Report |
Monterey Regional Water Pollution Control Agency
1999-00 Disclosure Report
2000-01 Disclosure Report
2001-02 Disclosure Report
2002-03 Disclosure Report
2011-12 Disclosure Report
2012-13 Disclosure Report
2013-14 Disclosure Report
2014-15 Disclosure Report

City of Oakdale (2002 Wastewater Bonds)
2013-14 Disclosure Report
2014-15 Disclosure Report

City of Oakdale (2005 Fire Station Bonds)
2004-12 Disclosure Reports (combined filings)
2012-13 Disclosure Report
2013-14 Disclosure Report
2014-15 Disclosure Report

Orange Cove Redevelopment Agency
2003-04 Disclosure Report
2004-05 Disclosure Report
2005-06 Disclosure Report
2006-07 Disclosure Report
2007-08 Disclosure Report
2008-09 Disclosure Report
2009-10 Disclosure Report
2010-11 Disclosure Report
2011-12 Disclosure Report
2012-13 Disclosure Report
2013-14 Disclosure Report
2014-15 Disclosure Report
2015-16 Disclosure Report

Ravenswood City School District
1996-98 Disclosure Reports (combined filings)
1998-99 Disclosure Report
1999-00 Disclosure Report
2000-01 Disclosure Report
2001-02 Disclosure Report
2002-03 Disclosure Report
2003-04 Disclosure Report
2004-05 Disclosure Report
2005-06 Disclosure Report
2006-07 Disclosure Report
2007-08 Disclosure Report
2008-09 Disclosure Report
2009-10 Disclosure Report
2010-11 Disclosure Report
2011-12 Disclosure Report
2012-13 Disclosure Report

Reef-Sunset Unified School District
1997-98 Disclosure Report
1998-99 Disclosure Report
1999-00 Disclosure Report
2000-01 Disclosure Report
2001-02 Disclosure Report
2002-03 Disclosure Report
2003-04 Disclosure Report
2004-05 Disclosure Report
2005-06 Disclosure Report
2006-07 Disclosure Report
2007-08 Disclosure Report
2008-09 Disclosure Report
2009-10 Disclosure Report
2010-11 Disclosure Report
2011-12 Disclosure Report
2012-13 Disclosure Report

San Joaquin Delta Community College
1995-97 Disclosure Reports (combined filings)
<table>
<thead>
<tr>
<th>District</th>
<th>Reports</th>
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<tr>
<td></td>
<td>1998-99 Disclosure Report</td>
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<td>1999-00 Disclosure Report</td>
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<td>2000-01 Disclosure Report</td>
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<td>2013-14 Disclosure Report</td>
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<td>2014-15 Disclosure Report</td>
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<td>(Prior to July 1, 2011 was West Fresno ESD)</td>
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<tr>
<td>Willits Unified School District</td>
<td>1998-02 Disclosure Reports (combined filings)</td>
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<td>2002-03 Disclosure Report</td>
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<td>2003-04 Disclosure Report</td>
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<td>2007-08 Disclosure Report</td>
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<td>2008-09 Disclosure Report</td>
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2. Staff Qualifications

Project Staff

Albert M. Peché, Manager, is assigned to assist the City of Fortuna (“FORTUNA”) in preparing a Continuing Disclosure Program. Mr. Peché will be responsible for day-to-day contact with FORTUNA.

As noted below in his individual resume, Mr. Peché has diverse experience with all types of disclosure reports, debt offerings and municipal securities. His expertise has assisted many clients in fulfilling their disclosure requirements.

Team Availability

The professionals of A. M. Peché & Associates LLC are committed to providing superior financial advisory service to every aspect of FORTUNA’s disclosure needs.

Given that FORTUNA is a priority client, you have our full assurance that we will be available for meetings with staff to discuss continuing disclosure requirements.

Staff Resumé

ALBERT M. PECHÉ
PROJECT LEADER

Mr. Peché will serve as the project leader to FORTUNA. His principal responsibilities will include all day-to-day management of disclosure issues. Every phase of the disclosure report will be personally overseen or performed by Mr. Peché.

Mr. Peché started in the securities industry at Merrill Lynch in 1978 and began his municipal finance career in 1985 with Crocker Bank. Of particular importance to this engagement is his experience with other special districts, cities, school districts, and colleges in California in meeting their financing and disclosure needs.

Mr. Peché is serving as Financial Advisor to the City of Grover Beach for the issuance of $5 million of General Obligation Bonds. He has provided Disclosure Reports for the Grover Beach Improvement Agency since 2007 and for the G.O. Bonds since 2015.

Mr. Peché has served as Financial Advisor to the Livingston Union School District since 2000. He has assisted the District in issuing Qualified Zone Academy Bonds, Certificates of Participation and General Obligation Bonds. He has prepared Disclosure Reports for Livingston since 2006.

Mr. Peché has served as Financial Advisor to the San Joaquin Community College District since 1990. He has assisted the College in the issuance of Certificates of Participation, Tax and Revenue Anticipation Notes, and General Obligation Bonds. He has prepared Disclosure Reports for the College since 1997.

Mr. Peché served as Financial Advisor to the City of Atwater since 2002. He analyzed the optimal structures for three issues totaling $83.34 million in Wastewater Bond issues and also for the $10.1 million Wastewater and Water Refunding Bond issue. He has provided Disclosure services to Atwater since 2003.

Mr. Peché has served as Financial Advisor to the City of Firebaugh since 2004. He served as Financial Advisor to Firebaugh for two USDA revenue bond issues for water and wastewater projects, two tax allocation bond issues and one Water Revenue COP issue. He has provided Disclosure services to Firebaugh since 2005.

Mr. Peché has served as Financial Advisor to the Monterey Regional Water Pollution Control Agency (“MRWPCA”) in 2013 for the $12.2 million Wastewater Revenue Refunding Bonds. He has provided Disclosure services to MRWPCA since 2012.

Mr. Peché also served as financial advisor or banker on a number of major financings for large issuers. This experience of Mr. Peché includes having served as financial advisor to the Bay Area Rapid Transit District, the County of Santa Clara, the City and County of San Francisco, the San Francisco Redevelopment Agency, the Port of San Francisco, the San Francisco Public Utilities Commission, and the San Francisco Parking Authority.

Mr. Peché received a Bachelor of Arts degree from the University of San Francisco and a Masters of Business Administration degree from the UCLA Anderson Graduate School of Management. He held Series 3, 7, 15 and 63 licenses while working for investment banking firms.
3. References

Albert M. Peché and A. M. Peché & Associates LLC have worked with many issuers throughout California. We invite you to speak to our references; our best credentials are our clients. Additional references can be provided upon request.

City of Grover Beach

Mr. Peché began calling on the City of Grover Beach in 2005. In 2008 he assisted the Grover Beach Redevelopment Agency in bringing the Agency current on its disclosure requirements by preparing Disclosure Reports due from 2006-07. He began preparing Disclosure Reports for the City’s G.O. Bond issues, for which he served as Municipal Advisor, since 2015.

Ms. Gayla Chapman
Administrative Services Director (805) 473-4555
City of Grover Beach
154 S. 8th Street
Grover Beach, CA 93433
gchapman@grover.org

City of Atwater


Mr. Scott McBride
Community Development Director
City of Atwater (209) 357-6369
750 Bellevue Avenue
Atwater, California 95301
smcbride@atwater.org

McKinleyville Community Services District

Mr. Peché began calling on the McKinleyville Community Services District in 1993. He assisted MCSD with two tax-exempt leases in 1994 and 1996. The Firm and Mr. Peché served as Financial Advisor on two tax-exempt refinancing leases in 1998 and another tax-exempt refinancing lease in 2003. He prepared Disclosure Reports for MCSD from 1995-96 through 2002-03, after which they were no longer required.

Jim Harding
Former MCSD Finance Director
(707) 839-4303
APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the CITY OF FORTUNA (the “City”), for and on behalf of itself and the Fortuna Public Financing Authority (the “Authority”), in connection with the execution and delivery of the Authority’s Water Revenue Bonds, Series 2006 (the “Bonds”). The Bonds are being executed and delivered pursuant to a Trust Agreement dated as of October 1, 2006 (the “Trust Agreement”), by and between the Authority and Deutsche Bank National Trust Company, as trustee (the “Trustee”). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

“Annual Report” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Central Post Office” means the DisclosureUSA website maintained by the Municipal Advisory Council of Texas or any successor thereto, or any other organization or method approved by the staff or members of the Securities and Exchange Commission as an intermediary through which issuers may, in compliance with the Rule, make filings required by this Disclosure Certificate.

“Dissemination Agent” means Deutsche Bank National Trust Company, or any successor Dissemination Agent designated in writing by the City and which has filed with the City and the Trustee a written acceptance of such designation.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.


“Official Statement” means the Official Statement relating to the Bonds.

“Participating Underwriter” means Piper Jaffray & Co., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Report Date” means not later than 270 days after the end of the City’s fiscal year (presently June 30).

“Repository” means each National Repository and each State Repository.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.
"State Repository" means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Report Date, commencing with the report for the 2005-06 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Trustee, the Bond Insurer and the Participating Underwriter. Not later than 15 business days before the Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate. The audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Report Date, if not available by the Report Date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City under this Disclosure Certificate.

(b) If the City is unable to provide to the Repositories an Annual Report by the Report Date, the City shall, by written direction, cause the Dissemination Agent to provide to each Repository and to the Municipal Securities Rulemaking Board and each State Repository (with a copy to the Trustee and the Bond Insurer) a notice, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Report Date the name and address of each National Repository and each State Repository, if any; and

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

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

(a) Audited Financial Statements of the City, which shall include financial statements of the City’s municipal Water System (the “Water System”) and the City’s municipal water system (the “Water System”) prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the Report Date, financial information and operating data with respect to the City, the Water System and the Water System for the preceding fiscal year, substantially as set forth in Exhibit B hereto.
Any or all of the items listed in Exhibit B may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

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

Section 5. Reporting of Significant Events.

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

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

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

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

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

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

(vii) Modifications to rights of Holders.

(viii) Contingent or unscheduled redemption of Bonds.

(ix) Defeasances.

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

(xi) Rating changes.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the City determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the City shall, by written direction, cause the Dissemination Agent to promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository with a copy to the Trustee, the Participating Underwriter and the Bond Insurer, together with written direction to the Trustee whether or not to notify the Holders of the filing of such notice. In the absence of any such direction, the Trustee shall not send such notice to the Holders. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Trust Agreement.
Section 6. **Termination of Reporting Obligation.** The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. **Dissemination Agent; Use of Central Post Office**

(a) The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Deutsche Bank National Trust Company. Any Dissemination Agent may resign by providing 30 days’ written notice to the City and the Trustee.

(b) The City reserves the right to make any filing with a Repository which is required by this Disclosure Certificate by submitting such filing information to the Central Post Office.

Section 8. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

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

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

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).
Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate the Trustee, at the written direction of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent moneys or other indemnity, satisfactory to the Trustee, has been furnished to the Trustee to hold it harmless from any loss, costs, liability or expense, including fees and expenses of its attorneys and any additional fees of the Trustee or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s or the Trustee’s respective negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent, but shall terminate upon the termination of the City’s obligations under this Certificate pursuant to Section 6 of this Certificate.

Section 12. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Authority:
Fortuna Public Financing Authority
c/o City of Fortuna
621 11th Street
Fortuna, CA 95540
Attention: Finance Director
Fax: (707) 725-7610
To the City:
City of Fortuna
621 11th Street
Fortuna, CA 95540
Attention: Finance Director
Fax: (707) 725-7610

To the Trustee/Dissemination Agent
Deutsche Bank National Trust Company
101 California Street, 46th Floor
San Francisco, CA 94111
Attention: Trust & Securities Services
Fax: (415) 617-4270

To the Participating Underwriter:
Piper Jaffray & Co.
345 California Street, Suite 2400
San Francisco, CA 94104
Attention: Richard Kiss
Fax: (415) 984-5159

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 13 Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.
Section 14. **Counterparts.** This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: ______, 2006

CITY OF FORTUNA

By __________________________
Finance Director

ACCEPTED AND AGREED:

DEUTSCHE BANK NATIONAL TRUST COMPANY.
as Dissemination Agent

By __________________________
Authorized Representative
EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Authority: CITY OF FORTUNA
Name of Issue: $8,085,000 Fortuna Public Financing Authority,
Water Revenue Bonds, Series 2006
Date of Issuance: October 11, 2006

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to
the above-named Bonds as required by the Continuing Disclosure Certificate dated as of October __,
2006, executed by the City of Fortuna, on its own behalf and on behalf of the Fortuna Public Financing
Authority. The City anticipates that the Annual Report will be filed by ________________.

Dated: ________________

DISSEMINATION AGENT

By: ____________________________

Title: ___________________________

cc: City of Fortuna
    Trustee
EXHIBIT B

ANNUAL REPORT

$8,085,000
FORTUNA PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS
SERIES 2006

Date of this Annual Report: ____________

For Fiscal Year: ____________

This Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the “Disclosure Certificate”) dated as of October __, 2006 executed by the undersigned (the “City”) for and on behalf of itself and the Fortuna Public Financing Authority (the “Authority”) in connection with the issuance of the above-captioned bonds by the Authority.

Capitalized terms used in this Annual Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

Any or all of the items listed below may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

I. Audited Financial Statements

Attached are audited financial statements of the City, which include financial statements of the City’s municipal Water System (the “Water System”) prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.

II. Financial Information and Operating Data of the Systems

Unless otherwise provided in the audited financial statements, an update for the prior fiscal year of the financial information and operating data with respect to the Systems of the following type (or information comparable thereto) included in the Official Statement relating to the Bonds:

Table 4 to the Official Statement entitled “City of Fortuna Water Enterprise Fund– Summary of Operating Results.”

The information in the Official Statement under the caption “THE WATER SYSTEM – Water Customers” and “—Water Rates.”

Table 6 to the Official Statement entitled “City of Fortuna Water Enterprise Fund – Ten Largest Users”

III. Additional Information, as needed
CONSULTING SERVICES AGREEMENT

This CONSULTING SERVICES AGREEMENT (the "Agreement") is made and entered into as of the 17th day of November, 2016, ("Effective Date"), by and between the City of Fortuna (the "City") and A. M. Peché & Associates LLC ("Consultant").

Upon the following terms and conditions of this Agreement, the City desires to retain Consultant to perform the following:

1. PROFESSIONAL SERVICES.

Consultant will provide services under the terms and conditions of this Agreement. The services will consist of serving in the capacity of Disclosure preparation for Continuing Disclosure required for the: Fortuna Public Financing Authority, Water Revenue Bonds, Series 2006 (the “2006 Water Bonds”).

The 2006 Water Bonds require annual reports with information listed under Section 4 “Content of Annual Reports” of the Continuing Disclosure Agreement signed by the City as part of the closing documents for these bonds. The Annual Reports are required to be filed not later than 270 days (approximately March 31st) after the end of the City’s fiscal year. This Agreement commence with the 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 Disclosure Report for the 2006 Water Bonds. Services by the Consultant will commence on the Effective Date and will terminate as provided for in Section 4 of this Agreement.

2. INVOICING AND PAYMENT.

As sole compensation for the performance of the services, the City will pay Consultant a fee of $6,000 for the first year and then $2,250 for each year following year, plus approved costs and expenses. Expenses will include meals and travel costs for travel to the City reimbursed at the current IRS mileage reimbursement rate. Telephone, phone, fax and miscellaneous expenses will be billed at a flat fee of $50 per year. Consultant will invoice the City on an annual basis. The City will pay each such invoice no later than thirty (30) days after its receipt. Consultant will receive no royalty or other remuneration for the production or distribution of any products developed by the City or by Consultant in connection with or based upon the services. Consultant will not be entitled to receive any vacation or illness payments, or to participate in any plans, arrangements, insurance or other similar benefits that the City makes or may make available to the City’s employees.

3. OWNERSHIP OF WORK PRODUCT.

Consultant agrees that any and all ideas, designs, drawings, notes, computer programs, algorithms, documents, information, materials, improvements and inventions made, conceived, developed, created or first reduced to practice in the performance of the services under this Agreement shall be the sole and exclusive property of the City (the "Work Product"). Consultant further agrees that the City is, and shall be, vested with all right, title and interest in the Work Product. The provisions of this Section 3 shall survive the termination of this Agreement for any reason.
4. **TERM.**

The term of this Agreement shall be through the completion of the 2018-19 Report. Either party may terminate this Agreement upon 14-days notice to the other party for any reason or no reason. In the event the City terminates this Agreement, Consultant shall cease all work immediately after receiving notice from the City unless otherwise advised by the City and shall invoice the City of all time, costs and expenses incurred up to such termination date. The timing of such invoice and payment shall be made without regard to the annual scheduling set forth in Section 2 of this agreement. If neither party terminates this Agreement, this Agreement shall continue in effect until time mutually agreed upon by the parties.

5. **INDEPENDENT CONTRACTOR.**

Consultant is an independent contractor and is not an agent or employee of the City. Consultant has no authority to bind the City by contract or otherwise, or make governmental decisions. Consultant will perform the professional services under the general direction of the City Finance Director or his designee, subject to the requirement that Consultant shall at all times comply with applicable law.

6. **WARRANTY.**

Parties recognize the fact that the services require specialized skills and experience on the part of the Consultant. Consultant warrants that the services hereunder will be of a professional quality conforming to generally accepted industry standards and practices and that Consultant shall maintain all required licenses and certification, if necessary, for performance of the services under this contract.

City has reread the Continuing Disclosure Agreement for the 2006 Water Bonds. City warrants that it will provide Consultant with accurate information that can be relied upon to complete the Disclosure Reports. In addition to any of the information expressly required to be provided under the Continuing Disclosure Certificate for the 2006 Water Bonds, the City shall provide such further information, if any, as may be necessary to make the specifically required information, in the light of the circumstances under which they are made, not misleading. This is the industry standard for continuing disclosure.

The City acknowledges that the Consultant will not independently verify any of the data or information provided to the Consultant, nor will the Consultant conduct a detailed investigation of the affairs of the City to determine the accuracy or completeness of the information gathered in the preparation of the Disclosure Report.

7. **NON-MUNICIPAL ADVISOR**

In providing Disclosure preparation, Consultant is not serving in the role of a Municipal Advisor, or provide services as a Municipal Advisor, unless engaged by City in a separate agreement in that role.
8. **INSURANCE REQUIREMENTS.**

Consultant will provide a Certificate with the following coverages:

a. Provide Workers Compensation Insurance with a limit of One Million Dollars ($1,000,000) at such time when Consultant has employees.

b. Provide General Liability Insurance, which includes hired and non-owned auto endorsement, of One Million Dollars ($1,000,000) per occurrence limit, with Two Million Dollars ($2,000,000) in the policy aggregate.

c. Provide Professional Liability Insurance with a limit of One Million Dollars ($1,000,000).

9. **GOVERNING LAW.**

This Agreement will be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflict of laws.

10. **NOTICE.**

All notices, including notices of address changes, required to be sent hereunder shall be in writing and shall be deemed to have been given when mailed to the addresses listed below:

(a) **City of Fortuna:** Finance Director, 1416 “C” Street, Fortuna, CA 95334.

(b) **Consultant:** Albert M. Peché, Manager, A. M. Peché & Associates LLC, 1025 Morton Street, Alameda CA 94501-3904

11. **SEVERABILITY.**

In the event any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will remain in full force and effect.

12. **ASSIGNMENT.**

Peché & Associates LLC may assign this Agreement to a successor firm without the necessity of obtaining the consent of the City. Peché & Associates LLC agrees to give notice of assignment to City and upon receipt of such notice City agrees to make all payments to the assignee designed in the assignment.

13. **WAIVER.**

The waiver by either party of any default or breach of this Agreement shall not constitute a waiver of any other or subsequent default or breach.
14. **Equitable Remedies.**

Because the services are personal and unique and because Consultant will have access to the City’s confidential information, the City will have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief without prejudice to any other rights and remedies that the City may have for a breach of this Agreement.

15. **Entire Agreement.**

This Agreement constitutes the complete agreement between the parties and supersedes all previous agreements or representations, whether written or oral, with respect to the subject matter described herein. This Agreement may not be modified or amended except in writing signed by a duly authorized representative of each party. It is expressly agreed that any terms and conditions of Consultant’s invoices shall be superseded by the terms and conditions of this Agreement.

**In Witness Whereof,** the parties hereto have executed the **Consulting Services Agreement** as of the date set forth in the first paragraph hereof for the **2006 Water Bonds.**

**City of Fortuna**

Randy Mendoza  
City Manager  
City of Fortuna

**Consultant**

Albert M. Peché  
Manager  
A. M. Peché & Associates LLC
CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the CITY OF FORTUNA (the “City”), for and on behalf of itself and the Fortuna Public Financing Authority (the “Authority”), in connection with the execution and delivery of the Authority’s Wastewater Revenue Bonds, Series 2006 (the “Bonds”). The Bonds are being executed and delivered pursuant to a Trust Agreement dated as of October 1, 2006 (the “Trust Agreement”), by and between the Authority and Deutsche Bank National Trust Company, as trustee (the “Trustee”). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

“Annual Report” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Central Post Office” means the DisclosureUSA website maintained by the Municipal Advisory Council of Texas or any successor thereto, or any other organization or method approved by the staff or members of the Securities and Exchange Commission as an intermediary through which issuers may, in compliance with the Rule, make filings required by this Disclosure Certificate.

“Dissemination Agent” means Deutsche Bank National Trust Company, or any successor Dissemination Agent designated in writing by the City and which has filed with the City and the Trustee a written acceptance of such designation.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.


“Official Statement” means the Official Statement relating to the Bonds.

“Participating Underwriter” means Piper Jaffray & Co., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.
“Report Date” means not later than 270 days after the end of the City’s fiscal year (presently June 30).

“Repository” means each National Repository and each State Repository.

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

“State Repository” means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Report Date, commencing with the report for the 2005-06 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Trustee, the Bond Insurer and the Participating Underwriter. Not later than 15 business days before the Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate. The audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Report Date, if not available by the Report Date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City under this Disclosure Certificate.

(b) If the City is unable to provide to the Repositories an Annual Report by the Report Date, the City shall, by written direction, cause the Dissemination Agent to provide to each Repository and to the Municipal Securities Rulemaking Board and each State Repository (with a copy to the Trustee and the Bond Insurer) a notice, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Report Date the name and address of each National Repository and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.
Section 4. **Content of Annual Reports.** The City’s Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the City, which shall include financial statements of the City’s municipal Wastewater System (the “Wastewater System”) and the City’s municipal water system (the “Water System”) prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the Report Date, financial information and operating data with respect to the City, the Wastewater System and the Water System for the preceding fiscal year, substantially as set forth in Exhibit B hereto.

Any or all of the items listed in Exhibit B may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

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

Section 5. **Reporting of Significant Events.**

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

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

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

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

(v) Substitution of credit or liquidity providers, or their failure to perform.
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security.

(vii) Modifications to rights of Holders.

(viii) Contingent or unscheduled redemption of Bonds.

(ix) Defeasances.

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

(xi) Rating changes.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the City determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the City shall, by written direction, cause the Dissemination Agent to promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository with a copy to the Trustee, the Participating Underwriter and the Bond Insurer, together with written direction to the Trustee whether or not to notify the Holders of the filing of such notice. In the absence of any such direction, the Trustee shall not send such notice to the Holders. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Trust Agreement.

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

Section 7. Dissemination Agent; Use of Central Post Office.

(a) The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Deutsche Bank National Trust Company. Any Dissemination Agent may resign by providing 30 days’ written notice to the City and the Trustee.

(b) The City reserves the right to make any filing with a Repository which is required by this Disclosure Certificate by submitting such filing information to the Central Post Office.
Section 8. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

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

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

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 9. **Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure
Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. **Default.** In the event of a failure of the City to comply with any provision of this Disclosure Certificate the Trustee, at the written direction of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent moneys or other indemnity, satisfactory to the Trustee, has been furnished to the Trustee to hold it harmless from any loss, costs, liability or expense, including fees and expenses of its attorneys and any additional fees of the Trustee or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. **Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s or the Trustee’s respective negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent, but shall terminate upon the termination of the City’s obligations under this Certificate pursuant to Section 6 of this Certificate.
Section 12. **Notices.** Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

**To the Authority:**
Fortuna Public Financing Authority  
c/o City of Fortuna  
621 11th Street  
Fortuna, CA 95540  
Attention: Finance Director  
Fax: (707) 725-7610

**To the City:**
City of Fortuna  
621 11th Street  
Fortuna, CA 95540  
Attention: Finance Director  
Fax: (707) 725-7610

**To the Trustee/Dissemination Agent**
Deutsche Bank National Trust Company  
101 California Street, 46th floor  
San Francisco, CA 94111  
Attention: Trust and Securities Services  
Fax: (415) 617-4270

**To the Participating Underwriter:**
Piper Jaffray & Co.  
345 California Street, Suite 2200  
San Francisco, CA 94104  
Attention: Richard Kiss  
Fax: (415) 984-5159

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 13. **Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.
Section 14. **Counterparts.** This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Dated: October 11, 2006

CITY OF FORTUNA

By:  

Paul Rodrigues  
Finance Director

ACCEPTED AND AGREED:

DEUTSCHE BANK NATIONAL TRUST COMPANY,  
as Dissemination Agent

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

Dated: October 11, 2006

CITY OF FORTUNA

By: ____________________________

Paul Rodrigues
Finance Director

ACCEPTED AND AGREED:

DEUTSCHE BANK NATIONAL TRUST COMPANY,
as Dissemination Agent

By: ____________________________

Authorized Representative
EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: CITY OF FORTUNA

Name of Issue: $13,820,000 Fortuna Public Financing Authority, Wastewater Revenue Bonds, Series 2006

Date of Issuance: October 11, 2006

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated as of October 11, 2006, executed by the City of Fortuna, on its own behalf and on behalf of the Fortuna Public Financing Authority. The City anticipates that the Annual Report will be filed by ________________.

Dated: ________________

DISSEMINATION AGENT

By: ________________

Title: ________________

cc: City of Fortuna Trustee
EXHIBIT B

ANNUAL REPORT

$13,820,000
FORTUNA PUBLIC FINANCING AUTHORITY
WASTEWATER REVENUE BONDS
SERIES 2006

Date of this Annual Report: __________

For Fiscal Year: __________

This Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the “Disclosure Certificate”) dated as of October 11, 2006 executed by the undersigned (the “City”) for and on behalf of itself and the Fortuna Public Financing Authority (the “Authority”) in connection with the issuance of the above-captioned bonds by the Authority.

Capitalized terms used in this Annual Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

Any or all of the items listed below may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

I. Audited Financial Statements

Attached are audited financial statements of the City, which include financial statements of the City’s municipal Wastewater System (the “Wastewater System”) prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.

II. Financial Information and Operating Data of the Systems

Unless otherwise provided in the audited financial statements, an update for the prior fiscal year of the financial information and operating data with respect to the Systems of the following type (or information comparable thereto) included in the Official Statement relating to the Bonds:

Table 4 to the Official Statement entitled “City of Fortuna Wastewater Enterprise Fund – Summary of Operating Results.”
The information in the Official Statement under the caption "THE WASTEWATER SYSTEM – Wastewater Customers" and "—Wastewater Rates."

Table 6 to the Official Statement entitled "City of Fortuna Wastewater Enterprise Fund – Ten Largest Users."

III. Additional Information, as needed
CONSULTING SERVICES AGREEMENT

This CONSULTING SERVICES AGREEMENT (the "Agreement") is made and entered into as of the 17th day of November, 2016, ("Effective Date"), by and between the City of Fortuna (the "City") and A. M. Peché & Associates LLC (“Consultant”).

Upon the following terms and conditions of this Agreement, the City desires to retain Consultant to perform the following:

1. PROFESSIONAL SERVICES.

Consultant will provide services under the terms and conditions of this Agreement. The services will consist of serving in the capacity of Disclosure preparation for Continuing Disclosure required for the: Fortuna Public Financing Authority, Wastewater Revenue Bonds, Series 2006 (the “2006 Sewer Bonds”).

The 2006 Sewer Bonds require annual reports with information listed under Section 4 “Content of Annual Reports” of the Continuing Disclosure Agreement signed by the City as part of the closing documents for these bonds. The Annual Reports are required to be filed not later than 270 days (approximately March 31st) after the end of the City’s fiscal year. This Agreement commence with the 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 Disclosure Report for the 2006 Sewer Bonds. Services by the Consultant will commence on the Effective Date and will terminate as provided for in Section 4 of this Agreement.

2. INVOICING AND PAYMENT.

As sole compensation for the performance of the services, the City will pay Consultant a fee of $6,000 for the first year and then $2,250 for each year following year, plus approved costs and expenses. Expenses will include meals and travel costs for travel to the City reimbursed at the current IRS mileage reimbursement rate. Telephone, phone, fax and miscellaneous expenses will be billed at a flat fee of $50 per year. Consultant will invoice the City on an annual basis. The City will pay each such invoice no later than thirty (30) days after its receipt. Consultant will receive no royalty or other remuneration for the production or distribution of any products developed by the City or by Consultant in connection with or based upon the services. Consultant will not be entitled to receive any vacation or illness payments, or to participate in any plans, arrangements, insurance or other similar benefits that the City makes or may make available to the City’s employees.

3. OWNERSHIP OF WORK PRODUCT.

Consultant agrees that any and all ideas, designs, drawings, notes, computer programs, algorithms, documents, information, materials, improvements and inventions made, conceived, developed, created or first reduced to practice in the performance of the services under this Agreement shall be the sole and exclusive property of the City (the "Work Product"). Consultant further agrees that the City is, and shall be, vested with all right, title and interest in the Work Product. The provisions of this Section 3 shall survive the termination of this Agreement for any reason.
4. **TERM.**

The term of this Agreement shall be through the completion of the 2018-19 Report. Either party may terminate this Agreement upon 14-days notice to the other party for any reason or no reason. In the event the City terminates this Agreement, Consultant shall cease all work immediately after receiving notice from the City unless otherwise advised by the City and shall invoice the City of all time, costs and expenses incurred up to such termination date. The timing of such invoice and payment shall be made without regard to the annual scheduling set forth in Section 2 of this agreement. If neither party terminates this Agreement, this Agreement shall continue in effect until time mutually agreed upon by the parties.

5. **INDEPENDENT CONTRACTOR.**

Consultant is an independent contractor and is not an agent or employee of the City. Consultant has no authority to bind the City by contract or otherwise, or make governmental decisions. Consultant will perform the professional services under the general direction of the City Finance Director or his designee, subject to the requirement that Consultant shall at all times comply with applicable law.

6. **WARRANTY.**

Parties recognize the fact that the services require specialized skills and experience on the part of the Consultant. Consultant warrants that the services hereunder will be of a professional quality conforming to generally accepted industry standards and practices and that Consultant shall maintain all required licenses and certification, if necessary, for performance of the services under this contract.

City has reread the Continuing Disclosure Agreement for the 2006 Sewer Bonds. City warrants that it will provide Consultant with accurate information that can be relied upon to complete the Disclosure Reports. In addition to any of the information expressly required to be provided under the Continuing Disclosure Certificate for the 2006 Sewer Bonds, the City shall provide such further information, if any, as may be necessary to make the specifically required information, in the light of the circumstances under which they are made, not misleading. This is the industry standard for continuing disclosure.

The City acknowledges that the Consultant will not independently verify any of the data or information provided to the Consultant, nor will the Consultant conduct a detailed investigation of the affairs of the City to determine the accuracy or completeness of the information gathered in the preparation of the Disclosure Report.

7. **NON-MUNICIPAL ADVISOR**

In providing Disclosure preparation, Consultant is not serving in the role of a Municipal Advisor, or provide services as a Municipal Advisor, unless engaged by City in a separate agreement in that role.
8. **INSURANCE REQUIREMENTS.**

   Consultant will provide a Certificate with the following coverages:
   
   a. **Provide Workers Compensation Insurance** with a limit of One Million Dollars ($1,000,000) at such time when Consultant has employees.
   
   b. **Provide General Liability Insurance**, which includes hired and non-owned auto endorsement, of One Million Dollars ($1,000,000) per occurrence limit, with Two Million Dollars ($2,000,000) in the policy aggregate.
   
   c. **Provide Professional Liability Insurance** with a limit of One Million Dollars ($1,000,000).

9. **GOVERNING LAW.**

   This Agreement will be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflict of laws.

10. **NOTICE.**

    All notices, including notices of address changes, required to be sent hereunder shall be in writing and shall be deemed to have been given when mailed to the addresses listed below:

   (a) **City of Fortuna:** Finance Director, 1416 “C” Street, Fortuna, CA 95334.

   (b) **Consultant:** Albert M. Peché, Manager, A. M. Peche & Associates LLC, 1025 Morton Street, Alameda CA 94501-3904

11. **SEVERABILITY.**

    In the event any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will remain in full force and effect.

12. **ASSIGNMENT.**

    Peché & Associates LLC may assign this Agreement to a successor firm without the necessity of obtaining the consent of the City. Peché & Associates LLC agrees to give notice of assignment to City and upon receipt of such notice City agrees to make all payments to the assignee designed in the assignment.

13. **WAIVER.**

    The waiver by either party of any default or breach of this Agreement shall not constitute a waiver of any other or subsequent default or breach.
14. **Equitable Remedies.**

Because the services are personal and unique and because Consultant will have access to the City’s confidential information, the City will have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief without prejudice to any other rights and remedies that the City may have for a breach of this Agreement.

15. **Entire Agreement.**

This Agreement constitutes the complete agreement between the parties and supersedes all previous agreements or representations, whether written or oral, with respect to the subject matter described herein. This Agreement may not be modified or amended except in writing signed by a duly authorized representative of each party. It is expressly agreed that any terms and conditions of Consultant's invoices shall be superseded by the terms and conditions of this Agreement.

**In Witness Whereof,** the parties hereto have executed the **Consulting Services Agreement** as of the date set forth in the first paragraph hereof for the **2006 Sewer Bonds.**

**City of Fortuna**  
Randy Mendoza  
City Manager  
City of Fortuna

**Consultant**  
Albert M. Peché  
Manager  
A. M. Peché & Associates LLC
CONTINUING DISCLOSURE AGREEMENT OF THE CITY

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the City of Fortuna (the "City") and Deutsche Bank National Trust Company, a national banking association organized and existing under the laws of the United States of America, as Dissemination Agent (the "Dissemination Agent"), in connection with the execution and delivery of the Fortuna Public Financing Authority's $17,500,000 Revenue Bonds, Series 2007 (the "Bonds"). The Bonds are being issued pursuant to a Trust Agreement dated as of October 1, 2007 (the "Trust Agreement"), by and between the Authority and Deutsche Bank National Trust Company, as Trustee. The City and the Dissemination Agent covenant as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c-12(b)(5).

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

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

"Bond Insurer" shall mean Assured Guaranty Corp.

"Dissemination Agent" shall mean Deutsche Bank National Trust Company, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designed in writing by the City and which has filed with the Dissemination Agent a written acceptance of such designation.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purpose of the Rule.

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

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.
“State Repository” shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The City shall cause the Dissemination Agent to, not later than 270 days after the end of the City’s fiscal year (presently June 30), provide to each Repository and the Bond Insurer an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement, provided that the audited financial statements of the City may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report. Notwithstanding anything herein to the contrary, the City shall provide all Annual Reports in a format suitable for reporting to the Repositories and the Dissemination Agent shall have no responsibility for preparing any Annual Report. The Dissemination Agent shall have no duty or obligation to review such Annual Report.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to (i) each Repository, (ii) the Municipal Securities Rulemaking Board and (iii) the Bond Insurer in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any;

(ii) file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

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

(a) Financial Statements. The audited financial statements of the City for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to cities from time to time by the Governmental Accounting Standards Board. If the City is preparing audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited
financial statements, and the audited financial statements shall be filed in the same manner as the
Annual Report when they become available. In the event that the City, or any of them shall
modify the basis upon which its financial statements, if any, are prepared, the City shall provide
a notice of such modification to each Repository and the Bond Insurer, including a reference to
the specific federal or state law or regulation describing such accounting basis.

(b) **Annual Report.** The Annual Report shall contain or incorporate by reference the
following:

(i) Receipt of sales and use taxes in the most recent fiscal year in
substantially the format of Table C in Appendix A of the Official Statement;

(ii) Receipt of transient occupancy tax in the most recent fiscal year in
substantially the format of Table F in Appendix A of the Official Statement; and

(iii) An update of the obligations of the City’s General Fund and lease
obligation debt.

(c) **Other Reports.** Any or all of the items listed above may be included by specific
reference to other documents, including official statements of debt issues of the City or related
public entities, which have been submitted to each of the Repositories or the Securities and
Exchange Commission. If the document included by reference is a final official statement, it
must be available from the Municipal Securities Rulemaking Board. The City shall clearly
identify in the Annual Report each such other document so included by reference.

Section 5. **Reporting of Significant Events.**

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

(i) principal and interest payment delinquencies.

(ii) non-payment related defaults.

(iii) unscheduled draws on the Reserve Fund reflecting financial difficulties.

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

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

(vi) adverse tax opinions or events adversely affecting the tax-exempt status of the
Bonds.

(vii) modifications to rights of Bond Owners.

(viii) optional, contingent or unscheduled redemption of any Bond.

(ix) defeasances.
(x) release, substitution or sale of property securing repayment of the Bonds.

(xi) rating changes.

(b) The City shall determine whether an event has occurred that is material within the meaning of the Rule. The City shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, inform the Dissemination Agent of the event, and request that the Dissemination Agent report the event pursuant to subsection (f). The Dissemination Agent shall be entitled to rely conclusively upon the determination of the City or an opinion of Bond Counsel (obtained at the City’s expense) as to the materiality of any event.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would constitute material information for Owners of Bonds.

(d) If the City has determined that knowledge of the occurrence of a Listed Event would constitute material information for Owners of Bonds, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the City determines that the Listed Event would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with (i) the Municipal Securities Rulemaking board or (ii) the National Repository, and in either case to each State Repository and (iii) the Bond Insurer. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Trust Agreement.

Section 6. Termination of Reporting Obligation. The City’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the delivery to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer needed. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The City hereby appoints Deutsche Bank National Trust Company as the Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the City and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the City.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the City.
provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver either (i) is approved by the Owners of at least 25% of the Bonds outstanding, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the City. Notwithstanding anything herein to the contrary, no amendment shall modify the rights or obligations of the Dissemination Agent without its prior written consent.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall not have any obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, the Participating Underwriter, or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement; provided that any such action may be instituted only in the superior court of the State of California in and for the County of Humboldt or in U.S. District Court in or nearest to the County of Humboldt. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.
Section 11. **Duties, Immunities and Liabilities of Trustee and Dissemination Agent.** Article IX of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees of outside counsel and the allocated costs and disbursements of in-house counsel) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the City has not provided an information report in a format suitable for filing with the Repositories.

Section 12. **Compensation.** The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time pursuant to an agreement of both parties hereto and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bondholders or any other party. The Dissemination Agent shall not have any liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Agreement except arising from its own negligence or willful misconduct. The City’s obligation under this Section 12 shall survive the termination of this Agreement or the resignation or removal of the Dissemination Agent.

Section 13. **Merger.** Any financial institution succeeding to all or substantially all of the Dissemination Agent’s corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or any further act.

Section 14. **Resignation or Termination.** The Dissemination Agent may resign or the City may terminate the Dissemination Agent upon 30 days’ written notice. Upon the Dissemination Agent’s resignation or termination, the City may appoint a successor Dissemination Agent. If the City fails to appoint a successor Dissemination Agent, the Authority shall act as the Dissemination Agent.

Section 15. **Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 16. **Notices.** Any notices or communications to or among any of the parties to this Disclosure Agreement shall be given to all of the following and may be given as follows:
If to the City: City of Fortuna
621 11th Street
Fortuna, CA 95540
Attention: City Manager

If to the Dissemination Agent: Deutsche Bank National Trust Company
101 California Street, 46th Floor
San Francisco, CA 94111
Attention: Trust and Security Services

If to the Bond Insurer: Assured Guaranty Corp.
1325 Avenue of the Americas
New York, NY 10019
Attention: General Counsel

Section 17. Use of Central Post Office. Notwithstanding any other provision of this Disclosure Agreement, the Annual Report and notices of material events shall be filed either directly with each Repository or, at the option of the City, through DisclosureUSA.org <http://www.disclosureusa.org> or any similar electronic filing service approved for such purpose by the Securities and Exchange Commission. If filed by the City or the Dissemination Agent with DisclosureUSA.org, Annual Reports and notices of material events will be forwarded automatically to each Repository and no separate filing with the Repositories will be made by the City or the Dissemination Agent.

Section 18. California Law. This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.
Section 19. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: October 30, 2007

CITY OF FORTUNA

By: [Signature]
   City Manager

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Dissemination Agent

By: [Signature]
   Its: Authorized Officer
EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of City: City of Fortuna

Name of Issue: $17,500,000 Fortuna Public Financing Authority Revenue Bonds, Series 2007

Date of Issuance: October 30, 2007

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement dated as of __________, 2007, by and between the City and Deutsche Bank National Trust Company, as Dissemination Agent (the "Dissemination Agent"). [The City anticipates that the Annual Report will be filed by __________.]

Dated: __________________________

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Dissemination Agent

By: ____________________________
Its: ____________________________

cc: City
CONSULTING SERVICES AGREEMENT

This CONSULTING SERVICES AGREEMENT (the "Agreement") is made and entered into as of the 17th day of November, 2016, ("Effective Date"), by and between the City of Fortuna (the "City") and A. M. Peché & Associates LLC (“Consultant”).

Upon the following terms and conditions of this Agreement, the City desires to retain Consultant to perform the following:

1. PROFESSIONAL SERVICES.

Consultant will provide services under the terms and conditions of this Agreement. The services will consist of serving in the capacity of Disclosure preparation for Continuing Disclosure required for the: Fortuna Public Financing Authority, Revenue Bonds, Series 2017 (the “2007 Revenue Bonds”).

The 2007 Revenue Bonds require annual reports with information listed under Section 4 “Content of Annual Reports” of two separate Continuing Disclosure Agreements signed by the City as part of the closing documents for these bonds. One was the City Continuing Disclosure Agreement and the other was the Redevelopment Agency Disclosure Agreement. The Annual Reports are required to be filed not later than 270 days (approximately March 31st) after the end of the City’s fiscal year. This Agreement commence with the 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 Disclosure Report for the 2007 Revenue Bonds that covers both City and Redevelopment Agency requirements. Services by the Consultant will commence on the Effective Date and will terminate as provided for in Section 4 of this Agreement.

2. INVOICING AND PAYMENT.

As sole compensation for the performance of the services, the City will pay Consultant a fee of $7,000 for the first year and then $2,750 for each year following year, plus approved costs and expenses. Expenses will include meals and travel costs for travel to the City reimbursed at the current IRS mileage reimbursement rate. Telephone, phone, fax and miscellaneous expenses will be billed at a flat fee of $50 per year. Consultant will invoice the City on an annual basis. The City will pay each such invoice no later than thirty (30) days after its receipt. Consultant will receive no royalty or other remuneration for the production or distribution of any products developed by the City or by Consultant in connection with or based upon the services. Consultant will not be entitled to receive any vacation or illness payments, or to participate in any plans, arrangements, insurance or other similar benefits that the City makes or may make available to the City’s employees.

3. OWNERSHIP OF WORK PRODUCT.

Consultant agrees that any and all ideas, designs, drawings, notes, computer programs, algorithms, documents, information, materials, improvements and inventions made, conceived, developed, created or first reduced to practice in the performance of the services under this Agreement shall be the sole and exclusive property of the City (the "Work Product"). Consultant further agrees that the City is, and shall be, vested with all right, title and interest in the Work
Product. The provisions of this Section 3 shall survive the termination of this Agreement for any reason.

4. **TERM.**

The term of this Agreement shall be through the completion of the 2018-19 Report. Either party may terminate this Agreement upon 14-days notice to the other party for any reason or no reason. In the event the City terminates this Agreement, Consultant shall cease all work immediately after receiving notice from the City unless otherwise advised by the City and shall invoice the City of all time, costs and expenses incurred up to such termination date. The timing of such invoice and payment shall be made without regard to the annual scheduling set forth in Section 2 of this agreement. If neither party terminates this Agreement, this Agreement shall continue in effect until time mutually agreed upon by the parties.

5. **INDEPENDENT CONTRACTOR.**

Consultant is an independent contractor and is not an agent or employee of the City. Consultant has no authority to bind the City by contract or otherwise, or make governmental decisions. Consultant will perform the professional services under the general direction of the City Finance Director or his designee, subject to the requirement that Consultant shall at all times comply with applicable law.

6. **WARRANTY.**

Parties recognize the fact that the services require specialized skills and experience on the part of the Consultant. Consultant warrants that the services hereunder will be of a professional quality conforming to generally accepted industry standards and practices and that Consultant shall maintain all required licenses and certification, if necessary, for performance of the services under this contract.

City has reread the Continuing Disclosure Agreement for the 2007 Revenue Bonds. City warrants that it will provide Consultant with accurate information that can be relied upon to complete the Disclosure Reports. In addition to any of the information expressly required to be provided under the Continuing Disclosure Certificate for the 2007 Revenue Bonds, the City shall provide such further information, if any, as may be necessary to make the specifically required information, in the light of the circumstances under which they are made, not misleading. This is the industry standard for continuing disclosure.

The City acknowledges that the Consultant will not independently verify any of the data or information provided to the Consultant, nor will the Consultant conduct a detailed investigation of the affairs of the City to determine the accuracy or completeness of the information gathered in the preparation of the Disclosure Report.

7. **NON-MUNICIPAL ADVISOR**

In providing Disclosure preparation, Consultant is not serving in the role of a Municipal Advisor, or provide services as a Municipal Advisor, unless engaged by City in a separate agreement in that role.
8. **INSURANCE REQUIREMENTS.**

   Consultant will provide a Certificate with the following coverages:
   
a. Provide Workers Compensation Insurance with a limit of One Million Dollars ($1,000,000) at such time when Consultant has employees.

   b. Provide General Liability Insurance, which includes hired and non-owned auto endorsement, of One Million Dollars ($1,000,000) per occurrence limit, with Two Million Dollars ($2,000,000) in the policy aggregate.

   c. Provide Professional Liability Insurance with a limit of One Million Dollars ($1,000,000).

9. **GOVERNING LAW.**

   This Agreement will be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflict of laws.

10. **NOTICE.**

   All notices, including notices of address changes, required to be sent hereunder shall be in writing and shall be deemed to have been given when mailed to the addresses listed below:

   (a) **City of Fortuna:** Finance Director, 1416 “C” Street, Fortuna, CA 95334.

   (b) **Consultant:** Albert M. Peché, Manager, A. M. Peche & Associates LLC, 1025 Morton Street, Alameda CA 94501-3904

11. **SEVERABILITY.**

   In the event any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will remain in full force and effect.

12. **ASSIGNMENT.**

   Peché & Associates LLC may assign this Agreement to a successor firm without the necessity of obtaining the consent of the City. Peché & Associates LLC agrees to give notice of assignment to City and upon receipt of such notice City agrees to make all payments to the assignee designated in the assignment.

13. **WAIVER.**

   The waiver by either party of any default or breach of this Agreement shall not constitute a waiver of any other or subsequent default or breach.
14. **Equitable Remedies.**

Because the services are personal and unique and because Consultant will have access to the City’s confidential information, the City will have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief without prejudice to any other rights and remedies that the City may have for a breach of this Agreement.

15. **Entire Agreement.**

This Agreement constitutes the complete agreement between the parties and supersedes all previous agreements or representations, whether written or oral, with respect to the subject matter described herein. This Agreement may not be modified or amended except in writing signed by a duly authorized representative of each party. It is expressly agreed that any terms and conditions of Consultant's invoices shall be superseded by the terms and conditions of this Agreement.

**In Witness Whereof,** the parties hereto have executed the **Consulting Services Agreement** as of the date set forth in the first paragraph hereof for the **2007 Revenue Bonds.**

**City of Fortuna**

Randy Mendoza  
City Manager  
City of Fortuna

**Consultant**

Albert M. Peché  
Manager  
A. M. Peché & Associates LLC
CONTINUING DISCLOSURE AGREEMENT OF THE AGENCY

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the Fortuna Redevelopment Agency (the “Agency”) and Deutsche Bank National Trust Company, a national banking association organized and existing under the laws of the United States of America, as Dissemination Agent (the “Dissemination Agent”), in connection with the execution and delivery of the Fortuna Public Financing Authority’s $17,500,000 Revenue Bonds, Series 2007 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement dated as of October 1, 2007 (the “Trust Agreement”), by and between the Authority and Deutsche Bank National Trust Company, as Trustee. The Agency and the Dissemination Agent covenant as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency and the Dissemination Agent for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c-12(b)(5).

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

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

“Bond Insurer” shall mean Assured Guaranty Corp.

“Dissemination Agent” shall mean Deutsche Bank National Trust Company, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designed in writing by the Agency and which has filed with the Dissemination Agent a written acceptance of such designation.

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

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purpose of the Rule.

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

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.
"State Repository" shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Agency shall cause the Dissemination Agent to, not later than 270 days after the end of the Agency's fiscal year (presently June 30), provide to each Repository and the Bond Insurer an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Agency may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report. Notwithstanding anything herein to the contrary, the Agency shall provide all Annual Reports in a format suitable for reporting to the Repositories and the Dissemination Agent shall have no responsibility for preparing any Annual Report. The Dissemination Agent shall have no duty or obligation to review such Annual Report.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to (i) each Repository, (ii) the Municipal Securities Rulemaking Board, and (iii) the Bond Insurer in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any;

(ii) file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

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

(a) Financial Statements. The audited financial statements of the Agency for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to cities from time to time by the Governmental Accounting Standards Board. If the Agency is preparing audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall
contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. In the event that the Agency, or any of them shall modify the basis upon which its financial statements, if any, are prepared, the Agency shall provide a notice of such modification to each Repository and the Bond Insurer, including a reference to the specific federal or state law or regulation describing such accounting basis.

(b) **Annual Report.** The Annual Report shall contain or incorporate by reference the following:

(i) Taxable assessed values for the most recent fiscal year in substantially the format of Table 1 of the Official Statement;

(ii) Tax Revenues for the most recent fiscal year;

(iii) An update of the ten largest assesses in substantially the format of Table 2 of the Official Statement;

(iv) Amount of all Agency debt outstanding secured by a pledge of the Tax Revenues and cumulative amount of Tax Revenues received by the Agency to date.

(c) **Other Reports.** Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify in the Annual Report each such other document so included by reference.

Section 5. **Reporting of Significant Events.**

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

(i) principal and interest payment delinquencies.

(ii) non-payment related defaults.

(iii) unscheduled draws on the Reserve Fund reflecting financial difficulties.

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

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

(vi) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds.

(vii) modifications to rights of Bond Owners.
(viii) optional, contingent or unscheduled redemption of any Bond.
(ix) defeasances.
(x) release, substitution or sale of property securing repayment of the Bonds.
(xi) rating changes.

(b) The Agency shall determine whether an event has occurred that is material within the meaning of the Rule. The Agency shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, inform the Dissemination Agent of the event, and request that the Dissemination Agent report the event pursuant to subsection (f). The Dissemination Agent shall be entitled to rely conclusively upon the determination of the Agency or an opinion of Bond Counsel (obtained at the Agency’s expense) as to the materiality of any event.

(c) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall as soon as possible determine if such event would constitute material information for Owners of Bonds.

(d) If the Agency has determined that knowledge of the occurrence of a Listed Event would constitute material information for Owners of Bonds, the Agency shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Agency determines that the Listed Event would not be material under applicable federal securities laws, the Agency shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with (i) the Municipal Securities Rulemaking board or (ii) the National Repository, and in either case to each State Repository and (iii) the Bond Insurer. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The Agency’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the delivery to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer needed. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5.
Section 7. Dissemination Agent. The Agency hereby appoints Deutsche Bank National Trust Company as the Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the Agency and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Agency.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Agency provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver either (i) is approved by the Owners of at least 25% of the Bonds outstanding, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Agency. Notwithstanding anything herein to the contrary, no amendment shall modify the rights or obligations of the Dissemination Agent without its prior written consent.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Agency choose to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Agency shall not have any obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Agreement, the Participating Underwriter, or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to
comply with its obligations under this Disclosure Agreement; provided that any such action may be instituted only in the superior court of the State of California in and for the County of Humboldt or in U.S. District Court in or nearest to the County of Humboldt. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article IX of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees of outside counsel and the allocated costs and disbursements of in-house counsel) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the Agency has not provided an information report in a format suitable for filing with the Repositories.

Section 12. Compensation. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time pursuant to an agreement of both parties hereto and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Bondholders or any other party. The Dissemination Agent shall not have any liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Agreement except arising from its own negligence or willful misconduct. The Agency's obligation under this Section 12 shall survive the termination of this Agreement or the resignation or removal of the Dissemination Agent.

Section 13. Merger. Any financial institution succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or any further act.

Section 14. Resignation or Termination. The Dissemination Agent may resign or the Agency may terminate the Dissemination Agent upon 30 days' written notice. Upon the Dissemination Agent's resignation or termination, the Agency may appoint a successor Dissemination Agent. If the Agency fails to appoint a successor Dissemination Agent, the Agency shall act as the Dissemination Agent.
Section 15. **Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 16. **Notices.** Any notices or communications to or among any of the parties to this Disclosure Agreement shall be given to all of the following and may be given as follows:

If to the Agency: 
Fortuna Redevelopment Agency  
621 11th Street  
Fortuna, CA 95540  
Attention: Executive Director

If to the Dissemination Agent: 
Deutsche Bank National Trust Company  
101 California Street, 46th Floor  
San Francisco, CA 94111  
Attention: Trust and Security Services

If to the Bond Insurer  
Assured Guaranty Corp.  
1325 Avenue of the Americas  
New York, NY 10019  
Attention: General Counsel

Section 17. **Use of Central Post Office.** Notwithstanding any other provision of this Disclosure Agreement, the Annual Report and notices of material events shall be filed either directly with each Repository or, at the option of the Agency, through DisclosureUSA.org <http://www.disclosureusa.org> or any similar electronic filing service approved for such purpose by the Securities and Exchange Commission. If filed by the Agency or the Dissemination Agent with DisclosureUSA.org, Annual Reports and notices of material events will be forwarded automatically to each Repository and no separate filing with the Repositories will be made by the Agency or the Dissemination Agent.

Section 18. **California Law.** This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.
Section 19. **Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: October 30, 2007

FORTUNA REDEVELOPMENT AGENCY

By: [Signature]
   Executive Director

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Dissemination Agent

By: [Signature]
   Its: Authorized Officer
EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Agency: Fortuna Redevelopment Agency

Name of Issue: $17,500,000 Fortuna Public Financing Authority Revenue Bonds, Series 2007

Date of Issuance: October 30, 2007

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement dated of __________, 2007, by and between the Agency and Deutsche Bank National Trust Company, as Dissemination Agent (the “Dissemination Agent”). [The Agency anticipates that the Annual Report will be filed by __________.] 

Dated: __________________________

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Dissemination Agent

By: _____________________________

Its: _____________________________

cc: Agency
DATE: November 17, 2016

TO: Honorable Mayor and Council Members

FROM: Randy Mendosa, Interim City Manager

SUBJECT: Approve Interim City Manager Randy Mendosa and Special Finance Department Advisor Paul Rodriques, as Authorized Signers for City of Fortuna Investment Transactions with the Edward Jones Company.

STAFF RECOMMENDATION:
Approve Interim City Manager Randy Mendosa and Special Finance Department Advisor Paul Rodriques, as authorized signers for investment transactions with Edward Jones Company.

EXECUTIVE SUMMARY:
In 2013 the City Council authorized staff to expand interest income revenue opportunities on certain financial reserves by purchasing low risk short term securities through the Edward Jones Company. Most of the securities have consisted of Certificates of Deposit (CD’s). Once purchased from Edward Jones, the securities are held by US Bank for a small maintenance fee.

To ensure reserve funds are available when needed, the securities purchased in 2013 from Edward Jones have differing dates of maturity. As individual securities mature, staff will need to work with Edward Jones Company to determine reinvestment strategies. Currently Chief of Police Bill Dobberstein is the only authorized signer on the Edward Jones accounts.

FINANCIAL IMPACT:
The FDIC insured CD’s purchased from Edward Jones have averaged approximately 1% in interest income, which is considered a good rate of return under current market conditions.

RECOMMENDED COUNCIL ACTION:
1. Receive staff presentation and review Council questions with staff
2. Open for public comments
3. Close public comments
4. Motion to approve Interim City Manager Randy Mendosa and Special Finance Department Advisor Paul Rodriques, as authorized signers for investment transactions with Edward Jones Company. Voice Vote.