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PRELIMINARY OFFICIAL STATEMENT DATED _____, 2018

NEW ISSUE – BOOK ENTRY ONLY

RATING: S&P: ____
See the caption “RATING”

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming certain representations and compliance with certain covenants and requirements described in this Official Statement, interest on the 2018 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2018 Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.

\$ _____
*
CITY OF POMONA
2018 TAXABLE REFUNDING REVENUE BONDS, SERIES BH
(SEWER PROJECTS)

Dated: Date of Issuance

Due: December 1, as set forth on the inside cover page

The City of Pomona 2018 Taxable Refunding Revenue Bonds, Series BH (Sewer Projects) (the “2018 Bonds”) are being issued in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the 2018 Bonds will not receive securities representing their beneficial ownership in the 2018 Bonds purchased. Interest on the 2018 Bonds is payable on December 1 and June 1 of each year, commencing June 1, 2018, until the maturity thereof. The principal of and interest on the 2018 Bonds are payable by the Trustee to Cede & Co. and such interest and principal payments are to be disbursed to the Beneficial Owners of the 2018 Bonds through their nominees.

[The 2018 Bonds are subject to optional and mandatory redemption as more fully described herein.]

The 2018 Bonds are being issued to provide funds, together with certain other moneys: (i) to refund all of the outstanding Pomona Public Financing Authority, 2007 Revenue Bonds, Series BA (Sewer Projects); and (ii) to pay costs of issuance of the 2018 Bonds, all as more fully described herein.

The 2018 Bonds are being issued pursuant to the Indenture of Trust, dated as of _____, 2018, by and between the City of Pomona and Zions Bank, a division of ZB, National Association, as trustee. The 2018 Bonds are limited obligations of the City secured by a pledge of, and lien on, and payable solely from Net Revenues, which consist of Gross Revenues of the City’s Enterprise remaining after payment of Operation and Maintenance Costs of the City’s Enterprise, and from amounts on deposit in certain funds and accounts created under the Indenture, including the Rate Stabilization Fund, subject to certain restrictions described herein.

The 2018 Bonds will be secured by a pledge of, and lien on, and payable from Net Revenues on a parity with the City’s obligations pursuant to an Installment Sale Agreement dated as of November 1, 2016, by and between the City and the Pomona Public Financing Authority, the Installment Payments under which secure payment of the Pomona Public Financing Authority 2016 Revenue Refunding Bonds Series BB and the Pomona Public Financing Authority 2016 Taxable Revenue Refunding Bonds Series BD, currently outstanding in the aggregate principal amount of \$12,305,000. The City may incur additional obligations secured by Net Revenues on a parity with the obligation to pay principal of and interest on the 2018 Bonds, subject to the terms and conditions of the Indenture, as more fully described herein.

No reserve fund has been established in connection with the issuance of the 2018 Bonds.

THE OBLIGATION OF THE CITY TO PAY PRINCIPAL OF AND INTEREST ON THE 2018 BONDS PURSUANT TO THE INDENTURE DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO PAY PRINCIPAL OF AND INTEREST ON THE 2018 BONDS ARE A SPECIAL OBLIGATION OF THE CITY SECURED BY A PLEDGE OF, AND LIEN ON, AND PAYABLE SOLELY FROM NET REVENUES, AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

MATURITY SCHEDULE – See Inside Cover Page

The 2018 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of the valid, legal and binding nature of the 2018 Bonds by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and by Arnold M. Alvarez-Glasman, Esq., City Attorney, for the Underwriter by its counsel, Thompson Coburn LLP, Los Angeles, California, and for the Trustee by its counsel. It is anticipated that the 2018 Bonds will be available for delivery through the facilities of The Depository Trust Company on or about _____, 2018.

[B.C. ZIEGLER AND COMPANY LOGO]

* Preliminary, subject to change.

Dated: _____, 2018

MATURITY SCHEDULE*

BASE CUSIP®† 73209G

\$ _____ *

**CITY OF POMONA
2018 REFUNDING REVENUE BONDS, SERIES BH
(SEWER PROJECTS)**

<i>Maturity Date</i> <i>(December 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP®†</i> <i>Suffix</i>
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\$ _____	_____ % Term Bonds due December 1, 20__	Yield: _____ %	Price: _____	CUSIP† _____
\$ _____	_____ % Term Bonds due December 1, 20__	Yield: _____ %	Price: _____	CUSIP† _____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2018 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the City nor the Underwriter takes any responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2018 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2018 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2018 BONDS AT A LEVEL THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2018 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

The 2018 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The 2018 Bonds have not been registered or qualified under the securities laws of any state. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such act.

The City maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2018 Bonds.

**CITY OF POMONA
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA**

MAYOR AND MEMBERS OF THE CITY COUNCIL

Tim Sandoval, Mayor
Rubio R. Gonzalez, Member
Adriana Robledo, Member
Cristina Carrizosa, Member
Elizabeth Ontiveros-Cole, Member
Ginna E. Escobar, Member
Robert S. Torres, Member

STAFF

Linda Lowry, City Manager
Onyx Jones, Finance Director
Darron Poulsen, Water Resources Director
Arnold M. Alvarez-Glasman, Esq., City Attorney

SPECIAL SERVICES

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Newport Beach, California

Municipal Advisor

Urban Futures, Inc.
Tustin, California

Trustee

Zions Bank, a division of ZB, National Association
Los Angeles, California

Escrow Bank

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

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement, and the offering of the 2018 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not otherwise defined in this Summary Statement have the meanings ascribed to them in this Official Statement.

Purpose. The 2018 Bonds are being issued to provide funds, together with certain other moneys: (i) to refund all of the outstanding Pomona Public Financing Authority, 2007 Revenue Bonds, Series BA (Sewer Projects) (the “2007 Bonds”); and (ii) to pay costs of issuance of the 2018 Bonds, all as more fully described herein. See the captions “REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Security for the 2018 Bonds. The 2018 Bonds are limited obligations of the City secured by a pledge of, and lien on, and payable solely from Net Revenues, which consist of Gross Revenues of the City’s Enterprise remaining after payment of Operation and Maintenance Costs of the City’s Enterprise, and from amounts on deposit in certain funds and accounts created under the Indenture, including the Rate Stabilization Fund. The 2018 Bonds are secured by Net Revenues on a parity with the City’s obligation to make Installment Payments (the “2016 Installment Payments”) under that certain Installment Sale Agreement dated as of November 1, 2016 (the “2016 Installment Sale Agreement”), by and between the City and the Authority, executed in connection with, and for the purpose of securing payment of, the Pomona Public Financing Authority 2016 Revenue Refunding Bonds, Series BB and Series BD (Sewer Projects Refunding) (collectively, the “2016 Bonds”). The 2016 Bonds are currently outstanding in the aggregate principal amount of \$12,305,000. The City may incur additional obligations secured on a parity with the obligation to pay principal of and interest on the 2018 Bonds in the future as described herein.

THE OBLIGATION OF THE CITY TO PAY PRINCIPAL OF AND INTEREST ON THE 2018 BONDS PURSUANT TO THE INDENTURE DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO PAY PRINCIPAL OF AND INTEREST ON THE 2018 BONDS IS A SPECIAL OBLIGATION OF THE CITY SECURED BY A PLEDGE OF, AND LIEN ON, AND PAYABLE SOLELY FROM NET REVENUES, AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

See the captions “SECURITY FOR THE 2018 BONDS” and “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES.”

The Refunding Plan. A portion of the proceeds of the 2018 Bonds, together with moneys held in certain funds and accounts established in connection with the 2007 Bonds, will be transferred on the Closing Date to The Bank of New York Mellon Trust Company, N.A., as trustee for the 2007 Bonds, to refund all of the 2007 Bonds, which are currently outstanding in the aggregate principal amount of \$14,180,000. See the caption “REFUNDING PLAN.”

Rate Covenant. The Indenture requires the City, to the extent permitted by law, to fix, prescribe, revise and collect Enterprise rates, fees and charges which are at least sufficient to yield, with respect to the applicable Fiscal Year: (A) Gross Revenues which are sufficient to pay (i) all estimated Operation and Maintenance Costs, (ii) Debt Service on any Bonds (defined in the Indenture to include the 2018 Bonds) or Contracts (including the 2016 Installment Sale Agreement) as it becomes due and payable, (iii) all amounts required to restore reserve account balances maintained in connection with Bonds or Contracts, if any, and (iv) all other payments required to meet any other obligations of the City payable from Gross Revenues; and (B) Net Revenues at least equal to the sum of (i) 100% of the total Debt Service on any Bonds or Contracts

coming due and payable in such Fiscal Year, plus (ii) the amount by which the amount on deposit in the City's sewer revenue fund (the "Utility Fund") (including available reserves) on the last day of the immediately preceding Fiscal Year was less than 110% of Maximum Annual Debt Service calculated as of the last day of such Fiscal Year. See the captions "SECURITY FOR THE 2018 BONDS—Rate Covenant," "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES" and "RISK FACTORS—Rate-Setting Process Under Proposition 218."

Additional Contracts and Bonds Test. The Indenture permits the City to execute any Contracts or issue any Bonds on a parity with the obligation to pay principal of and interest on the 2018 Bonds, provided that certain conditions are satisfied as described herein. See the caption "SECURITY FOR THE 2018 BONDS—Additional Contracts or Bonds." The Indenture also permits the City to execute or issue obligations payable on a subordinate basis to the 2018 Bonds. The City has no other obligations outstanding payable from Net Revenues senior to the 2018 Bonds.

No Reserve Fund. No reserve fund has been established in connection with the issuance of the 2018 Bonds.

Rate Stabilization Fund. The Indenture establishes the Rate Stabilization Fund which is held by the City. The City may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Utility Fund for application in accordance with the Indenture. In the event that all or a portion of the 2018 Bonds are discharged in accordance with the Indenture, the City may transfer all or any portion of such amounts for application to the payment of the 2018 Bonds in accordance with the Indenture. On the date of issuance of the 2018 Bonds, the City will have \$0 on deposit in the Rate Stabilization Fund. See the caption "SECURITY FOR THE 2018 BONDS—Rate Stabilization Fund."

Redemption. The 2018 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See the caption "THE 2018 BONDS—Redemption of the 2018 Bonds."

The City and the Enterprise. The City was incorporated in January 1888 and became a charter city in 1911. The City now encompasses approximately 22.9 square miles, and as of January 1, 2017 the City's estimated population is 155,306. The City is located approximately 30 miles east of downtown Los Angeles, in the eastern portion of the County of Los Angeles, adjacent to Orange and San Bernardino Counties. The City's sewer system (the "Enterprise") serves a geographic area that includes most of the land within City limits and certain properties outside the City's boundaries. For information concerning the Enterprise, see the caption "THE SEWER ENTERPRISE." For general information regarding the City, see the caption "THE CITY" and Appendix F.

\$ _____ *

CITY OF POMONA
2018 TAXABLE REFUNDING REVENUE BONDS, SERIES BH
(SEWER PROJECTS)

INTRODUCTION

This Official Statement, including the cover page, the inside cover page and all appendices hereto, provides certain information concerning the sale and delivery of the City of Pomona 2018 Taxable Refunding Revenue Bonds, Series BH (Sewer Projects) (the “2018 Bonds”). The 2018 Bonds are being issued pursuant to an Indenture of Trust, dated as of _____, 2018 (the “Indenture”), by and between the City of Pomona (the “City”) and Zions Bank, a division of ZB, National Association, Los Angeles, California, as trustee (the “Trustee”). Descriptions and summaries of various documents set forth in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in Appendix B.

The 2018 Bonds are being issued to provide funds, together with certain other moneys: (i) to refund all of the outstanding Pomona Public Financing Authority, 2007 Revenue Bonds, Series BA (Sewer Projects) (the “2007 Bonds”); and (ii) to pay costs of issuance of the 2018 Bonds, all as more fully described herein. See the captions “REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The 2018 Bonds are limited obligations of the City secured by a pledge of, and lien on, and payable solely from Net Revenues, which consist of Gross Revenues of the City’s Enterprise remaining after payment of Operation and Maintenance Costs of the City’s Enterprise, as such terms are defined in Appendix B, and from amounts on deposit in certain funds and accounts created under the Indenture, including the Rate Stabilization Fund.

The 2018 Bonds are secured by Net Revenues on a parity with the City’s obligation to make Installment Payments (the “2016 Installment Payments”) under that certain Installment Sale Agreement dated as of November 1, 2016 (the “2016 Installment Sale Agreement”), by and between the City and the Authority, executed in connection with, and for the purpose of securing payment of, the Pomona Public Financing Authority 2016 Revenue Refunding Bonds, Series BB and Series BD (Sewer Projects Refunding) (collectively, the “2016 Bonds”). The 2016 Bonds are currently outstanding in the aggregate principal amount of \$12,305,000. The City may incur additional obligations secured on a parity with the obligation to pay principal of and interest on the 2018 Bonds and the 2016 Installment Payments in the future as described under the caption “SECURITY FOR THE 2018 BONDS—Additional Contracts or Bonds.”

The summaries and references to the Indenture and all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to the full Indenture and the respective document, statute, report or instrument, copies of which are available for inspection at the offices of the City in Pomona, California and will be available from the Trustee upon request and payment of duplication cost. The capitalization of any word not conventionally capitalized or otherwise defined herein indicates that such word is defined in the Indenture and, as used herein, has the meaning given to it in the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by the City.

The City regularly prepares a variety of reports, including audits, budgets and related documents. Any registered owner of the 2018 Bonds may obtain a copy of such reports, as available, from the Trustee or the

* Preliminary, subject to change.

City. Additional information regarding the Official Statement may be obtained by contacting the Trustee or the City of Pomona, 505 South Garey Avenue, Pomona, California 91766, Attn: Finance Director.

REFUNDING PLAN

General. The Pomona Public Financing Authority (the “Authority”) issued the 2007 Bonds, which are outstanding as of January 1, 2018 in the aggregate principal amount of \$14,180,000, pursuant to an Indenture of Trust, dated as of January 1, 2007 (the “2007 Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as trustee (the “2007 Trustee”). The 2007 Bonds are payable from installment payments (the “2007 Installment Payments”) made under the Installment Sale Agreement, dated as of January 1, 2007 (the “2007 Installment Sale Agreement”), between the City and the Authority. The City plans to apply a portion of the proceeds of the 2018 Bonds, together with moneys held in certain funds and accounts established in connection with the 2007 Bonds, to redeem all of the 2007 Bonds and the related 2007 Installment Payments on or about _____, 2018 (the “Redemption Date”) at a redemption price of the outstanding principal amount thereof, plus accrued interest with respect thereto, without premium (the “Redemption Price”).

Under an Escrow Agreement (Series BA), dated as of _____, 2018 (the “Escrow Agreement”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Bank”) and as 2007 Trustee, the City will deliver a portion of the proceeds of the 2018 Bonds to the Escrow Bank for deposit in the escrow fund (the “Escrow Fund”) established under the Escrow Agreement on or about the date of issuance of the 2018 Bonds. In addition, the 2007 Trustee will transfer certain moneys held in connection with the 2007 Bonds to the Escrow Agent for deposit in the Escrow Fund on or about the date of issuance of the 2018 Bonds.

The Escrow Agent will hold the moneys in the Escrow Fund [uninvested in cash] and apply such moneys to redeem all of the 2007 Bonds on the Redemption Date at the Redemption Price. Sufficiency of the deposits in the Escrow Funds for those purposes will be verified by Grant Thornton LLP, Minneapolis, Minnesota (the “Verification Agent”).

Assuming the accuracy of the Verification Agent’s computations, as a result of the deposit of a portion of the proceeds of the 2018 Bonds with the 2007 Trustee and the application of funds as provided in the 2007 Indenture, the 2007 Installment Payments and the 2007 Bonds will be defeased pursuant to the provisions of the 2007 Installment Sale Agreement and the 2007 Indenture under which the 2007 Bonds were issued, as of the date of issuance of the 2018 Bonds.

The portion of the proceeds of the 2018 Bonds deposited with the 2007 Trustee is pledged solely to the payment of the 2007 Bonds, and will not be available for the payments of principal of and interest on the 2018 Bonds.

Verification. The Verification Agent will verify the mathematical accuracy of the information provided to the Verification Agent as of the date of the closing on the 2018 Bonds relating to the adequacy of the amounts deposited in the Escrow Fund to pay the Redemption Price with respect to the 2007 Bonds on the Redemption Date.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds:

Sources⁽¹⁾:

Principal Amount	\$
[Plus/Less] Original Issue [Premium/Discount]	
Additional Moneys ⁽²⁾	
Total Sources	\$

Uses⁽¹⁾:

Refunding of 2007 Bonds	\$
Underwriter's Discount	
Costs of Issuance ⁽³⁾	
Total Uses	\$

(1) All amounts rounded to the nearest dollar. Totals may not add due to rounding.

(2) Reflects moneys held in funds and accounts established in connection with the 2007 Bonds.

(3) Includes certain legal, rating agency, printing and other financing-related costs.

THE 2018 BONDS

General Provisions

The 2018 Bonds will be issued in the aggregate principal amount of \$_____.^{*} The 2018 Bonds will be dated as of the date of initial issuance thereof (the "Issuance Date"), will bear interest from such date at the rates per annum set forth on the inside cover page hereof, payable on December 1 and June 1 of each year, commencing June 1, 2018 (each, an "Interest Payment Date"), and will mature on the dates set forth on the inside cover page hereof. Interest on the 2018 Bonds will be computed on the basis of a 360 day year composed of twelve 30 day months.

The 2018 Bonds will be issued only in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2018 Bonds. Ownership interests in the 2018 Bonds may be purchased in book entry form, in denominations of \$5,000 or any integral multiple thereof. See the caption "—Book Entry Only System" below and Appendix D.

In the event that the book entry only system described below is discontinued, the principal of and redemption premium (if any) on the 2018 Bonds are payable by check or draft of the Trustee upon presentation and surrender thereof at maturity or upon prior redemption at the office of the Trustee in Los Angeles, California (the "Office of the Trustee"). Interest on the 2018 Bonds is payable on each Interest Payment Date to the person whose name appears on the registration books maintained by the Trustee (the "Registration Books") as the Owner thereof as of the close of business on the fifteenth day of the calendar month preceding the Interest Payment Date (the "Record Date"), such interest to be paid by check of the Trustee, sent by first class mail on the applicable Interest Payment Date to the Owner at such Owner's address as it appears on the Registration Books. An Owner of \$1,000,000 or more in principal amount of 2018 Bonds may, at such Owner's option, be paid interest by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the applicable Record Date. The principal of and interest and premium, if any, on the 2018 Bonds will be payable in lawful money of the United States of America.

^{*} Preliminary, subject to change.

The City cannot and does not give any assurances that DTC participants or others will distribute payments of principal of and interest on the 2018 Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix D for additional information concerning DTC.

Interest on any 2018 Bond will be payable from the Interest Payment Date preceding the date of issuance thereof, unless such date is after a Record Date and on or before the succeeding Interest Payment Date, in which case interest thereon will be payable from such Interest Payment Date, or unless such date is on or before May 15, 2018, in which case interest thereon will be payable from the Issuance Date.

Redemption of the 2018 Bonds

Optional Redemption. The 2018 Bonds with stated maturities on or after December 1, 20__, are subject to redemption prior to their respective stated maturities, as a whole or in part on any date as directed by the City and by lot within each maturity in integral multiples of \$5,000, on or after December 1, 20__, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Redemption. The 2018 Bonds with stated maturities on December 1, 20__ are subject to mandatory sinking fund redemption in part (by lot), on each December 1 on and after December 1, 20__ in integral multiples of \$5,000 at a price equal to the principal amount thereof plus accrued interest evidenced thereby to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date</i> <i>(December 1)</i>	<i>Principal</i> <i>Amount</i>
---	-----------------------------------

*

* Final Maturity.

The 2018 Bonds with stated maturities on December 1, 20__ are subject to mandatory sinking fund redemption in part (by lot), on each December 1 on and after December 1, 20__ in integral multiples of \$5,000 at a price equal to the principal amount thereof plus accrued interest evidenced thereby to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date</i> <i>(December 1)</i>	<i>Principal</i> <i>Amount</i>
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*

* Final Maturity.

Notice of Redemption

The City will give the Trustee written notice of its intention to exercise its option to redeem 2018 Bonds not less than 45 days in advance of the date of redemption. Notice of redemption will be mailed by first

class mail at least 20 days but not more than 60 days before any Redemption Date, to the respective Owners of any 2018 Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services. Each notice of redemption will state the date of notice, the Redemption Date, the place or places of redemption, the Redemption Price, will designate the maturities, CUSIP numbers, if any, and, if less than all 2018 Bonds of any such maturity are to be redeemed, the serial numbers of the 2018 Bonds of such maturity to be redeemed by giving the individual number of each 2018 Bond or by stating that all 2018 Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2018 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the Redemption Date there will become due and payable on each of said 2018 Bonds or parts thereof designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2018 Bond to be redeemed in part only, together with interest accrued thereon to the Redemption Date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such Redemption Date interest thereon will cease to accrue, and will require that such 2018 Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any 2018 Bond. Notice of redemption of 2018 Bonds will be given by the Trustee, at the expense of the City, for and on behalf of the City.

With respect to any notice of optional redemption of 2018 Bonds, such notice will state that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 2018 Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such 2018 Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

DEBT SERVICE PAYMENT SCHEDULE

Set forth below is an annualized schedule of principal of and interest on the 2018 Bonds and total annualized debt service on the 2016 Bonds for the period ending December 1 in each of the years indicated:

<i>Period Ending December 1</i>	<i>2018 Bonds</i>			<i>2016 Bonds</i>	<i>Total</i>
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Debt Service</i>	
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
TOTAL					

Source: B.C. Ziegler and Company.

SECURITY FOR THE 2018 BONDS

Limited Obligations Secured By Net Revenues

All of the Net Revenues, all amounts held in the Utility Fund described herein under the caption “—Flow of Funds,” all amounts held in the Rate Stabilization Fund described herein under the caption “—Rate Stabilization Fund,” and any other amounts held in any fund or account established pursuant to the Indenture are irrevocably pledged by the Indenture to secure the payment of the principal of and interest, and the premium, if any, on the 2018 Bonds in accordance with their terms and the provisions of the Indenture, and the Net Revenues will not be used for any other purpose while the 2018 Bonds remain Outstanding. Said pledge, together with the pledge created by all other Contracts and Bonds, constitutes a first lien on and security interest on Net Revenues and, subject to application of Net Revenues and all amounts on deposit therein as permitted in the Indenture, the Utility Fund and other funds and accounts created under the Indenture for the payment of the principal of and interest, and the premium, if any, on the 2018 Bonds and all Contracts and Debt Service on Bonds in accordance with the terms hereof, and will attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and will be valid

and binding against all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice of the Indenture.

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

“Gross Revenues” are defined in the Indenture to mean all gross charges received for, and all other gross income and receipts derived by the City from, the ownership and operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to investment earnings thereof; but excluding (a) the proceeds of any *ad valorem* property taxes levied for the purpose of paying general obligation bonds of the City relating to the Enterprise, (b) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City levied for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Enterprise and (c) customers’ deposits or any other deposits or advances subject to refund, until such deposits or advances become the property of the City. *Under the 2016 Installment Sale Agreement, Gross Revenues excludes connection charges; therefore while the 2016 Installment Sale Agreement remains outstanding, connection charges will be excluded from the calculation of Gross Revenues for purposes of complying with the rate covenant and conditions for execution of additional Contracts and issuance of additional Bonds under the Indenture. See the captions “—Rate Covenant” and “—Additional Contracts or Bonds.”*

“Operation and Maintenance Costs” is defined in the Indenture to mean costs spent or incurred for maintenance and operation of the Enterprise calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Enterprise in good repair and working order, and including administrative costs of the City that are charged directly or apportioned to the Enterprise, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the City or charges (other than debt service payments) required to be paid by it to comply with the terms of the 2018 Bonds or of this Agreement or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature and all capital charges and any amounts transferred to the Rate Stabilization Fund.

The City is obligated to make payments of principal of and interest on the 2018 Bonds solely from Net Revenues of the Enterprise. The 2018 Bonds are secured by Net Revenues on a parity with the City’s obligation to make the 2016 Installment Payments. When held by the Trustee in any funds or accounts established under the Indenture, Net Revenues will include all interest or gain derived from the investment of amounts in any of such funds or accounts. The City has no other obligations outstanding which are secured by Net Revenues senior to the 2018 Bonds. The 2018 Bonds are secured by Net Revenues on a parity with the 2016 Installment Payments. See the caption “—“Additional Contracts or Bonds.”

THE OBLIGATION OF THE CITY TO PAY PRINCIPAL OF AND INTEREST ON THE 2018 BONDS PURSUANT TO THE INDENTURE DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO PAY PRINCIPAL OF AND INTEREST ON THE 2018 BONDS IS A SPECIAL OBLIGATION OF THE CITY SECURED BY A PLEDGE OF, AND LIEN ON, AND PAYABLE SOLELY FROM NET REVENUES, AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Flow of Funds. In order to carry out and effectuate the pledge and lien contained in the Indenture, the City has agreed and covenanted that all Gross Revenues will be received by the City in trust under the Indenture and will be deposited when and as received in a special fund designated as the “Utility Fund,” which fund is continued by the Indenture and which fund the City has agreed and covenanted to maintain and to hold separate and apart from other funds so long as the 2018 Bonds and any Contracts or Debt Service on Bonds remain unpaid. Moneys in the Utility Fund will be used and applied by the City as provided in the Indenture. All moneys in the Utility Fund will be held in trust and will be applied, used and withdrawn for the purposes set forth in the Indenture.

The City shall, from the moneys in the Utility Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. All remaining moneys in the Utility Fund shall be set aside by the City at the following times for the transfer to the following respective special funds in the following order of priority:

First, not later than the Business Day prior to each Interest Payment Date, the City will, from the moneys in the Utility Fund, transfer to the Trustee for deposit in the Payment Fund the full amount of interest and principal payments on the 2018 Bonds coming due and payable on such Interest Payment Date. The City will also, from the moneys in the Utility Fund, transfer to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service and payments to any insurer in accordance with the provisions of any Bond or Contract.

Second, on or before each Interest Payment Date the City will, from the remaining moneys in the Utility Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for such reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts, that sum, if any, necessary to restore such funds or accounts to an amount equal to the reserve requirement with respect thereto.

Third, moneys on deposit in the Utility Fund on any date when the City reasonably expects such moneys will not be needed for the payment of Operation and Maintenance Costs or any of the purposes described in above may be expended by the City at any time for any purpose permitted by law, including but not limited to the deposit of amounts in the Rate Stabilization Fund in accordance with the Indenture.

Fourth, all moneys held by the City in the Utility Fund will be invested in Permitted Investments and the investment earnings thereon will remain on deposit in such fund, except as otherwise provided in the Indenture.

There is established under the Indenture the Payment Fund, which the Trustee has covenanted to maintain and hold in trust separate and apart from other funds held by it so long as any principal of and interest on the 2018 Bonds remain unpaid. Except as directed in the Indenture, all payments of interest and principal on the 2018 Bonds received by the Trustee pursuant to the Indenture will be promptly deposited by the Trustee upon receipt thereof into the Payment Fund; except that all moneys received by the Trustee and required under the Indenture to be deposited in the Redemption Fund will be promptly deposited therein. All payments of interest and principal on the 2018 Bonds deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. The Trustee will also establish and hold an Interest Account and a Principal Account within the Payment Fund.

The Trustee will transfer from the Payment Fund and deposit into the following respective accounts, the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Gross Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First, not later than the Business Day preceding each Interest Payment Date, the Trustee will deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all 2018 Bonds then Outstanding. No deposit need be made into the Interest Account so long as there is in such fund moneys sufficient to pay the interest becoming due and payable on such date on all 2018 Bonds then Outstanding.

Second, not later than the Business Day preceding each date on which the principal of the 2018 Bonds becomes due and payable under the Indenture, the Trustee will deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2018 Bonds coming due and payable on such date or subject to mandatory sinking fund redemption on such date. No deposit need be made into the Principal Account so long as there is in such fund moneys sufficient to pay the principal becoming due and payable on such date on all 2018 Bonds then Outstanding.

Rate Covenant

Covenant Regarding Gross Revenues. The City covenants in the Indenture that it will, to the extent permitted by law, fix, prescribe, revise and collect rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues which are sufficient to pay the following amounts in the following order of priority:

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

(ii) Debt Service on any Bonds or Contracts as it becomes due and payable during such Fiscal Year, without preference or priority, except to the extent such Debt Service is payable from the proceeds of the Bonds or Contracts, or from any other source of legally available funds of the City which has been deposited with the Trustee for such purpose prior to the commencement of such Fiscal Year;

(iii) All amounts, if any, required to restore the balance in the reserve account maintained in connection with any Bonds or Contracts to the full amount of the applicable reserve requirement; and

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

Covenant Regarding Net Revenues. In addition, the City covenants in the Indenture that it will, to the extent permitted by law, fix, prescribe, revise and collect rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year which are sufficient to yield Net Revenues at least equal to the sum of (i) 100% of the total Debt Service on any Bonds or Contracts coming due and payable in such Fiscal Year, plus (ii) the amount by which the amount on deposit in the Utility Fund (including available reserves) on the last day of the immediately preceding Fiscal Year was less than 110% of Maximum Annual Debt Service calculated as of the last day of such Fiscal Year.

Relevant Definitions in the Indenture. The Indenture defines “Maximum Annual Debt Service” to mean as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Bonds and Contracts. The Indenture defines “Annual Debt Service” to mean Debt Service coming due in any Bond Year and “Debt Service” to mean for any period of calculation, the sum of:

(1) the interest payable during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid

from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

(2) those portions of the principal amount of all outstanding serial Bonds maturing in such period;

(3) those portions of the principal amount of all outstanding term Bonds required to be redeemed or paid in such period; and

(4) those portions of the Contracts required to be made during such period, (except to the extent that the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be the greater of: (a) the actual interest rate on such Bonds or Contracts on the date of calculation, or if the indebtedness is not yet outstanding, the initial interest rate (if established and binding); (b) if the Bonds or Contracts have been outstanding for at least twelve months, the average rate over the twelve calendar months immediately preceding the date of calculation; and (c) (i) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the most recently published Securities Industry and Financial Markets Association Index for tax-exempt variable rate obligations; or (ii) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus 50 basis points; provided, however, that for purposes of the provisions of the Indenture providing for additional indebtedness or the rate covenant, measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period; and

provided further that, if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Bonds or Contracts or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that, the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and

provided further that, Debt Service shall not include interest which is paid from investment earnings on amounts on deposit in reserve funds and transferred to the Payment Fund.

See the captions “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES” and “RISK FACTORS—Rate-Setting Process Under Proposition 218.”

Rate Stabilization Fund

There is established under the Indenture a special fund designated as the “Rate Stabilization Fund” to be held by the City in trust thereunder, which fund the City has pledged to the payment of the 2018 Bonds under the Indenture. From time to time the City may deposit in the Rate Stabilization Fund from remaining Gross Revenues such amounts as the City determines, provided that deposits for each Fiscal Year may be made until (but not after) one hundred eighty (180) days following the end of such Fiscal Year and the amount of current and available Gross Revenues will be reduced by the amount so deposited for the Fiscal Year with respect to which such deposit is made. The City may withdraw amounts from the Rate Stabilization Fund only for inclusion in Gross Revenues for any Fiscal Year, such withdrawals to be made until (but not after) one hundred eighty (180) days after the end of such Fiscal Year. All interest or other earnings upon deposits in the Rate Stabilization Fund shall either be retained therein or withdrawn therefrom and accounted for as Gross Revenues. Notwithstanding the foregoing, no deposit of Gross Revenues to the Rate Stabilization Fund may be made to the extent such Gross Revenues were included in a report prepared by an Independent Certified Public Accountant or Independent Financial Consultant pursuant to the Indenture and withdrawal of the Gross Revenues to be deposited in the Rate Stabilization Fund from Gross Revenues employed in rendering said report would cause noncompliance with the requirements set forth in the Indenture with respect to the issuance of additional Bonds or Contracts.

Under certain circumstances, moneys received in one Fiscal Year may be required or permitted by Generally Accepted Accounting Principles to be recorded as revenue in a subsequent Fiscal Year, regardless of whether such moneys have been deposited in the Rate Stabilization Fund. See APPENDIX A—“FINANCIAL STATEMENTS.”

Additional Contracts or Bonds

The 2018 Bonds are secured by Net Revenues on a parity with the 2016 Installment Payments. Pursuant to the Indenture, the City may at any time execute additional Contracts or issue additional Bonds on a parity with the 2018 Bonds; provided:

- (a) No Event of Default shall have occurred and be continuing;
- (b) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the City for the most recent completed Fiscal Year for which audited financial statements are available, or for any more recent consecutive twelve (12) month period selected by the City at its option, in either case verified by a certificate or opinion of an Independent Certified Public Accountant or an Independent Financial Consultant, plus the Additional Revenues (defined below), at least equal 110% and, without the Additional Revenues, at least equal 100% of the amount of Maximum Annual Debt Service (defined under the caption “—Rate Covenant—*Relevant Definitions in the Indenture*”) with respect to the Debt Service on then outstanding Contracts and Bonds (including the Contracts then proposed to be executed and Bonds then proposed to be issued); and
- (c) The City must deliver to the Trustee a report of an Independent Certified Public Accountant or an Independent Financial Consultant certifying that the foregoing conditions have been met.

The Indenture defines “Additional Revenues” to mean, with respect to the issuance of any Bonds or execution of any Contracts, an allowance for Net Revenues arising from any increase in the charges made for service from the Enterprise which has become effective (or adopted but not yet effective) prior to the incurring of such Bonds or Contracts but which, during all or any part of the latest Fiscal Year or for any more recent consecutive twelve (12) month period selected by the City, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or twelve (12) month period, all as shown by the certificate or opinion of an Independent Certified Public Accountant or Independent Financial Consultant employed by the City.

No Reserve Fund

No reserve fund has been established in connection with the issuance of the 2018 Bonds.

Insurance; Reconstruction, Repair and Replacement

The City has covenanted to procure and maintain or cause to be procured and maintained insurance on the Enterprise with responsible insurers in such amounts and against such risks (including damage to or destruction of the Enterprise) as are usually covered in connection with facilities similar to the Enterprise so long as such insurance is available from reputable insurance companies at reasonable rates. See Appendix B under the caption “PARTICULAR COVENANTS—Insurance” for more information regarding insurance coverages required by the Indenture. See the caption “THE SEWER ENTERPRISE—Sewer Enterprise Insurance” for more information regarding the City’s current insurance coverage with respect to the Enterprise.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the Net Proceeds thereof will be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Enterprise. The City will begin such reconstruction, repair or replacement promptly after receipt of such Net Proceeds, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and will pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same will be completed and the Enterprise will be free and clear of all claims and liens. The City has covenanted to reconstruct, repair or replace the damaged or destroyed portions of the Enterprise promptly from Net Proceeds if a failure to reconstruct, repair or replace such portions would impair or adversely affect the ability of the City to pay the 2018 Bonds. See the captions “RISK FACTORS—Enterprise Expenses” and “—Natural Disasters.”

THE CITY

The City was incorporated in January 1888 and became a charter city in 1911. The City now encompasses approximately 22.9 square miles, and currently has an estimated population of 155,306. The City is located approximately 30 miles east of downtown Los Angeles, in the eastern portion of the County of Los Angeles, adjacent to Orange and San Bernardino Counties. The City is governed by a seven-member City Council. The Mayor is directly elected at large. Since November 3, 1998, the City has been divided into six districts, which are used for all regular elections of Council members. For further information concerning the City, see Appendices A and F attached hereto.

THE SEWER ENTERPRISE

Governance and Management of Sewer Enterprise

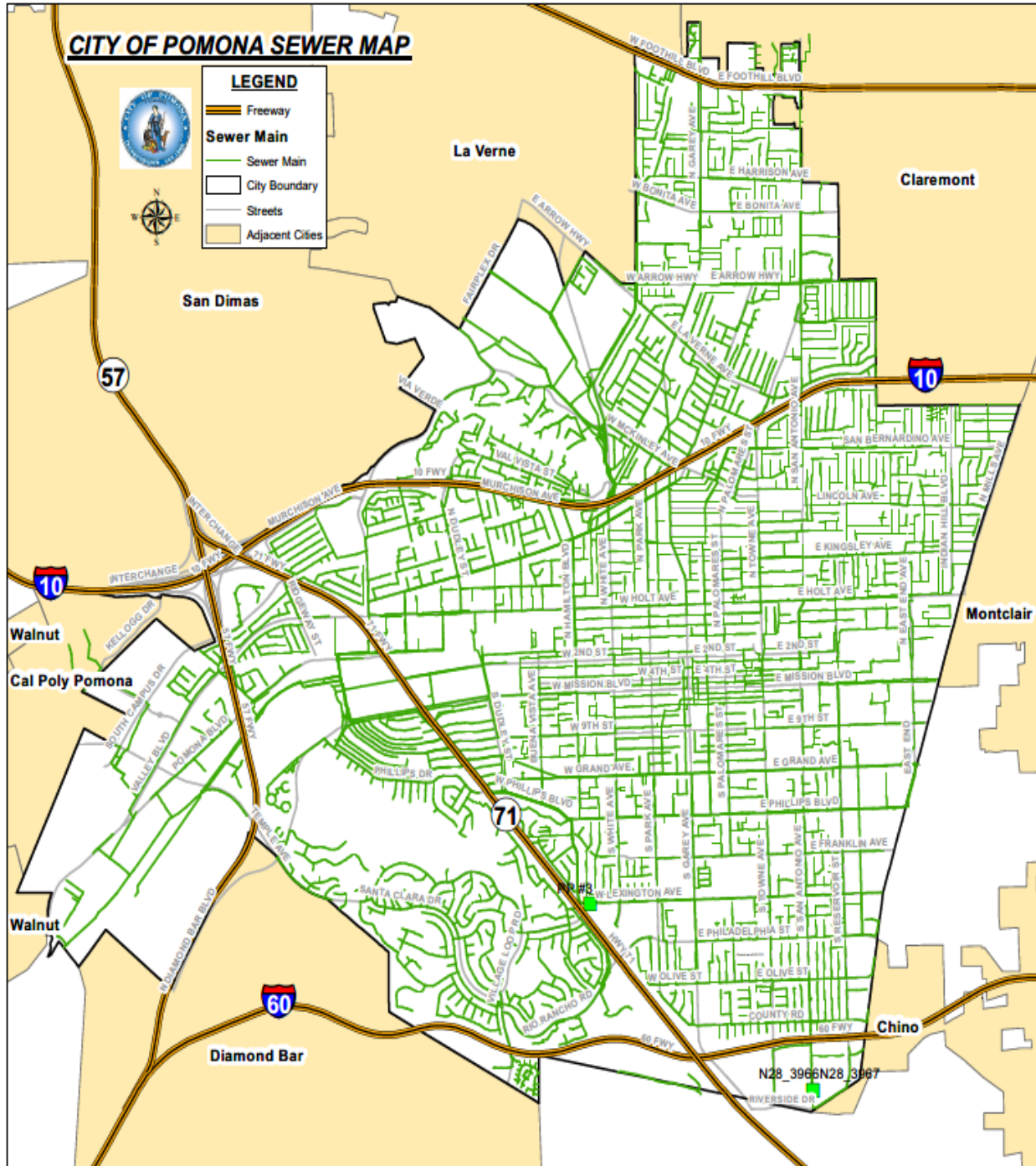
The City’s Sewer Enterprise is managed by the City’s Water Resources Department, under the direction of the Water Resources Director, Darron Poulsen. Mr. Poulsen received his Bachelor of Science in Business Administration and Management as well as his Masters of Arts in Management and Human Resources from the University of Redlands. He has been in municipal government since 1987, and has managed water and wastewater systems in southern California since 1988. He is a member of the American Water Works Association.

The Water Resources Department is operated by a staff of 88 employees, of which 15 are assigned to the Finance Department and support Customer Service sections for the Water and Sewer Enterprises.

Service Area

The City provides sewer service throughout the City, which encompasses approximately 14,676 acres (23 square miles), and 6 acres of land outside the City served by the Sewer Enterprise (the “Wastewater

Service Area”). Approximately 2,000 acres in the City drain to other serving entities or currently produce no sewage. There are approximately 28,500 service connections, including approximately 5,850 business accounts. The number of service connections has grown by approximately one percent (1%) in the past five Fiscal Years. Except as described herein under the caption “—Existing Wastewater Facilities,” the City is the sole provider of Sewer Service to residents and commercial/industrial enterprises within the City’s boundaries.



Existing Wastewater Facilities

The City's existing Sewer Enterprise consists of interceptors and pump stations for the conveyance of wastewater within the City to the Los Angeles County Sanitation Districts ("LACSD") for treatment. The City's interceptor system consists of approximately 300 miles of pipeline ranging from 4" to 42" inches in diameter, 4 pump stations (which are operated and maintained by the LACSD), 1.4 miles of force mains, and 4,600 manholes, and facilities for emergency power and odor control, including 3 on-site stationary back-up generators.

The City collects and conveys wastewater from the Wastewater Service Area for treatment by the LACSD. LACSD trunk sewers cross the City in several locations, and the City's collection system connects to these trunk sewers at multiple points. None of the City's connection points is metered to determine the volume of wastewater being transported to the LACSD system.

The LACSD was formed under authority provided by the County Sanitation District Act of 1923. The LACSD's Internet home page is located at www.lacsd.org, and information on LACSD's activities are included at this Internet address. This Internet address is included for reference only and the information on such Internet site is not a part of this Official Statement or incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on any Internet site.

The City is one of seventy-eight (78) cities and unincorporated territories located in Los Angeles County that is served by the LACSD. LACSD consists of 24 separate districts (two of which are inactive), of which the City is located in District No. 21.

LACSD faces various challenges in the continued treatment of sewage. A description of these challenges, as well as a variety of other operating information with respect to LACSD, is included in certain disclosure documents prepared by LACSD. LACSD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. LACSD has also entered into certain continuing disclosure agreements pursuant to which LACSD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices (collectively, the "LACSD Information") are filed with EMMA at <http://emma.msrb.org>. The LACSD Information is not incorporated herein by reference thereto, and the City makes no representation as to the accuracy or completeness of such information. LACSD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE CITY, THE TRUSTEE OR THE OWNERS OF THE 2018 BONDS TO PROVIDE LACSD INFORMATION TO THE CITY OR THE OWNERS OF THE 2018 BONDS.

LACSD HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO LACSD. LACSD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE CITY OR THE OWNERS OF THE 2018 BONDS UNDER RULE 15c2-12.

Approximately 6 acres outside of the City limits are served by the City's sanitary sewer collection system. These areas are listed below.

- Approximately 303 accounts within the City of Claremont. The City of Claremont connects at two locations to an 8-inch City sewer line before being discharged into a 10-inch county trunk sewer.

- Two properties in the City of Claremont on Towne Avenue.
- Approximately 11 commercial/industrial properties located in the City of Chino. The Mills/Philadelphia Section within the City of Chino is located on the City's southern border. The City has provided sewer service to these 11 properties since their occupation.
- Approximately 62 properties in the Fox Park area connect to a LACSD sewer line that ties into the City's sanitary sewer collection system. The City bills the County of Los Angeles for these properties.

For geographic reasons, certain properties within the City cannot be connected to the City's sewer system. The following lists the developed properties that are served by other wastewater utilities.

- *Rolling Ridge Estates (Scenic Ridge Drive and Rock Crest Lane)*. City of Chino Hills sewers serve approximately 31 developed and 10 undeveloped properties. The City of Chino Hills bills the City quarterly for sanitary sewer collection and annually for wastewater treatment. The City pays these charges from the Utility Fund. These charges were approximately \$21,800 in Fiscal Year 2016-17.

Certain City properties are connected to the City's sanitary sewer collection system, but are not connected to the water distribution system. These properties are listed below.

- *Walnut Valley Water District (WVWD)*. Approximately 16 accounts, 13 commercial accounts and 3 residential trailer parks, are within the City and are connected to the City's sewer system, but receive water service from the WVWD. The WVWD provides water consumption data to the City for sewer billing by the City. Additionally, there are 2 irrigation only accounts which are not included as part of the 16 since the accounts do not contribute to the sewer system.

Sewer service provided outside the City's boundaries and to customers who do not receive water service from the City are billed directly to customers on a bi-monthly basis.

Wastewater collected by the City's sanitary sewer system is treated and disposed of by the LACSD at the Pomona Water Reclamation Plant (PWRP). The PWRP is located at 295 Humane Way near the western edge of the City, just east of State Route 57 and just north of the Phillips Ranch development area. Wastewater from the neighboring cities of La Verne and Claremont is also treated at PWRP. Because the PWRP lacks sufficient capacity, wastewater also may flow to other LACSD facilities.

The current flow into PWRP is 13 million gallons per day ("mgd"), and the ultimate capacity of PWRP is rated at 15. Excess flow over capacity of the PWRP is diverted to the LACSD's San Jose Water Reclamation Plant, and then to its Joint Water Pollution Control Plant in Carson. The City believes that the LACSD system has sufficient capacity to handle any future City growth. Sewer connection fees are established by the LACSD, and are based on a sliding scale according to use. The current connection fee for a single family home is \$4,320.

The LACSD are authorized to assess individual properties within their boundaries for the cost of treatment of the sewage. The City has no role in setting or collecting the treatment fees. Treatment fees are collected on the property tax bill of properties within the jurisdiction of the LACSD. The annual treatment fee is based on a sliding scale according to use, with the current fee for a single family residence set at \$167.

Enterprise Regulatory Requirements

The wastewater treatment plants' operations are regulated by the Clean Water Act under the direction of the United States Environmental Protection Agency (the "EPA"). The EPA has delegated permitting

authority to the State Department of Environmental Conservation, which administers the State Pollution Discharge Elimination System (“SPDES”).

State Regulations. As an operator of a municipal sanitary sewer collections system, the City is responsible for complying with various State requirements, including the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code) (“CEQA”), with respect to the operational requirements, design and construction standards for its operators. Failure to meet these standards may subject the City to civil or criminal sanctions. The City is currently in compliance with all applicable State regulations.

Proposed Regulations. Other regulations, including regulations that are in effect but whose compliance are not yet mandated and regulations that are currently proposed, will continue to impact the operation of the Sewer Enterprise and its associated costs. Also, the costs of proposed new regulations are currently unknown. See “RISK FACTORS—Statutory and Regulatory Impact.”

Growth

Residential population, non-residential square footage, and water billing data for major water users provide the basis for estimating wastewater flows. The majority of the City’s wastewater flow is generated from residential uses, as residential land uses comprise more area in the City than any other land use type. The Water Resources Department’s most recent water management plan, the 2015 Urban Water Management Plan, projects 1% growth annually. Since the City is largely built out, the projected growth is expected to occur either through in-fill developments or re-development of currently unused or inefficiently used parcels.

Sewer Enterprise Rates and Charges

General. The City sets the Sewer Enterprise service charges to recover Operation and Maintenance Costs for the Sewer Enterprise, to pay debt service on the 2018 Bonds, the 2016 Installment Payments and additional Contracts and Bonds, to provide funds to replace the Sewer Enterprise’s facilities and to finance capital costs related to the acquisition of equipment for, and the improvement of, the Sewer Enterprise. In accordance with California law, the City may, from time to time, fix, alter or change charges and other fees related to the Sewer Enterprise. Consequently, the City periodically reviews sewer rates. In accordance with California law, the City reviews such charges and fees to determine if they are sufficient to cover operation and maintenance costs, capital improvement expenditures and debt service requirements. Such charges and fees are set by the City for the services provided by the Sewer Enterprise after a public hearing is held, generally at the time of adoption of the annual budget. The City is not subject to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. The City is authorized under Chapter 62 of the Pomona City Code to levy sewer fees and charges. See “RISK FACTORS—Rate-Setting Process Under Proposition 218” herein for a discussion of the treatment of the City’s rates and charges in light of Proposition 218.

The City staff annually determines the adequacy of the rate structure after full consideration of expected operations, maintenance and capital costs. In accordance with City policy, operating surpluses may be added to reserves or returned to ratepayers through mitigation of future rate increases. The current rates of the Sewer Enterprise include an annual CPI rate increase which is implemented each January 1 without further approval by City Council. The City is in the process of completing an updated sewer rate study by the second quarter of 2018.

Levy of the Rates and Charges. The service charges for the Sewer Enterprise are roughly apportioned relative to the amount of domestic water consumed. The amount of water consumed is measured at the water meter for each City water user. The City has determined that there is a positive correlation between water and the sanitary sewer collection system; more water consumed by the user, the more need there is for the Sewer Enterprise. The amount of water consumed is measured at the water meter for each City water user. All users

are charged based on the water meter reads. If a parcel of land benefits from the Sewer Enterprise but is not connected to the City's Water System, then that parcel is apportioned by an average consumption rate determined by historical records for its particular land use. One exception to the consumption methods is for parcels outside the City boundaries. For some of these parcels, Chapter 62 of the Pomona City Code sets an "annual" sewer maintenance fee of \$60.

Any parcel which the City determines is producing and discharging industrial waste sewerage is charged an additional twenty-five percent (25%) for sewer maintenance due to the additional demand on the Sewer Enterprise.

Table 2 below presents the immediate prior, current, and pending sewer service charges of the Sewer Enterprise. The increases in Table 2 reflect only annual CPI adjustments to current rates. The City's last review and approval of increased sewer service charges was in 2007. The City has been evaluating its rate structure. Management of the Sewer Enterprise expects to present revised sewer service charges to the City Council by the second quarter of 2018. The City Council has approved the development of a rate study for the Sewer Enterprise by an outside consultant and expects to review potential rate increases at that time.

**TABLE 2
CITY OF POMONA SEWER SYSTEM
SEWER SERVICE CHARGES**

	<i>Effective: 01/01/2015</i>	<i>Effective: 01/01/2016</i>	<i>Effective: 01/01/2017</i>	<i>Effective: 01/01/2018</i>
<u>Section 62-400. Sewer Service Charge⁽¹⁾</u>				
Service Charge Bi-monthly Fixed Service Charge (FSC):	\$5.92	\$6.00	\$6.06	\$6.21
<u>Usage Charge (Volume Charge \$/HCF)⁽²⁾</u>				
<u>Residential</u>				
Single-Family	0.52	0.53	0.53	0.54
Multi-Family	0.52	0.53	0.53	0.54
Trailer Park	0.52	0.53	0.53	0.54
<u>Non-Residential</u>				
Commercial	0.52	0.53	0.53	0.54
Industrial	0.52	0.53	0.53	0.54
<u>Section 62-424. Fees (Sewer Service Outside of City)</u>				
Service Charge Bi-monthly Fixed Service Charge (FSC)	5.92	6.00	6.09	6.21
Usage Charge (Volume Charge \$/HCF)	0.52	0.53	0.53	0.54

⁽¹⁾ A fixed minimum dollar amount of [\$6.00] is set for each bi-monthly bill. If the applicable fixed service charge plus the volume charge \$/HCF does not exceed the fixed minimum dollar amount, then the fixed minimum dollar amount of [\$6.00] will be charged to the account holder.

⁽²⁾ For sewer service both in and outside of the City.

Source: City of Pomona.

The City's average bi-monthly minimum residential bill for sewer service during the most recently completed Fiscal Year was \$23.21, consisting of a fixed service charge plus a volume charge \$/HCF. The maximum bi-monthly residential bill for sewer service varies, dependent on usage. The City's connection fee for sewer service during the most recently completed Fiscal Year was \$30.00 per foot of lateral pipe, and an

additional \$500 per acre in excess of 150 foot depth. The total number of sewer service connections within the Sewer Enterprise was 28,500.

Table 3 below sets forth a comparison of average monthly bill for a single family residential unit in the City to those of surrounding communities:

TABLE 3
CITY OF POMONA SEWER SYSTEM
MONTHLY BILL COMPARISON
(As of June 30, 2017)

<i>Community</i>	<i>Monthly Residential Bill⁽¹⁾</i>
City of Pomona	\$11.60
City of Ontario	13.50
City of Chino	11.78
City of Montclair	7.59
City of Chino Hills	8.45

⁽¹⁾ Excludes treatment charges collected by agency but paid to another entity. Includes monthly service fee and consumption charge.

Source: City of Pomona.

The following table presents certain information relating to the ten entities with the largest Sewer Enterprise payment for Fiscal Year 2016-17. The ten largest entities accounted for approximately 10.96% of Gross Revenues in Fiscal Year 2016-17.

TABLE 4
CITY OF POMONA SEWER SYSTEM
LARGEST ENTERPRISE PAYMENT
(As of June 30, 2017)

<i>Name</i>	<i>Total Sewer Enterprise Payment</i>	<i>Percent of Total⁽¹⁾</i>
Pomona Unified School District	\$151,619	3.24%
LA County Fair	118,586	2.54
Cal Poly Pomona	78,949	1.69
Ripon Cogeneration LLC	52,163	1.12
Pomona Valley Community Hospital	19,616	0.42
Lanternman State Hospital	18,693	0.40
Crest Financing, LP	17,497	0.37
Village Gate Homeowners Association	12,937	0.28
Nijar Realty/PAMA Management	12,509	0.27
Cal Poly Foundation Inc.	<u>11,676</u>	<u>0.25</u>
Total	\$494,245	10.57%

⁽¹⁾ Based on total of \$4,674,859 Gross Revenues received in Fiscal Year 2016-17.

Source: City of Pomona.

Collection Procedures

Except for sewer service provided outside the City's boundaries or for customers who do not receive water service from the City, which are billed directly to customers, sewer charges are included on each customer's water bill. The City is on a bi-monthly billing cycle. Bills are sent out every day of each cycle, and thus there is no uniform due date. Payment is due within thirty (30) days, and is considered delinquent if not paid by that date. If payment is not received, a forty-eight hour payment notice is sent, after which time

water utilities are disconnected. [Currently 9% of the accounts, which provide 1% of Gross Revenues, are delinquent.] [UPDATE]

The following table sets forth information related to accounts receivable.

TABLE 5
CITY OF POMONA SEWER SYSTEM
SEWER CUSTOMER ACCOUNTS RECEIVABLE
Fiscal Years 2011-12 through 2016-17
(Unaudited, except as otherwise noted)

	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-2015</i>	<i>2015-16</i>	<i>2016-17</i>
Sewer Charges for Service ⁽¹⁾	\$4,528,346	\$4,491,233	\$4,801,934	\$4,788,219	\$4,490,402	\$4,320,280
Accounts Receivable - Sewer ⁽²⁾	\$1,224,646	\$1,148,405	\$1,216,402	\$1,129,785	\$1,123,916	\$1,124,385
Accounts Receivable – Sewer Over 120 Days ⁽²⁾	\$31,032	\$12,880	\$12,226	\$5,664	\$7,615	\$6,140
% of Total Sewer Charges Revenues ⁽³⁾	2.53%	1.12%	1.01%	0.50%	0.68%	0.55%

⁽¹⁾ Audited Financial Statements of the City for Fiscal Years 2012, 2013, 2014, 2015 and 2016; unaudited for Fiscal Year 2017. Includes Charges for Service and Development Impact Fees.

⁽²⁾ Amounts are as of June 30 and represent the receivable portion of billed customer accounts as of the end of each Fiscal Year. The accounts receivable at the end of each Fiscal Year is subject to an accrual accounting procedure. In the absence of the accrual the accounts receivable as of June 30, 2017 is approximately 10% of the Fiscal Year 2016-17 charges for service.

⁽³⁾ Percentage of Accounts Receivable over 120 days as compared to Total Accounts Receivable.

Source: Water Resources Department.

Historic Sewer Enterprise Gross Revenues

The following table shows the City's annual Sewer Enterprise Gross Revenues for the eleven most recent Fiscal Years, excerpted from the City's audited financial statements.

TABLE 6
CITY OF POMONA SEWER SYSTEM
HISTORIC GROSS REVENUES
(As of June 30)

<i>Fiscal Year</i>	<i>Gross Revenues⁽¹⁾</i>	<i>% Change from Prior Year</i>
2007	\$3,384,966	18.62%
2008	4,008,291	18.41
2009	4,189,672	4.53
2010	4,271,176	1.95
2011	4,342,683	1.67
2012	4,521,702	4.12
2013	4,516,713	-0.11
2014	4,684,934	3.72
2015	4,733,661	1.04
2016 ⁽²⁾	4,425,247	-6.52
2017	4,674,859	5.64

⁽¹⁾ Excludes connection fees (also referred to as development impact fees).

⁽²⁾ Sewer rates are based on water usage. Sewer Enterprise revenues have decreased as a result of conservation efforts during the recent drought.

Source: City of Pomona.

Not included in the table above but accounted for as miscellaneous revenues for those Fiscal Years shown in Table 7 below, are development impact fees as follows: \$19,180 in Fiscal Year 2012-13, \$114,766 in Fiscal Year 2013-14, \$54,293 in Fiscal Year 2014-15, and \$64,782 in Fiscal Year 2015-16 and \$27,902 in Fiscal Year 2016-17.

Historic and Fiscal Year 2017-18 Budgeted Operating Results

The following selected financial information provides a brief overview of the City's finances. This financial information has been extracted from the City's audited financial statements and, in some cases, from unaudited information provided by the City's Finance Department. Certain of the following information in connection with the financial condition and results of operations of the Utility Fund for Fiscal Year 2016-17, is unaudited and should be read in conjunction with certain of the information contained in the City's CAFR for Fiscal Year 2015-16, and specifically the portion of the basic financial statements relating to the operation of the Utility Fund. See "FINANCIAL STATEMENTS" herein. The most recent audited financial statements of the City with an unqualified auditor's opinion is included as Appendix A hereto. See APPENDIX A—"FINANCIAL STATEMENTS."

Accompanying the Independent Auditor's Report in Appendix A is the City Management Discussion and Analysis, which is not audited, but is supplementary information required by the Government Accounting Standards Board. The Management Discussion and Analysis presents a summary and overview of the City's financial condition. Such Management Discussion and Analysis should be reviewed in conjunction with the information presented below to obtain an understanding of the City's financial condition.

The following table is a summary of operating results of the Sewer Enterprise for the last four Fiscal Years (audited), the most recent Fiscal Year (unaudited) and the current Fiscal Year (budgeted).

TABLE 7
HISTORIC AND BUDGETED
REVENUES AND EXPENSES AND DEBT SERVICE COVERAGE
Fiscal Years 2012-13 through 2015-16 (Audited) and 2016-17 (Unaudited) and 2017-18 (Budgeted)

	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17⁽⁶⁾</i>	<i>2017-18⁽⁷⁾</i>
GROSS REVENUES⁽¹⁾						
Charges for Services	\$ 4,461,575	\$ 4,684,934	\$ 4,733,661	\$ 4,425,247	\$ 4,288,383	\$ 4,527,830
Miscellaneous	29,658	117,000	54,558	65,155	28,433	35,000
Interest earnings	36,159	52,122	50,097	90,333	25,693	112,029
TOTAL GROSS REVENUES	4,527,392	4,854,056	4,838,316	4,580,735	4,342,509	4,674,859
OPERATION AND MAINTENANCE COSTS⁽²⁾						
Personnel services	970,472	1,007,978	1,067,952	915,887	1,079,446	1,175,647
Operations ⁽³⁾	186,664	1,037,867	1,051,538	1,061,888	847,346	1,277,068
Claims expense	108,346	114,127	50,442	-	3,605	3,533
Insurance	25,633	27,667	33,686	36,318	35,336	36,721
TOTAL OPERATION AND MAINTENANCE COSTS	1,291,115	2,187,639	2,203,618	2,014,093	1,965,733	2,492,969
NET REVENUES	3,236,277	2,666,417	2,634,698	2,566,642	2,376,776	2,181,890
DEBT SERVICE⁽⁴⁾						
2002 Series AF Bonds	813,541	811,640	814,110	810,988	--	--
2007 Series BA Bonds	819,640	821,890	818,765	820,703	813,593	[816,999]
2016 Series BB and BD Bonds	--	--	--	--	112,291	609,851
2018 Series BH Bonds	--	--	--	--	--	[_____]
TOTAL DEBT SERVICE	1,633,181	1,633,530	1,632,875	1,631,690	925,884	1,426,850
DEBT SERVICE COVERAGE⁽⁵⁾	1.98x	1.63x	1.61x	1.57x	2.57x	1.53x
NET REVENUE AVAILABLE FOR OTHER PURPOSES	1,603,096	1,032,887	1,001,823	934,951	1,450,982	755,040

(1) Operating Revenues represent charges to customers for sales and services. Charges for services excludes sewer connection fees (also referred to as development impact fees), which are included in Miscellaneous. Gross Revenues were reduced in Fiscal Years 2015-16 and 2016-17 as a result of water conservation measures relating to drought conditions. Gross Revenues is defined to exclude connection fees in the 2016 Installment Sale Agreement; however the Indenture defines Gross Revenues to include connection fees. See the caption "SECURITY FOR THE 2018 BONDS—Limited Obligations Secured By Net Revenues."

(2) Operating Expenses include cost of sales and services, administrative expenses, and depreciation on capital assets.

(3) Approximately [\$_____] of the Operations Expenses incurred during Fiscal Year 2012-13 were reclassified as capital expenses during the City's audit process. Increase in Operations Expenses in Fiscal Year 2016-17 was due to increased purchases of imported water as a result of inoperable wells serving the City's water system.

(4) Debt service on Series AF and BA bonds in Fiscal Years 2013 through 2016; debt service on Series BA, BB and BD Bonds for Fiscal Year 2017 and budgeted debt service on Series BA, BB and BD Bonds for Fiscal Year 2018.

(5) Net Revenues divided by Total Debt Service.

(6) Fiscal Year 2017 revenues and expenses are through June 30, 2017 and the City's estimate for year-end position. These numbers are unaudited and subject to change.

(7) Fiscal Year 2018 revenues and expenses are as set forth in the adopted budget for Fiscal Year 2018. Fiscal Year 2018 Debt Service figures assume the issuance of the 2018 Bonds and the redemption of the 2007 Bonds.

Sources: The City's Comprehensive Annual Financial Reports for Fiscal Years 2012 through 2015. Water Resources Department for Fiscal Year 2017. Adopted Budget for Fiscal Year 2018.

As of June 30, 2016, the Utility Fund reported \$4.5 million in operating revenues and operating expenses of \$2.7 million resulting in operating income of \$1.8 million. After consideration of non-operating revenues, non-operating expenses and transfers, the total change in net position is \$0.9 million with total revenues in excess of expenses. The beginning net position of \$16.6 million was restated to \$15.8 due to a capitalization error thus decreasing the beginning net position. As of June 30, 2016, the Utility Fund was made up of \$16.2 million in current assets, \$28.9 in non-current assets, \$0.9 million in deferred outflows of resources, \$0.7 million in current liabilities, \$28.1 in non-current liabilities and \$0.5 million in deferred inflow of resources resulting in net position of \$16.7 million. See APPENDIX A—“FINANCIAL STATEMENTS.”

Utility Fund Reserves

The City currently has approximately \$8.5 million on deposit in Utility Fund of which approximately \$6.3 million represents working capital. This amount is well in excess the City’s current operating reserve policy for the Utility Fund, which is intended to be used in the event of a catastrophe that prevents the Sewer Enterprise from operating in its normal course of business, but otherwise consistent with the City’s conservative financial practices. The Water Resources Department intends to update the reserve policy before the end of the current Fiscal Year. The presentation to the City Council will include recommended industry standard minimum and maximum reserve levels and a schedule of uses for available amounts which will meet the needs of the Sewer Enterprise.

For information on the possible limitation on the City’s ability to set rates and charges at levels that would permit the City to make deposits into the Rate Stabilization Fund as a consequence of Proposition 218, see “RISK FACTORS—Rate-Setting Process Under Proposition 218” and “CONSTITUTIONAL LIMITATIONS ON TAXES AND RATES AND CHARGES—Article XIIC” and “—Article XIID.”

Capital Improvement Program

The City of Pomona 2005 Sewer System Master Plan (the “Master Plan”) presents an assessment of the hydraulic capacity of the City’s major sewers, an evaluation of the four pump stations within the City, and a prioritized set of capital improvement projects to address existing and projected future capacity requirements and pump station condition limitations.

The Master Plan calls for approximately \$8 million in capital improvements to be phased in over a twenty year period. Regular and systematic inspection and assessment of wastewater collection system infrastructure and easements provides a basis for identifying and scheduling capital improvements as well as identifying needed maintenance activities. The results of the overall assessment are then used to determine the funding required to repair, rehabilitate, and replace an aging sewer collection system and to prioritize how the funds should be allocated. Recommendations for capital improvements will optimize the expenditure and efforts to operate a sewer collection system. The City is currently in the process of updating the Water Resources Master Plan, including planned capital improvements to the City’s wastewater system.

The City employs CCTV technology for the inspection of pipelines. With the use of the City’s one (1) CCTV truck, the City began performing inspections of select sewer pipelines of the City’s sewer collection system. The City’s efforts were initiated in March 2004 and include inspection of existing sewer pipelines as determined necessary and all new and rehabilitated pipelines to ensure contractor compliance with City design and construction standards. The City also contracted out CCTV inspection and assessment services of the entire sewer collection system, including manholes, in 2008 and completed in 2009.

In May 2017 the City purchased a pole camera which enables City staff to make a quick inspection of the sewer mainline without the need of deploying the CCTV truck. The ease of use and light weight of this equipment creates a much faster inspection process which has made the mainline cleaning program more efficient. A second pole camera has been purchased in September 2018 and is deployed as part of the City’s sewer mainline cleaning program. In June 2017, the City purchased a replacement CCTV truck which is

included a new inspection software. The software follows National Association of Sewer Service Companies (NASSCO) which standardizes the sewer mainline inspections.

The City has considered long-term rehabilitation or replacement of aging pipes or pipes in poor condition, including the rehabilitation or replacement of 6 miles of pipeline and manholes per year at an estimated annual cost of \$4.8 million for 20 years. At this rate, rehabilitation or replacement of pipes currently over 50 years old would take approximately 13 to 22 years, depending on the length of pipe with unknown ages that are actually over 50 years old. However, pipeline rehabilitation or replacement should not be based primarily on pipe condition, and thus this goal will need to be revised as the City gains more information about pipe condition through videotaping and additional hydraulic modelling. Depending on the condition of the City's pipes and on the City's financial capabilities, the goal could potentially be adjusted higher or lower.

The City expects to fund certain of the capital improvement projects in its Master Plan on a pay-go basis, identifying and prioritizing projects annually. The City is currently working on a strategic plan for its Sewer Enterprise, which is expected to be completed in the near term and implemented next Fiscal Year.

Sewer Enterprise Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The City's Self-Insurance Internal Service Fund is part of the City's self-insurance program for general liability, workers compensation, and unemployment insurance. The City is a member of the California State Association of Counties Excess Insurance Authority ("CSAC-EIA"). CSAC-EIA is a governmental joint powers authority created by certain California counties and cities to provide a pooled approach to the members' liability and excess workers' compensation coverage pursuant to the California Government Code. The authority manages various types of pooled coverage programs for participating members.

Through CSAC-EIA, the City has a program limit of \$25,000,000 with a self-insured retention of \$1,000,000 for the City's excess liability and workers compensation program. Additionally, the City purchases catastrophic excess liability coverage that provides an additional \$25,000,000 in coverage.

As of June 30, 2017, estimated claims payable amounted to \$14,327,920. Of this, the amount allocable to the Sewer Enterprise is \$501,283. See APPENDIX A—"FINANCIAL STATEMENTS."

Utility Costs

The Sewer Enterprise is supplied with gas by Southern California Gas Company and electricity by Southern California Edison ("SCE"). Although SCE's electric rates have increased slightly more than 12% per year since 2007, the Water Resources Department's overall gas and electric expenses have remained consistent at approximately 1% of total operating expenditures. Over the past few years the Sewer Enterprise has transferred ownership and operation of four sewer lift stations to the LACSD. The transfer has resulted in a 98% decrease in the cost of electricity for the Sewer Enterprise. The remaining 2% (approximately \$1,200) is attributed to the shared cost of electricity for the Water Yard facility which is headquarters for the Water Resources Department.

City Investment Policy

The City may invest public funds until such time as the funds are needed to pay the obligations of the City. The City maintains an Investment Policy adopted in 2017, which sets forth guidelines of the City Treasurer's investment of such funds. The Treasurer is a trustee and therefore a fiduciary subject to the prudent investor standards, and the primary objective shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet liquidity needs, and the third objective shall be to achieve a market rate of return.

The City matches its investments with anticipated cash flow requirements. Pursuant to the California Government Code, maximum maturities shall not exceed five (5) years, without specific approval of the City Council. The City's current investment policy is attached hereto as APPENDIX G—"FORM OF CITY INVESTMENT POLICY."

The Treasurer renders a quarterly report to the City Council, providing the type of investment, financial institution from which the investment was purchased, the date of maturity, the date upon which the investment becomes subject to redemption provisions, amount (to include both par and book value) of the investment, and the current market value of all investments. Additionally, the report includes the rate of interest, accrued interest earned and other data so required by the City Council. The report also includes a statement denoting the City's ability to meet its expenditure requirements for the following six month period, or an explanation as to why sufficient moneys will not be available. The City only transacts business with banks, savings and loan institutions, and registered investment securities dealers.

Collateralization is required for investments in certificates of deposit (in excess of the FDIC insured amount) and all repurchase agreements, with a collateral level of at least 102% of market value of principal and accrued interest of eligible securities for certificates of deposit and repurchase agreements.

The City may not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages. The City may hold previously permitted but currently prohibited investments until their maturity dates.

From time to time, the City Council may authorize the issuance of debt in accordance with State and Federal laws. Given the special requirements of such debt-repayment schedules and arbitrage/rebate requirements, the Treasurer may choose to place the investment of these funds with the City's fiscal agent or trustee. In such instances, the policy, objectives and investment restrictions shall be established by the Council by separate action and investment of such funds shall be governed by the indenture of trust or other bond documents.

As of June 30, 2017, the City's investment portfolio accounted for investments of approximately \$176 million (of which approximately \$66 million were held by various fiscal agents in connection with outstanding bonded indebtedness). With respect to funds not held by various fiscal agents, the following table presents a breakdown of the City's investment portfolio by type of security as of June 30, 2017.

<i>Investments</i>	<i>Percentage of Total Market Value</i>
FNMA	16.30%
LAIF	58.37
CitizensTrust	18.26

Source: City Finance Department.

The Underwriter has not made an independent investigation of the City's investments and has made no assessment of the current Investment Policy.

Defined Benefit Pension Plan

[TO BE UPDATED WITH 2017 ACTUARIAL REPORTS INFORMATION AND INFORMATION FROM CITY.]

Summary of Plans. The City contributes to California Public Employees Retirement System ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan for all of the City's qualified permanent and probationary employees who participate in the City's Miscellaneous and Safety Plans.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State, including the City. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CalPERS plan benefit provisions and all other requirements are established by State statute and City resolution or ordinance. Participants in the City's CalPERS plan contribute the full amount of the required employee contribution, which is up to 7% of their annual covered salary for the Miscellaneous Plan, depending on benefit level. The City's CalPERS Plan provisions and benefits in effect at June 30, 2016 are summarized as follows:

TABLE 8
CITY OF POMONA
SUMMARY OF CALPERS MISCELLANEOUS PLAN BENEFIT PROVISIONS

	<i>Tier 1⁽¹⁾</i>	<i>Tier 2⁽¹⁾</i>	<i>PEPRA</i>
Hire Date	<i>Prior to 8/14/2011</i>	<i>On or after 8/14/2011 but prior to 1/1/2013</i>	<i>On or after 1/1/2013</i>
Benefit Formula	2.0% at 55	2.0% at 60	2.0% at 62
Benefit Vesting Schedule	5 years	5 years	5 years
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	Minimum 50 yrs	Minimum 50 yrs	Minimum 52 yrs
Monthly Benefits, as a % of Eligible Compensation	1.426% - 2.418%, 50 yrs – 63+ yrs, respectively	1.092% - 2.418%, 50 yrs – 63+ yrs, respectively	1.000% - 2.500%, 52 yrs – 67+ yrs, respectively
Required Employee Contribution Rate	7.000%	7.000%	6.250%
Required City Contribution Rate	17.053%	17.053%	17.053%

⁽¹⁾ Plan is closed to new entrants.

Source: Audited Financial Statements of the City for Fiscal Year 2016.

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount, expressed as a percentage of payroll, necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contribution rates for the Miscellaneous Plan for Fiscal Years 2015 and 2016 were 17.053% and 19.749%, respectively. For Fiscal Years 2015 and 2016, the City's contributions to its Miscellaneous Plan totaled \$3,803,283 and \$4,653,491, respectively, which were equal to the respective annual required contributions (each, an "ARC") of the City. For Fiscal Years 2015 and 2016, the City paid \$1,042,803 and \$1,133,271, respectively, of such CalPERS miscellaneous plan contributions from the Utility Fund. The City has budgeted its annual required contribution in Fiscal Year 2017 to be approximately \$5,310,314 (assuming that the City elects the lump sum payment option), with \$140,064.14 to be paid from the Utility Fund.

The Normal Cost contribution rates for Fiscal Years 2017 and 2018 for the Miscellaneous Plan have been established by CalPERS at 8.060% and 7.888%, respectively, of annual covered payroll. Based on

CalPERS' August 2016 actuarial valuation report for the City's Miscellaneous Plan, the City's Fiscal Year 2017 and Fiscal Year 2018 payments for its unfunded liability for the Miscellaneous Plan have been established at \$3,123,767 and \$3,697,518, respectively.

Employees hired on or after January 1, 2013 who meet the definition of a "New CalPERS Member" are subject to the California Public Employees' Pension Reform Act of 2013 ("AB 340"), which was signed by the State Governor on September 12, 2012. AB 340 established a new pension tier (2% at 62 formula) with a maximum benefit formula of 2.5% at age 67. Benefits for such participants are calculated on the highest average annual compensation over a consecutive 36 month period. Employees are required to pay at least 50% of the total normal cost rate.

Effective January 1, 2013, AB 340: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer-paid member contributions to such retirement systems for employees hired after January 1, 2013 who were not already enrolled in CalPERS through their previous employers; (iii) establishes a compulsory maximum non-safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36 month period; and (v) caps pensionable income at \$110,100 (\$132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases.

Provisions in AB 340 will not likely have a material effect on City's contributions in the short term. However, additional employee contributions, limits on pensionable compensation and higher retirement ages for new members will reduce the City's total pension liability and potentially reduce City contribution levels in the long term.

Net Pension Liability, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions. The following table shows the changes in net pension liability during Fiscal Year 2015 for the City's Miscellaneous Plan.

<i>Miscellaneous Plan</i>	<i>Increase (Decrease)</i>		<i>Net Pension Liability/(Assets) (c)=(a)-(b)</i>
	<i>Total Pension Liability (a)</i>	<i>Plan Fiduciary Net Position (b)</i>	
Balance at: 6/30/2014 (Valuation Date) ⁽¹⁾	<u>\$ 254,669,734</u>	<u>\$ 207,812,443</u>	<u>\$ 46,857,291</u>
Changes Recognized for the Measurement Period			
Service Cost	3,161,189	--	3,161,189
Interest on the Total Pension Liability	18,495,828	--	18,495,828
Changes of Benefit Terms	--	--	--
Difference between Expected and Actual Experience	(3,363,816)	--	(3,363,816)
Changes of Assumptions	(4,427,183)	--	(4,427,183)
Contribution from the Employer	--	3,747,091	(3,747,091)
Contributions from Employees	--	1,766,013	(1,766,013)
Net Investment Income	--	4,578,528	(4,578,528)
Benefit Payments including Refunds of Employee Contributions	(13,367,634)	(13,367,634)	--
Plan to Plan Resource Movement	--	(521)	521
Administrative Expense	--	(235,754)	235,754
Net Changes During 2014-15	<u>498,384</u>	<u>(3,512,277)</u>	<u>(4,010,661)</u>
Balance at: 6/30/2015 (Measurement Date) ⁽¹⁾	<u>\$ 255,168,118</u>	<u>\$ 204,300,166</u>	<u>\$ 50,867,952</u>

⁽¹⁾ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and other post-employment benefits expense. This may differ from the plan assets reported in the funding actuarial valuation report.

Source: Audited Financial Statements of the City for Fiscal Year 2016.

As of the start of the measurement period (July 1, 2014), the net pension liability for the Miscellaneous Plan was \$46,857,291. For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension expense/(income) of \$3,996,959 for both the Miscellaneous Plan and Safety Plan. Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the City. As of June 30, 2016, the City has deferred outflows and deferred inflows of resources related to pensions as follows (includes both Miscellaneous and Safety Plans):

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Current year contributions that occurred after the measurement date of June 30, 2015	\$ 11,791,373	\$ --
Changes of assumptions	--	(5,897,071)
Differences between Expected and Actual Experiences	--	(3,105,709)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>19,249,497</u>	<u>(23,622,900)</u>
Total	<u>\$ 31,040,870</u>	<u>\$(32,625,680)</u>

Source: Audited Financial Statements of the City for Fiscal Year 2016.

\$11,791,373 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Measure Period Ended June 30:</i>	<i>Deferred Outflows/(Inflows) of Resources</i>
2016	\$(9,506,247)
2017	(5,620,383)
2018	(3,061,926)
2019	4,812,373

Source: Audited Financial Statements of the City for Fiscal Year 2016.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2016 is shown below.

TABLE 9
CITY OF POMONA MISCELLANEOUS CALPERS PLANS
SUMMARY OF ACTUARIAL ASSUMPTIONS

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions ⁽¹⁾ :	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table ⁽²⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA of up to 2.75% until Purchase Power Protection Allowance Floor on Purchase Power applies, 2.75% thereafter

⁽¹⁾ Actuarial assumptions were the same for all Plans.

⁽²⁾ The Mortality Rate Table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report from the CalPERS website.

⁽³⁾ Net of pension plan investment expenses, including inflation

Source: Audited Financial Statements of the City for Fiscal Year 2016.

The following table sets forth the schedule of funding for the City's Miscellaneous Plan. The employer contribution rate for Fiscal Year 2017 is 21.586% of annual covered payroll for the Miscellaneous Plan and payment for its unfunded liability has been established at \$3,123,767.

TABLE 10
CITY OF POMONA MISCELLANEOUS CALPERS PLAN
FUNDING

<i>Valuation Date (June 30)</i>	<i>Accrued Liability</i>	<i>Market Value of Assets (MVA)</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
2011	\$224,309,938	\$177,419,801	\$46,890,137	79.1%	\$23,667,462
2012	231,289,438	170,187,344	61,102,094	73.6	23,046,877
2013	235,600,974	183,795,478	51,805,496	78.0	21,207,342
2014	251,305,918	207,630,193	43,675,725	82.6	21,134,245
2015	259,811,428	203,993,535	55,817,893	78.5	22,232,767

Source: CalPERS Actuarial Report Dated August 2016.

CalPERS reported significant investment losses in 2009. CalPERS earnings reports for Fiscal Years 2010 through 2016 reported an investment gain of 13.3%, 21.7%, 0.1%, 13.2%, 18.4%, 2.4% and 0.61%, respectively. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City. The CalPERS pension trust pays all retiree benefit payments associated with the City's plan.

Actuarial Methods. The staff actuaries at CalPERS annually prepare an actuarial valuation which covers a Fiscal Year ending approximately 15 months before the actuarial valuation is delivered (thus, the actuarial valuations delivered to the City in fall 2016 covered the City's Fiscal Year ended June 30, 2015). The actuarial valuations express the City's required contribution rates in percentages of covered payroll, which percentages the City must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution rate derived from the actuarial valuation as of June 30, 2015, which was delivered in fall 2016, affects the City's Fiscal Year 2017-18 required contribution

rate). CalPERS rules require the City to implement the actuary's recommended rates. CalPERS provides a lump sum payment option that the City may opt to pay in July of each year, rather than having payment transmitted as a percentage of each reported biweekly payroll.

In calculating the annual actuarially recommended contribution rates, the CalPERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that CalPERS will fund under the CalPERS plans, which includes two components, the normal cost and the total pension liability. The normal cost represents the actuarial present value of benefits that CalPERS will fund under the CalPERS plans that are attributed to the current year, and the actuarial accrued liability represents the actuarial present value of benefits that CalPERS will fund that are attributed to past years. The total pension liability represents an estimate of the actuarial shortfall between actuarial value of assets on deposit at CalPERS and the present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement. The total pension liability is based on several assumptions such as, among others, the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the total pension liability includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the total pension liability may be considered an estimate of the unfunded actuarial present value of the benefits that CalPERS will fund under the CalPERS plans to retirees and active employees upon their retirement and not as a fixed expression of the liability that the City owes to CalPERS under its CalPERS plans.

In each actuarial valuation, the CalPERS actuary estimates the actuarial value of the assets (the "Actuarial Value") of the CalPERS plans at the end of the Fiscal Year (which assumes, among other things, that the rate of return during that Fiscal Year equaled the assumed rate of return, currently 7.50%. As described below, these policies and actuarial assumptions have changed significantly in recent years and are expected to change or be modified further by CalPERS in the future. The CalPERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies. Certain significant recent changes in assumptions include the following:

1. On December 21, 2016, the CalPERS Board voted to lower the CalPERS discount rate to 7.0% over the next three years in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate will go into effect July 1, 2017 for the State and July 1, 2018 for public agencies.

2. On November 17, 2015, the CalPERS Board approved changes that could affect the assumed investment return rate in the future. In years in which CalPERS' investment returns are more than 2% greater than forecast, the long-term assumed investment return rate will be reduced by a maximum of 0.25%. CalPERS estimates that this change will reduce the assumed investment return rate by approximately 1% (to 6.5%) within 20 years.

3. On February 18, 2014, the CalPERS Board approved changes to actuarial assumptions and methods based upon a recently completed experience study. These changes include: moving from using smoothing of the market value of assets to obtain the actuarial value of assets to direct smoothing of employer contribution rates; increased life expectancy; changes to retirement ages (earlier for some groups and later for others); lower rates of disability retirement; and other changes.

4. On April 17, 2013, the CalPERS Board approved a plan: (i) to replace the current 15-year asset-smoothing policy with a 5-year direct-rate smoothing process; and (ii) to replace the current 30-year rolling amortization of unfunded liabilities with a 30-year fixed amortization period. CalPERS' Chief Actuary has stated that the revised approach provides a single measure of funded status and unfunded liabilities, less rate volatility in extreme years, a faster path to full funding and more transparency to employers such as the City about future contribution rates. These changes are expected to accelerate the repayment of unfunded liabilities (including CalPERS' fiscal year 2009 market losses described above) of the City's CalPERS plan in

the near term; the exact magnitude of the potential contribution rate increases is not known at this time, but may be significant. These changes were reflected beginning with the June 30, 2014 actuarial valuation affecting contribution rates for Fiscal Year 2016 and thereafter. The City budgets for its annual pension contributions based on the rates established by CalPERS each year.

5. On March 14, 2012, the CalPERS Board approved a change in the inflation assumption used in the actuarial assumptions used to determine employer contribution rates. This reduced the assumed investment return from 7.75% to 7.50%, reduced the long-term payroll growth assumption from 3.25% to 3.00%, and adjusted the inflation component of individual salary scales from 3.25% to a merit scale varying by duration of employment, an assumed annual inflation component of 3.00% and an annual production growth of 0.25%. Although the full impact of such changes is not yet clear, CalPERS has estimated that they could result in net increases in future contribution levels of approximately 1% to 2%; however, the reduction in the inflation assumption could partially mitigate increases, if any, in the City's required annual contributions resulting from the reduction in the assumed investment rate of return, as described above.

Changes in Pension Accounting Standards. In June 2012, the Governmental Accounting Standards Board ("GASB") adopted new standards (GASB Statement No. 68, or "GASB 68") with respect to accounting and financial reporting by state and local government employers for defined benefit pension plans. The new standards revise the accounting treatment of defined benefit pension plans, changing the way expenses and liabilities are calculated and how state and local government employers report those expenses and liabilities in their financial statements. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities were typically included as notes to the government's financial statements); (ii) pension expense incorporates more rapid recognition of actuarial experience and investment returns and is no longer based on the employer's actual contribution amounts; (iii) lower actuarial discount rates that are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities that are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. The reporting requirements took effect in the Fiscal Year 2015. Based on the adoption of the new accounting standards, beginning with the Fiscal Year 2015 actuarial valuation, the ARC and the annual pension expense will be different. GASB 68 is a change in accounting reporting and disclosure requirements, but it does not change the City's pension plan funding obligations.

For additional information relating to the City's plan, see Note 12 to the City's audited financial statements for Fiscal Year 2016 attached to the Official Statement as Appendix A.

The above information is primarily derived from information produced by CalPERS, its independent accountants and its actuaries. The City has not independently verified the information provided and makes no representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future.

Other Post-Employment Benefits

The City provides Other Post-Employment Benefits to City employees in the form of a Collateral Benefits Plan for certain employees and a Public Employee's Medical and Hospital Care Program Plan for all employees (including spouses and eligible dependents) who retire through CalPERS.

Collateral Benefits Plan. The Collateral Benefits Plan provides a supplemental retirement benefit to City employees upon resigning from the City and concurrently retiring with CalPERS. The supplemental benefit is a monthly benefit of \$100 from the first of the month following retirement from the City until the age of 65 for Tier 1 and Tier 2 employees. Tier 1 employees include Mid-Management and Confidential, Police Officers' Association, City Employees' Association, and Management Group B employees, and are required to have at least 20 years of City service upon retiring after July 1, 1987. Tier 2 employees include Executive Management Group A employees and are required to have at least one year of City service upon retiring after July 1, 1991. Employees hired after July 1, 2011, are not eligible for this plan. There are 88 participants receiving collateral benefits at June 30, 2016.

Collateral Benefits Funding Policy. The City's funding policy for the Collateral Benefits Plan is to contribute the annual required contribution. The annual required contribution equals the sum of (i) normal cost, and (ii) amortization of the unfunded actuarial accrued liability. GASB Statement 27 requires that the City determine the plan's annual pension cost based on the most recent actuarial valuation. The annual pension cost equals the plan's annual required contribution, adjusted for historical differences between the annual required contribution ("ARC") and amounts contributed. The actuary has determined the City's ARC equal to the sum of (a) normal cost, and (b) amortization of the unfunded actuarial accrued liability.

[For the year ending June 30, 2017, the City's annual pension cost for the Collateral Benefits Plan of \$_____ was equal to the actuarial required contribution; \$_____ of this amount was contributed by the Utility Fund.]

Public Employees' Medical and Hospital Care Program (PEMHCA) Plan. Employees of the City who retire through CalPERS, their spouses, and eligible dependents, may receive health plan coverage through the Public Employees' Medical and Hospital Care Program Plan (the "PEMHCA Plan"). The PEMHCA Plan is a single employer defined benefit plan which provides the retirees a monthly medical contribution that is not to exceed the cost of the plan selected, with the maximum contribution limited for individual retirees based on bargaining groups as listed below:

<i>Bargaining Group</i>	<i>Benefit</i>
Pomona City Council Members	\$ 700
Pomona Executive Management Group	700
Pomona Mid-Management/Confidential Employees' Association	700
Pomona City Employees' Association	700
Pomona Police Managers' Association	700
Pomona Police Officers' Association	700
Firefighters (Pre-Merger with Los Angeles County Fire District)	465

Source: Audited Financial Statement of the City for Fiscal Year 2016.

Police Management retirees with at least 22 years of service as a Police Officer receive up to 90% contribution towards the most expensive 2-party CalPERS plan premium. This benefit terminates once the retiree is eligible for Medicare (age 65). This provision has been eliminated for employees hired or promoted to the unit after July 1, 2011. There are 488 employees eligible to receive or are receiving post-employment benefits at June 30, 2016.

[The required contribution of the City is based on a pay-as-you-go financing requirement. For Fiscal Year 2017, the City contributed \$_____ to the PEMHCA Plan, of which \$_____ was contributed by the Utility Fund.]

See Note 13 in the audited financial statements of the City attached hereto as Appendix A for more information related to such plans and the City's funding of its obligations thereunder.

Long-Term Debt

The City may issue general obligation bonds for the acquisition and improvement of real property, subject to the approval of two-thirds of the voters voting on the bond proposition. A tax on all real property within the City to pay principal of and interest on general obligation bonds is levied by the City and collected by the County on the secured and unsecured property tax bills.

The City has no general obligation bonds outstanding. Pursuant to the City's charter, the total amount of general obligation bonded indebtedness, certificates of participation and similar indebtedness issued by the City may not exceed 15.0% of the total assessed valuation of property within the City.

Outstanding Sewer Enterprise Indebtedness

As of the date of issuance of the 2018 Bonds, the only indebtedness secured by Net Revenues will be the 2018 Bonds and the 2016 Installment Payments, which secure the \$12,305,000 currently outstanding 2016 Bonds.

The City has no general obligation bonds outstanding (for wastewater purposes) and has no immediate plans to issue such indebtedness.

[Describe Interfund Transfers.]

No Currently Anticipated Additional Contracts or Bonds

Pursuant to the Indenture, the City may execute additional Contracts or issue additional Bonds, the payments with respect to which will be on parity with the City's obligation to make principal and interest payments on the 2018 Bonds, subject to satisfaction of the conditions specified in the Indenture. See the caption "SECURITY FOR THE 2018 BONDS—Additional Contracts or Bonds." The City does not currently anticipate the issuance of debt to finance the current capital improvement plan.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Article XIII B

Article XIII B of the California State Constitution limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The "base year" for establishing such appropriation limit is the 1978-79 State fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (i) the financial responsibility for a service is transferred to another public entity or to a private entity; (ii) the financial source for the provision of services is transferred from taxes to other revenues; or (iii) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by or for the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment, insurance and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (a) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost reasonably borne by the entity in providing the service or regulation); and (b) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit, including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by a vote of electors of the issuing entity and payments required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the provision of existing services more costly.

The City is of the opinion that its charges for Enterprise services do not exceed the costs it reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B. The City has covenanted in the Indenture that, to the extent permitted by law, to fix, prescribe, revise and collect Enterprise rates, fees and charges which are at least sufficient to yield, with respect to the applicable Fiscal Year: (A) Gross Revenues which are sufficient to pay (i) all estimated Operation and Maintenance Costs, (ii) Debt Service on any Bonds or Contracts as it becomes due and payable, (iii) all amounts required to restore reserve account balances maintained in connection with Bonds or Contracts, if any, and (iv) all other payments required to meet any other obligations of the City payable from Gross Revenues; and (B) Net Revenues at least equal to the sum of (i) 100% of the total Debt Service on any Bonds or Contracts coming due and payable in such Fiscal Year, plus (II) the amount by which the amount on deposit in the Utility Fund (including available reserves) on the last day of the immediately preceding Fiscal Year was less than 110% of Maximum Annual Debt Service calculated as of the last day of such Fiscal Year. See the caption "SECURITY FOR THE 2018 BONDS—Rate Covenant."

Proposition 218

General. An initiative measure entitled the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges."

Article XIII D. Article XIII D defines the terms "fee" and "charge" to mean "any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service." A "property-related service" is defined as "a public service having a direct relationship to property ownership." Article XIII D further provides that reliance by an agency on any parcel map (including an assessor's parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government for sewer service is ultimately determined to be a "fee" or "charge" as defined in Article XIII D, the local government's ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIII D includes a number of limitations applicable to existing fees and charges, including provisions to the effect that: (i) revenues derived from the fee or charge may not exceed the funds required to provide the property-related service; (ii) such revenues may not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service attributable to the parcel; and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally believed that Article XIID did not apply to charges for water services that are “primarily based on the amount consumed” (i.e., metered water rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The Supreme Court stated in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (the “*Bighorn Case*”), however, that fees for ongoing water service through an existing connection were property-related fees and charges. The Supreme Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218. The City has complied with the notice and public hearing requirements of Article XIID in determining whether to change Enterprise rates and charges.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano* upholding tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion was specific to the facts of the case, including a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The City’s sewer rates are described under the caption “THE SEWER ENTERPRISE—Sewer Enterprise Rates and Charges.” The City believes that its current sewer rates comply with the requirements of Proposition 218 and expects that any future sewer rates will comply with Proposition 218’s procedural and substantive requirements to the extent applicable thereto.

Article XIIC. Article XIIC provides that the initiative power may not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges is applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIID referred to above were applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn Case* that the provisions of Article XIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. In any event, the City does not believe that Article XIIC grants to the voters within the City the power to repeal or reduce rates and charges for the Sewer Service in a manner which would be inconsistent with the contractual obligations of the City. However, there can be no assurance of the availability of particular remedies adequate to protect the Beneficial Owners of the 2018 Bonds. Remedies available to Beneficial Owners of the 2018 Bonds in the event of a default by the City are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. So long as the 2018 Bonds are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the 2018 Bonds and the rights and remedies of the 2018 Bond Owners will be exercised through the procedures of DTC.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the 2018 Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached as Appendix C), will be similarly qualified.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which

does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 applies to charges imposed or increased after November 2, 2010 and provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City believes that its sewer rates and charges are not taxes under Proposition 26.

Future Initiatives

Articles XIIB, XIIC and XIID and Proposition 26 were adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiatives could be proposed and adopted affecting the City's revenues or ability to increase revenues.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 2018 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations may be relevant to making an investment decisions with respect to the 2018 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Limited Obligations

The obligation of the City to pay the 2018 Bonds is a limited obligation of the City and is not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Net Revenues of the Enterprise. The obligation of the City to pay the 2018 Bonds does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Accuracy of Assumptions

To estimate the revenues available to pay debt service on the 2018 Bonds, the City has made certain assumptions with regard to the rates and charges to be imposed in future years, the expenses associated with operating the Enterprise and the interest rate at which funds will be invested. The City believes these assumptions to be reasonable, but to the extent that any of these assumptions fail to materialize, the Net Revenues available to pay debt service on the 2018 Bonds will, in all likelihood, be less than those projected herein. The City may choose, however, to maintain compliance with the rate covenant set forth in the Indenture in part by means of contributions from available reserves or resources, including transfers from the Rate Stabilization Fund. In such event, Net Revenues may generate amounts which are less than 1.10 times Maximum Annual Debt Service. See the caption "SECURITY FOR THE 2018 BONDS—Rate Covenant."

Enterprise Demand

There can be no assurance that the demand for sewer services will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges in order to comply with the rate covenant.

Enterprise Expenses

There can be no assurance that the City's expenses will be consistent with the descriptions in this Official Statement. Enterprise Operation and Maintenance Costs may vary with labor costs (including costs related to pension liabilities), treatment costs, regulatory compliance costs and other factors. Increases in expenses could require an increase in rates or charges in order to comply with the rate covenant.

Limited Recourse on Default

If the City defaults on its obligation to pay the principal of and interest on the 2018 Bonds, the Trustee has the right to declare the total unpaid principal of the 2018 Bonds, together with the accrued interest thereon to be immediately due and payable. However, in the event of a default and such acceleration there can be no assurance that the City will have sufficient funds to pay the accelerated amounts due on the 2018 Bonds from Net Revenues.

Rate-Setting Process under Proposition 218

Proposition 218, which added Articles XIII C and XIII D to the State Constitution, affects the City's ability to maintain existing rates and impose rate increases, and no assurance can be given that future rate increases will not encounter majority protest opposition or be challenged by initiative action authorized under Proposition 218. In the event that future proposed rate increases cannot be imposed as a result of majority protest or initiative, the City might thereafter be unable to generate Net Revenues in the amounts required by the Indenture to pay the 2018 Bonds. The City believes that the current sewer rates approved by the City Council were effected under the public hearing and majority protest provisions of Proposition 218. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES."

Natural Disasters

The financial stability of the City can be adversely affected by a variety of factors, particularly those which may affect infrastructure and other public improvements and private improvements and the continued habitability and enjoyment of such improvements. Such additional factors include, without limitation, geologic conditions (such as earthquakes), topographic conditions (such as earth movements, wildfires and floods) and climatic conditions (such as droughts and tornadoes).

Seismic Risks. The area encompassed by the City, like that in much of California, may be subject to unpredictable seismic activity. The City of Pomona lies in a seismically active region of Southern California, with several major active faults in the area, including the San Andreas, Sierra Madre and Whittier-Elsinore fault zones. In addition to the regional faults, there are several local faults located within the City that are considered potentially active. These local faults include the San Jose, Indian Hill, Chino and Central Avenue faults. Of the local faults, the probability of earthquake activity is considered the highest along the San Jose Fault, with possible ground rupture. In the event of ground rupture, structures near the rupture could be red-tagged and may not be repaired. Several other hazards can be produced by a single earthquake event. Specifically, ground shaking, landslides and liquefaction are associated with earthquakes. The severity of these hazards depends on several factors, including soil and slope conditions, proximity to the fault, earthquake magnitude and the type of earthquake. The City's General Plan includes policies intended to ensure that new structures are built with consideration of the major hazards associated with earthquakes.

If there were to be an occurrence of severe seismic activity in the City, there could be an impact on the cost or the ability to supply and deliver water until repairs could be made, possibly diminishing Net Revenues. Building codes require that some of these factors be taken into account, to a limited extent, in the design of improvements, including the Sewer Enterprise. Some of these factors may also be taken into account, to a limited extent, in the design of other infrastructure and public improvements neither designed nor subject to design approval by the City. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously-designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Conditions may occur and may result in damage to improvements of varying seriousness, such that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the actual value of public and private improvements within the City in general may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

Wildland Fires. According to the Safety Element of the City's General Plan, parts of the City are susceptible to wildland fires due to their hilly terrain, dry weather conditions and the nature of their plant cover. Specifically, the City contains large areas of high fire risk, particularly in the southwestern corner of the City (in Phillips Ranch, Lanterman Center and Cal Poly Pomona areas) and in the Ganesha Hills area. With the right combination of factors (dry vegetation, Santa Ana winds, etc.), even a small fire could quickly spread and threaten nearby residential neighborhoods.

Flood Risks. The City of Pomona is built on the edge of the San Antonio Canyon floodplain, which produced disastrous floods in the 1930s. As a result, the City developed several miles of large flood control channels, sufficient in size to provide protection from major floods, and an extensive network of local storm drains. However, according to the City's General Plan, localized inundation remains a concern within the City. Full failure or rupture of the San Antonio Dam would release waters and result in the flooding of areas south of the dam, including eastern portions of Pomona. Further, in the event of failure of the Live Oak Reservoir, northern portions of the City could be inundated. The General Plan states that these are considered unlikely events.

The City maintains liability insurance for the Enterprise and property casualty insurance (for losses other than from seismic events) for certain portions of the Enterprise. See the captions "SECURITY FOR THE 2018 BONDS—Insurance; Reconstruction, Repair and Replacement," "THE SEWER ENTERPRISE—Sewer Enterprise Insurance" and "—Self-Insurance." However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

Statutory and Regulatory Impact

Laws and regulations governing wastewater management are enacted and promulgated by government agencies on the federal, state and local levels. Compliance with these laws and regulations may be costly, and, as more stringent standards are developed to protect the environment, these costs will likely increase. Claims against the City with respect to its wastewater facilities and services could be significant. Such claims are payable from assets of the City or from other legally available sources.

Although rates are the major source of funding for regulatory costs and the City has covenanted in the Indenture to establish such rates as are necessary to enable the City to make all debt service payments on the 2018 Bonds, no assurance can be given that the cost of remediation of identified environmental conditions or compliance with such laws and regulations will not materially adversely affect the ability of the City to generate Net Revenues in the amounts sufficient to pay debt service on the 2018 Bonds when due.

Sewer Enterprise Demand and Growth

There can be no assurance that the local demand for the services provided by the Enterprise will be maintained at levels described in this Official Statement. Because of changes in demographics within the boundaries of the City, it is possible for the demand for services of the Enterprise decline over the term of the Bonds. A significant decline in demand might create a situation in which the City could not increase rates sufficiently to offset the decrease in customers or usage. This would reduce the City's ability to make payments of the principal of and interest on the 2018 Bonds as and when due.

Reduction in the level of demand could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with the City's rate covenant in the Indenture. For information on the possible limitation on the City's ability to comply with the rate covenant as a consequence of Proposition 218, see "RISK FACTORS—Rate-Setting Process Under Proposition 218" and "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES." There can be no assurance that any other entity with regulatory authority over the Sewer Enterprise will not adopt further restrictions on operation of the Enterprise.

Bankruptcy

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the City, there are no involuntary petitions in bankruptcy. Bankruptcy proceedings, if initiated, could subject the Bondholders to judicial discretion and interpretation of their rights in bankruptcy proceedings or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Limitations on Remedies

The ability of the City to comply with its covenants under the Indenture and to generate Net Revenues sufficient to pay principal of and interest on the 2018 Bonds may be adversely affected by actions and events outside of the control of the City and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218." Furthermore, the remedies available to the owners of the 2018 Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition, usual equity principles may limit the specific enforcement under State law of certain remedies, as may the exercise by the United States of America of the powers delegated to it by the federal constitution, and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the 2018 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations, or modification of their rights. Remedies may be limited because the Enterprise serves an essential public purpose.

In addition to the limitations on remedies contained in the Indenture, the rights and obligations under the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against cities in the State of California. The opinion to be delivered by Bond Counsel concurrently with the issuance of the 2018 Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the 2018 Bonds will be similarly qualified. See Appendix C. In the event that the City fails to

comply with its covenants under the Indenture or fails to pay principal of and interest on the 2018 Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the 2018 Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2018 Bonds or, if a secondary market exists, that the 2018 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Additional Contracts or Bonds

The Indenture permits the City to execute any Contracts or issue any Bonds on a parity with the obligation to pay principal of and interest on the 2018 Bonds, provided that certain conditions are satisfied as described herein. See the caption “SECURITY FOR THE 2018 BONDS—Additional Contracts or Bonds.” The entry into additional Contracts or the issuance of additional Bonds could result in reduced Net Revenues available to pay the 2018 Bonds. The City has covenanted to maintain Debt Service coverage of 100% of Maximum Annual Debt Service (defined under the caption “SECURITY FOR THE 2018 BONDS—Rate Covenant—*Relevant Definitions in the Indenture*”), as further described under the caption “SECURITY FOR THE 2018 BONDS—Rate Covenant.”

APPROVAL OF LEGAL PROCEEDINGS

The valid, legal and binding nature of the 2018 Bonds is subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, acting as Bond Counsel. The form of such legal opinion is attached hereto as Appendix C, and such legal opinion will be attached to each 2018 Bond. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and by Arnold M. Alvarez-Glasman, Esquire, City Attorney, for the Underwriter by its counsel, Thompson Coburn LLP, and for the Trustee and the Escrow Bank by its counsel.

From time to time Bond Counsel represents the Underwriter on matters unrelated to the issuance of the 2018 Bonds or other City obligations.

LITIGATION

At the time of delivery of and payment for the 2018 Bonds, the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the City, threatened against the City affecting the existence of the City or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2018 Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the 2018 Bonds, the Indenture, or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the 2018 Bonds or any action of the City contemplated by any of said documents, nor to the knowledge of the City, is there any basis therefor. **[Confirm]**

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the

2018 Bonds is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on 2018 Bonds is exempt from State of California personal income tax.

With certain exceptions, the difference between the issue price of a 2018 Bond (the first price at which a substantial amount of the 2018 Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2018 Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the owner of a 2018 Bond will increase the owner's basis in the 2018 Bond. In the opinion of Bond Counsel original issue discount that accrues to the owner of a 2018 Bond is exempt from State of California personal income tax.

The amount by which a 2018 Bond Owner's original basis for determining loss on sale or exchange in the applicable 2018 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2018 Bond premium, which must be amortized under Section 171 of the Code; such amortizable 2018 Bond premium reduces the 2018 Bond Owner's basis in the applicable 2018 Bond, and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2018 Bond premium may result in a 2018 Bond Owner realizing a taxable gain when a 2018 Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2018 Bond to the Owner. Purchasers of the 2018 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2018 Bond premium.

SUBSEQUENT TO THE ISSUANCE OF THE 2018 BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE 2018 BONDS OR THE MARKET VALUE OF THE 2018 BONDS. TAX REFORM PROPOSALS ARE BEING CONSIDERED BY CONGRESS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2018 BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2018 BONDS SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE 2018 BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2018 BONDS.

The ownership of the 2018 Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2018 Bonds may affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2018 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences with respect to the 2018 Bonds.

The form of Bond Counsel's proposed opinion with respect to the 2018 Bonds is attached hereto in Appendix C.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services, LLC business ("S&P") has assigned the rating of "___" to the 2018 Bonds. There is no assurance that any credit rating given to the 2018 Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2018 Bonds. Such rating reflects only the views of S&P, and an explanation of the significance of such rating may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from

the City which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The City has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") notices of any rating changes on the 2018 Bonds. See the caption "CONTINUING DISCLOSURE UNDERTAKING" below and Appendix E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." Notwithstanding such covenant, information relating to rating changes on the 2018 Bonds may be publicly available from the rating agencies prior to such information being provided to the City and prior to the date the City is obligated to file a notice of rating change on EMMA. Purchasers of the 2018 Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the 2018 Bonds after the initial issuance of the 2018 Bonds.

In providing a rating on the 2018 Bonds, S&P may have performed independent calculations of coverage ratios using its own internal formulas and methodology which may not reflect the provisions of the Indenture. The City makes no representations as to any such calculations, and such calculations should not be construed as a representation by the City as to past or future compliance with any bond covenants, the availability of particular revenues for the payment of Debt Service or for any other purpose.

UNDERWRITING

The 2018 Bonds will be purchased by B.C. Ziegler and Company (the "Underwriter") pursuant to a Bond Purchase Agreement, dated _____, 2018, by and between the City and the Underwriter (the "Purchase Contract"). Under the Purchase Contract, the Underwriter has agreed to purchase all, but not less than all, of the 2018 Bonds for an aggregate purchase price of \$_____ (representing the principal amount of the 2018 Bonds, less Underwriter's discount of \$_____, [plus/less] net original issue [premium/discount] of \$_____). The Purchase Contract provides that the Underwriter will purchase all of the 2018 Bonds if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2018 Bonds to certain dealers (including dealers depositing 2018 Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

MUNICIPAL ADVISOR

The City has retained Urban Futures, Inc., Tustin, California (the "Financial Advisor") as municipal advisor in connection with the sale of the 2018 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained herein.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Verification Agent, a firm of independent certified public accountants, will deliver to the City, on or before the settlement date of the 2018 Bonds, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants (the "AICPA"), the mathematical accuracy of the mathematical computations of the adequacy of the cash to pay the Redemption Price.

The Verification Agent relied on the accuracy, completeness and reliability of all information provided by, and on all decisions and approvals of, the City and its retained advisors, consultants or legal counsel. The Verification Agent was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

CONTINUING DISCLOSURE UNDERTAKING

The City has covenanted in a Continuing Disclosure Certificate for the benefit of the holders and Beneficial Owners of the 2018 Bonds to provide certain financial information and operating data relating to the City by not later than March 1 following the end of the City's Fiscal Year (currently its Fiscal Year ends on June 30) (the "Annual Report"), commencing with the report for Fiscal Year ending June 30, 2017, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City with EMMA for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>. The specific nature of the information to be contained in the Annual Report and the notice of material events is set forth in Appendix E. These covenants have been made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission.

[Within the last five years, the City has on occasion failed to comply in certain material respects with its previous continuing disclosure undertakings pursuant to Rule 15c2-12, including, but not limited to, the failure to timely file annual reports for some of the City's outstanding debt obligations, the failure to include certain operating information in connection with some of the City's annual reports, the failure to properly file certain annual reports for all outstanding CUSIPs, and the failure to timely file certain notices of rating changes. In connection with such annual reports, the City did not file notices of a failure to provide annual financial information on or before the date specified in its prior continuing disclosure undertakings. The City has since brought itself current with respect to all of its filings that were required to have been made within the past five years. The City has engaged Urban Futures, Inc. to act as Dissemination Agent with respect to the City's continuing disclosure undertakings.] [Update]

FINANCIAL INTERESTS

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, Thompson Coburn LLP, as counsel to the Underwriter, the Municipal Advisor, the Trustee and the Escrow Bank are contingent upon the issuance and delivery of the 2018 Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the 2018 Bonds.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the 2018 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the City.

CITY OF POMONA

By: _____
City Manager

APPENDIX A
FINANCIAL STATEMENTS

APPENDIX B

DEFINITIONS AND SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of the provisions thereof.

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon issuance of the 2018 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

_____, 2018

City of Pomona
505 South Garey Avenue
Pomona, California 91766

Re: \$_____ *City of Pomona*
 2018 Taxable Refunding Revenue Bonds, Series BH (Sewer Projects)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Pomona (the “City”) of the City of Pomona 2018 Taxable Refunding Revenue Bonds, Series BH (Sewer Projects) (the “Bonds”) in the aggregate principal amount of \$_____. In such connection, we have reviewed the Indenture, dated as of _____, 2018 (the “Indenture”), by and between Zions Bank, a division of ZB, National Association, as Trustee (the “Trustee”) and the City, opinions of counsel to the City and the Trustee, certificates of the City and the Trustee and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the City and are legal, valid and binding special obligations of the City, secured by a pledge of, and lien on, and payable solely from Net Revenues (as defined in the Indenture) and other sources as and to the extent provided for in the Indenture. The obligation of the City to make the payments of principal of and interest on the Bonds from Net Revenues is an enforceable obligation of the City and does not constitute an indebtedness of the City in contravention of any constitutional or statutory debt limit or restriction.

(2) The Indenture has been duly authorized by the City, is valid and binding upon the City, is enforceable in accordance with its terms and creates a valid pledge of that which the Indenture purports to pledge.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.

(4) Interest (and original issue discount) on the Bonds is exempt from personal income taxes imposed in the State of California.

(5) Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent that the stated redemption price at maturity is greater

than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.

Except as expressly set forth in paragraphs (3), (4) and (5), we express no opinion regarding any tax consequences with respect to the Bonds. Potential purchasers should consult their independent tax advisors with respect to the tax consequences relating to the Bonds and the taxpayer's particular circumstances.

With respect to the opinions expressed herein, the rights and obligations under the Indenture are subject to bankruptcy, insolvency, moratorium and other laws affecting the enforcement of creditors' rights, to the application of equitable principles if equitable remedies are sought, to the limitations on legal remedies against public agencies in the State of California and to limitations on rights of indemnity by principles of public policy.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX D

INFORMATION CONCERNING DTC

The information in this section concerning DTC and DTC's book entry only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2018 Bonds, payment of principal, premium, if any, accreted value, if any, and interest on the 2018 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2018 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2018 Bonds. The 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2018 Bond will be issued for each annual maturity of the 2018 Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in 2018 Bonds, except in the event that use of the book entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2018 Bonds documents. For example, Beneficial Owners of 2018 Bonds may wish to ascertain that the nominee holding the 2018 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2018 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A 2018 Bond Owner shall give notice to elect to have its 2018 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2018 Bond by causing the Direct Participant to transfer the Participant's interest in the 2018 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2018 Bond in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2018 Bond are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered 2018 Bond to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2018 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, 2018 Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK ENTRY ONLY SYSTEM IS USED FOR THE 2018 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2018 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the 2018 Bonds, the City proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Pomona (the “City”) in connection with the issuance of the \$_____ City of Pomona 2018 Taxable Refunding Revenue Bonds, Series BH (Sewer Projects) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of _____, 2018 (the “Indenture”), by and between Zions Bank, a division of ZB, National Association, as trustee (the “Trustee”) and the City. The City covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

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

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

Dissemination Agent. The term “Dissemination Agent” means Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of June of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated _____, 2018 relating to the Bonds.

Participating Underwriter. The term “Participating Underwriter” means B.C. Ziegler and Company, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, provide not later than March 1 following the end of its Fiscal Year (commencing with Fiscal Year 2017) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the City is unable to provide to EMMA an Annual Report by the date required in subsection (a), the City shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

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

(a) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available;

(b) To the extent not included in the audited financial statements of the City, the Annual Report shall also include the following:

(i) A list of the largest Sewer Enterprise payments during the most recently completed Fiscal Year, in substantially the form of Table 4 in the Official Statement.

(ii) A description of any changes in the service charges or the connection fees by the City during the most recently completed Fiscal Year.

(iii) A description of any additional Bonds issued or additional Contract executed during the most recently completed Fiscal Year which are secured by Net Revenues of the Enterprise on a parity with the Bonds.

(iv) The revenues, expenses and debt service coverage provided by Net Revenues (expressed in substantially the form of Table 7 of the Official Statement) for the most recently completed Fiscal Year.

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 EMMA; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the City shall clearly identify each such document so included by reference.

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 in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes; and
9. bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) 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:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;
2. modifications to the rights of Bond holders;
3. optional, unscheduled or contingent Bond redemptions;
4. release, substitution or sale of property securing repayment of the Bonds;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business,

the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

7. appointment of a successor or additional trustee or the change of the name of a trustee.

(c) If the City determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the City shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Customarily Prepared and Public Information. Upon request, the City shall provide to any person financial information and operating data regarding the City which is customarily prepared by the City and is publicly available.

7. Termination of 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).

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, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

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 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 notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of at least 50% aggregate principal amount of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, 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.

Dated: _____, 2018

CITY OF POMONA

By: _____
Its: City Manager

Acknowledged and accepted
by URBAN FUTURES, INC.,
as Dissemination Agent

By: _____

APPENDIX F

GENERAL INFORMATION REGARDING THE CITY OF POMONA

The following information is presented as general background data. The 2018 Bonds are secured by a pledge of, and lien on, and payable solely from the Net Revenues as described in the Official Statement. The taxing power of the City, the State or any political subdivision thereof is not pledged to the payment of the 2018 Bonds.

General Information

The City was incorporated in January 1888 and became a charter city in 1911. The City now encompasses approximately 22.9 square miles. The City is located approximately 30 miles east of downtown Los Angeles, in the eastern portion of the County of Los Angeles, adjacent to Orange and San Bernardino Counties.

The City Charter provides for a council-manager form of government, with an elected council of seven members including a mayor. City Councilmembers are elected by district for overlapping four-year terms. The Mayor is the presiding officer of the Council and is elected at large for a two-year term. The City Manager appoints department heads on the basis of specialized knowledge, experience and education in their area of responsibility.

Population

The City has an estimated current population of 155,306. Table F-1 sets forth total population for the City, the County of Los Angeles (the “County”) and the State of California (the “State”).

Table F-1
City of Pomona, County of Los Angeles and State of California
Population

<i>January 1</i>	<i>City of Pomona</i>	<i>County of Los Angeles</i>	<i>State of California</i>
2013	152,957	10,021,318	38,238,492
2014	153,629	10,089,847	38,572,211
2015	154,135	10,150,617	38,915,880
2016	154,151	10,182,961	39,189,035
2017	155,306	10,241,278	39,523,613

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and State, 2011-2017, with 2010 Census Counts.

Employment and Industry

Table F-2 summarizes the civilian labor force, civilian employment and civilian unemployment figures over the period from 2012 through 2016 in the City, the County, the State and the United States.

Table F-2
City of Pomona, County of Los Angeles, State of California and United States
Labor Force, Employment and Unemployment Yearly Average

<i>Year and Area</i>	<i>Civilian Labor Force</i>	<i>Civilian Employment⁽¹⁾</i>	<i>Civilian Unemployment⁽²⁾</i>	<i>Civilian Unemployment Rate⁽³⁾</i>
2012				
Pomona	66,200	58,200	8,000	12.1%
Los Angeles County	4,915,300	4,378,400	536,900	10.9
California	18,523,800	16,602,700	1,921,100	10.4
United States	154,975,000	142,469,000	12,506,000	8.1
2013				
Pomona	66,800	59,500	7,300	10.9%
Los Angeles County	4,967,000	4,482,100	485,000	9.8
California	18,624,300	16,958,700	1,665,600	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2014				
Pomona	67,200	61,000	6,200	9.2%
Los Angeles County	5,006,800	4,593,900	412,900	8.2
California	18,755,000	17,348,600	1,406,400	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
Pomona	67,000	62,000	5,000	7.4%
Los Angeles County	5,000,600	4,668,200	332,400	6.6
California	18,893,200	17,723,300	1,169,900	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
Pomona	67,400	63,500	4,000	5.9%
Los Angeles County	5,043,300	4,778,800	264,500	5.2
California	19,102,700	18,065,000	1,037,700	5.4
United States	159,187,000	151,436,000	7,751,000	4.9

⁽¹⁾ Includes persons involved in labor-management trade disputes.

⁽²⁾ Includes all persons without jobs who are actively seeking work.

⁽³⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: California Employment Development Department, March 2016 Benchmark; U.S. Department of Labor, Bureau of Labor Statistics.

Table F-3 sets forth the industry employment and the labor force estimates for the years 2012 through 2016 for the Los Angeles-Long Beach-Glendale MSA Metropolitan Statistical Area (“MSA”). Annual industry employment information is not compiled by sector for the City.

Table F-3
Los Angeles-Long Beach-Glendale MSA
Industry Employment and Labor Force
Annual Average

<i>Type of Employment</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Total Farm	5,400	5,500	5,200	5,000	5,300
Total Nonfarm	4,034,900	4,111,700	4,188,700	4,281,500	4,390,400
Total Private	3,478,100	3,560,500	3,632,500	3,713,000	3,814,200
Goods Producing	485,200	493,500	492,700	496,800	497,100
Natural Resources and Mining	4,300	4,500	4,300	3,900	3,600
Construction	107,600	114,600	118,500	126,200	133,100
Manufacturing	373,300	374,400	370,000	366,800	360,400
Durable Goods	210,300	210,600	208,700	208,100	203,600
Nondurable Goods	163,100	163,800	161,300	158,700	156,900
Service Providing	3,549,700	3,618,200	3,696,000	3,784,700	3,893,300
Private Service Providing	2,992,900	3,067,000	3,139,800	3,216,200	3,317,100
Trade, Transportation and Utilities	767,400	781,800	798,800	816,400	829,900
Wholesale Trade	211,900	218,700	222,500	225,700	227,000
Retail Trade	400,900	405,600	413,000	419,200	422,300
Transportation, Warehousing and Utilities	154,500	157,500	163,400	171,500	180,600
Information	192,100	197,000	198,800	207,500	230,900
Financial Activities	212,400	213,000	211,200	215,500	219,800
Professional and Business Services	564,100	586,900	593,300	595,500	605,200
Educational and Health Services	699,500	702,100	720,700	741,100	767,400
Leisure and Hospitality	415,800	440,500	466,600	489,100	510,500
Other Services	141,700	145,700	150,500	151,000	153,400
Government	<u>556,800</u>	<u>551,200</u>	<u>556,200</u>	<u>568,500</u>	<u>576,300</u>
Total, All Industries	<u>4,040,300</u>	<u>4,117,200</u>	<u>4,193,900</u>	<u>4,286,500</u>	<u>4,395,700</u>

Note: The “Total All Industries” data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, Los Angeles-Long Beach-Glendale MSA Industry Employment & Labor Force - by Annual Average, March 2016 Benchmark.

Major Employers

Table F-4 sets forth the principal employers in the City as of June 30, 2016.

Table F-4
City of Pomona
Principal Employers

<i>Employer</i>	<i>Number of Employees</i>
Pomona Valley Hospital	3,720
Pomona Unified School District	2,926
California State Polytechnic University	2,612
Fairplex	954
Casa Colina Rehabilitation Center	938
City of Pomona	685
Verizon	596
County of Los Angeles Department of Social Services	400
First Transit	348
Inland Valley Care & Rehab	341
Kittrich Corporation	256
Torn & Glasser Inc.	242
Hayward Industries Inc.	230
Walmart Stores Inc.	207
Anheuser Busch Sales Pomona	204

Source: City of Pomona, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2016.

Commercial Activity

Trade outlet and retail sales activity are summarized in Tables F-5 and F-6 based on reports of the State Board of Equalization.

Table F-5
City of Pomona
Total Taxable Transactions and Number of Sales Permits
2012 through 2016⁽¹⁾⁽³⁾

<i>Calendar Year</i>	<i>Retail Sales⁽²⁾</i>	<i>Retail Sales Permits</i>	<i>Total Taxable Transactions⁽²⁾</i>	<i>Issued Sales Permits</i>
2012	767,593	3,343	1,191,591	4,658
2013	781,599	3,326	1,239,009	4,635
2014	817,869	3,409	1,331,872	4,747
2015	833,851	3,706	1,353,565	5,397
2016 ⁽³⁾	618,820	3,653	1,010,058	5,362

⁽¹⁾ Reflects latest information available.

⁽²⁾ Dollar amounts are in thousands.

⁽³⁾ Taxable Sales for California Cities by Type of Business only available through 3rd quarter.

Source: California State Board of Equalization.

Table F-6
City of Pomona
Taxable Retail Sales
2012 through 2016⁽¹⁾⁽²⁾⁽³⁾

<i>Type of Business</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Motor Vehicle & Parts Dealers	\$ 104,207	\$ 11,419	\$ 114,994	\$ 126,782	\$ 80,164
Home Furnishings & Appliance Stores	20,365	18,584	14,208	15,122	10,985
Building Materials & Garden Equipment & Supplies	70,799	75,990	82,983	88,126	46,347
Food & Beverage Stores	64,480	66,580	74,060	76,951	40,784
Gasoline Stations	221,196	209,743	203,028	167,452	70,981
Clothing & Clothing Accessories Stores	15,382	16,757	24,764	24,537	18,410
General Merchandise Stores	49,353	55,789	65,141	71,026	53,164
Food Services & Drinking Places	130,544	138,537	149,208	161,789	130,540
Other Retail Group	<u>91,267</u>	<u>88,201</u>	<u>89,483</u>	<u>102,063</u>	<u>167,440</u>
Retail Stores Totals	767,593	781,599	817,869	833,851	618,820
All Other Outlets	<u>423,998</u>	<u>457,410</u>	<u>514,002</u>	<u>519,713</u>	<u>391,238</u>
Total All Outlets	<u>\$ 1,191,591</u>	<u>\$ 1,239,009</u>	<u>\$ 1,331,872</u>	<u>\$ 1,353,565</u>	<u>\$ 1,010,058</u>

(1) Reflects latest information available.

(2) Dollar amounts are in thousands.

(3) Taxable Sales for California Cities by Type of Business only available through 3rd quarter.

Source: California State Board of Equalization.

Building Activity

Table F-7 summarizes building activity in the City from 2012 through 2016, reflecting the latest available information.

Table F-7
City of Pomona
Building Permit Valuations
2012 through 2016

	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
<u>Residential</u>					
Single Family	\$15,507,704	\$777,507	\$7,319,268	\$ 0	\$14,590,381
Multi-Family	0	20,099,673	465,485	18,517,719	23,734,142
Alteration/Additions	<u>2,617,489</u>	<u>1,076,346</u>	<u>1,407,155</u>	<u>2,081,911</u>	<u>2,701,455</u>
Total	\$18,125,193	\$21,953,526	\$9,191,908	\$20,599,630	\$41,025,978
<u>Non-Residential</u>					
New Commercial	\$7,860,216	\$19,807,867	\$12,353,859	\$3,907,805	\$4,517,872
New Industry	0	23,158,611	7,528,131	0	38,350,376
Other ⁽¹⁾	2,058,722	18,614,425	14,703,483	718,453	212,875
Alteration/Additions	<u>3,919,130</u>	<u>9,411,917</u>	<u>5,685,716</u>	<u>10,330,437</u>	<u>11,783,510</u>
Total	\$13,838,068	\$70,992,820	\$40,271,189	\$14,956,695	\$54,864,633
<u>Total All Industry</u>					
<u>Total</u>					
Single Family Units	67	4	35	0	75
Multi-Family Units	<u>0</u>	<u>251</u>	<u>4</u>	<u>159</u>	<u>139</u>
Total	67	255	39	159	214

⁽¹⁾ Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings.

Source: California Homebuilding Foundation/Construction Industry Research Board.

APPENDIX G
FORM OF CITY INVESTMENT POLICY