



**CITY OF NORCO  
CITY COUNCIL REGULAR MEETING AGENDA**

**Wednesday, May 4, 2016  
City Council Chambers, 2820 Clark Avenue, Norco, CA 92860**

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- CALL TO ORDER:** 7:00 p.m.
- ROLL CALL:** Kevin Bash, Mayor  
Greg Newton, Mayor Pro Tem  
Robin Grundmeyer, Council Member  
Berwin Hanna, Council Member  
Ted Hoffman, Council Member
- PLEDGE OF ALLEGIANCE:** Council Member Robin Grundmeyer
- INVOCATION:** Associate Pastor Pol Arciaga, Beacon Hill Assembly of God
- PROCLAMATIONS:** Poppy Week, May 9-15, 2016  
Mental Health Month  
Mayor's Monarch Pledge Month
- PRESENTATION:** Norco High School Agriculture Department Donation to Senior Center

**CITY COUNCIL BUSINESS ITEMS AS FOLLOWS:**

1. CITY COUNCIL COMMUNICATIONS / REPORTS ON REGIONAL BOARDS AND COMMISSIONS:
2. CITY COUNCIL CONSENT ITEMS: *All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Council, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Council or the audience request specific items be removed from the Consent Calendar. Items removed from the Consent Calendar will be separately considered under Item No.3 of the Agenda.*
  - A. City Council Regular Meeting Minutes of April 20, 2016. **Recommended Action: Approve the City Council regular meeting minutes.** (City Clerk)
  - B. Procedural Step to Approve Ordinance after Reading of Title Only. **Recommended Action: Approval** (City Clerk)

- C. Continuation of an Annual Special Tax for Community Facilities District No. 93-1 for Fiscal Year 2016-2017. **Recommended Action: Adopt Resolution No. 2016-18, continuing the Annual Special Tax for Community Facilities District No. 93-1 for Fiscal Year 2016-2017.** (Finance Officer)
- D. Acceptance of the Equestrian Trail Fencing Project for Landscape Maintenance District No. 4 and Various Other City Locations as Complete. **Recommended Action: Accept the Equestrian Trail Fencing Project for Landscape Maintenance District No. 4 and Various Other City Locations as complete and authorize the City Clerk to file a Notice of Completion with the County Clerk's Office.** (Deputy City Manager/Director of Parks, Recreation, and Community Services)
- E. Authorizing Issuance of the Chino Basin Desalter Authority Revenue Refunding Bonds Series 2016A. **Recommended Action: Adopt Resolution No. 2016-19, authorizing the inclusion of certain information in an Official Statement relating to the issuance of the Chino Basin Desalter Authority Revenue Refunding Bonds Series 2016A.** (Finance Officer)
- F. Acceptance of the Public Improvements at SilverLakes Equestrian and Sports Park as Complete. **Recommended Action: Accept the onsite public improvements at SilverLakes Equestrian and Sports Park as complete.** (Director of Public Works)
- G. Appropriation for Reimbursement of Costs Related to Onsite SilverLakes Equestrian and Sports Park Water and Sewer Improvements. **Recommended Action: Adopt Resolution No. 2016-20, appropriating funds for reimbursement of costs related to onsite SilverLakes Equestrian and Sports Park water and sewer improvements.** (City Manager)
- H. Approval of Amendment No. 1 to the Memorandum of Understanding with Balboa Management, LLC Regarding Reimbursement Repayment Schedule for SilverLakes Equestrian and Sports Park. **Recommended Action: Approve Amendment No. 1 to the Memorandum of Understanding regarding the reimbursement repayment schedule for SilverLakes Equestrian and Sports Park.** (City Manager)
- I. Approval of City-Wide Tree Trimming Services Agreement with West Coast Arborist, Inc. (WCA) and the City of Norco. **Recommended Action: Approve the Professional Maintenance Service Agreement with West Coast Arborist for the City's Annual Maintenance of its Urban Forest.** (Director of Public Works)
- J. Acceptance of Modifications to Trail Fence Standards. **Recommended Action: Accept the new PVC Equestrian Trail Fence Standard 706 and proposed modifications to existing Wood Equestrian Trail Fence Standard 705 and other miscellaneous standards that needed to be updated to incorporate the new trail fence requirements.** (Director of Public Works)

3. ITEM(S) PULLED FROM CITY COUNCIL CONSENT CALENDAR

4. PUBLIC COMMENTS: *This is the time when persons in the audience wishing to address the City Council regarding matters not on the agenda may speak. Please complete the speaker card in the back of the room and present it to the City Clerk so that you may be recognized.*

5. PUBLIC HEARINGS:

A. Ordering Abatement of Weeds on Vacant Lots. (Battalion Chief)

*The proposed resolution orders the abatement of weeds and authorizes the Fire Department's weed abatement contractor to begin abating weeds on vacant properties whose owners did not comply with the Notice to Abate Spring weeds.*

**Recommended Action: Adopt Resolution No. 2016-21, declaring that weeds and hazardous vegetation, upon or in front of vacant property in the City of Norco, constitute a public nuisance and ordering the abatement.**

B. Resolution Approving, Authorizing, and Directing Execution of the Joint Exercise of Powers Agreement Relating to the California Public Finance Authority and Other Matters Pertaining Thereto. (City Manager)

*Balboa Management, LLC. is in the process of securing additional financing for Phase II improvements on the SilverLakes Equestrian and Sports Park property through the California Public Finance Authority (CalPFA), a Joint Exercise of Powers Authority (JPA). In order to meet state law and the policy requirements for the issuance of certain private activity bonds, CalPFA has adopted a policy to not issue bonds or other forms of indebtedness unless the governing body of a Member in which the proposed project is located approves issuance of bonds for the project. The SilverLakes Project is in the jurisdiction of the City of Norco and therefore, the City's approval is required before bonds can be issued on behalf of Balboa Management LLC by CalPFA.*

**Recommended Action: Adopt Resolution No. 2016-22, approving, authorizing, and directing execution of Joint Exercise of Powers Agreement relating to the California Public Finance Authority and other matters pertaining thereto**

6. CITY COUNCIL / CITY MANAGER / STAFF COMMUNICATIONS:

**ADJOURNMENT**

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*In compliance with the Americans with Disabilities Act, any person with a disability who requires a modification or accommodation in order to participate in this meeting, please contact the City Clerk's office, (951) 270-5623, at least 48 hours prior to the meeting to make reasonable arrangements to ensure accessibility. Staff reports are on file in the City Clerk's Office. Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be available for public inspection at the City Clerk's Counter in City Hall located at 2870 Clark Avenue during normal business hours. The meeting is recorded.*



**CITY OF NORCO  
CITY COUNCIL REGULAR MEETING MINUTES**

**Wednesday, April 20, 2016  
City Council Chambers, 2820 Clark Avenue, Norco, CA 92860**

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**CALL TO ORDER:** 7:00 p.m.

**ROLL CALL:** **Present:**  
Kevin Bash, Mayor  
Greg Newton, Mayor Pro Tem  
Berwin Hanna, Council Member  
Ted Hoffman, Council Member

**Absent:**  
Robin Grundmeyer, Council Member

**PLEDGE OF ALLEGIANCE:** Mayor Pro Tem Greg Newton

**INVOCATION:** Associate Pastor Daniel Kitheka, Beacon Hill Assembly of God, Swahili Faith Community

**PROCLAMATION:** National Donate Life Month

Mayor Bash presented a proclamation to Terry and Kathy Andres of Donate Life and thanked them for efforts in creating awareness for the need of organ donors.

**RECOGNITIONS:** Norco High School Girls Basketball CIF Champions

Mayor Bash presented certificates to the team and coaches for their outstanding achievement.

Ed Dixon, Economic Development Advisory Council

The City Council and the Economic Development Advisory Council Chairperson spoke about Mr. Dixon's accomplishments and presented him with a plaque and certificate.

**PRESENTATIONS:** Norco Horsemen's Association's 2016 Ten Most Needed Trail Improvements

Bonnie Slager of the Norco Horsemen's Association presented the list of the most needed trail improvements.

**Agenda Item: 2.A.**

R.J. Brandes, Silverlakes Calendar of Events

Mr. R.J. Brandes provided a brief summary of the history since the opening. The soft opening took place in September 2015. At the beginning of 2016, the schedule began with twelve weeks of tournaments by Cal South Soccer League, which is the largest league in the United States. Mr. Brandes indicated that he hopes to have all contracts for June – August finalized by the end of May, at which time the calendar will be published on the website. He also stated that there will be three equestrian shows this year. There will be several other types of events in 2016. In September, there will be a 17,000-attendee track meet. There are other events for the school district as well as the Navy.

**BUSINESS APPRECIATION HONOREE:** Rancho Taco Shop

Mayor Bash and Economic Development Advisory Council Chair Patrick Malone presented a certificate to Rancho Taco Shop for its investment in the City of Norco and its strong community engagement.

**CITY COUNCIL BUSINESS ITEMS AS FOLLOWS:**

1. CITY COUNCIL COMMUNICATIONS / REPORTS ON REGIONAL BOARDS AND COMMISSIONS:

Council Member Hanna:

- Commented that lanes have been added on the 91 Freeway, from Arlington to the 60 Freeway.
- Will be attending a Vector Control meeting tomorrow, which will focus on West Nile Virus prevention as well as the use of drones to spray hard to reach areas.
- Commented on the upcoming National Day of the Cowboy event on July 23<sup>rd</sup>. The opening ceremonies will start at 5pm and this year bull fighting has been added to the program.

Council Member Hoffman:

- Attended the California Rehabilitation Center (CRC) Citizen's Advisory Committee on April 12<sup>th</sup>. CRC is updating and improving the facility as they are facing a standardized audit by the American Correctional Association scheduled for May 2017.
- Attended the Western Riverside Regional Wastewater Authority treatment plant tour on April 19<sup>th</sup>.
- Commented that Western Riverside Regional Wastewater Authority will be hosting a "Community Chat" tomorrow from 3:00-6:00 p.m. at the treatment plant in Eastvale. More information can be found on the Authority's website.

Mayor Pro Tem Newton:

- Attended the Chino Basin Desalter Authority Board of Directors meeting on April 13<sup>th</sup>, in which the Board approved a resolution authorizing the issuance of \$77 million in refunding bonds, which may provide a savings to member agencies.

Mayor Bash:

- Attended the Riverside County Sheriff's Department Annual Awards Ceremony on April 13<sup>th</sup> in which Council Member Grundmeyer and her sister were honored for coming to the aid of a Sheriff's Deputy.
- Attended the George Ingalls Day event on April 16<sup>th</sup> at the Veterans Memorial.
- Attended the Rose Eldridge Day on April 16<sup>th</sup> at the Senior Center.
- Toured a submarine and other ships at the San Diego Harbor.

2. CITY COUNCIL CONSENT ITEMS:

**M/S NEWTON/HANNA to approve the Consent Calendar items as presented. The motion was carried by the following roll call vote:**

**AYES: BASH, HANNA, HOFFMAN, NEWTON**

**NOES: NONE**

**ABSENT: GRUNDMEYER**

**ABSTAIN: NONE**

- A. City Council Special Meeting Workshop Minutes of March 23, 2016 and Regular Meeting Minutes of April 6, 2016. **Action: Approved the City Council special meeting minutes of March 23, 2016 and regular meeting minutes of April 6, 2016.** (City Clerk)
- B. Procedural Step to Approve Ordinance after Reading of Title Only. **Action: Approved** (City Clerk)
- C. Recap of Actions Taken by the Planning Commission at its Meeting Held on April 13, 2016. **Action: Received and filed.** (Planning Director)
- D. Quarterly Investment Report for Quarter Ended March 31, 2016. **Action: Received and filed.** (Finance Officer)
- E. Approval of Final Parcel Map 36999, located on the West side of the intersection of Corydon Avenue and River Road. **Action: 1) Approved Parcel Map 36999 and authorized the City Clerk to sign the map on behalf of the City; 2) Approved the TUMF Credit Agreement.** (City Engineer)

3. ITEM(S) PULLED FROM CITY COUNCIL CONSENT CALENDAR: None

4. PUBLIC COMMENTS:

Patricia Overstreet commented on the upcoming Horseweek parade on Saturday, April 23<sup>rd</sup>. Ms. Overstreet also commented on the 10<sup>th</sup> Annual Ranch Tour scheduled for Saturday, May 14<sup>th</sup>. Ms. Overstreet said that the Norco Regional Conservancy is concentrating its efforts on trail preservation.

Geoff Kahan, Parks and Recreation Commissioner, commented on the upcoming Concerts in the Park series and the band lineup. He mentioned that the bands will play a full two hours, 30 minutes more than last summer. Mr. Kahan also thanked the sponsors – Norco Lions Club, Waste Management, Norco Mounted Posse, Supervisor Tavaglione's Office, RURAL, Norco Horsemen's Association, and AirTemp, Inc.

Bob Cuervo commented that there is a "No Firearms" sign on Corona Avenue and River Drive that is full of bullet holes and requested that the City replace the sign.

5. DISCUSSION / ACTION ITEM:

A. Wyle Preservation and Development Zone, Preservation Open Space Plan.  
(Planning Director)

Planning Director Steve King reported that the property owners of the former Wyle Labs property have started preparing applications seeking entitlements for development. It is not known what is being proposed at this time. The property is zoned Preservation and Development, which calls for the "coordinated development of planned commercial projects in an orderly and aesthetically pleasing manner that recognizes and preserves significant natural landscape features, open lands and historical buildings. Permanent residential uses are not permitted. The first step in the entitlement process is to identify those on-site features that need to be preserved in open space before a specific plan can be proposed.

Director King stated that what is being proposed is approval of the preservation open space plan for the property. Ultimately a specific plan with the related environmental documents will have to be prepared and approved based on the approved preservation open space plan, and needs to occur before any approvals for development can occur.

In response to Mayor Bash, Director King clarified that the Opportunities and Constraints Map was created by the property owner's representatives to provide guidance to the Planning Commission to make its recommendation. Because of the unique circumstances, the map identifies development opportunities that would enhance the development of the property, and those opportunities are the view sites. The sites are not being proposed to be restricted from development; instead it is being considered as an asset to development.

Mayor Pro Tem Newton asked how much bearing do Exhibits A and B have on the Council's recommendations. Director King noted that the areas that are the hardest to develop are the ones that are being proposed as open space. Mr. King also noted that there are areas identified by the Department of Toxic Substances Control that must be kept as open space.

Mayor Pro Tem Newton referenced language on Page 3 of the Opportunities and Constraints Report, "It is anticipated that potential development of the site will result in a balance of earthwork materials." Mr. Newton asked about the bearing of this statement on the preservation of open space and will the City be able to protect itself in the Specific Plan. Director King stated that this item is recommending approval of the open space plan but the City Council may choose to make changes later in the Specific Plan.

Mayor Pro Tem Newton also referenced language on Page 6, under "Golf Cart Paths/Connections: Opportunities exist for the extensive use of golf carts throughout the Project site as an alternative and primary source of transportation for residents and visitors." Mr. Newton expressed concern about this language because the Norco Municipal Code strictly prohibits residential development on this property. Director King noted that one of the stated intents is to provide a trail connection across the project site. The developers are considering some type of development such as camping or a hotel with use of golf carts to get to the golf course.

Mayor Pro Tem Newton referenced language on Page 7 "Existing Golf Course. The Hidden Valley Golf Club is located easterly of the Project site. Potential opportunities exist for future residents of, and visitors to the Project to use golf carts (or vehicles) to access the clubhouse." Mr. Newton says that this statement also gives the assumption of future residential development. Director King clarified the "Preservation Development Zone," is meant for the coordinated development of planned commercial projects and permanent residential uses are not permitted; transient uses can be approved with the Specific Plan. The property owners may approach the City Council with a zone change which would allow a different use such as residential development.

Council Member Hoffman said there is existing K-rail, which separates the Upper Basin from the Lower Basin of the property and asked if the Council could approve one portion or does the entire property have to be approved. Director King indicated that the Council may approve any portion, or all, of the plan. There was some discussion about the contaminated portions of the property. When the Specific Plan is prepared, an Environmental Impact Report (EIR) will be done, which will include soil contamination reports, exposure, impacts, and possible mitigation.

City Attorney Harper clarified that what is being asked of the Council tonight is to review and adopt the Preservation Development Zone Open Space Plan, not the Opportunities and Constraints Report. The report is information that was provided to prepare the maps. Regardless of what the reports states, the Council is not committing to any development. The Council is only approving an outline of the open space on the property. The Opportunities and Constraints Report cannot be amended, but the Council can be clear that any use has to be consistent with the overlying zone and the Specific Plan.

Council Member Hanna expressed concern about grading of the hills and suggested to leave those areas as is. City Attorney Harper said his concerns could be addressed during the approval of the Specific Plan.

Rick Hoffman, Hoffman Consulting, spoke on behalf of the property owners. Mr. Hoffman commented on the uniqueness of the property and the language in this report has never been done before. He expressed that he wants to work with the City. He noted that it is impractical to approve one side of the property at a time because of access. Mr. Hoffman mentioned that grading is part of the plan and subject to approvals. However, he does not foresee hillside grading. Mr. Hoffman added that DTSC will also be a partner with the grading plans and in other aspects.

Pat Overstreet noted that the property is divided into two parts, in which the lower portion is contaminated and the upper portion is clean. Ms. Overstreet said she is concerned about grading contaminated soil, considering there are entire neighborhoods touched by cancer. She suggested that the City concentrate on the east portion of the property which is clean and the leave the contaminated portion completely as open space.

Linda Dixon commented that there is little open space left in the City and asked the Council to move forward slowly and carefully. Ms. Dixon suggested that each step of this approval process be scrutinized.

Council Member Hoffman agreed with comments made by Ms. Overstreet and expressed concerns about the ground contaminants. He commented that he does not want to see it developed and it remain vacant because of fear of contamination, which would blemish Norco.

**M/S NEWTON/HANNA to approve the proposed preservation open space plan, not including the Opportunities and Constraints Report, and any development is subject to the existing zoning, Norco Municipal Code Chapter 18.62, notwithstanding any language in the Opportunities and Constraints Report. The motion was carried by the following roll call vote:**

**AYES: BASH, HANNA, HOFFMAN, NEWTON**  
**NOES: NONE**  
**ABSENT: GRUNDMEYER**  
**ABSTAIN: NONE**

**6. CITY COUNCIL / CITY MANAGER / STAFF COMMUNICATIONS:**

Council Member Hoffman thanked Fire personnel for their successful efforts in fighting the brush fire near Pumpkin Rock. He also thanked Field Maintenance Worker Keith Price for reporting the incident.

Lt. Briddick commented that last weekend Norco Citizens Patrol (NCP) lost a valuable member, Anna Harper. Lt. Briddick noted Ms. Harper's contributions to NCP and stated that the services will be on April 30<sup>th</sup> at 12:00 p.m. at St. Mel's Catholic Church.

**ADJOURNMENT**

Mayor Bash adjourned the meeting at 8:49 p.m. with a moment of silence in honor of Anna Harper.

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Gina Schuchard, Finance Officer 

DATE: May 4, 2016

SUBJECT: Continuation of an Annual Special Tax for Community Facilities District No. 93-1 for the Fiscal Year 2016-2017.

RECOMMENDATION: Adopt **Resolution No. 2016-18**, continuing the Annual Special Tax for Community Facilities District No. 93-1 for Fiscal Year 2016-2017.

**SUMMARY:** Staff is recommending that the City Council adopt a resolution approving the annual special tax levy for Community Facilities District No. 93-1 for Fiscal Year 2016-2017. The tax levy is necessary to generate funds for the payment of the debt service on the bonds issued for the construction and installation of public facilities in the district. No change in the previously approved tax rate is proposed.

**BACKGROUND/ANALYSIS:** On December 16, 1992 the City Council adopted Resolution No. 92-73 stating its intent to establish Community Facilities District 93-1 (Gateway) ("District"). A majority of the property owners within the District boundaries voted to approve CFD 93-1 in 1992. Resolution 92-73 provided for the levying of special taxes in FY 1995-96 against each parcel in the District for the construction and installation of certain public facilities, including drainage facilities improvements ("District Facilities"); intersection improvements – Hamner Avenue at First Street and Hamner Avenue at Mountain Avenue; street improvements – First Street from Hamner Avenue to existing Mountain Avenue; signal improvements – Hamner Avenue at First Street Intersection and Hamner Avenue at Mountain Avenue (Yuma Drive) intersection; and water improvements – Hamner Avenue and landscaped median improvements – Hamner Avenue and First Street.

The County of Riverside requires a resolution levying the special taxes to be adopted each fiscal year for the duration of the District. The special tax rate used in the preparation of the Special Tax Levy Report does not exceed the amount previously authorized, and does not exceed the amount approved by the qualified electors of the District. The proceeds of the special tax will be used to pay, in whole or in part, the approved costs of the District.

Adoption of Resolution No. 2016-18, directs the Auditor-Controller of the County of Riverside to prepare an amended real property statement for each parcel of the District, as well as to perform other administrative actions for FY 2016-2017.

The special tax due will be listed opposite each affected lot or parcel of land as a line item designated "Public Improvements, CFD Special Tax" or any other suitable designation in accordance with the resolution. Adoption of the resolution also requires the City to issue the attached statement that CFD 93-1 charges are in compliance with Proposition 218.

FINANCIAL IMPACT: N/A

Attachments: Resolution No. 2016-18  
Compliance Statement (Ordinance No. 672)

## **RESOLUTION NO. 2016-18**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA CONTINUING THE ANNUAL SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 93-1 FOR FISCAL YEAR 2016-2017**

WHEREAS, the City Council of the City of Norco, California (hereinafter referred to as the "Legislative Body") has initiated proceedings, held a public hearing, conducted an election, and received a favorable vote from the qualified electors relating to the levy of a special tax in a community facilities district, all as authorized pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California. This Community Facilities District shall hereinafter be referred to as "District"; and,

WHEREAS, this Legislative Body, by Ordinance as authorized by Section 53340 of the Government Code of the State of California, has authorized the levy of a special tax to pay for costs and expenses related to said District, and this Legislative Body is desirous to establish the specific rate of the special tax to be collected for the next fiscal year.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Norco, does hereby accept:

SECTION 1: That the above recitals are all true and correct.

SECTION 2: That the specific rate and amount of the special tax to be collected to pay for the costs and expenses for FY 2016-2017 for the referenced District is hereby determined and established as set forth in the attached, referenced, and incorporated Exhibit "A."

SECTION 3: That the rate as set forth above does not exceed the amount as previously authorized by Ordinance of this Legislative Body and is not in excess of that as previously approved by the qualified electors of the District and is exempt from Proposition 218, Section XIID of the California State Constitution.

SECTION 4: That the proceeds of the special tax shall be used to pay, in whole or in part, the costs of the following:

- A. Payment of principal and interest on any outstanding authorized bonded indebtedness;
- B. Necessary replenishment of bond reserve funds or other reserve funds; Resolution No. 2016-, CFD 93-1 Levying of Taxes, 2016-2017;

- C. Payment of costs and expenses of authorized public facilities;
- D. Repayment of advances and loans, if appropriate; and
- E. Costs and expenses related to the administration of the District.

The proceeds of the special taxes shall be used as set forth above and shall not be used for any other purpose.

SECTION 5: The special tax shall be collected in the same manner as ordinary ad valorem property taxes are collected, and shall be subject to the same penalties and same procedure and sale in cases of any delinquency for ad valorem taxes, and the Tax Collector is hereby authorized to deduct reasonable administrative costs incurred in collecting any said special tax.

SECTION 6: All monies above collected shall be paid into the District, including any bond fund and reserve fund.

SECTION 7: The Auditor of the County is hereby directed to enter in the next County assessment on which taxes will become due, opposite each lot or parcel of land affected, in a space marked "public improvements, special tax" or by any other suitable designation, the installment of the special tax, and for the exact amount of said tax, reference is made to the attached Exhibit "A."

SECTION 8: The County Auditor shall then, at the close of the tax collection period, promptly render to this Agency a detailed report showing the amount(s) of such special tax installments, interest, penalties, and percentages so collected and from which property collected, and also provide a statement of any percentages retained for the expense of making any such collection.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on May 4, 2016.

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Kevin Bash, Mayor  
City of Norco, California

ATTEST:

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Cheryl L. Link, City Clerk  
City of Norco, California

I, Cheryl L. Link, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on May 4, 2016, by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on May 4, 2016.

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Cheryl L. Link, City Clerk  
City of Norco, California

Attachment: Exhibit "A" – CFD No. 93-1R Fiscal Year 2016/2017 Special Tax Rates

**EXHIBIT "A"**

**City of Norco  
Community Facilities District No. 93-1R  
Fiscal Year 2016/2017 Special Tax Rates**

For Fiscal Year 2016/2017 the effective special tax rate for each taxable parcel is \$0.092 per square footage of land and the amount of special tax for each assessor's parcel number is listed below:

<b>APN</b>	<b>LEVY AMOUNT</b>
122-040-022	\$4,630.44
122-040-023	2,874.06
122-040-024	3,392.98
122-040-030	3,392.98
122-040-054	3,632.50
122-040-055	4,311.08
122-040-056	8,741.94
122-040-057	18,681.42
122-050-031	2,554.72
122-050-033	2,714.38
122-050-035	3,153.48
122-050-045	2,714.38
122-050-046	2,754.30
122-050-047	3,792.16
122-050-048	11,496.26
122-050-049	5,867.88
122-070-014	1,357.18
122-070-016	5,468.70
122-070-023	1,397.10
122-070-026	199.58
122-070-028	4,710.26
122-070-034	5,251.14
122-070-035	3,048.90
122-070-036	2,413.80
122-090-053	9,985.38
122-090-054	2,061.74
122-090-055	2,910.78
122-090-056	2,910.78
122-090-057	4,608.48
122-090-058	8,853.32
122-090-059	323.32
122-090-062	6,063.88
122-090-063	1,617.06
122-090-068	124.14
122-090-069	1,159.60
122-090-072	19,813.48
122-120-002	359.24
125-270-025	3,472.82
125-270-030	997.92
125-270-034	5,508.62
125-270-035	1,876.12
126-250-029	1,756.36
126-250-057	1,836.20
126-250-058	2,953.90
<b>Total = 44 parcels</b>	<b>\$187,744.76</b>

## **ORDINANCE NO. 672**

### **COMMUNITY FACILITIES DISTRICT NO. 93-1**

Special taxes are for a period not to exceed 25 years from the original levy, Resolution 92-73 provided for the levying of special taxes in Fiscal Year 1995-96 to each parcel in the District.

The City shall administer and collect taxes and determine the amount of special tax revenue needed for the next fiscal year to cover all costs and expenses to pay for facilities, debt service, including principal and interest and replenishment of reserve and other administrative expenses.

Bond issuance to cover various public facilities such as grading, etc. is necessary for the Gateway Specific Plan Area (The District). All properties subsequently annexed shall be subject to the original authorized special taxes, as well as increases to reflect increases in the Engineering News-Record Construction Cost Index (Los Angeles) as of May 1<sup>st</sup> of any fiscal year after 1993/1994.

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Brian K. Petree, Deputy City Manager/Director  
Parks, Recreation and Community Services Department

DATE: May 4, 2016

SUBJECT: Acceptance of the Equestrian Trail Fencing Project for Landscape Maintenance District No.4 and Various Other City Locations Project as Complete

RECOMMENDATION: Accept the Equestrian Trail Fencing Project for Landscape Maintenance District No. 4 and Various Other City Locations as complete and authorize the City Clerk to file a Notice of Completion with the County Clerk's Office.

**SUMMARY:** The Equestrian Trail Fencing Project for Landscape Maintenance District (LMD) No. 4 and Various Other City Locations Project has been completed and staff is requesting that the Council accept the Project as complete.

**BACKGROUND/ANALYSIS:** On August 5, 2015, the Council awarded a contract for the Equestrian Trail Fencing Project for LMD No. 4 and Various Other City Locations to Valley Cities/Gonzales Fence, Inc. in the amount of \$291,528 with a 10% contingency.

Valley Cities/Gonzales Fence, Inc. completed their scope of work for the project at a total cost of \$122,320.00 for various City locations other than LMD, Project \$163,929.78 for LMD No. 4. The work has been inspected by the Parks and Recreation Department, City Engineer and the City Building and Safety Inspector and found to be in full conformance with the plans and specifications on the contract document.

**FINANCIAL IMPACT:** Trail Capital Improvement Fund was charged \$122,320.00 for trail fence replacement completed in various City locations. The total charge to LMD No. 4 Fund was \$172,358.71 which includes \$163,929.78 for fence replacement and \$8,428.93 for trail fence removal not included in the contractor agreement.

Attachment: Notice of Completion

RECORDING REQUESTED BY:  
CITY OF NORCO  
WHEN RECORDED MAIL TO:  
2870 CLARK AVENUE  
NORCO, CA 92860  
ATTN: CITY CLERK

THIS DOCUMENT IS FILED AT THE REQUEST  
OF THE CITY OF NORCO PURSUANT TO  
SECTION 6103 OF THE GOVERNMENT  
CODE. NO FEE IS CHARGED THEREFORE.

## NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN BY THE CITY OF NORCO, A MUNICIPAL CORPORATION, STATE OF CALIFORNIA THAT THE WORK DESCRIBED AS **EQUESTRIAN TRAIL FENCING PROJECT FOR LANDSCAPE MAINTENANCE DISTRICT 4 AND VARIOUS CITY LOCATIONS** WITHIN THE CITY OF NORCO IN ACCORDANCE WITH THE TERMS AND WRITTEN CONTRACT DATED BETWEEN THE CITY OF NORCO AND **VALLEY CITIES/GONZALES FENCE, INC** WAS COMPLETED AND ACCEPTED BY THE CITY OF NORCO ON THE **4<sup>TH</sup>** DAY OF **MAY, 2016**.

THAT THE CITY OF NORCO, A PUBLIC BODY, CORPORATE AND POLITIC, WHOSE ADDRESS IS 2870 CLARK AVENUE, NORCO, CALIFORNIA, 92860 IS THE OWNER OF SAID IMPROVEMENT WORK; AND THAT SAID WORK WAS PERFORMED BEGINNING **AUGUST 5, 2015** IN THE CITY OF NORCO. THE NATURE OF INTEREST IS VENDEE UNDER CONTRACT.

THAT SAID WORK OF IMPROVEMENT WAS SO PERFORMED BY **VALLEY CITIES/GONZALES FENCE, INC.** IN ACCORDANCE WITH SAID WRITTEN AGREEMENT DATED **AUGUST 5, 2015** AND THE DRAWINGS AND SPECIFICATIONS WHICH WERE A PART OF SAID CONTRACT.

THAT THE CORPORATE SURETY ON THE CONTRACTOR'S BOND, FAITHFUL PERFORMANCE AND LABOR AND MATERIALS BOND IS **MERCHANTS BONDING COMPANY (MUTUAL)**. THIS NOTICE OF COMPLETION IS GIVEN BY THE CITY OF NORCO PURSUANT TO THE APPROPRIATE PROVISIONS OF TITLE XV, PART IV, DIVISION 1 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, AND UPON ORDER OF THE CITY OF NORCO.

May 4, 2016

DATED:

**CITY OF NORCO**  
**A MUNICIPAL CORPORATION**

BY: \_\_\_\_\_  
CHERYL L. LINK, CMC  
CITY CLERK

VERIFICATION FOR NON-INDIVIDUAL OWNER:

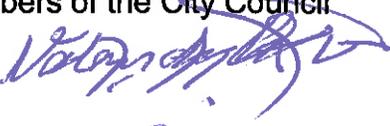
I, THE UNDERSIGNED, DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT I AM THE CITY CLERK OF THE CITY OF NORCO; THAT I HAVE SIGNED THE SAID NOTICE, THAT I KNOW AND UNDERSTAND THE CONTENTS THEREOF, AND THAT THE FACTS STATED THEREIN ARE TRUE AND CORRECT.

05/04/16  
DATE

\_\_\_\_\_  
CHERYL L. LINK, CMC  
CITY CLERK  
CITY OF NORCO

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Gina Schuchard, Finance Officer 

DATE: May 4, 2016

SUBJECT: Authorizing Issuance of the Chino Basin Desalter Authority Revenue Refunding Bonds Series 2016A

RECOMMENDATION: Approve **Resolution No. 2016-19**, authorizing the inclusion of certain information in an Official Statement relating to the issuance of the Chino Basin Desalter Authority Revenue Refunding Bonds Series 2016A.

**SUMMARY:** Staff is recommending that the City Council approve the adoption of Resolution No. 2016-20, authorizing the inclusion of certain information in an Official Statement relating to the issuance of by the Chino Basin Desalter Authority (the "Authority") of its Revenue Refunding Bonds Series 2016A (the "2016A Bonds"). The 2016A Bonds are being issued to refund the Authority's 2008A bonds to reduce payments made by each Authority member who is a financing participant under such member's Water Purchase Agreement.

**BACKGROUND/ANALYSIS:** In February 2002, the Authority issued the 2002A Chino Basin Desalter Authority Variable Rate Bonds (the "2002 Bonds") in the aggregate principal amount of \$100,000,000 to finance the acquisition of the Chino I Desalter and the construction of the Chino I Expansion and Chino II Desalter. In June of 2004, the 2002 Bonds were refunded through the issuance by the Authority of its Adjustable Rate Desalter revenue Bonds, Series 2004A-1 and 2004A-2 (the "2004 Bonds"). In August of 2005, the City of Ontario prepaid its share of the outstanding 2004A-1 and A-2 Bonds, leaving a principal balance of \$87,675,000. In 2008, the Authority issued its Desalter Revenue Refunding Bonds, Series 2008A (the "2008A Bonds") to refund the outstanding 2004 Bonds. As a financing participant, the City of Norco's ("the City") share of the outstanding 2008A Bonds debt service payments is approximately 5.1%.

Based on current market conditions as of April 18, 2016, estimated total net present value savings to be achieved through the proposed refunding are approximately \$6.9 million, or approximately \$356,000 for the City based on 5.1% participation in debt service payments. Total average annual savings are approximately \$726,000 or \$37,000 for the City. The net present value savings are approximately 9.3% of refunded

**Agenda Item: 2.E.**

bonds, based on an estimated true interest cost of 2.77%. The Authority has engaged the services of Stradling Yocca Carlson & Rauth as Bond Counsel, and Fieldman Rolapp & Associates as Financial Advisor to assist in completing the refunding.

The attached resolution authorizes the inclusion of certain information in an Official Statement relating to the issuance of the 2016A Bonds to accomplish the proposed refunding. Together with the Resolution, the City Council authorizes the Finance Officer and City Manager to execute all documents and to take all actions necessary to complete the transaction.

**FINANCIAL IMPACT:** There is no direct impact on FY2015/16 budget.

**Attachments:** Resolution No. 2016-19

Resolution Exhibit A – Disclosure Policies and Procedures

Appendix D – Supplemental Information on City of Norco

## **RESOLUTION NO. 2016-19**

### **RESOLUTION OF THE CITY OF NORCO APPROVING CERTAIN INFORMATION FOR INCLUSION IN AN OFFICIAL STATEMENT RELATING TO THE CHINO BASIN DESALTER AUTHORITY REVENUE REFUNDING BONDS, SERIES 2016A AND APPROVING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH**

WHEREAS, the City of Norco (the "Member") is a member of the Chino Basin Desalter Authority (the "Authority"); and

WHEREAS, the Authority previously acquired the desalter facilities known as the Chino 1 Desalter, along with the real property associated therewith (the "Chino 1 Desalter"), and agreed to finance the expansion of the Chino 1 Desalter (the "Chino 1 Desalter Expansion"), and the design, acquisition and construction of the Chino 2 Desalter facilities (the "Chino 2 Desalter" and together with the Chino 1 Desalter and the Chino 1 Desalter Expansion, the "Project"); and

WHEREAS, in February, 2002, in order to provide funds to finance the Project, the Authority issued its Chino Basin Desalter Authority Variable Rate Demand Desalter Revenue Bonds, Series 2002A in the aggregate principal amount of \$100,000,000 (the "2002 Bonds"); and

WHEREAS, in June, 2004, in order to provide additional funds to finance the Project and to refinance the Project by refunding all of the outstanding 2002 Bonds, the Authority issued its Chino Basin Desalter Authority Adjustable Rate Desalter Revenue Refunding Bonds, Series 2004A-1 in the aggregate principal amount of \$55,250,000 (the "Series 2004A-1 Bonds") and its Chino Basin Desalter Authority Adjustable Rate Desalter Revenue Refunding Bonds, Series 2004A-2 in the aggregate principal amount of \$55,250,000 (the "Series 2004A-2 Bonds," and, together with the Series 2004A-1 Bonds, the "2004 Bonds"); and

WHEREAS, in June 2008 the Authority issued its Chino Basin Desalter Authority Desalter Revenue Refunding Bonds, Series 2008A (the "2008 Bonds") in the aggregate principal amount of \$89,440,000 to refund all of the outstanding 2004 Bonds; and

WHEREAS, the Authority has approved the issuance of its Chino Basin Desalter Authority Revenue Refunding Bonds, Series 2016A (the "Bonds") in order to (i) refinance the Project by refunding all of the outstanding 2008 Bonds, (ii) fund a debt service reserve fund for the Bonds and (iii) pay the costs of issuance for the Bonds; and

WHEREAS, the Member wishes to approve of the use of certain information with respect to the Member contained in the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement").

NOW THEREFORE, BE IT RESOLVED that the city Council of the City of Norco does hereby find and determine as follows:

SECTION 1: Appendix B of the Preliminary Official Statement, in the form on file with the Member (the "Member Information"), be and the same is hereby approved. The City Manager, Finance Officer, or the designee thereof (each an "Authorized Officer") is hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") relating to the Member Information with respect to the Preliminary Official Statement.

SECTION 2: Each Authorized Officer is individually authorized and directed to approve, deliver and certify to the Member Information for the Official Statement for the Bonds (the "Official Statement") in substantially the form provided for the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by such Authorized Officer. Each Authorized Officer is authorized and directed to execute and deliver a certificate to the Authority pursuant to Rule 10b-5 promulgated under the Exchange Act, with respect to the Member Information with respect to the Official Statement.

SECTION 3: The Continuing Disclosure Policies and Procedures, in substantially the form attached hereto as Exhibit A, made a part hereof as though set forth in full herein, are hereby approved and adopted.

SECTION 4: Each Authorized Officer of the Member, acting singly, is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution. Any and all acts and things previously done by any officer of the Member which are necessary or proper for carrying out the transactions contemplated by this Resolution are hereby ratified.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on May 4, 2016.

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Kevin Bash, Mayor  
City of Norco, California

ATTEST:

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Cheryl L. Link, City Clerk  
City of Norco, California

I, Cheryl L. Link, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on May 4, 2016, by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on May 4, 2016.

---

Cheryl L. Link, City Clerk  
City of Norco, California

Attachment: Exhibit A – Form of Continuing Disclosure Policies and Procedures

**EXHIBIT A**

**FORM OF CONTINUING DISCLOSURE POLICIES AND PROCEDURES**

# **CITY OF NORCO**

## **DISCLOSURE PROCEDURES**

### **PURPOSE**

The purpose of these Disclosure Procedures (the "Procedures") is to memorialize and communicate procedures in connection with obligations, including notes, bonds and certificates of participation, issued by or on behalf of the City of Norco (the "City") so as to ensure that the City continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

### **BACKGROUND**

The City from time to time issues revenue bonds, notes or other obligations or causes certificates of participation to be executed and delivered (collectively, "Obligations") in order to fund or refund capital investments, other long-term programs and working capital needs. In offering Obligations to the public, and at other times when the City makes certain reports, the City must comply with the "anti-fraud rules" of federal securities laws. ("Anti-fraud rules" refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly "Rule 10b-5" under the 1934 Act.)

The core requirement of these rules is that potential investors in Obligations must be provided with all "material" information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the City must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the City's financial condition. In the context of the sale of securities, a fact is generally considered to be "material" if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are offered, the two central disclosure documents which are prepared are a preliminary official statement ("POS") and a final official statement ("OS", and collectively with the POS, "Official Statement"). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section which provides information on the City, including its financial condition as well as certain operating information with respect to its general fund, enterprise funds or other City revenues, as applicable ("City Section"), and (iii) various other appendices, including the City's audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

## **DISCLOSURE PROCESS**

When the City determines to issue Obligations directly, the Finance Officer requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the City Section) for which they are responsible. While the general format and content of the Official Statement may not normally change substantially from offering to offering, except as necessary to reflect major events, the Finance Officer and other relevant staff are responsible for reviewing and preparing or updating certain portions of the City Section which are within their particular areas of knowledge. Once the draft POS has been substantially updated, the entire draft POS is shared with the City Manager for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire draft POS.

Members of the financing team, including the Bond Counsel and a financial advisor, if one is engaged with respect to the Obligations (the "Financial Advisor"), assist staff in determining the materiality of any particular item, and in the development of specific language in the City Section. Members of the financing team also assist the City in the development of a "big picture" overview of the City's financial condition, included in the City section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the City.

The Finance Officer or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes City officials, the City Attorney, Bond Counsel and the City's Financial Advisor (and the underwriters of the Obligations, and the underwriters' counsel, if the proposed financing is being undertaken as a negotiated transaction)), and new drafts of the forepart of the draft POS and the City Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among City staff and other members of the financing team to discuss issues which may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call which includes City officials involved in the preparation of the POS and members of the financing team (and the underwriters and the underwriters' counsel, if the financing is a negotiated transaction) during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters, if any, to ask questions of the City's senior officials. This is referred to as a "due diligence" meeting.

A substantially final form of the POS is provided to the City Council in advance of approval to afford such City Council an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the City Council which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with the City Attorney and Bond Counsel.

At the time the POS is posted for review by potential investors, senior City officials execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the City Section, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior City officials execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the Official Statement in light of the circumstances under which they were made, not misleading. The City Attorney also provides an opinion letter (generally addressed to the underwriters) advising that information contained in the City Section of the OS (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The City Attorney does not opine to the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

## **CITY SECTION**

The information contained in the City Section is developed by personnel under the direction of the Finance Officer, with the assistance of the financing team. The Finance Officer coordinates with the appropriate City officials and staff depending on whether the financing relates to the City's general fund, an enterprise fund or other City revenues. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staffs that contribute information to the City Section:

- City staff involved in the disclosure process are responsible for being familiar with its responsibilities under federal securities laws as described above.
- City staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult the City Attorney, Bond Counsel or members of the financing team if there are questions regarding whether an issue is material or not.
- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide

guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the City should consider revisions to the Procedures.

- The process of updating the City Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the City Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- The City must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the City, its operations and its finances.

## **JOINT POWERS AGENCY FINANCINGS**

The City is a member of various joint powers agencies. These joint powers agencies finance or refinance facilities from time to time. In connections with such financings and refinancings, these joint powers agencies may prepare offering documents which include information provided by the City which constitutes a City Section as discussed above. These Procedures apply to City Sections prepared in connection with such joint powers agency financings and refinancing.

## **TRAINING**

Periodic training for the staff involved in the preparation of the Official Statement (including the City Section) is coordinated by the finance team and the Finance Officer. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the City Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the City Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.

## **ANNUAL CONTINUING DISCLOSURE REQUIREMENTS**

In connection with the issuance or execution and delivery of Obligations, the City will be required to enter into contractual agreements ("Continuing Disclosure Undertakings") to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Undertakings. The City must comply with the specific requirements of each Continuing Disclosure Undertaking. The City's

Continuing Disclosure Undertakings will generally require that the annual reports be filed within seven months after the end of the City's fiscal year, and material event notices are generally required to be filed within 10 business days of their occurrence.

Specific events which require "material event" notices are set forth in each particular Continuing Disclosure Certificate.

The City's Finance Officer shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Undertakings. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

**APPENDIX D**

**SUPPLEMENTAL INFORMATION ON  
CITY OF NORCO**

The information set forth below has been provided by the City of Norco (the “City” or “Norco”). The Chino Basin Desalter Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. Capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Water Purchase Agreement dated as of January 15, 2002, between the Authority and Norco (the “Water Purchase Agreement”).

**THE NORCO WATER SYSTEM**

**General**

The Norco Community Services District (“Norco CSD”) was created in February 1957. Norco CSD was the original supplier of water, sewer and fire services for Norco. Norco CSD acquired and constructed a water system which formed the base of the water system owned by Norco today (as further described below, the “Norco Water System”). Prior to that date, the Orange Heights Water District supplied water to the Norco area, but only for irrigation uses. The Norco CSD merged with the City of Norco in 1970, four years after the incorporation of the City of Norco. At the time of such merger, the Norco Water System was organized as an enterprise fund of Norco. The Norco Water System currently serves a population of approximately 25,890.

The following table sets forth statistical information pertaining to the Norco Water System for the last five fiscal years.

**NORCO WATER SYSTEM  
Statistics  
Fiscal Years Ended June 30**

	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Number of Service Connections	7,669	7,566	7,471	7,451	7,471
Total Water Sales (MG)	2,606.7	2,790.9	2,645.6	2,594.8	2,267.0
Total Water Production (MG)	2,701.8	2,915.6	2,804.3	2,701.7	2,226.0
Total Capacity – From Water (MGD)	12.6	12.6	12.6	12.6	12.6
System Wells (Average MGD)	2.3	2.4	2.4	2.3	1.7
Peak Daily Distribution (MGD)	12.6	12.9	11.9	10.9	10.1
Average Daily Consumption (MGD)	7.5	7.7	7.8	7.5	6.1

<sup>(1)</sup> Decrease in water sales and production are a result of conservation measures and a decrease of approximately 2,000 in population served resulting from a decrease in inmate population at the California Rehabilitation Center located in the City. See the caption “California Drought and City Response” below.

Source: Norco.

**Existing Water System**

The Norco Water System consists of five active wells, two inactive wells, eight booster pumps and four booster pump stations, seven reservoirs with a total storage capacity of approximately 11.4 MG and approximately 120 miles of transmission and distribution mains. The distribution system is divided into five pressure zones based on the hydraulic gradient throughout Norco.

## **Sources of Water**

The City of Norco relies primarily on three main sources of water to meet their annual demands. Norco produces approximately 40% of its annual production demands from the Temescal Basin which is located under Norco south of the Riverside and Arlington Basins. Currently, approximately 100% of the Norco groundwater supply is provided by such basin. In addition to groundwater, Norco purchases water for approximately 50% of its water supply from the Western Municipal Water District ("WMWD"). (approximately 4,400 acre feet annually). The remaining 10% or approximately 1,000 acre feet of the City's water supply is purchased annually from the Authority. Norco also has access to an emergency capacity of approximately 1,600 acre feet of water annually from the Metropolitan Water District of Southern California through a connection provided by the City of Corona to the WMWD Mills Treatment Plant.

Pursuant to a water purchase agreement dated July 1, 2003, by and among the City, WMWD and the Santa Ana Watershed Project Authority (the "WMWD Agreement"), the City may purchase up to 4,400 acre feet of water from WMWD. The City currently purchases approximately 50% of its annual water supply from WMWD, which primarily consists of reverse osmosis (RO) treated water from WMWD's Arlington Desalter facility. The Arlington Desalter has a capacity of approximately 7.2 MGD and provides treated groundwater to the City and the City of Corona. The WMWD Agreement terminates on June 30, 2036.

In recent years, the Norco Water System wells in the Chino Basin experienced an increase in the levels of nitrate and total dissolved solids to the point that, without blending, water from these wells is not usable. The City of Norco, as a member of the Authority purchases 1,000 acre feet per year of reverse osmosis ("RO") water for blending purposes. Blended water meets State clean water standards ("State Maximum Contaminant Levels"). The source of the water purchased by Norco from the Authority is delivered through an eight inch waterline which connects to the Norco Water System. Norco purchases between 600 to 650 gallons per minute from the Authority. In addition to water purchases from the Jurupa Community Services District, Norco purchases when available and necessary up to 4,000 gallons per minute of imported water from WMWD through a connection with the City of Corona.

In recent years, water pumped by Norco from the Temescal Basin has had naturally occurring fluorides which are greater than State standards. Norco has received a waiver from the State allowing for an increase in acceptable levels, from 2.0 ppm to 3.0 ppm. In addition, Well No. 13, located in the Temescal Basin, produces water exceeding the State Maximum Contaminant Levels in iron, arsenic and manganese and at times yields water having a hydrogen-sulfide odor. Norco operates a water treatment plant to remove iron, arsenic, manganese and hydrogen sulfide from Well No. 13.

## **Water Rights**

Norco's water rights to pump from the Chino Basin have primarily been established by a court decision, being the Chino Basin Municipal Water District versus the City of Chino et al, San Bernardino Superior Court Number 164327 (the "Chino Basin Judgment"), dated January 27, 1978. This decision adjudicated all groundwater rights in Chino Basin and contains a physical solution to meet the requirements of water users having rights in or dependent upon the Chino Basin. The Chino Basin Judgment declared that the safe yield of the Chino Basin is 140,000 acre-feet per year, which is allocated among three classes of water users (or "pools"): (i) overlying agricultural- 82,800 acre-feet per year, (ii) overlying non-agricultural (industries)- 7,366 acre-feet per year, and (iii) appropriative (municipal)- 49,834 acre-feet per year. A fundamental premise of the physical solution is that all Chino Basin water users, including Norco, will be allowed to pump sufficient water from the Chino Basin to meet such users' requirements. To the extent that pumping by such users exceeds the share of the safe yield assigned to the overlying pools (or the operating safe yield in the case of the appropriative pool) each pool will provide funds to the Chino Basin Watermaster to replace the overproduction with supplemental water which is primarily water imported into the Chino Basin.

Pursuant to the Chino Basin Judgment, Norco has been allocated a safe yield of 201.545 acre-feet (65.7 MG) per year. Norco is able to augment its safe yield by transfers of the unused safe yield allocations from the agricultural pool to the appropriate pool when and if available. During the last five years, this transfer has averaged 33.0 acre-feet (9.7 MG) per year. In the event that Norco produces groundwater from the Chino Basin in excess of the operating safe yield assigned Norco under the Chino Basin Judgment, Norco will pay a replenishment assessment to the Watermaster or purchase of imported water for replenishment.

The Chino Basin serves as a storage site for 100,000 acre-feet of Metropolitan Water District of Southern California (“MWD”) water to be used in connection with the dry-year yield program, a program used during drought conditions. Under the program, under a dry year condition, members in the Chino Basin are required to pump some of this water each year in-lieu of purchasing a like amount of MWD water from the Water Facilities Authority, a joint powers authority, to facilitate financing and construction of a regional water treatment facility for State Water Project water purchased from MWD.

At this time, the Temescal Basin is not adjudicated and Norco is able to pump water without significant legal restriction.

### **The Water Purchase Agreement**

Norco and the Authority have entered into the Water Purchase Agreement. Pursuant to the Water Purchase Agreement, the Authority will provide Norco, and Norco has agreed to take or pay for 1,000 acre-feet of desaltered water (the “Norco Project Allotment”) each fiscal year. The Authority will charge Norco under the Water Purchase Agreement an amount sufficient to cover Norco’s share of the Project’s (i) Fixed Project Costs, (ii) Fixed O&M Costs and (iii) Variable O&M Costs, each as defined in the Water Purchase Agreement. See the caption “SECURITY FOR THE BONDS — The Water Purchase Agreements” for additional information concerning the Water Purchase Agreement. Norco anticipates using the Norco Project Allotment to reduce pumping from the Chino Basin and to serve new demand.

### **California Drought and City Response**

As described in the Official Statement under the caption “FACTORS AFFECTING PROJECT PARTICIPANTS— California Drought,” Governor Edmund G. Brown proclaimed a drought emergency on January 17, 2014 and subsequently issued an executive order mandating certain reductions in potable urban water usage (the “Executive Order”). Under the related SWRCB regulations which resulted from the Executive Order, the City is required to achieve a 36% reduction as compared to the City’s potable water usage in 2013. On November 13, 2015, the Governor issued Executive Order B-36-15, which calls for an extension of urban water use restrictions until October 31, 2016 should drought conditions persist through January 2016. On February 2, 2016, the reductions mandated by the 2015 Executive Order were extended through October 31, 2016. In connection with such extension, the general framework of the regulations implementing the 2015 Executive Order described below were left intact, however, urban water suppliers are now provided credits and adjustments based on climate and recognition of significant investments made to create local, drought-resilient sources of potable water. See “FACTORS AFFECTING PROJECT PARTICIPANTS — California Drought” in the Official Statement.

In response to the Executive Order, the City Council adopted a resolution on August 6, 2014 requiring water customers throughout the City to limiting irrigation and use of water for cleaning outdoor surfaces. On June 3, 2015, the City Council adopted an ordinance establishing an urgency water conservation program which five stages of water shortage response levels (the “Drought Ordinance”). On June 3, 2015, the City Council also adopted a resolution declaring a Level 3 Water Shortage Alert in accordance with the Drought Ordinance. At a Level 3 Water Shortage Alert, use restrictions are placed into effect to achieve a conservation target of up to 30%. Through February 2016, the City has realized a delivery reduction of approximately 26%.

In addition to the conservation measures described above, the City completed construction of a recycled/reclaimed water backbone distribution system and initiated recycled water deliveries to municipal properties for irrigation purposes. The recycled water system was planned to begin operation prior to the Executive Order to reduce potable water demands in the landscape/irrigation usage categories. Revenues from the sale of recycled water are not pledged to the payments under the Water Purchase Agreement and are not reflected under the revenues in the table under the caption “—Projected Operating Results and Water Purchase Agreement Coverage.” However, the City may currently apply any such revenues to the payments under the Water Supply Agreement. The City expects that the sale of recycled water will offset, to a certain extent the reductions in water sales as a result of the conservation measures described above. The City can make no assurance, however, as to the availability of such revenues from the sale of recycled water or that the City will apply any such revenues to payments under the Water Supply Agreement.

While reductions in water usage resulting from implementation of the Executive Order may adversely affect the City’s projected operating results set forth under the caption “—Projected Operating Results and Water Purchase Agreement Coverage,” the City does not currently believe that such reductions, if achieved, will have a material adverse effect on the ability of the City to make its payments under the Water Purchase Agreement. The City is obligated under the Water Purchase Agreement to set rates and charges which will be at least sufficient to yield during each Fiscal Year, net revenues of the Norco Water System (excluding Contract Payments, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs, as such terms are defined in the Water Purchase Agreement) equal to 125% of the Contract Payments, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs for such Purchaser Fiscal Year. The ability of the City to modify its current rate structure could, however, be limited by certain California Constitutional provisions, including but not limited to Proposition 218. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES” in the Official Statement.

### **Proposed Capital Improvements**

Norco anticipates spending approximately \$7,931,840 on capital improvements to the Norco Water System over the next five years. Norco’s source of financing for such capital improvements is user charges, development impact fees and existing bond proceeds.

### **Customers**

During fiscal year 2015, the Norco Water System delivered approximately 2 billion gallons of water to an average of approximately 7,503 customers. About 82.2% of such water was used for residential, commercial, industrial and municipal purposes and 17.8% for miscellaneous purposes, including irrigation. The following table sets forth the volume of Norco Water System sales by customer class and the corresponding revenues for the last five fiscal years shown:

**NORCO WATER SYSTEM**  
**Sale of Water**  
**Fiscal Year ended June 30**

	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Volume <sup>(1)</sup>					
Residential, Commercial, Industrial and Municipal	276.7	294.1	285.3	272.9	221.2
Irrigation and Misc.	<u>51.9</u>	<u>74.6</u>	<u>62.5</u>	<u>64.8</u>	<u>47.9</u>
Total <sup>(2)</sup>	328.6	368.7	347.8	337.7	269.1
Revenues					
Residential, Commercial, Industrial and Municipal	\$6,439,617	\$6,886,682	\$6,087,139	\$5,869,280	\$5,014,599
Irrigation and Misc.	<u>717,656</u>	<u>836,993</u>	<u>945,570</u>	<u>1,047,556</u>	<u>935,622</u>
Total <sup>(3)</sup>	\$7,157,273	\$7,723,674	\$7,032,709	\$6,916,836	\$5,950,221

<sup>(1)</sup> In millions of gallons.

<sup>(2)</sup> Decrease in fiscal years 2013 and 2014 a result of water conservation, limited development within the City and reduction in irrigation. Decrease in fiscal year 2015 a result of mandated reductions in water use in response to drought conditions. See the caption “— California Drought and City Response.”

<sup>(3)</sup> Amounts shown in “Historic Operating Results and Water Purchase Agreement Coverage” chart reflects impact fees and other miscellaneous revenues not included in this table.

Source: Norco.

The following table sets forth the ten largest customers of the Norco Water System in terms of total water sales and total billings for the fiscal year ended June 30, 2015. The ten largest commercial and industrial customers accounted for approximately 16.05% of total water sales for the period. The largest such customer accounted for 5.30% of total water sales revenues for the period.

**NORCO WATER SYSTEM**  
**Ten Largest Customers**  
**Fiscal Year Ended June 30, 2015**

<i>Customer</i>	<i>Business Type</i>	<i>Usage (ccf)<sup>(1)</sup></i>	<i>Percent of Consumption</i>	<i>Sales Revenues</i>	<i>Percent of Sales Revenues</i>
California Rehabilitation Center	Commercial	233,955	6.93%	\$472,589	5.30%
City of Norco	Municipal	159,315	4.72	321,816	3.61
Crestlawn	Commercial	108,690	3.22	219,554	2.46
Corono-Norco Unified School District	School	85,107	2.52	171,916	1.93
Navals Weapons Station	Federal	48,357	1.43	97,681	1.10
R. Vargas	Commercial	22,331	0.66	45,108	0.51
Riverside Community College	School	19,427	0.58	39,242	0.44
Caltrans	State	16,310	0.48	32,946	0.37
Norco-Corona Associates	Commercial	8,007	0.24	16,174	0.18
Hembord Ford	Commercial	<u>7,277</u>	<u>0.22</u>	<u>14,700</u>	<u>0.16</u>
Total		708,776	21.00%	\$1,431,726	16.05%

<sup>(1)</sup> “ccf” means “hundred cubic feet.”

Source: Norco.

## Rates and Charges

Water rates are determined by the City Council of Norco. Water rates are not subject to regulation by the California Public Utilities Commission or by any other State agency. Water rates are currently composed of a service charge component, designed to cover a portion of the fixed costs, and a commodity charge designed to cover a portion of the variable costs.

Residential, commercial and industrial customers are billed monthly. Bills are due and payable on presentation, and become delinquent after 25 days and are subject to a 10% penalty at such time. After a bill is delinquent, following appropriate procedures, the Norco Water System may disconnect the water service. Before service is reinstated the customer must bring the entire bill current and pay a reconnection charge of \$25.

In 2011, the City Council conducted a rate study regarding the Norco Water System. On March 16, 2011, based on the recommendation set forth in the rate study and the recommendation of staff, the City Council approved a multi-year residential water rate increase for the Norco Water System of 33% effective April 1, 2011; and 10% effective April 1, 2012 based on the 5/8-3/4 inch meter.

On January 20, 2016, after conducting the necessary notice and hearing requirements under Proposition 218, the City Council approved a pass-through rate commodity rate increase from \$2.02 per 100 ccf to \$2.22 per 100 ccf, with increases not to exceed 10% on each July 1 through July 1, 2019.

The City is currently conducting a rate study which is expected to be completed by the end of 2016. The City currently projects that any rate increases resulting from such study will not be effective until January 1, 2017, and on July 1, 2018 and July 1, 2019. Such rates increases have not been approved by the City Council and are subject to the substantive and procedural requirements under Proposition 218. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218” in the Official Statement.

The projected revenues in the table “Projected Operating Results and Water Purchase Agreement Coverage” table above assumes, based on the rate study (i) a projected increase of 15% in consumption and meter rates effective January 1, 2017 and a 12% increase effective on July 1, 2017 and July 1, 2018 and (ii) the previously approved pass-through rate commodity rate increase of 5% on July 1, 2018 and July 1, 2019. In the event that such rate increases are not approved and implemented as currently projected, the projected operating results under the caption “—FINANCIAL RESULTS OF THE NORCO WATER SYSTEM — Projected Operating Results and Water Purchase Agreement Coverage” could be materially adversely affected.

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*, 235 Cal. App. 4th 1493 (2015) (the “SJC Case”) 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 water rates described below do not currently include tiered rates based on usage. The City does not currently expect the decision in the SJC Case to affect its water rate structure. The City believes that its current water rates comply with the requirements of Proposition 218 and expects that any future water rate increases will comply with Proposition 218’s procedural and substantive requirements to the extent applicable thereto.

See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES” in the Official Statement for a description of the requirements under Proposition 218 with respect to the City’s ability to increase its water service charges.

The following table outlines the water rate structure for residential and commercial use in Norco.

**NORCO WATER SYSTEM AT JULY 1, 2015  
MONTHLY WATER RATES**

<i>Meter Size (in inches)</i>	<i>Water Rate (per 100 ccf)</i>
5/8 - 3/4	\$20.87
1	33.12
1 1/4	33.12
1 1/2	83.23
2	108.31
3	290.80
6	1,247.06
8	2,003.53
10	3,172.26

Source: Norco.

The following table compares the typical monthly residential water costs to customers of the Norco Water System and the other four Financing Participants' water systems.

**NORCO WATER SYSTEM  
COMPARISON OF TYPICAL MONTHLY RESIDENTIAL WATER BILL  
Monthly Cost for 22 ccf <sup>(1)</sup>  
December 31, 2015**

<i>Utility</i>	<i>Cost</i>
Santa Ana River Water Company <sup>(2)</sup>	\$53.75
<b>City of Norco</b>	<b>63.31</b>
Jurupa Community Services District <sup>(3)</sup>	69.66
City of Chino	81.51
City of Chino Hills <sup>(4)</sup>	81.94

<sup>(1)</sup> Average water usage for a family of four per month.

<sup>(2)</sup> Based on a 1 inch meter.

<sup>(3)</sup> Based on a 3/4 inch meter.

<sup>(4)</sup> Based on a 5/8 inch meter.

Source: The cities of Chino, Chino Hills and Norco, Jurupa Community Services District and Santa Ana River Water Company are each the source of their respective typical monthly residential water bill.

**Employees and Employee Benefits**

Norco currently employs 16 full-time employees in the Norco Water Department. In addition, staff from Norco's Finance Department assist with the administrative and financial activities of the Water Department, such as billing, collection and financial reporting.

**Pension Plan.** All qualified City permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the CalPERS plans are established by State statute and City resolution. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

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. 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.

For City employees participating in the Miscellaneous Plan (non-safety employees), the City offers the 2.7% @ 55 benefit formula for employees hired before January 1, 2013 and the 2% @ 62 benefit formula for employees hired on or after January 1, 2013. Required employer and employee contributions are determined from rates established by CalPERS based upon various actuarial assumptions which were last revised in 2013.

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of \$7,742,122 and \$3,532,516 for its Miscellaneous and Safety pension plans, respectively. The City's net pension liability for each plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the plans is measured as of June 30, 2014, and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2014, the Miscellaneous and Safety plans' share of the net pension liability was 68.67% and 31.33%, respectively.

Further information with respect to the City's pension plans is set forth in Note 5 to the City's audited financial statements for the Fiscal Year 2015, attached hereto as Exhibit 1 to this Appendix D. For more information with respect to CalPERS, see Appendix \_\_\_ attached to the Official Statement.

**Other Post-Employment Benefits.** The City provides post-employment health care benefits for eligible city retirees and their beneficiaries through the California Public Employees' Retirement System (CalPERS), an agent multiple-employer postemployment healthcare plan. Retirees from the city enrolled in the Public Employees Medical Insurance program through CalPERS are eligible for these benefits. The Plan does not issue a publicly available financial report.

These health insurance benefits are authorized through City resolutions/Memorandums of Understanding defining health care benefits and contribution levels and through the contractual agreement between the City and CalPERS. The City contributes up to \$1,250 of the current monthly required premium costs of active and non-vested retired employees. Additional contributions are made into a prefunded trust account as funds become available. As of June 30, 2015, there were 70 retired eligible employees.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The following is the most recent available three-year annual pension costs for its post-retirement benefits (APC) information for the plan.

<i>Fiscal Year</i>	<i>APC</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation</i>
2013	\$ 1,284,290	124.7%	\$ 1,148,827
2014	1,338,313	80.3	1,413,148
2015	905,000	76.2	1,189,610

See Note 12 to the City's audited financial statements attached as Exhibit 1 to this Appendix D for information with respect to City's OPEB plan.

### **Insurance**

Norco maintains general liability insurance through the Public Entity Risk Management Authority, a public entity risk pool currently operating as a common risk management and insurance program for 22 California cities, six special districts and three transit agencies. Norco pays an annual premium to the pool for its general liability and workers' compensation insurance coverage. For its general liability insurance, Norco, through the Public Entity Risk Management Authority, has a self-insured retention amount of \$125,000 per occurrence. Claims above \$125,000 up to \$1,000,000 are shared by the pool. Claims above \$1,000,000 up to \$50,000,000 are covered by excess insurance. For workers' compensation, the self-insurance retention is \$250,000 per claim, with a maximum limit of \$10,000,000. The City retains a risk of loss due to the fact that actual losses may exceed estimated claims or coverage amounts.

See Note 11 to the City's audited financial statements attached as Exhibit 1 to this Appendix D for information with respect to the City's pension plans.

### **Outstanding Indebtedness**

**EDA Loan.** Norco and the United States Department of Commerce Economic Development Administration are parties to a certain loan of an aggregate principal amount of \$1,632,000 dated October 17, 1977 (the "EDA Loan") which provided Norco drought emergency financing. The EDA Loan currently has an outstanding principal amount of \$198,508.88, matures in 2017, and has an average annual payment of \$106,158 for its remaining term. Norco's obligation to repay the EDA Loan is limited to revenues of the Norco Water System improved by the proceeds of the EDA Loan after payment of operating and maintenance costs. Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs payable by Norco under the Water Purchase Agreement are operation and maintenance expenses of the Norco Water System. As a result, the EDA Loan is payable from Norco Water System revenues on a subordinate basis to amounts payable under the Water Purchase Agreement.

**2009 Installment Sales Agreement.** In 2009, Norco entered into an Installment Sales Agreement dated as of March 1, 2009 (the "2009 Installment Sales Agreement") between the City and the Norco Financing Authority with an original aggregate principal amount of \$39,000,000. The 2009 Installment Sales Agreement has an outstanding principal of \$35,190,000, matures in 2039, and has an average annual payment of \$2,695,701. Payments on the 2009 Installment Sales Agreement are limited to Net Revenues, as defined in the 2009 Installment Sales Agreement, which exclude operation and maintenance expenses. Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs payable by Norco under the Water Purchase Agreement are operation and maintenance expenses of the Norco Water System. As a result, the 2009 Installment Sales Agreement is payable from Norco Water System revenues on a subordinate basis to amounts payable under the Water Purchase Agreement.

## **FINANCIAL RESULTS OF THE NORCO WATER SYSTEM**

### **Audited Financial Statements**

A copy of the most recent general purpose financial statements audited by White, Nelson Diehl Evans LLP, Irvine, California (the "Auditor") are included as Exhibit 1 to this Appendix D (the "Financial Statements"). The Financial Statements include a statement that the Auditor conducted an audit of the Financial Statements in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The Auditor opines that the Financial Statements present fairly, in all material aspects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of

Norco as of June 30, 2015, and the respective changes in financial positions and where applicable cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. The Auditor has not reviewed the Official Statement or this Appendix D.

The summary operating results contained under the caption “—Historic Operating Results and Water Purchase Agreement Coverage” are derived from these Financial Statements and the financial statements for prior Fiscal Years (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for governmental accounting financial reporting purposes. The City accounts for moneys received and expenses paid in accordance with generally accepted accounting principles applicable to governmental agencies such as the City (“GAAP”). In certain cases GAAP requires or permits moneys collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses paid or incurred in one Fiscal Year to be recognized in a subsequent Fiscal Year. See Note 1 to the City’s audited financial statements for Fiscal Year 2015 set forth in Exhibit 1 hereto for a discussion of the accounting policies applicable to the City. Except as otherwise expressly noted herein, all financial information derived from the City’s audited financial statement reflect the application of GAAP.

#### **Historic Operating Results and Water Purchase Agreement Coverage**

The following table is a summary of operating results of the Norco Water System. These results have been derived from Norco’s financial statements, but exclude certain non-cash items and include certain other adjustments. The table has not been audited by Norco’s auditor.

**NORCO WATER SYSTEM**  
**Historic Operating Results and Water Purchase Agreement Coverage**  
**Fiscal Year Ended June 30**

	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Revenues					
Rates and Charges <sup>(1)</sup>	\$ 7,307,221	\$ 9,299,437	\$ 9,865,646	\$ 9,782,565	\$ 8,918,303
Collection Fees	36,964	64,638	34,960	6,980	7,770
Other Revenues	<u>144,711</u>	<u>84,896</u>	<u>51,149</u>	<u>54,282</u>	<u>64,303</u>
Total Revenues	\$ 7,488,896	\$ 9,488,971	\$ 9,950,755	\$ 9,843,827	\$ 8,990,376
Expenses <sup>(2)</sup>					
Production Costs <sup>(3)(4)</sup>	\$ 5,108,143	\$ 6,949,857	\$ 6,293,575	\$ 6,502,453	\$ 5,882,944
Other	<u>348,345</u>	<u>389,060</u>	<u>390,774</u>	<u>405,758</u>	<u>430,744</u>
Total Expenses	\$ 5,456,488	\$ 7,338,917	\$ 6,684,349	\$ 6,908,211	\$ 6,313,688
Net Revenues	\$ 2,032,408	\$ 2,150,054	\$ 3,266,406	\$ 2,935,616	\$ 2,676,688
Water Purchase Agreement Expense <sup>(5)</sup>	\$ 886,546	\$ 936,366	\$ 912,600	\$ 924,664	\$ 906,082
Water Purchase Agreement Expense Coverage	2.35	2.30	3.58	3.17	2.95
Net Revenues Available for Debt Service	\$ 1,145,862	\$ 1,213,688	\$ 2,353,806	\$ 2,010,952	\$ 1,770,606
Debt Service:					
EDA Loan Payments	\$ 105,748	\$ 105,748	\$ 105,748	\$ 105,748	\$ 105,748
2009 Installment Sales Agreement	<u>963,464</u>	<u>964,128</u>	<u>963,903</u>	<u>961,312</u>	<u>961,524</u>
Total Debt Service	\$ 1,069,212	\$ 1,069,876	\$ 1,069,651	\$ 1,067,060	\$ 1,067,272
Debt Service Coverage	1.07	1.13	2.20	1.88	1.70

(1) Decrease in Fiscal Year 2015 as a result of water conservation measures as a result of the drought. See the caption "— California Drought and City Response."

(2) Excludes depreciation of assets, amortization and other non-cash items.

(3) Excludes payments under the Water Purchase Agreement.

(4) Increased production costs were due to more water being purchased than in prior years and blending that increased costs.

(5) Increase in Fiscal Year 2012 a result of higher than budgeted costs under the Water Purchase Agreement.

Source: Norco.

**Projected Operating Results and Water Purchase Agreement Coverage**

Norco's estimated projected operating results for its the Norco Water System for the current and next four fiscal years are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents Norco's estimate of the projected financial results of the Norco Water System based upon its judgment of the most probable occurrence of certain important future events. The assumptions set forth in the footnotes to the chart below are material in the development of financial projections for the Norco Water System, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

**NORCO WATER SYSTEM**  
**Projected Operating Results and Water Purchase Agreement Coverage**  
**Fiscal Year Ended June 30**

	2016 <sup>(1)</sup>	2017	2018	2019	2020
<b>Revenues</b>					
Rates and Charges <sup>(2)</sup>	\$ 7,996,581	\$ 8,572,807	\$ 9,835,171	\$ 10,152,541	\$ 10,485,779
Collection Fees <sup>(3)</sup>	7,200	7,200	7,200	7,200	7,200
Sale of Water <sup>(4)</sup>	--	1,000,000	--	--	--
Other Revenues <sup>(5)</sup>	<u>29,000</u>	<u>29,580</u>	<u>30,172</u>	<u>30,775</u>	<u>31,391</u>
<b>Total Revenues</b>	<b>\$ 8,032,781</b>	<b>\$ 9,609,587</b>	<b>\$ 9,872,543</b>	<b>\$ 10,190,516</b>	<b>\$ 10,524,370</b>
<b>Expenses</b>					
Other Water Purchases <sup>(6)</sup>	\$ 3,487,292	\$ 3,487,292	\$ 3,661,657	\$ 3,844,739	\$ 4,036,976
Production Costs <sup>(6)</sup>	3,131,361	3,193,988	3,257,868	3,323,025	3,389,486
Other	<u>524,271</u>	<u>534,756</u>	<u>545,452</u>	<u>556,361</u>	<u>567,488</u>
<b>Total Expenses</b>	<b>\$ 7,142,924</b>	<b>\$ 7,285,037</b>	<b>\$ 7,464,976</b>	<b>\$ 7,724,125</b>	<b>\$ 7,993,950</b>
<b>Net Revenues</b>	<b>\$ 889,857</b>	<b>\$ 2,324,550</b>	<b>\$ 2,407,567</b>	<b>\$ 2,466,394</b>	<b>\$ 2,530,420</b>
<b>Water Purchase Agreement Expense<sup>(7)</sup></b>	<b>\$ 1,012,708</b>	<b>\$ 1,012,708</b>	<b>\$ 1,063,343</b>	<b>\$ 1,116,511</b>	<b>\$ 1,172,336</b>
<b>Water Purchase Agreement Expense Coverage<sup>(8)</sup></b>	<b>0.88</b>	<b>2.30</b>	<b>2.26</b>	<b>2.21</b>	<b>2.16</b>
<b>Net Revenues Available for Debt Service</b>	<b>\$ (122,851)</b>	<b>\$ 1,311,842</b>	<b>\$ 1,344,224</b>	<b>\$ 1,349,883</b>	<b>\$ 1,358,084</b>
<b>Debt Service:</b>					
EDA Loan Payments	\$ 105,748	\$ 105,748	\$ -	\$ -	\$ -
Bond/Certificate Payments	<u>961,736</u>	<u>960,508</u>	<u>957,371</u>	<u>955,524</u>	<u>958,230</u>
<b>Total Debt Service</b>	<b>\$ 1,067,484</b>	<b>\$ 1,066,256</b>	<b>\$ 957,371</b>	<b>\$ 955,524</b>	<b>\$ 958,230</b>
<b>Debt Service Coverage<sup>(8)</sup></b>	<b>(0.12)</b>	<b>1.23</b>	<b>1.40</b>	<b>1.41</b>	<b>1.42</b>

(1) Reflects unaudited actual amounts through April 30, 2016 and projected amounts through June 30, 2016, reflecting conservation measures. See the caption "THE NORCO WATER SYSTEM—California Drought and City Response."

(2) Reflects projected increase of 5% per year from Fiscal Year 2016.

(3) Projected to remain at Fiscal Year 2016 amount.

(4) Reflects projected sale of water from Norco's allocated but unused safe-yield pursuant to the Chino Basin Judgment. See the caption "THE NORCO WATER SYSTEM—Water Rights."

(5) Reflects projected increase of 2% per year from Fiscal Year 2016 amount.

(6) Excludes payments under the Water Purchase Agreement and depreciation of assets. Projected to increase approximately 3% each fiscal year.

(7) Amounts paid from City reserves. Desalter water purchases from the Authority are estimated to be 5,400 acre-feet at costs projected by the Authority. Under the Water Purchase Agreement, the obligation of Norco to pay its Purchaser Share of Fixed Project Costs (as those terms are defined in the Water Purchase Agreement), including debt service on the Bonds, is not dependent upon delivery of desalter water.

(8) Fiscal year 2017 amounts projected to be paid from City reserves.

Source: Norco.

As a result of increased water costs and conservation measures, the City is projecting coverage under the Water Purchase Agreement of less than 1.25 in fiscal year 2016. On January 20, 2016, the City adopted pass-through rate increases of up to 10% on each July 1 through July 1, 2019. The City is currently conducting a rate study, which is expected to be completed by the end of 2016. See the caption "THE NORCO WATER SYSTEM—Rates and Charges."

The City has completed construction of a recycled/reclaimed water backbone distribution system and initiated recycled water deliveries to municipal properties for irrigation purposes. Revenues from the sale of

recycled water may offset, to a certain extent the reductions in water sales as a result of the ongoing drought conditions. Revenues from such recycled water sales, however, are not pledged to the payments under the Water Purchase Agreement and are not reflected under the revenues in the “—Projected Operating Results and Water Purchase Agreement Coverage” table above. The City can make no assurance, however, as to the availability of such revenues from the sale of recycled water or that the City will apply any such revenues to payments under the Water Supply Agreement. See the caption “California Drought and City Response.” The City is projecting coverage under the Water Purchase Agreement of at least 1.25 in fiscal years 2017 through 2020.

### **CONTINUING DISCLOSURE**

The City has not entered into a continuing disclosure undertaking in connection with the issuance of the Bonds. See the caption “CONTINUING DISCLOSURE” in the Official Statement and Appendix K attached to the Official Statement for a description of the annual information and operating data required to be provided by the Authority.

Over the past five years, the City has been subject to continuing disclosure undertakings entered into with respect to certain of its outstanding obligations (the “Prior Continuing Disclosure Undertakings”) including certain obligations payable from revenues of the Water System subordinate to payments under the Water Purchase Agreement. Pursuant to the Prior Continuing Disclosure Undertakings, the City agreed to file its audited financial reports, certain operating data with respect to the to provide certain financial information and operating data relating to the City, as well as notices of certain enumerated events. The City believes that it is in compliance in all material respects with the Prior Continuing Disclosure Undertakings. The City adopted disclosure policies and procedures on May 4, 2016.

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Chad Blais, Director of Public Works 

DATE: May 4, 2016

SUBJECT: Acceptance of the Public Improvements at SilverLakes Equestrian and Sports Park as Complete

RECOMMENDATION: Accept the onsite public improvements at SilverLakes Equestrian and Sports Park as complete.

**SUMMARY:** The onsite public improvements known as "City Facilities" for the Silverlakes Property have been completed and staff requests that the City Council accept said improvements as complete.

**BACKGROUND/ANALYSIS:** Public Works staff has been actively working with Balboa Management Group, LLC (Balboa) regarding their efforts to complete City Facilities identified as Exhibit G-1 in the Ground Lease Agreement and as Exhibit B in the Funding, Construction and Acquisition Agreement. The completion of various onsite improvements, both utility related (water, sewer, electrical and storm drain) and non-utility related (paving, fields, irrigation, buildings, equestrian, etc.) have been identified to be constructed in two phases. For the purposes of this discussion, City facilities are those improvements related only to water, sewer, storm drain and related infrastructure which are defined as acceptable for reimbursement of costs under the terms of the Funding, Construction and Acquisition Agreement with Balboa.

Public Works staff and Balboa have identified all the planned construction activities for each phase of construction and determined all City facilities have been completed to meet the current planned operations at Silverlakes (see Exhibit A). Balboa staff has indicated that a planned maintenance building in the northeast corner of the property that would have been serviced water by a secondary potable water pipeline has been removed from the project and Balboa is requesting that the construction of the secondary water mainline that was designed to loop around the easterly portion of the property be eliminated. Public Works Staff agreed with this request but has informed Balboa that in the future should any building/structure be constructed in the easterly portion of the property (see Figure A) that requires potable water for drinking or fire protection (sprinklers or nearby hydrant) then the planned potable water mainline and additional fire hydrants must be installed per the original approved plans.

## Acceptance of Public Improvements

Page 2

May 4, 2016

Although the City is accepting certain onsite improvements (groundwater wells, reservoir/pressure tanks, sand filters/treatment facilities and transmission lines) as complete, it is important to note that Balboa is responsible for all maintenance and repair of these onsite improvements throughout the term of the Ground Lease Agreement pursuant to the provisions of the Funding, Construction and Acquisition Agreement. Also, as mentioned previously, other non-City related facilities construction activities will continue to move forward toward completion in various phased timelines and Public Works and Building & Safety staff will continue to coordinate with Balboa staff to ensure all construction work is properly inspected.

**FISCAL IMPACT:** None.

**Attachments:** Exhibit A – Completed Onsite Utility Improvements at SilverLakes  
Figure A – Future Potential Onsite Utility Improvements at SilverLakes

# Exhibit A

## Completed Onsite Utility Improvements at Silverlakes

The following is a list of onsite utility improvements completed as part of the Silverlakes Project:

### Domestic Water System

- Installation of water distribution mainlines, service lines, and tracer wire
- Installation of water meters and backflow prevention assemblies
- Installation of isolation valves, fire hydrants, and detector check with PIV

### Groundwater Source Facilities

- Construction of two non-potable groundwater wells
- Sand filters/treatment facilities used during initial development of the site
- Construction of storage reservoir lake for irrigation purposes
- Minor transmission pipelines from well to the reservoir lake

### Sanitary Sewer System

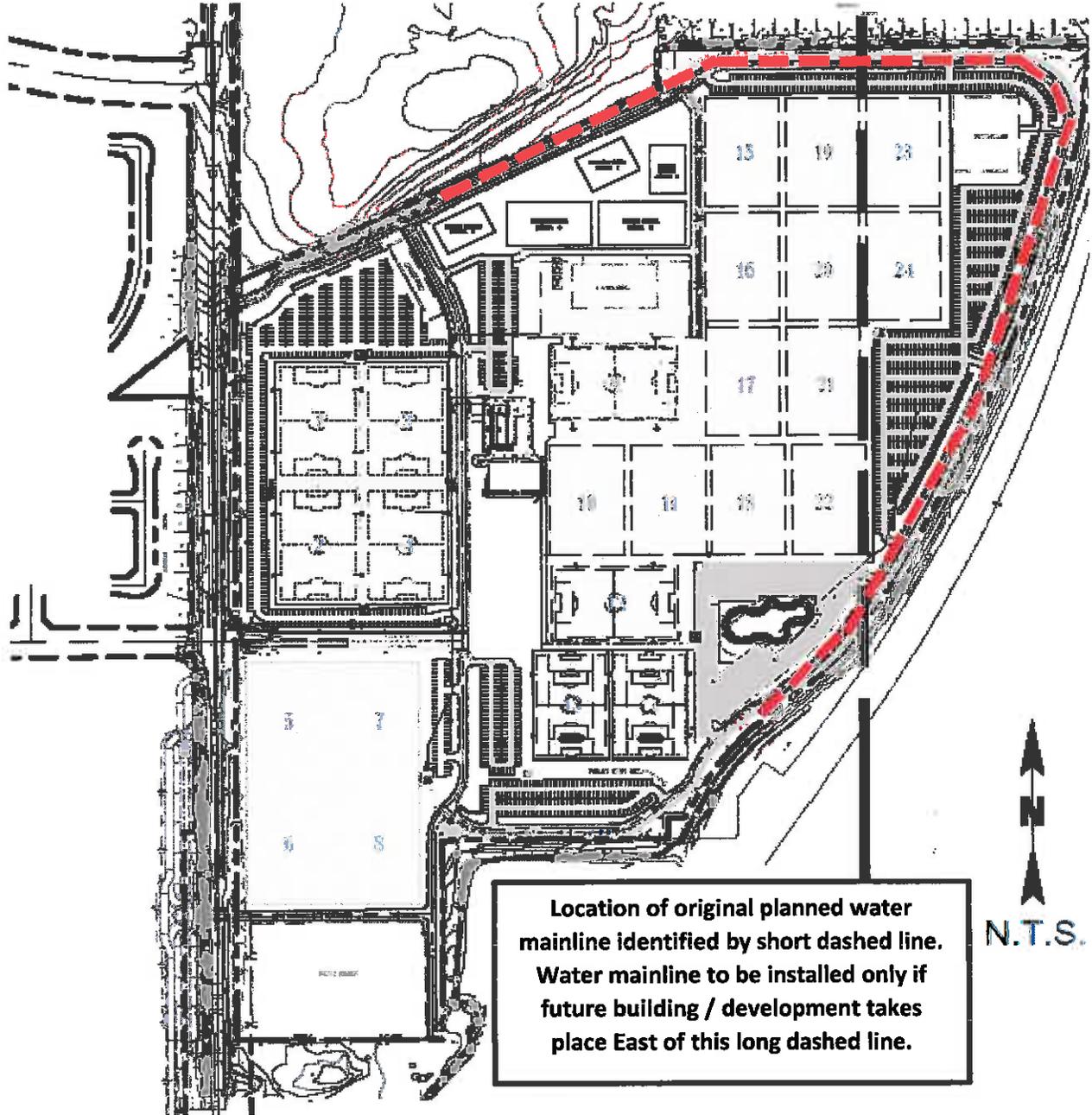
- Installation of sewer mainline and laterals
- Installation of sewer manholes and sanitary sewer cleanouts

### Storm Drain System

- Installation of storm drain pipes, catch basins and manholes

# Figure A

## Future Potential Onsite Utility Improvements at Silverlakes



Future Water Mainline 

**Legend**

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

DATE: May 4, 2016

SUBJECT: Appropriation for Reimbursement of Costs for Onsite Water and Sewer Improvements on Silverlakes

RECOMMENDATION: Adopt **Resolution No. 2016-20**, appropriating funds for reimbursement of costs for onsite water and sewer improvements on Silverlakes.

**SUMMARY:** The Funding, Construction and Acquisition Agreement between the City and Balboa Management LLC provides for the City to reimburse Balboa up to \$6,000,000 for the cost of onsite water, sewer, storm drain, and other related public improvements on Silverlakes. The City has previously provided reimbursements to Balboa totaling \$5,575,884.17 for costs through June 12, 2013. Balboa has submitted a list of costs for additional onsite improvements in 2015 totaling over \$2.7 million. Based on the amount previously reimbursed, the City can only provide up to \$424,115.83 of the cost expended by Balboa in 2015. Public Works staff have reviewed Balboa's request for reimbursement and verified that the listed onsite improvements have been made to the satisfaction of the City.

**BACKGROUND/ANALYSIS:** The Agreements between the City and Balboa Management, LLC. (Balboa) for the development of Silverlakes Project were approved by the City Council on July 6, 2011. The Funding, Construction and Acquisition Agreement provides for the City to reimburse Balboa up to \$6,000,000 for the actual costs of construction and financing of certain improvements related to the Silverlakes Equestrian and Sports Park. Through June 12, 2013, the City provided reimbursements totaling \$5,575,884.17 to Balboa for actual costs related to City owned onsite public infrastructure improvements including domestic water, sewer, storm drains, circulation roads and ground water systems. Completed public facilities have been inspected by City staff and are being recommended for acceptance under a separate agenda item. The list of costs provided by Balboa for onsite public facilities improvement during calendar year 2015 totals over \$2.7 million. However, Balboa is only entitled to and is requesting to be reimbursed \$424,115.83 which represents the difference between the maximum amount allowed in the Funding, Construction and Acquisition Agreement and the amount that has been previously reimbursed to Balboa.

The current FY 2015-2016 Capital Improvement Program Budget does not include any appropriation for the remaining reimbursement to Balboa. In order to make this reimbursement, staff is requesting that the City Council authorize appropriation in the amount of \$424,115.83 from Water and Sewer Capital Projects Funds.

**FINANCIAL IMPACT:** Staff is requesting appropriation of \$247,572 from Sewer Capital Project Fund and \$176,543.83 from Water Capital Project Fund. The current estimated cash balance in the Water Capital Projects Fund is \$5.3 million while the estimated cash balance in the Sewer Capital Projects Fund is \$3.7 million.

Attachment: Resolution No. 2016-20

Agenda Item: 2.G.

## **RESOLUTION NO. 2016-20**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA APPROPRIATING FUNDS IN THE AMOUNT OF \$424,115.83 FROM WATER AND SEWER CAPITAL PROJECTS IMPROVEMENT FUNDS FOR REIMBURSEMENT OF COSTS TO BALBOA MANAGEMENT LLC FOR PUBLIC IMPROVEMENTS ON THE SILVERLAKES EQUESTRIAN AND SPORTS PARK PROPERTY**

WHEREAS, the various agreements between the City and Balboa Management LLC (Balboa) for the development of the SilverLakes Equestrian and Sports Park Property were approved by the City Council on July 6, 2011; and

WHEREAS, the Funding, Construction, and Acquisition Agreement provides for the City to reimburse Balboa up to \$6,000,000 for the actual costs of onsite public improvements including water, sewer, storm drains, circulation roads and groundwater source facilities; and

WHEREAS, onsite improvements have been completed and inspected by City staff and determined to be acceptable; and have been recommended for City Council acceptance; and

WHEREAS, the City has previously reimbursed Balboa, through June 12, 2013, a total of \$5,575,884.17 for actual costs of public improvements on the Silverlakes Property; and

WHEREAS, Balboa has submitted a list of additional costs for public improvements totaling over \$2.7 million; and

WHEREAS, City staff has reviewed Balboa's request for reimbursement and has determined that Balboa is entitled to the remaining reimbursement of \$424,115.83 pursuant to the provisions of the Funding, Construction and Acquisition Agreement; and

WHEREAS, the current Fiscal Year 2015-2016 Water and Sewer Funds Capital Improvement Program Budget does not include appropriation for the reimbursement of remaining costs to Balboa; and

WHEREAS, in order to provide the remaining reimbursement, appropriation is necessary; and

WHEREAS, there is sufficient cash in the Water and Sewer Capital Project Funds for the requested appropriation.

NOW THEREFORE, BE IT RESOLVED that the amount of \$247,572.00 shall be appropriated from the Sewer Capital Project Improvement Fund while \$176,543.83 shall be appropriated from Water Capital Project Improvement Fund to fund the remaining reimbursement to Balboa.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on May 4, 2016.

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Kevin Bash, Mayor  
City of Norco, California

ATTEST:

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Cheryl L. Link, City Clerk  
City of Norco, California

I, CHERYL L. LINK, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on May 4, 2016 by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California on May, 2016.

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Cheryl L. Link, City Clerk  
City of Norco, California

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

DATE: May 4, 2016

SUBJECT: Approval of Amendment No. 1 to the Memorandum of Understanding with Balboa Management, LLC Regarding Reimbursement Repayment Schedule for SilverLakes Equestrian and Sports Park

RECOMMENDATION: Approve Amendment No. 1 to the Memorandum of Understanding regarding the reimbursement repayment schedule for SilverLakes Equestrian and Sports Park

**SUMMARY:** Pursuant to the provisions of the Ground Lease Agreement, Development Agreement, and Funding, Construction and Acquisition Agreement (Agreements) between the City and Balboa Management, LLC, regarding the funding of City-owned facilities on the SilverLakes Property, City Council on January 20, 2016 approved a Memorandum of Understanding (MOU) regarding the repayment of reimbursement provided to Balboa for onsite public facilities on the Silverlakes property. The approved Repayment Schedule was for reimbursement of costs through June 12, 2013 totaling \$5,575,884.17. Balboa has submitted a request for the remaining reimbursement of \$424,115.83. Staff has reviewed Balboa's request for reimbursement and verified that the listed improvements have been made to the satisfaction of the City. The approval of the request for reimbursement and acceptance of applicable improvement are being handled under separate actions of the City Council. If the request for reimbursement is approved, then it is necessary to amend the MOU regarding repayment of City reimbursements to reflect a revised Repayment Schedule. The monthly repayment amount will be revised from \$45,514.50 to \$48,339.52 as provided in Exhibit B.

**BACKGROUND/ANALYSIS:** The Agreements between the City and Balboa Management, LLC. (Balboa) for the development of the SilverLakes Project were approved by the City Council on July 6, 2011. The Funding, Construction and Acquisition Agreement provides for the City to reimburse Balboa up to \$6,000,000 for the actual costs of construction and financing certain onsite improvements related to the SilverLakes Equestrian and Sports Park. Among other things, this agreement provides for a 5.9% annual interest rate on the amount of reimbursement; pay off date of 2039 which corresponds to date that the City would pay off the Norco Financing Authority Enterprise Revenue Refunding Bonds Issue of 2009. Total reimbursement of \$5,575,884.17 was provided to Balboa through June 12, 2013. On January 20, 2016, the City Council approved a Repayment Schedule for the reimbursement provided to

**Agenda Item: 2.H.**

Balboa through June 12, 2013 including accrued interest calculated through June 30, 2016 when repayment is expected to commence. Balboa has submitted a request to the City for the reimbursement of the remaining amount as provided in the Funding, Construction and Acquisition Agreement. If the City approves this request for reimbursement, the monthly repayment amount will be revised to \$48,339.52 (see attached amortization schedule – Exhibit B). The total outstanding amount from Balboa including accrued interest has also been recalculated to include the additional reimbursement amount of \$424,115.83 (Exhibit A) and estimated accrued interest through June 30, 2016. These revisions require an amendment to the MOU between the City and Balboa regarding reimbursement Repayment Schedule.

The Funding, Construction and Acquisition Agreement provides for the repayment of the reimbursement to commence after the completion of funded improvements. Soft opening of the SilverLakes Equestrian and Sports Park was in September of 2015 and Public Works staff has verified that onsite improvements funded by City reimbursement have been completed and have been recommended for acceptance by the City Council under a separate agenda item.

**FISCAL IMPACT:** Including accrued interest of \$1,292,325.92 through June 30, 2016 and future interest of \$6,049,380.64 on the amount financed, Balboa will be making total payments of \$13,341,706.56 to the City. Repayment of the reimbursements including interest will be deposited into the City's Water and Sewer Funds proportionately to the amount of reimbursement provided from each Fund.

Attachment: Amendment No. 1 to Memorandum of Understanding  
Exhibit A – Calculation of Outstanding Reimbursement and Accrued Interest  
Exhibit B – Repayment Amortization Schedule

**MEMORANDUM OF UNDERSTANDING  
REGARDING REIMBURSEMENT  
REPAYMENT SCHEDULE – AMENDMENT NO. 1**

This Memorandum of Understanding Amendment No. 1 (“Amendment No. 1 to the MOU”) is entered into as of this 4<sup>th</sup> day of May, 2016, by and between the City of Norco (“City”), and the Balboa Management Group, LLC (“Balboa”).

**RECITALS**

WHEREAS, the City and Balboa have entered into a Ground Lease dated July 6, 2011, with regard to the lease of approximately 122 continuous acres of land in the City of Norco, commonly known as “Silverlakes”; (the “Lease”) and

WHEREAS, the City and Balboa have entered into a Development Agreement, dated July 6, 2011 ( the “Development Agreement”); and

WHEREAS, the City and Balboa have entered into a Funding, Construction and Acquisition Agreement, dated July 6, 2011 (the “Funding Agreement”); and

WHEREAS, pursuant to Section 5.1.2 of the Lease Agreement and Article V of the Funding Agreement, Balboa constructed certain City-owned facilities (the “Facilities”) subject to reimbursement of the actual costs by City; and

WHEREAS, pursuant to Article II and Article III, the amount of reimbursement for the actual costs of the Facilities is not to exceed Six Million Dollars (\$6,000,000.00) the “Reimbursable Amount”); and

WHEREAS, pursuant to Section 5.06 of the Funding Agreement, Balboa is obligated to repay the Reimbursable Amount on a monthly basis at an interest rate of 5.9% per annum, commencing upon the funding of the last of the actual costs of the Facilities; and

WHEREAS, Balboa and the City anticipate that the Facilities and the issuance of a Certificate of Completion therefore will occur on or about June 1, 2016; and

WHEREAS, pursuant to Section 5.06, an Amortization Schedule for the repayment by Balboa of the Reimbursable Amount was approved by the City Council on January 20, 2016 based on the amount reimbursed to Balboa through June 12, 2013

NOW, THEREFORE, in consideration of the foregoing recitals the Parties to this Memorandum of Understanding hereby agree as follows:

Section 1. The foregoing recitals are true and correct and incorporated as if set forth in full hereat.

Section 2. A Reimbursement Repayment Schedule Calculation through June 30, 2016, is revised to include additional reimbursement of \$424,115.83 plus estimated accrued interest through June 30, 2016 and attached as Exhibit "B".

Section 3. Balboa hereby agrees to make the monthly payments of \$48,339.52 in the applicable Amortization Schedule, commencing on July 1, 2016.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

City of Norco

Balboa Management Group, LLC  
a Delaware Limited Liability Company

By: \_\_\_\_\_  
Kevin Bash, Mayor

By: \_\_\_\_\_  
Richard J. Brandes

ATTEST:

\_\_\_\_\_  
Cheryl L. Link, CMC  
City Clerk

Approved as to Form:

\_\_\_\_\_  
John R. Harper  
City Attorney

City of Norco, California  
 Balboa Management LLC, Reimbursement Repayment Schedule  
 Calculation Through June 30, 2016

Reim. Date	Reim. Amount	Interest Rate	Number of Days	Accrued Interest
1/27/2012	42,257.39	0.0161644%	1616	11,038.32
2/28/2012	207,650.66	0.0161644%	1584	53,167.67
4/2/2012	740,759.82	0.0161644%	1550	185,595.85
5/15/2012	612,259.11	0.0161644%	1507	149,144.64
6/20/2012	1,043,265.71	0.0161644%	1471	248,065.72
7/30/2012	1,269,941.83	0.0161644%	1431	293,753.20
9/6/2012	314,014.71	0.0161644%	1393	70,706.65
10/12/2012	816,540.23	0.0161644%	1357	179,108.66
12/27/2012	52,816.48	0.0161644%	1281	10,936.48
4/25/2013	382,789.42	0.0161644%	1162	71,899.39
6/12/2013	93,588.81	0.0161644%	1114	16,852.65
5/31/2016	424,115.83	0.0161644%	30	2,056.67
<b>Totals</b>	<b>\$ 6,000,000.00</b>			<b>\$ 1,292,325.92</b>
Total Accrued Interest Through 6/30/2016				1,292,325.92
Total Reimbursement Through 5/31/2016				6,000,000.00
Total Amount Due from Balboa as of 6/30/2016				<b>\$ 7,292,325.92</b>

# Repayment Amortization Schedule

Enter values	
Total Amount Including Accrued Interest	\$ 7,292,325.92
Annual interest rate	5.90 %
Repayment period in years	23
Number of payments per year	12
Start date of loan	6/1/2016
Optional extra payments	

Loan summary	
Scheduled payment	\$ 48,339.52
Scheduled number of payments	276
Actual number of payments	276
Total early payments	\$ -
Total interest	\$ 6,049,380.64

Lender name: City of Norco - Water and Sewer Funds

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	7/1/2016	\$ 7,292,325.92	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 12,485.58	\$ 35,853.94	\$ 7,279,840.34	\$ 35,853.94
2	8/1/2016	\$ 7,279,840.34	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 12,546.97	\$ 35,792.55	\$ 7,267,293.37	\$ 71,646.48
3	9/1/2016	\$ 7,267,293.37	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 12,608.66	\$ 35,730.86	\$ 7,254,684.71	\$ 107,377.34
4	10/1/2016	\$ 7,254,684.71	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 12,670.65	\$ 35,668.87	\$ 7,242,014.06	\$ 143,046.21
5	11/1/2016	\$ 7,242,014.06	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 12,732.95	\$ 35,606.57	\$ 7,229,281.12	\$ 178,652.78
6	12/1/2016	\$ 7,229,281.12	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 12,795.55	\$ 35,543.97	\$ 7,216,485.57	\$ 214,196.74
7	1/1/2017	\$ 7,216,485.57	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 12,858.46	\$ 35,481.05	\$ 7,203,627.10	\$ 249,677.80
8	2/1/2017	\$ 7,203,627.10	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 12,921.68	\$ 35,417.83	\$ 7,190,705.42	\$ 285,095.63
9	3/1/2017	\$ 7,190,705.42	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 12,985.21	\$ 35,354.30	\$ 7,177,720.20	\$ 320,449.93
10	4/1/2017	\$ 7,177,720.20	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,049.06	\$ 35,290.46	\$ 7,164,671.15	\$ 355,740.39
11	5/1/2017	\$ 7,164,671.15	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,113.22	\$ 35,226.30	\$ 7,151,557.93	\$ 390,966.69
12	6/1/2017	\$ 7,151,557.93	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,177.69	\$ 35,161.83	\$ 7,138,380.24	\$ 426,128.52
13	7/1/2017	\$ 7,138,380.24	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,242.48	\$ 35,097.04	\$ 7,125,137.76	\$ 461,225.55
14	8/1/2017	\$ 7,125,137.76	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,307.59	\$ 35,031.93	\$ 7,111,830.17	\$ 496,257.48
15	9/1/2017	\$ 7,111,830.17	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,373.02	\$ 34,966.50	\$ 7,098,457.15	\$ 531,223.98
16	10/1/2017	\$ 7,098,457.15	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,438.77	\$ 34,900.75	\$ 7,085,018.38	\$ 566,124.73
17	11/1/2017	\$ 7,085,018.38	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,504.84	\$ 34,834.67	\$ 7,071,513.54	\$ 600,959.40
18	12/1/2017	\$ 7,071,513.54	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,571.24	\$ 34,768.27	\$ 7,057,942.30	\$ 635,727.68
19	1/1/2018	\$ 7,057,942.30	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,637.97	\$ 34,701.55	\$ 7,044,304.33	\$ 670,429.22
20	2/1/2018	\$ 7,044,304.33	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,705.02	\$ 34,634.50	\$ 7,030,599.31	\$ 705,063.72
21	3/1/2018	\$ 7,030,599.31	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,772.40	\$ 34,567.11	\$ 7,016,826.91	\$ 739,630.83
22	4/1/2018	\$ 7,016,826.91	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,840.12	\$ 34,499.40	\$ 7,002,986.79	\$ 774,130.23
23	5/1/2018	\$ 7,002,986.79	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,908.16	\$ 34,431.35	\$ 6,989,078.63	\$ 808,561.59
24	6/1/2018	\$ 6,989,078.63	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 13,976.55	\$ 34,362.97	\$ 6,975,102.08	\$ 842,924.56
25	7/1/2018	\$ 6,975,102.08	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,045.26	\$ 34,294.25	\$ 6,961,056.81	\$ 877,218.81
26	8/1/2018	\$ 6,961,056.81	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,114.32	\$ 34,225.20	\$ 6,946,942.49	\$ 911,444.00
27	9/1/2018	\$ 6,946,942.49	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,183.72	\$ 34,155.80	\$ 6,932,758.78	\$ 945,599.80
28	10/1/2018	\$ 6,932,758.78	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,253.45	\$ 34,086.06	\$ 6,918,505.33	\$ 979,685.87
29	11/1/2018	\$ 6,918,505.33	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,323.53	\$ 34,015.98	\$ 6,904,181.79	\$ 1,013,701.85
30	12/1/2018	\$ 6,904,181.79	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,393.96	\$ 33,945.56	\$ 6,889,787.84	\$ 1,047,647.41
31	1/1/2019	\$ 6,889,787.84	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,464.73	\$ 33,874.79	\$ 6,875,323.11	\$ 1,081,522.20

Exhibit B - Repayment Schedule

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
32	2/1/2019	\$ 6,875,323.11	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,535.84	\$ 33,803.67	\$ 6,860,787.27	\$ 1,115,325.87
33	3/1/2019	\$ 6,860,787.27	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,607.31	\$ 33,732.20	\$ 6,846,179.95	\$ 1,149,058.08
34	4/1/2019	\$ 6,846,179.95	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,679.13	\$ 33,660.38	\$ 6,831,500.82	\$ 1,182,718.46
35	5/1/2019	\$ 6,831,500.82	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,751.30	\$ 33,588.21	\$ 6,816,749.52	\$ 1,216,306.68
36	6/1/2019	\$ 6,816,749.52	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,823.83	\$ 33,515.69	\$ 6,801,925.69	\$ 1,249,822.36
37	7/1/2019	\$ 6,801,925.69	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,896.72	\$ 33,442.80	\$ 6,787,028.97	\$ 1,283,265.16
38	8/1/2019	\$ 6,787,028.97	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 14,969.96	\$ 33,369.56	\$ 6,772,059.01	\$ 1,316,634.72
39	9/1/2019	\$ 6,772,059.01	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,043.56	\$ 33,295.96	\$ 6,757,015.45	\$ 1,349,930.68
40	10/1/2019	\$ 6,757,015.45	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,117.52	\$ 33,221.99	\$ 6,741,897.93	\$ 1,383,152.67
41	11/1/2019	\$ 6,741,897.93	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,191.85	\$ 33,147.66	\$ 6,726,706.08	\$ 1,416,300.34
42	12/1/2019	\$ 6,726,706.08	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,266.54	\$ 33,072.97	\$ 6,711,439.53	\$ 1,449,373.31
43	1/1/2020	\$ 6,711,439.53	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,341.61	\$ 32,997.91	\$ 6,696,097.93	\$ 1,482,371.22
44	2/1/2020	\$ 6,696,097.93	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,417.04	\$ 32,922.48	\$ 6,680,680.89	\$ 1,515,293.70
45	3/1/2020	\$ 6,680,680.89	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,492.84	\$ 32,846.68	\$ 6,665,188.06	\$ 1,548,140.38
46	4/1/2020	\$ 6,665,188.06	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,569.01	\$ 32,770.51	\$ 6,649,619.05	\$ 1,580,910.89
47	5/1/2020	\$ 6,649,619.05	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,645.56	\$ 32,693.96	\$ 6,633,973.49	\$ 1,613,604.85
48	6/1/2020	\$ 6,633,973.49	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,722.48	\$ 32,617.04	\$ 6,618,251.01	\$ 1,646,221.89
49	7/1/2020	\$ 6,618,251.01	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,799.78	\$ 32,539.73	\$ 6,602,451.23	\$ 1,678,761.62
50	8/1/2020	\$ 6,602,451.23	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,877.46	\$ 32,462.05	\$ 6,586,573.77	\$ 1,711,223.67
51	9/1/2020	\$ 6,586,573.77	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 15,955.53	\$ 32,383.99	\$ 6,570,618.24	\$ 1,743,607.66
52	10/1/2020	\$ 6,570,618.24	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,033.98	\$ 32,305.54	\$ 6,554,584.26	\$ 1,775,913.20
53	11/1/2020	\$ 6,554,584.26	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,112.81	\$ 32,226.71	\$ 6,538,471.45	\$ 1,808,139.90
54	12/1/2020	\$ 6,538,471.45	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,192.03	\$ 32,147.48	\$ 6,522,279.42	\$ 1,840,287.39
55	1/1/2021	\$ 6,522,279.42	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,271.64	\$ 32,067.87	\$ 6,506,007.78	\$ 1,872,355.26
56	2/1/2021	\$ 6,506,007.78	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,351.64	\$ 31,987.87	\$ 6,489,656.13	\$ 1,904,343.13
57	3/1/2021	\$ 6,489,656.13	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,432.04	\$ 31,907.48	\$ 6,473,224.09	\$ 1,936,250.61
58	4/1/2021	\$ 6,473,224.09	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,512.83	\$ 31,826.69	\$ 6,456,711.26	\$ 1,968,077.30
59	5/1/2021	\$ 6,456,711.26	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,594.02	\$ 31,745.50	\$ 6,440,117.24	\$ 1,999,822.79
60	6/1/2021	\$ 6,440,117.24	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,675.61	\$ 31,663.91	\$ 6,423,441.63	\$ 2,031,486.70
61	7/1/2021	\$ 6,423,441.63	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,757.60	\$ 31,581.92	\$ 6,406,684.04	\$ 2,063,068.62
62	8/1/2021	\$ 6,406,684.04	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,839.99	\$ 31,499.53	\$ 6,389,844.05	\$ 2,094,568.15
63	9/1/2021	\$ 6,389,844.05	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 16,922.78	\$ 31,416.73	\$ 6,372,921.27	\$ 2,125,984.89
64	10/1/2021	\$ 6,372,921.27	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,005.99	\$ 31,333.53	\$ 6,355,915.28	\$ 2,157,318.42
65	11/1/2021	\$ 6,355,915.28	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,089.60	\$ 31,249.92	\$ 6,338,825.68	\$ 2,188,568.33
66	12/1/2021	\$ 6,338,825.68	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,173.62	\$ 31,165.89	\$ 6,321,652.06	\$ 2,219,734.23
67	1/1/2022	\$ 6,321,652.06	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,258.06	\$ 31,081.46	\$ 6,304,394.00	\$ 2,250,815.68
68	2/1/2022	\$ 6,304,394.00	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,342.91	\$ 30,996.60	\$ 6,287,051.08	\$ 2,281,812.29
69	3/1/2022	\$ 6,287,051.08	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,428.18	\$ 30,911.33	\$ 6,269,622.90	\$ 2,312,723.62
70	4/1/2022	\$ 6,269,622.90	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,513.87	\$ 30,825.65	\$ 6,252,109.03	\$ 2,343,549.27
71	5/1/2022	\$ 6,252,109.03	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,599.98	\$ 30,739.54	\$ 6,234,509.05	\$ 2,374,288.80
72	6/1/2022	\$ 6,234,509.05	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,686.51	\$ 30,653.00	\$ 6,216,822.54	\$ 2,404,941.81
73	7/1/2022	\$ 6,216,822.54	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,773.47	\$ 30,566.04	\$ 6,199,049.06	\$ 2,435,507.85
74	8/1/2022	\$ 6,199,049.06	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,860.86	\$ 30,478.66	\$ 6,181,188.21	\$ 2,465,986.51
75	9/1/2022	\$ 6,181,188.21	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 17,948.67	\$ 30,390.84	\$ 6,163,239.53	\$ 2,496,377.35

**Exhibit B - Repayment Schedule**

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
76	10/1/2022	\$ 6,163,239.53	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 18,036.92	\$ 30,302.59	\$ 6,145,202.61	\$ 2,526,679.94
77	11/1/2022	\$ 6,145,202.61	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 18,125.60	\$ 30,213.91	\$ 6,127,077.01	\$ 2,556,893.86
78	12/1/2022	\$ 6,127,077.01	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 18,214.72	\$ 30,124.80	\$ 6,108,862.28	\$ 2,587,018.65
79	1/1/2023	\$ 6,108,862.28	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 18,304.28	\$ 30,035.24	\$ 6,090,558.01	\$ 2,617,053.89
80	2/1/2023	\$ 6,090,558.01	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 18,394.27	\$ 29,945.24	\$ 6,072,163.73	\$ 2,646,999.14
81	3/1/2023	\$ 6,072,163.73	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 18,484.71	\$ 29,854.81	\$ 6,053,679.02	\$ 2,676,853.94
82	4/1/2023	\$ 6,053,679.02	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 18,575.59	\$ 29,763.92	\$ 6,035,103.43	\$ 2,706,617.86
83	5/1/2023	\$ 6,035,103.43	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 18,666.92	\$ 29,672.59	\$ 6,016,436.50	\$ 2,736,290.45
84	6/1/2023	\$ 6,016,436.50	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 18,758.70	\$ 29,580.81	\$ 5,997,677.80	\$ 2,765,871.27
85	7/1/2023	\$ 5,997,677.80	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 18,850.93	\$ 29,488.58	\$ 5,978,826.87	\$ 2,795,359.85
86	8/1/2023	\$ 5,978,826.87	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 18,943.62	\$ 29,395.90	\$ 5,959,883.25	\$ 2,824,755.75
87	9/1/2023	\$ 5,959,883.25	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 19,036.76	\$ 29,302.76	\$ 5,940,846.49	\$ 2,854,058.51
88	10/1/2023	\$ 5,940,846.49	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 19,130.35	\$ 29,209.16	\$ 5,921,716.14	\$ 2,883,267.67
89	11/1/2023	\$ 5,921,716.14	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 19,224.41	\$ 29,115.10	\$ 5,902,491.72	\$ 2,912,382.77
90	12/1/2023	\$ 5,902,491.72	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 19,318.93	\$ 29,020.58	\$ 5,883,172.79	\$ 2,941,403.36
91	1/1/2024	\$ 5,883,172.79	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 19,413.92	\$ 28,925.60	\$ 5,863,758.88	\$ 2,970,328.96
92	2/1/2024	\$ 5,863,758.88	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 19,509.37	\$ 28,830.15	\$ 5,844,249.51	\$ 2,999,159.11
93	3/1/2024	\$ 5,844,249.51	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 19,605.29	\$ 28,734.23	\$ 5,824,644.22	\$ 3,027,893.33
94	4/1/2024	\$ 5,824,644.22	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 19,701.68	\$ 28,637.83	\$ 5,804,942.53	\$ 3,056,531.17
95	5/1/2024	\$ 5,804,942.53	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 19,798.55	\$ 28,540.97	\$ 5,785,143.99	\$ 3,085,072.13
96	6/1/2024	\$ 5,785,143.99	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 19,895.89	\$ 28,443.62	\$ 5,765,248.09	\$ 3,113,515.76
97	7/1/2024	\$ 5,765,248.09	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 19,993.71	\$ 28,345.80	\$ 5,745,254.38	\$ 3,141,861.56
98	8/1/2024	\$ 5,745,254.38	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 20,092.02	\$ 28,247.50	\$ 5,725,162.36	\$ 3,170,109.06
99	9/1/2024	\$ 5,725,162.36	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 20,190.80	\$ 28,148.71	\$ 5,704,971.56	\$ 3,198,257.78
100	10/1/2024	\$ 5,704,971.56	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 20,290.07	\$ 28,049.44	\$ 5,684,681.49	\$ 3,226,307.22
101	11/1/2024	\$ 5,684,681.49	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 20,389.83	\$ 27,949.68	\$ 5,664,291.66	\$ 3,254,256.90
102	12/1/2024	\$ 5,664,291.66	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 20,490.08	\$ 27,849.43	\$ 5,643,801.57	\$ 3,282,106.34
103	1/1/2025	\$ 5,643,801.57	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 20,590.83	\$ 27,748.69	\$ 5,623,210.75	\$ 3,309,855.03
104	2/1/2025	\$ 5,623,210.75	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 20,692.06	\$ 27,647.45	\$ 5,602,518.69	\$ 3,337,502.48
105	3/1/2025	\$ 5,602,518.69	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 20,793.80	\$ 27,545.72	\$ 5,581,724.89	\$ 3,365,048.20
106	4/1/2025	\$ 5,581,724.89	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 20,896.04	\$ 27,443.48	\$ 5,560,828.85	\$ 3,392,491.68
107	5/1/2025	\$ 5,560,828.85	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 20,998.77	\$ 27,340.74	\$ 5,539,830.08	\$ 3,419,832.42
108	6/1/2025	\$ 5,539,830.08	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 21,102.02	\$ 27,237.50	\$ 5,518,728.06	\$ 3,447,069.92
109	7/1/2025	\$ 5,518,728.06	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 21,205.77	\$ 27,133.75	\$ 5,497,522.29	\$ 3,474,203.67
110	8/1/2025	\$ 5,497,522.29	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 21,310.03	\$ 27,029.48	\$ 5,476,212.25	\$ 3,501,233.15
111	9/1/2025	\$ 5,476,212.25	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 21,414.81	\$ 26,924.71	\$ 5,454,797.45	\$ 3,528,157.86
112	10/1/2025	\$ 5,454,797.45	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 21,520.10	\$ 26,819.42	\$ 5,433,277.35	\$ 3,554,977.28
113	11/1/2025	\$ 5,433,277.35	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 21,625.90	\$ 26,713.61	\$ 5,411,651.45	\$ 3,581,690.90
114	12/1/2025	\$ 5,411,651.45	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 21,732.23	\$ 26,607.29	\$ 5,389,919.22	\$ 3,608,298.18
115	1/1/2026	\$ 5,389,919.22	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 21,839.08	\$ 26,500.44	\$ 5,368,080.14	\$ 3,634,798.62
116	2/1/2026	\$ 5,368,080.14	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 21,946.46	\$ 26,393.06	\$ 5,346,133.68	\$ 3,661,191.68
117	3/1/2026	\$ 5,346,133.68	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 22,054.36	\$ 26,285.16	\$ 5,324,079.32	\$ 3,687,476.84
118	4/1/2026	\$ 5,324,079.32	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 22,162.79	\$ 26,176.72	\$ 5,301,916.53	\$ 3,713,653.56
119	5/1/2026	\$ 5,301,916.53	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 22,271.76	\$ 26,067.76	\$ 5,279,644.77	\$ 3,739,721.32

**Exhibit B - Repayment Schedule**

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
120	6/1/2026	\$ 5,279,644.77	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 22,381.26	\$ 25,958.25	\$ 5,257,263.51	\$ 3,765,679.57
121	7/1/2026	\$ 5,257,263.51	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 22,491.30	\$ 25,848.21	\$ 5,234,772.20	\$ 3,791,527.78
122	8/1/2026	\$ 5,234,772.20	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 22,601.89	\$ 25,737.63	\$ 5,212,170.32	\$ 3,817,265.41
123	9/1/2026	\$ 5,212,170.32	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 22,713.01	\$ 25,626.50	\$ 5,189,457.30	\$ 3,842,891.91
124	10/1/2026	\$ 5,189,457.30	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 22,824.68	\$ 25,514.83	\$ 5,166,632.62	\$ 3,868,406.75
125	11/1/2026	\$ 5,166,632.62	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 22,936.91	\$ 25,402.61	\$ 5,143,695.71	\$ 3,893,809.36
126	12/1/2026	\$ 5,143,695.71	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 23,049.68	\$ 25,289.84	\$ 5,120,646.03	\$ 3,919,099.19
127	1/1/2027	\$ 5,120,646.03	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 23,163.01	\$ 25,176.51	\$ 5,097,483.03	\$ 3,944,275.70
128	2/1/2027	\$ 5,097,483.03	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 23,276.89	\$ 25,062.62	\$ 5,074,206.14	\$ 3,969,338.33
129	3/1/2027	\$ 5,074,206.14	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 23,391.34	\$ 24,948.18	\$ 5,050,814.80	\$ 3,994,286.51
130	4/1/2027	\$ 5,050,814.80	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 23,506.34	\$ 24,833.17	\$ 5,027,308.46	\$ 4,019,119.68
131	5/1/2027	\$ 5,027,308.46	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 23,621.92	\$ 24,717.60	\$ 5,003,686.54	\$ 4,043,837.28
132	6/1/2027	\$ 5,003,686.54	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 23,738.06	\$ 24,601.46	\$ 4,979,948.48	\$ 4,068,438.74
133	7/1/2027	\$ 4,979,948.48	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 23,854.77	\$ 24,484.75	\$ 4,956,093.71	\$ 4,092,923.49
134	8/1/2027	\$ 4,956,093.71	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 23,972.06	\$ 24,367.46	\$ 4,932,121.66	\$ 4,117,290.95
135	9/1/2027	\$ 4,932,121.66	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 24,089.92	\$ 24,249.60	\$ 4,908,031.74	\$ 4,141,540.55
136	10/1/2027	\$ 4,908,031.74	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 24,208.36	\$ 24,131.16	\$ 4,883,823.38	\$ 4,165,671.70
137	11/1/2027	\$ 4,883,823.38	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 24,327.38	\$ 24,012.13	\$ 4,859,495.99	\$ 4,189,683.83
138	12/1/2027	\$ 4,859,495.99	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 24,446.99	\$ 23,892.52	\$ 4,835,049.00	\$ 4,213,576.36
139	1/1/2028	\$ 4,835,049.00	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 24,567.19	\$ 23,772.32	\$ 4,810,481.81	\$ 4,237,348.68
140	2/1/2028	\$ 4,810,481.81	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 24,687.98	\$ 23,651.54	\$ 4,785,793.82	\$ 4,261,000.22
141	3/1/2028	\$ 4,785,793.82	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 24,809.36	\$ 23,530.15	\$ 4,760,984.46	\$ 4,284,530.37
142	4/1/2028	\$ 4,760,984.46	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 24,931.34	\$ 23,408.17	\$ 4,736,053.12	\$ 4,307,938.54
143	5/1/2028	\$ 4,736,053.12	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 25,053.92	\$ 23,285.59	\$ 4,710,999.20	\$ 4,331,224.14
144	6/1/2028	\$ 4,710,999.20	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 25,177.10	\$ 23,162.41	\$ 4,685,822.09	\$ 4,354,386.55
145	7/1/2028	\$ 4,685,822.09	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 25,300.89	\$ 23,038.63	\$ 4,660,521.20	\$ 4,377,425.17
146	8/1/2028	\$ 4,660,521.20	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 25,425.29	\$ 22,914.23	\$ 4,635,095.91	\$ 4,400,339.40
147	9/1/2028	\$ 4,635,095.91	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 25,550.29	\$ 22,789.22	\$ 4,609,545.62	\$ 4,423,128.63
148	10/1/2028	\$ 4,609,545.62	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 25,675.92	\$ 22,663.60	\$ 4,583,869.70	\$ 4,445,792.22
149	11/1/2028	\$ 4,583,869.70	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 25,802.16	\$ 22,537.36	\$ 4,558,067.54	\$ 4,468,329.58
150	12/1/2028	\$ 4,558,067.54	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 25,929.02	\$ 22,410.50	\$ 4,532,138.53	\$ 4,490,740.08
151	1/1/2029	\$ 4,532,138.53	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 26,056.50	\$ 22,283.01	\$ 4,506,082.02	\$ 4,513,023.10
152	2/1/2029	\$ 4,506,082.02	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 26,184.61	\$ 22,154.90	\$ 4,479,897.41	\$ 4,535,178.00
153	3/1/2029	\$ 4,479,897.41	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 26,313.35	\$ 22,026.16	\$ 4,453,584.06	\$ 4,557,204.16
154	4/1/2029	\$ 4,453,584.06	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 26,442.73	\$ 21,896.79	\$ 4,427,141.33	\$ 4,579,100.95
155	5/1/2029	\$ 4,427,141.33	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 26,572.74	\$ 21,766.78	\$ 4,400,568.59	\$ 4,600,867.73
156	6/1/2029	\$ 4,400,568.59	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 26,703.39	\$ 21,636.13	\$ 4,373,865.20	\$ 4,622,503.86
157	7/1/2029	\$ 4,373,865.20	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 26,834.68	\$ 21,504.84	\$ 4,347,030.52	\$ 4,644,008.70
158	8/1/2029	\$ 4,347,030.52	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 26,966.62	\$ 21,372.90	\$ 4,320,063.91	\$ 4,665,381.60
159	9/1/2029	\$ 4,320,063.91	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 27,099.20	\$ 21,240.31	\$ 4,292,964.70	\$ 4,686,621.91
160	10/1/2029	\$ 4,292,964.70	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 27,232.44	\$ 21,107.08	\$ 4,265,732.26	\$ 4,707,728.99
161	11/1/2029	\$ 4,265,732.26	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 27,366.33	\$ 20,973.18	\$ 4,238,365.93	\$ 4,728,702.17
162	12/1/2029	\$ 4,238,365.93	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 27,500.88	\$ 20,838.63	\$ 4,210,865.05	\$ 4,749,540.80
163	1/1/2030	\$ 4,210,865.05	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 27,636.10	\$ 20,703.42	\$ 4,183,228.95	\$ 4,770,244.22

**Exhibit B - Repayment Schedule**

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
164	2/1/2030	\$ 4,183,228.95	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 27,771.97	\$ 20,567.54	\$ 4,155,456.98	\$ 4,790,811.76
165	3/1/2030	\$ 4,155,456.98	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 27,908.52	\$ 20,431.00	\$ 4,127,548.46	\$ 4,811,242.76
166	4/1/2030	\$ 4,127,548.46	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 28,045.74	\$ 20,293.78	\$ 4,099,502.72	\$ 4,831,536.54
167	5/1/2030	\$ 4,099,502.72	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 28,183.63	\$ 20,155.89	\$ 4,071,319.09	\$ 4,851,692.43
168	6/1/2030	\$ 4,071,319.09	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 28,322.20	\$ 20,017.32	\$ 4,042,996.89	\$ 4,871,709.75
169	7/1/2030	\$ 4,042,996.89	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 28,461.45	\$ 19,878.07	\$ 4,014,535.45	\$ 4,891,587.82
170	8/1/2030	\$ 4,014,535.45	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 28,601.38	\$ 19,738.13	\$ 3,985,934.06	\$ 4,911,325.95
171	9/1/2030	\$ 3,985,934.06	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 28,742.01	\$ 19,597.51	\$ 3,957,192.06	\$ 4,930,923.46
172	10/1/2030	\$ 3,957,192.06	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 28,883.32	\$ 19,456.19	\$ 3,928,308.73	\$ 4,950,379.65
173	11/1/2030	\$ 3,928,308.73	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 29,025.33	\$ 19,314.18	\$ 3,899,283.40	\$ 4,969,693.84
174	12/1/2030	\$ 3,899,283.40	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 29,168.04	\$ 19,171.48	\$ 3,870,115.36	\$ 4,988,865.31
175	1/1/2031	\$ 3,870,115.36	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 29,311.45	\$ 19,028.07	\$ 3,840,803.91	\$ 5,007,893.38
176	2/1/2031	\$ 3,840,803.91	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 29,455.56	\$ 18,883.95	\$ 3,811,348.35	\$ 5,026,777.33
177	3/1/2031	\$ 3,811,348.35	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 29,600.39	\$ 18,739.13	\$ 3,781,747.96	\$ 5,045,516.46
178	4/1/2031	\$ 3,781,747.96	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 29,745.92	\$ 18,593.59	\$ 3,752,002.04	\$ 5,064,110.06
179	5/1/2031	\$ 3,752,002.04	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 29,892.17	\$ 18,447.34	\$ 3,722,109.87	\$ 5,082,557.40
180	6/1/2031	\$ 3,722,109.87	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 30,039.14	\$ 18,300.37	\$ 3,692,070.72	\$ 5,100,857.77
181	7/1/2031	\$ 3,692,070.72	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 30,186.84	\$ 18,152.68	\$ 3,661,883.89	\$ 5,119,010.46
182	8/1/2031	\$ 3,661,883.89	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 30,335.25	\$ 18,004.26	\$ 3,631,548.63	\$ 5,137,014.72
183	9/1/2031	\$ 3,631,548.63	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 30,484.40	\$ 17,855.11	\$ 3,601,064.23	\$ 5,154,869.83
184	10/1/2031	\$ 3,601,064.23	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 30,634.28	\$ 17,705.23	\$ 3,570,429.95	\$ 5,172,575.06
185	11/1/2031	\$ 3,570,429.95	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 30,784.90	\$ 17,554.61	\$ 3,539,645.04	\$ 5,190,129.68
186	12/1/2031	\$ 3,539,645.04	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 30,936.26	\$ 17,403.25	\$ 3,508,708.78	\$ 5,207,532.93
187	1/1/2032	\$ 3,508,708.78	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 31,088.36	\$ 17,251.15	\$ 3,477,620.42	\$ 5,224,784.08
188	2/1/2032	\$ 3,477,620.42	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 31,241.22	\$ 17,098.30	\$ 3,446,379.20	\$ 5,241,882.38
189	3/1/2032	\$ 3,446,379.20	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 31,394.82	\$ 16,944.70	\$ 3,414,984.38	\$ 5,258,827.08
190	4/1/2032	\$ 3,414,984.38	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 31,549.18	\$ 16,790.34	\$ 3,383,435.21	\$ 5,275,617.42
191	5/1/2032	\$ 3,383,435.21	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 31,704.29	\$ 16,635.22	\$ 3,351,730.91	\$ 5,292,252.65
192	6/1/2032	\$ 3,351,730.91	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 31,860.17	\$ 16,479.34	\$ 3,319,870.74	\$ 5,308,731.99
193	7/1/2032	\$ 3,319,870.74	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 32,016.82	\$ 16,322.70	\$ 3,287,853.92	\$ 5,325,054.69
194	8/1/2032	\$ 3,287,853.92	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 32,174.23	\$ 16,165.28	\$ 3,255,679.69	\$ 5,341,219.97
195	9/1/2032	\$ 3,255,679.69	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 32,332.42	\$ 16,007.09	\$ 3,223,347.26	\$ 5,357,227.06
196	10/1/2032	\$ 3,223,347.26	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 32,491.39	\$ 15,848.12	\$ 3,190,855.87	\$ 5,373,075.18
197	11/1/2032	\$ 3,190,855.87	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 32,651.14	\$ 15,688.37	\$ 3,158,204.73	\$ 5,388,763.56
198	12/1/2032	\$ 3,158,204.73	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 32,811.68	\$ 15,527.84	\$ 3,125,393.05	\$ 5,404,291.40
199	1/1/2033	\$ 3,125,393.05	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 32,973.00	\$ 15,366.52	\$ 3,092,420.05	\$ 5,419,657.91
200	2/1/2033	\$ 3,092,420.05	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 33,135.12	\$ 15,204.40	\$ 3,059,284.93	\$ 5,434,862.31
201	3/1/2033	\$ 3,059,284.93	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 33,298.03	\$ 15,041.48	\$ 3,025,986.90	\$ 5,449,903.80
202	4/1/2033	\$ 3,025,986.90	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 33,461.75	\$ 14,877.77	\$ 2,992,525.15	\$ 5,464,781.57
203	5/1/2033	\$ 2,992,525.15	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 33,626.27	\$ 14,713.25	\$ 2,958,898.88	\$ 5,479,494.82
204	6/1/2033	\$ 2,958,898.88	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 33,791.60	\$ 14,547.92	\$ 2,925,107.29	\$ 5,494,042.73
205	7/1/2033	\$ 2,925,107.29	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 33,957.74	\$ 14,381.78	\$ 2,891,149.55	\$ 5,508,424.51
206	8/1/2033	\$ 2,891,149.55	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 34,124.70	\$ 14,214.82	\$ 2,857,024.85	\$ 5,522,639.33
207	9/1/2033	\$ 2,857,024.85	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 34,292.48	\$ 14,047.04	\$ 2,822,732.37	\$ 5,536,686.37

**Exhibit B - Repayment Schedule**

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
208	10/1/2033	\$ 2,822,732.37	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 34,461.08	\$ 13,878.43	\$ 2,788,271.29	\$ 5,550,564.80
209	11/1/2033	\$ 2,788,271.29	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 34,630.52	\$ 13,709.00	\$ 2,753,640.77	\$ 5,564,273.80
210	12/1/2033	\$ 2,753,640.77	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 34,800.78	\$ 13,538.73	\$ 2,718,839.99	\$ 5,577,812.54
211	1/1/2034	\$ 2,718,839.99	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 34,971.89	\$ 13,367.63	\$ 2,683,868.10	\$ 5,591,180.17
212	2/1/2034	\$ 2,683,868.10	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 35,143.83	\$ 13,195.68	\$ 2,648,724.27	\$ 5,604,375.85
213	3/1/2034	\$ 2,648,724.27	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 35,316.62	\$ 13,022.89	\$ 2,613,407.65	\$ 5,617,398.75
214	4/1/2034	\$ 2,613,407.65	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 35,490.26	\$ 12,849.25	\$ 2,577,917.39	\$ 5,630,248.00
215	5/1/2034	\$ 2,577,917.39	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 35,664.76	\$ 12,674.76	\$ 2,542,252.63	\$ 5,642,922.76
216	6/1/2034	\$ 2,542,252.63	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 35,840.11	\$ 12,499.41	\$ 2,506,412.52	\$ 5,655,422.17
217	7/1/2034	\$ 2,506,412.52	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 36,016.32	\$ 12,323.19	\$ 2,470,396.20	\$ 5,667,745.37
218	8/1/2034	\$ 2,470,396.20	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 36,193.40	\$ 12,146.11	\$ 2,434,202.80	\$ 5,679,891.48
219	9/1/2034	\$ 2,434,202.80	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 36,371.35	\$ 11,968.16	\$ 2,397,831.45	\$ 5,691,859.64
220	10/1/2034	\$ 2,397,831.45	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 36,550.18	\$ 11,789.34	\$ 2,361,281.27	\$ 5,703,648.98
221	11/1/2034	\$ 2,361,281.27	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 36,729.88	\$ 11,609.63	\$ 2,324,551.39	\$ 5,715,258.62
222	12/1/2034	\$ 2,324,551.39	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 36,910.47	\$ 11,429.04	\$ 2,287,640.91	\$ 5,726,687.66
223	1/1/2035	\$ 2,287,640.91	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 37,091.95	\$ 11,247.57	\$ 2,250,548.97	\$ 5,737,935.23
224	2/1/2035	\$ 2,250,548.97	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 37,274.32	\$ 11,065.20	\$ 2,213,274.65	\$ 5,749,000.43
225	3/1/2035	\$ 2,213,274.65	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 37,457.58	\$ 10,881.93	\$ 2,175,817.07	\$ 5,759,882.36
226	4/1/2035	\$ 2,175,817.07	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 37,641.75	\$ 10,697.77	\$ 2,138,175.32	\$ 5,770,580.13
227	5/1/2035	\$ 2,138,175.32	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 37,826.82	\$ 10,512.70	\$ 2,100,348.50	\$ 5,781,092.82
228	6/1/2035	\$ 2,100,348.50	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 38,012.80	\$ 10,326.71	\$ 2,062,335.69	\$ 5,791,419.54
229	7/1/2035	\$ 2,062,335.69	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 38,199.70	\$ 10,139.82	\$ 2,024,135.99	\$ 5,801,559.35
230	8/1/2035	\$ 2,024,135.99	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 38,387.51	\$ 9,952.00	\$ 1,985,748.48	\$ 5,811,511.36
231	9/1/2035	\$ 1,985,748.48	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 38,576.25	\$ 9,763.26	\$ 1,947,172.22	\$ 5,821,274.62
232	10/1/2035	\$ 1,947,172.22	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 38,765.92	\$ 9,573.60	\$ 1,908,406.31	\$ 5,830,848.22
233	11/1/2035	\$ 1,908,406.31	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 38,956.52	\$ 9,383.00	\$ 1,869,449.79	\$ 5,840,231.21
234	12/1/2035	\$ 1,869,449.79	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 39,148.06	\$ 9,191.46	\$ 1,830,301.73	\$ 5,849,422.67
235	1/1/2036	\$ 1,830,301.73	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 39,340.53	\$ 8,998.98	\$ 1,790,961.20	\$ 5,858,421.66
236	2/1/2036	\$ 1,790,961.20	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 39,533.96	\$ 8,805.56	\$ 1,751,427.24	\$ 5,867,227.22
237	3/1/2036	\$ 1,751,427.24	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 39,728.33	\$ 8,611.18	\$ 1,711,698.91	\$ 5,875,838.40
238	4/1/2036	\$ 1,711,698.91	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 39,923.66	\$ 8,415.85	\$ 1,671,775.24	\$ 5,884,254.25
239	5/1/2036	\$ 1,671,775.24	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 40,119.95	\$ 8,219.56	\$ 1,631,655.29	\$ 5,892,473.82
240	6/1/2036	\$ 1,631,655.29	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 40,317.21	\$ 8,022.31	\$ 1,591,338.08	\$ 5,900,496.12
241	7/1/2036	\$ 1,591,338.08	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 40,515.44	\$ 7,824.08	\$ 1,550,822.64	\$ 5,908,320.20
242	8/1/2036	\$ 1,550,822.64	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 40,714.64	\$ 7,624.88	\$ 1,510,108.00	\$ 5,915,945.08
243	9/1/2036	\$ 1,510,108.00	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 40,914.82	\$ 7,424.70	\$ 1,469,193.18	\$ 5,923,369.78
244	10/1/2036	\$ 1,469,193.18	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 41,115.98	\$ 7,223.53	\$ 1,428,077.20	\$ 5,930,593.31
245	11/1/2036	\$ 1,428,077.20	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 41,318.14	\$ 7,021.38	\$ 1,386,759.06	\$ 5,937,614.69
246	12/1/2036	\$ 1,386,759.06	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 41,521.28	\$ 6,818.23	\$ 1,345,237.78	\$ 5,944,432.92
247	1/1/2037	\$ 1,345,237.78	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 41,725.43	\$ 6,614.09	\$ 1,303,512.35	\$ 5,951,047.01
248	2/1/2037	\$ 1,303,512.35	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 41,930.58	\$ 6,408.94	\$ 1,261,581.77	\$ 5,957,455.94
249	3/1/2037	\$ 1,261,581.77	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 42,136.74	\$ 6,202.78	\$ 1,219,445.03	\$ 5,963,658.72
250	4/1/2037	\$ 1,219,445.03	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 42,343.91	\$ 5,995.60	\$ 1,177,101.12	\$ 5,969,654.32
251	5/1/2037	\$ 1,177,101.12	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 42,552.10	\$ 5,787.41	\$ 1,134,549.01	\$ 5,975,441.74

**Exhibit B - Repayment Schedule**

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
252	6/1/2037	\$ 1,134,549.01	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 42,761.32	\$ 5,578.20	\$ 1,091,787.70	\$ 5,981,019.94
253	7/1/2037	\$ 1,091,787.70	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 42,971.56	\$ 5,367.96	\$ 1,048,816.14	\$ 5,986,387.89
254	8/1/2037	\$ 1,048,816.14	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 43,182.84	\$ 5,156.68	\$ 1,005,633.30	\$ 5,991,544.57
255	9/1/2037	\$ 1,005,633.30	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 43,395.15	\$ 4,944.36	\$ 962,238.15	\$ 5,996,488.94
256	10/1/2037	\$ 962,238.15	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 43,608.51	\$ 4,731.00	\$ 918,629.63	\$ 6,001,219.94
257	11/1/2037	\$ 918,629.63	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 43,822.92	\$ 4,516.60	\$ 874,806.71	\$ 6,005,736.54
258	12/1/2037	\$ 874,806.71	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 44,038.38	\$ 4,301.13	\$ 830,768.33	\$ 6,010,037.67
259	1/1/2038	\$ 830,768.33	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 44,254.91	\$ 4,084.61	\$ 786,513.42	\$ 6,014,122.28
260	2/1/2038	\$ 786,513.42	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 44,472.49	\$ 3,867.02	\$ 742,040.93	\$ 6,017,989.30
261	3/1/2038	\$ 742,040.93	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 44,691.15	\$ 3,648.37	\$ 697,349.78	\$ 6,021,637.67
262	4/1/2038	\$ 697,349.78	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 44,910.88	\$ 3,428.64	\$ 652,438.90	\$ 6,025,066.31
263	5/1/2038	\$ 652,438.90	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 45,131.69	\$ 3,207.82	\$ 607,307.21	\$ 6,028,274.13
264	6/1/2038	\$ 607,307.21	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 45,353.59	\$ 2,985.93	\$ 561,953.62	\$ 6,031,260.06
265	7/1/2038	\$ 561,953.62	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 45,576.58	\$ 2,762.94	\$ 516,377.04	\$ 6,034,023.00
266	8/1/2038	\$ 516,377.04	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 45,800.66	\$ 2,538.85	\$ 470,576.38	\$ 6,036,561.85
267	9/1/2038	\$ 470,576.38	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 46,025.85	\$ 2,313.67	\$ 424,550.53	\$ 6,038,875.52
268	10/1/2038	\$ 424,550.53	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 46,252.14	\$ 2,087.37	\$ 378,298.39	\$ 6,040,962.89
269	11/1/2038	\$ 378,298.39	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 46,479.55	\$ 1,859.97	\$ 331,818.84	\$ 6,042,822.86
270	12/1/2038	\$ 331,818.84	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 46,708.07	\$ 1,631.44	\$ 285,110.77	\$ 6,044,454.30
271	1/1/2039	\$ 285,110.77	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 46,937.72	\$ 1,401.79	\$ 238,173.04	\$ 6,045,856.10
272	2/1/2039	\$ 238,173.04	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 47,168.50	\$ 1,171.02	\$ 191,004.54	\$ 6,047,027.11
273	3/1/2039	\$ 191,004.54	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 47,400.41	\$ 939.11	\$ 143,604.13	\$ 6,047,966.22
274	4/1/2039	\$ 143,604.13	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 47,633.46	\$ 706.05	\$ 95,970.67	\$ 6,048,672.27
275	5/1/2039	\$ 95,970.67	\$ 48,339.52	\$ -	\$ 48,339.52	\$ 47,867.66	\$ 471.86	\$ 48,103.01	\$ 6,049,144.13
276	6/1/2039	\$ 48,103.01	\$ 48,339.52	\$ -	\$ 48,103.01	\$ 47,866.50	\$ 236.51	\$ -	\$ 6,049,380.64

**Exhibit B - Repayment Schedule**

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Chad Blais, Director Public Works 

DATE: May 4, 2016

SUBJECT: Approval of City-Wide Tree Trimming Services Agreement with West Coast Arborist, Inc. (WCA) and the City of Norco

RECOMMENDATION: Approve the Professional Maintenance Service Agreement with West Coast Arborist for the City's Annual Maintenance of its Urban Forest

**SUMMARY:** Staff solicited proposals for annual tree maintenance service to maintain the community tree canopy. During the process, staff selected West Coast Arborist (WCA) as the most qualified firm to maintain the City urban forest. Staff has been working with representatives of West Coast Arborist (WCA) to discuss their proposal and the terms of the Service Agreement to define the needs and services to be fiscally prudent and effective in its operation within the City of Norco. Staff is recommending approval of a five year Agreement with WCA.

**BACKGROUND ANALYSIS:** The City utilizes contract tree trimming and tree maintenance services to perform emergency trimming and removal and to provide on-call services. WCA has been the contract maintenance service provider for the City for the last 10 years. However, the effects of the budget cuts of the last ten years have altered our ability to maintain a healthy Urban Forest and provide adequate maintenance and safety levels to the City tree system affecting the integrity of the community tree canopy. This, along with the under wire utility pruning methods of Southern California Edison (SCE), has resulted in many trees that are in stress and in need of removal and maintenance.

Maintaining a community tree canopy is a key component in preserving safety, aesthetics, addressing liability and in promoting a beautiful community with tree line trails and parkways adding to the quality of life for residents and visitors to Horsetown USA. The majority of the over 10,000 trees in inventory are situated along residential and equestrian trails, parks and parkways.

The goal of providing an annual tree maintenance program is to increase safety and to protect private and public property. Proper tree maintenance includes, but is not limited to, basic branch trimming, pruning of tree limbs and the removal or replacement of severely damaged trees. The City follows the International Arborist Standards (IAS) for the maintenance and sustainability of its Urban Forest.

The proposed new maintenance program can allow the City to divide its City boundaries into six tree maintenance zones; typically, one zone per year is trimmed. During the year, minor additional maintenance in the other zones may/may not occur based on need and

**Agenda Item: 2.I.**

budget allocations. Using the zone method allows for all trees to be inspected and judiciously pruned once every four to five years.

The previous agreement with WCA had expired and the City is on a month to month agreement for on-call maintenance for case by case service request; there is no preventive maintenance program established. At the end of last year, staff solicited for proposals for professional services for tree maintenance to include tree inventory, tree trimming/pruning, tree and stump removal and planting. Two (2) proposals were received from the following companies:

- West Cost Arborists, Inc.
- Tree Pros, Inc.

**SELECTION PROCESS:** Staff reviewed the proposals by evaluating each company's experience, credentials, completeness, accuracy, firm history, location, services offered, years in business and familiarity with the City and total aggregate costs. As part of the process in evaluating the proposals, staff looked at two primary factors: (1) the overall pricing proposed by the firm for individual services and (2) the quality and response capability of the firm. The next step was to conduct interviews with each firm. After a thorough review of the proposals and interview process, it was determined WCA offered more competitive pricing and services including performing a tree inventory and related software database. The team then began negotiations with WCA on final price point. Lastly, the review team came to an agreed price point for the proposed contract and determined WCA as the most qualified firm to recommend to the City Council to enter into an agreement.

**FISCAL IMPACT:** The annual average budget for bulk pruning tree services has been \$86,000 over recent years. As part of the 2016/17 fiscal year budget, Staff will be requesting an additional \$20,000 for emergency work and on-call tree maintenance. Additionally, due to the high number of trees that pose potential hazard and thus, needs to be removed, staff will be including one time allocation of \$67,000 in the FY 2016-2017 budget for tree removal. City staff and WCA have identified approximately 600 trees that are potentially unsafe and may need to be removed. The following matrix provides the amount that is being recommended to be allocated from the Gas Tax Fund for tree services in FY 2016-2017.

Service	Year 1 (2016/17)	Current Funding Source
<i>Tree Maintenance "Bulk Pruning"</i>	87,000	Gas Tax (133)
<i>Emergency Call</i>	20,000	Gas Tax (133)
<i>Tree Removal (est. 100 for 16/17)</i>	67,000	Gas Tax (133)
<b>Total</b>	<b>173,000</b>	

Attachment: Urban Forest management and Tree Trimming Services Agreement

**CITY OF NORCO  
URBAN FOREST MANAGEMENT AND TREE TRIMMING SERVICES  
AGREEMENT**

**1. Parties and Date.**

This Agreement is made and entered into this the 4<sup>th</sup> day of May 2016, by and between the **City of Norco**, a municipal corporation of the State of California, located at 2870 Clark Avenue, Norco, California 92860, County of Riverside, State of California, (hereinafter referred to as "**City**") and **West Coast Arborists, Inc. (WCA)**, a corporation with its principal place of business located at 2200 E. Via Burton St., Anaheim, California, (hereinafter referred to as "**Contractor**"). City and Contractor are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

**2. Recitals.**

**2.1 Contractor.**

Contractor desires to perform and assume responsibility for the provision of certain maintenance services required by The City on the terms and conditions set forth in this Agreement. Contractor represents that it is experienced in providing tree maintenance services to public clients, that it and its employees or subcontractors have all necessary licenses and permits to perform the Services in the State of California, and that is familiar with the plans of the City.

**2.2 Project.**

City desires to engage Contractor to render such services for tree trimming, pruning, on call maintenance and emergency work, removals, planting to maintain the City's Urban Forest as established by the fee schedule (Attachment "B"), as set forth in this Agreement.

**3. Terms.**

**3.1 Scope of Services and Term.**

3.1.1 General Scope of Services. Contractor promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the tree trimming services on an as-needed basis necessary for the Service ("Services"). The Services are more particularly described in Attachment "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The terms of this Agreement shall be for a period of (5) Five years starting May 4, 2016 through June 30, 2021, unless earlier terminated as provided herein. Contractor shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines. The City Manager may, with mutual written consent extend the term of this Agreement for an additional 2 years if necessary to complete and maintain Services of the Contractor if his performance warrants extension and is in the best interest of the City.

### **3.2 Responsibilities of Contractor.**

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Contractor or under its supervision. Contractor will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Contractor on an independent contractor basis and not as an employee. Contractor retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Contractor shall also not be employees of City and shall at all times be under Contractor's exclusive direction and control. Contractor shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Contractor shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Attachment "B" attached hereto and incorporated herein by reference. Contractor represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Contractor's conformance with the Schedule, City shall respond to Contractor's submittals in a timely manner. Upon request of City, Contractor shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Contractor shall be subject to the approval of City.

3.2.4 City's Representative. The City hereby designates the Deputy City Manager or Public Works Director, or his designee, to act as its representative for the performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for all purposes under this Agreement. Contractor shall not accept direction or orders from any person other than the City's Representative or his or her designee.

3.2.5 Contractor's Representative. Contractor hereby designates Victor Gonzalez, M.A., Vice President, Marketing, Certified Arborist #WE-7175AM, or his designee, to act as its representative for the performance of this Agreement ("Contractor's Representative"). Contractor's Representative shall have full authority to represent and act on behalf of the Contractor for all purposes under this Agreement. The Contractor's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.6 Coordination of Services. Contractor agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

3.2.7 Standard of Care; Performance of Employees. Contractor shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Contractor represents and maintains that it is skilled in the professional calling necessary to perform the Services. Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the

Services, including a City Business License, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Contractor shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Contractor's failure to comply with the standard of care provided for herein. Any employee of the Contractor or its sub-contractors who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Agreement, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed from the Project by the Contractor and shall not be re-employed to perform any of the Services or to work on the Project.

**3.2.8 Laws and Regulations.** Contractor shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with Services. If the Contractor performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the City, Contractor shall be solely responsible for all costs arising therefrom. Contractor shall defend, indemnify and hold City, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

**3.2.9 Insurance.**

**3.2.9.1 Time for Compliance.** Contractor shall not commence work under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this section. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the City that the subcontractor has secured all insurance required under this section.

**3.2.9.2 Minimum Requirements.** Contractor shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Contractor, its agents, representatives, employees or subcontractors. Contractor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) **Minimum Scope of Insurance.** Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) **Minimum Limits of Insurance.** Contractor shall maintain limits no less than: (1) *General Liability*: \$1,500,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used including, but not limited to, form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,500,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

3.2.9.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Contractor shall provide endorsements on forms supplied or approved by the City to add the following provisions to the insurance policies:

(A) General Liability. The general liability policy shall be endorsed to state that: (1) the City, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to the work or operations performed by or on behalf of the Contractor, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the City, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the City, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Contractor's insurance and shall not be called upon to contribute with it in any way.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) the City, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Contractor or for which the Contractor is responsible; and (2) the insurance coverage shall be primary insurance as respects the City, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the City, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Contractor's insurance and shall not be called upon to contribute with it in any way.

(C) Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the City, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Contractor.

(D) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the City, its directors, officials, officers, employees, agents, and volunteers.

3.2.9.4 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the City, its directors, officials, officers, employees, agents, and volunteers.

3.2.9.5 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. Contractor shall guarantee that, at the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its directors, officials, officers, employees, agents, and volunteers; or (2) the Contractor shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.2.9.6 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VIII, licensed to do business in California, and satisfactory to the City.

3.2.9.7 Verification of Coverage. Contractor shall furnish City with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the City. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the City if requested. All certificates and endorsements must be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.2.9.8 Reporting of Claims. Consultant shall report to the City, in addition to Consultant's insurer, any and all insurance claims submitted by Consultant in connection with the Services under this Agreement.

3.2.10 Safety. Contractor shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Contractor shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and lifesaving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

### 3.2.12 Bonds.

3.2.12.1 Performance Bond. Contractor shall execute and provide to City concurrently with this Agreement a Performance Bond annually in the amount of the total, not-to-exceed compensation indicated in this Agreement, and in a form provided or approved by the City. If such bond is required, no payment will be made to Contractor until it has been received and approved by the City.

3.2.12.2 Payment Bond. Contractor shall execute and provide to City concurrently with this Agreement a Payment Bond annually in the amount of the total, not-to-exceed compensation indicated in this Agreement, and in a form provided or approved by the City. If such bond is required, no payment will be made to Contractor until it has been received and approved by City.

3.2.12.3 Bond Provisions. Should, in City's sole opinion, any bond become insufficient or any surety be found to be unsatisfactory, Contractor shall renew or replace the affected bond within 10 days of receiving notice from City. In the event the surety or Contractor intends to reduce or cancel any required bond, at least thirty (30) days prior written notice shall be given to the City, and Contractor shall post acceptable replacement bonds at least ten (10) days prior to expiration of the original bonds. No further payments shall be deemed due or will be made under this Agreement until any replacement bonds required by this section are accepted by the City. To the extent, if any, that the total compensation is increased in accordance with the Agreement, the Contractor shall, upon request of the City, cause the amount of the bonds to be increased accordingly and shall promptly deliver satisfactory evidence of such increase to the City. To the extent available, the bonds shall further provide that no change or alteration of the Agreement (including, without limitation, an increase in the total compensation, as referred to above), extensions of time, or modifications of the time, terms, or conditions of payment to the Contractor, will release the surety. If the Contractor fails to furnish any required bond, the City may terminate this Agreement for cause.

3.2.12.4 Surety Qualifications. Only bonds executed by an admitted surety insurer, as defined in Code of Civil Procedure Section 995.120, shall be accepted. The surety must be a California admitted surety with a current A.M. Best's rating no less than A:VIII and satisfactory to the City. If a California admitted surety insurer issuing bonds does not meet these requirements, the insurer will be considered qualified if it is in conformance with Section 995.660 of the California Code of Civil Procedure, and proof of such is provided to the City.

### **3.3 Fees and Payments.**

3.3.1 Compensation. Contractor shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Attachment "B", attached hereto and incorporated herein by reference. The Services shall be performed as directed by the City. The City shall issue a purchase order annually for needed services to be performed for annual tree maintenance as described in Attachment "A" and "B", Scope of Work and Schedule of Cost, as set forth in this Agreement. The annual contract will be based on work performed based on a contract unit cost as described in Attachment "B".

3.3.2 Payment of Compensation. Contractor shall submit to City a monthly itemized statement which indicates work completed and hours of Services rendered by Contractor. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. City shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Contractor shall not be reimbursed for any expenses unless authorized in writing by City.

3.3.4 Work outside the Schedule of Cost. At any time during the term of this Agreement, City may request that Contractor perform work outside the Schedule Cost Exhibit as used herein. Work outside the Schedule of Cost, means any work which is determined by City to be necessary for the proper completion of assigned maintenance work outside of the monthly or annual schedule of work to be performed, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement and are not defined in Attachment "B". Work outside the Schedule Cost shall be at a rate or unit cost agreed to by Contractor and City. Contractor shall not perform, nor be compensated for, Work Outside the Schedule cost without written authorization from City's Representative.

3.3.5 Prevailing Wages. This contract will incorporate the provisions of the State Labor Code. Compliance with the prevailing rates of wages, apprenticeship employment standards, and Contractor registration program established by the State Director of Industrial Relations will be required. Affirmative action to ensure against discrimination in employment practices on the basis of race, color, national origin, ancestry, sex, or religion will be also required.

### **3.4 Accounting Records.**

3.4.1 Maintenance and Inspection. Contractor shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Contractor shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Contractor shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

### 3.5 General Provisions.

#### 3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. City may, by written notice to Contractor, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Contractor of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Contractor shall be compensated only for those services which have been adequately rendered to City, and Contractor shall be entitled to no further compensation. Contractor may not terminate this Agreement except for cause.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Contractor to provide all finished or unfinished Documents and Data and other information of any kind prepared by Contractor in connection with the performance of Services under this Agreement. Contractor shall be required to provide such document and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the follow address, or at such other address as the respective parties may provide in writing for this purpose: **Contractor: West Coast Arborists, Inc.**

2200 E. Via Burton St.

Anaheim, CA 92806

Attention:

Victor Gonzalez, M.A.

Vice President, Marketing

Certified Arborist #WE-7175 AM

**City:**

City of Norco

City Clerk

2870 Clark Avenue

Norco, CA 92860

Attention:

Cheryl Link, City Clerk

City of Norco

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the US Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.4 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.5 Indemnification. Contractor shall defend, indemnify and hold the City, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage, or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged acts, omissions or willful misconduct of Contractor, its officials, officers, employees, agents, consultants, and contractors arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages and attorney's fees and other related costs and expenses. Contractor shall defend, at Contractor's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against City, its directors, officials, officers, employees, agents, or volunteers. Contractor shall pay and satisfy any judgment, award or decree that may be rendered against City or its directors, officials, officers, employees, agents, or volunteers, in any such suit, action or other legal proceeding. Contractor shall reimburse City and its directors, officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Contractor's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the City, its directors, officials officers, employees, agents, or volunteers.

3.5.6 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.5.7 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

3.5.8 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.9 City's Right to Employ Other Contractors. City reserves right to employ other contractors in connection with this service.

3.5.10 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.5.11 Assignment or Transfer. Contractor shall not assign, hypothecate or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.12 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Contractor include all personnel, employees, agents, and subcontractors of Contractor, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

3.5.13 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.14 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

3.5.15 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.16 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.17 Prohibited Interests. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Agreement. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Contractor further agrees to file, or shall cause its employees or subcontractors to file, a Statement of Economic Interest with the City's Filing Officer as required under state law in the performance of the Services. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.18 Equal Opportunity Employment. Contractor represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Contractor shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.5.19 Labor Certification. By its signature hereunder, Contractor certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5.20 Authority to Enter Agreement. Contractor has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.21 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

### **3.6 Subcontracting.**

3.6.1 Prior Approval Required. Contractor shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

**CONTRACTOR:**

\_\_\_\_\_  
West Coast Arborists, Inc.

**\*By**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title

**\*By**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title

**OWNER: CITY OF NORCO, a municipal corporation**

**By:**

\_\_\_\_\_  
Kevin Bash, Mayor

**ATTEST:**

\_\_\_\_\_  
Chery Link, City Clerk

**Attachment "A"**  
**Scope of Work**

**Grid Tree Pruning:** Tree pruning per pre-designed districts, grids or prune routes on a set cycle to include all trees and all species (small, medium & large-sized.) Designated zones/grids/or districts are part of the City's long-term grid pruning schedule of a 2 to 5 year rotational plan. Annually the City and the Contractor will review and prioritize the pruning grids. Trees listed on prune routes (runs) are to include all trees along the street segment. Pruning will include structural pruning, crown raising to achieve road clearance of 14 feet and sidewalk clearance of 9 feet, and crown cleaning in accordance with the standards set forth by the International Society of Arboriculture Pruning Standards (Best Management Practices) and the ANSI A300 Standards. Pruning of trees that are difficult to access, require the need for specialty equipment (i.e., 95-foot tower), service request pruning, or pruning to reduce and/or pruning to restore would fall under Service Request Pruning rates or Crew Rental as identified in exhibit "B" Service Cost.

- a) **Work Outside the Established Pruning Grid:** Request made by the City of Norco outside the "Pruning Grid" shall be established at the beginning of each year and will be priced at the annual Grid Rate established for each year of the contract identified in Attachment B as long as the request made by the City is done in a "bulk" grouping of 50 or more trees at 24" inches or smaller as established by a block run or a neighborhood bulk run with-in a 2 square mile area as established by the City of Norco and WCA prior to work commencing within the City. In cases where request for pruning of trees are done in groupings of less than 50 trees the established rate and conditions for Service Request Pruning will prevail as established by Attachment B "Unit Cost Schedule".

**Service Request Pruning:** Trees that need service prior to their scheduled grid prune for aesthetic purposes shall be pruned within two weeks of notification by the City to the Contractor. Trees designated for aesthetic trimming shall be pruned, shaped, and slightly thinned. The pruning shall provide a symmetrical shape and aesthetically pleasing appearance typical of the species. In addition, trees shall be pruned to provide a minimum clearance of fourteen (14) feet over the roadway and nine (9) feet over walkways. Trees shall also be pruned to remove any obstruction around traffic control devices, traffic signs and streetlights. It is recommended that trees be placed on a service request list and issued to the Contractor periodically every two weeks or once every month. These trees will be charged under the Service Request Pruning rates.

**Special Request Pruning** – Trees that require pruning for encroachment purposes, pruning for crown reduction, pruning for crown restoration or any tree pruning requiring large cuts (i.e., 5" or larger) will be performed under the hourly Crew Rental rate. Trees with limited equipment access will be performed under the hourly Crew Rental rate with City authorization. Tree pruning that requires rigging of limbs due to adjacent targets will be performed under the hourly Crew Rental rate with City authorization.

**Tree removals:** Trees with limited equipment access or removals that require rigging limbs due to adjacent targets will be performed under the hourly Crew Rental rate with City authorization.

**Attachment "B"**  
**Schedule of Cost**

**City of Norco**

Proposed Schedule of Compensation

Attachment "B"

Tree Maintenance Services  
provided by West Coast Arborists, Inc.

		Period	Period	Period	Period	Period	
		5/1/2016 -	7/1/2017 -	7/1/2018 -	7/1/2019 -	7/1/2020 -	
		6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	
		<i>Revised Bid</i>					
Item	Description	Unit	Year #1 Prices	Year #2 Prices	Year #3 Prices	Year #4 Prices	Year #5 Prices
1	Grid Tree Pruning	Each	\$ 58.00	\$ 58.00	\$ 61.00	\$ 63.00	\$ 65.00
1a	Group Tree Pruning	Each	\$ 58.00	\$ 58.00	\$ 61.00	\$ 63.00	\$ 65.00
2	Service Request Tree Pruning	Each					
2a	0-12" dbh	Each	\$ 58.00	\$ 58.00	\$ 61.00	\$ 63.00	\$ 65.00
2b	13-24" dbh	Each	\$ 88.00	\$ 88.00	\$ 91.00	\$ 93.00	\$ 95.00
2c	25-36" dbh	Each	\$ 138.00	\$ 138.00	\$ 145.00	\$ 150.00	\$ 155.00
2d	Over 37" dbh	Each	\$ 228.00	\$ 228.00	\$ 235.00	\$ 245.00	\$ 255.00
3	Tree Raising	Each	\$ 48.00	\$ 48.00	\$ 50.00	\$ 51.00	\$ 52.00
4	Palm Tree Trimming	Each	\$ 58.00	\$ 58.00	\$ 61.00	\$ 63.00	\$ 65.00
5	Palm Tree Skinning/Shaping	Each	\$ 195.00	\$ 195.00	\$ 205.00	\$ 211.00	\$ 217.00
6	Palm Tree seed pod only removal	Each	\$ 58.00	\$ 58.00	\$ 61.00	\$ 63.00	\$ 65.00
7	Tree and Stump Removal	Dia. Inch	\$ 28.00	\$ 28.00	\$ 30.00	\$ 31.00	\$ 32.00
8	Tree Only Removal	Dia. Inch	\$ 18.00	\$ 18.00	\$ 20.00	\$ 21.00	\$ 22.00
9	Stump Only Removal	Dia. Inch	\$ 10.00	\$ 10.00	\$ 11.00	\$ 12.00	\$ 13.00
10	Plant 15-gallon tree	Each	\$ 150.00	\$ 150.00	\$ 157.00	\$ 161.00	\$ 166.00
11	Plant 15-gallon tree w/ Root Barrier	Each	\$ 180.00	\$ 180.00	\$ 189.00	\$ 195.00	\$ 200.00
12	Plant 24" box tree	Each	\$ 270.00	\$ 270.00	\$ 283.00	\$ 291.00	\$ 300.00
13	Plant 24" box tree w/ Root Barrier	Each	\$ 290.00	\$ 290.00	\$ 304.00	\$ 313.00	\$ 322.00
14	Plant 36" box tree	Each	\$ 898.00	\$ 898.00	\$ 925.00	\$ 950.00	\$ 995.00
15	Root Pruning	Linear Foot	\$ 18.00	\$ 18.00	\$ 20.00	\$ 21.00	\$ 22.00
16	Crew Rental - per person	Hour	\$ 70.00	\$ 70.00	\$ 73.00	\$ 75.00	\$ 77.00
17	Emergency Crew Rental - per person - reg business hours	Hour	\$ 70.00	\$ 70.00	\$ 73.00	\$ 75.00	\$ 77.00
18	Emergency Crew Rental - per person - After hours/weekends/holidays	Hour	\$ 95.00	\$ 95.00	\$ 100.00	\$ 103.00	\$ 106.00
19	Specialty Equipment Rental	Hour	\$ 120.00	\$ 120.00	\$ 126.00	\$ 130.00	\$ 134.00
20	Arborist Services (report writing)	Hour	\$ 130.00	\$ 130.00	\$ 136.00	\$ 140.00	\$ 144.00
21	GPS Tree Inventory	Tree Site	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Chad Blais, Director of Public Works 

DATE: May 4, 2016

SUBJECT: Acceptance of Modifications to Trail Fence Standards

RECOMMENDATION: Accept the new PVC Equestrian Trail Fence Standard 706 and proposed modifications to existing Wood Equestrian Trail Fence Standard 705 and other miscellaneous standards that needed to be updated to incorporate the new trail fence requirements.

**SUMMARY:** Public Works Department staff has finalized an update to the Equestrian Trail Fence Standards that reflect the usage of PVC fencing material and is seeking City Council approval to accept the new PVC Equestrian Trail Fence Standard 706 and minor modifications to other standards that are impacted.

**BACKGROUND/ANALYSIS:** Over the past year the Public Works Department has been installing new PVC trail fencing to replace existing pressure treated wood fencing in various areas in the City. The use of new PVC trail fencing material is part of the City's long-term capital improvement plan to replace the existing wood fencing with a material that is anticipated to have double the life-expectancy and thus reduce the future costs for maintenance and replacement.

Installation of the new PVC Equestrian Trail Fence Standard 706 shall be implemented based on replacement of contiguous segments of existing wood fencing (not single sections) or new development/construction projects where trail fence does not currently exist. Please note the existing Wood Equestrian Trail Fence Standard 705 will remain in effect solely for the proper repair of existing wood trail fence and has been updated to match the installation, placement and separation requirements developed as part of the PVC Equestrian Trail Fence Standard 706. In addition, standards related to hydrants, trees, driveway approaches and intersections have also been updated to reflect requirements related to the new PVC Equestrian Trail Fence Standard 706.

Prior to installing the new PVC equestrian trail fencing the Public Works Department first developed a new draft trail fence standard that incorporated the new PVC fence material and construction/installation requirements. The new draft PVC Equestrian Trail

**Modifications to Trail Fence Standards**

**Page 2**

**May 4, 2016**

Fence Standard 706 was discussed, review and approved by the Streets, Trails and Utilities Commission on April 4, 2016.

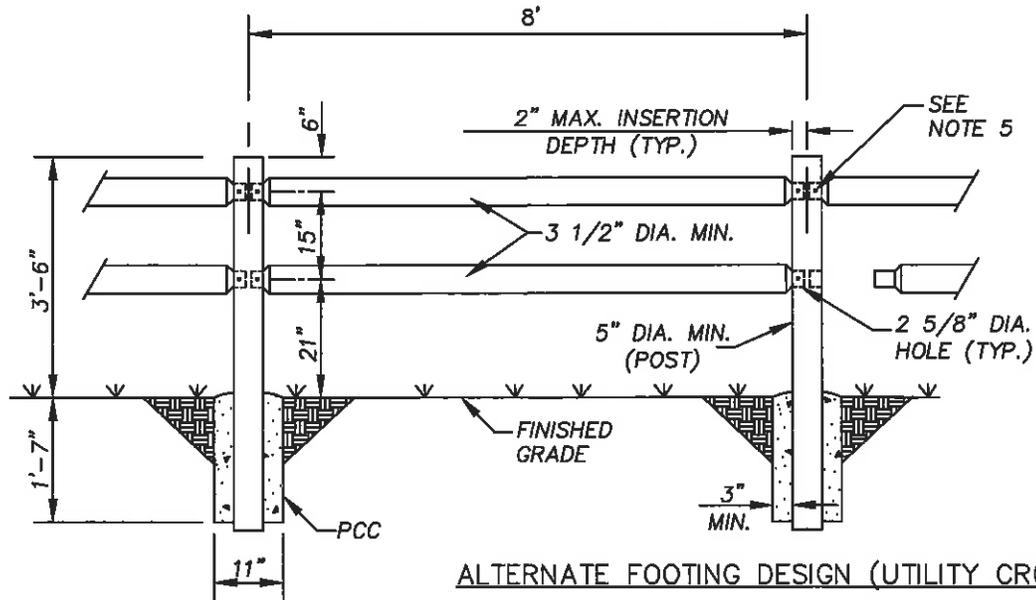
Staff is requesting that the City Council accept Standards 705 and 706 and authorize the City Engineer to adopt and execute said standards sheets.

**FINANCIAL IMPACT: None**

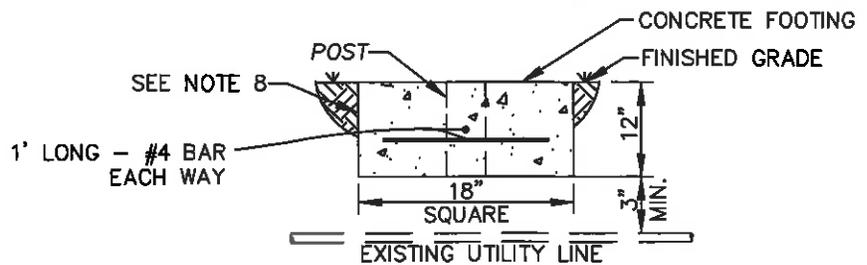
**Attachments: Wood Equestrian Trail Fence Standard 705  
PVC Equestrian Trail Fence Standard 706**

# CITY of NORCO STANDARD DRAWING

(REPLACEMENT OF EXISTING ONLY)



ALTERNATE FOOTING DESIGN (UTILITY CROSSING)



**NOTES:**

1. THE TOP OF THE POST SHALL NOT EXCEED 6" ABOVE THE TOP RAIL
2. THE HEIGHT ABOVE THE GROUND OF THE CENTERLINE OF THE TOP RAIL SHALL BE 36".
3. THE CENTER-TO-CENTER DISTANCE BETWEEN THE TOP AND BOTTOM RAILS SHALL BE 15".
4. ALL POSTS AND RAILS SHALL BE FULLY PRESSURE TREATED WITH EITHER COPPER AZOLE OR ALKALINE COPPER QUATERNARY. POSTS AND RAILS SHALL EXHIBIT A MINIMUM PRENTRATION OF 1/8" ON ALL TREATED SURFACES.
5. INSERTION DEPTH OF THE RAIL INTO THE POST SHALL BE 2". NAILS SHALL BE 16d COMMON, GALVANIZED-RING OR 3" STEEL DRYWALL SCREWS. ONE NAIL OR SCREW PER EACH RAIL ON ONE SIDE OF POST.
6. CONCRETE SHALL BE 500-C-2500.
7. POLE FENCING MATERIAL SHALL BE EITHER CEDAR OR LODGE POLE PINE.
8. WOOD POSTS SHALL BE LOCATED BETWEEN 4' (MINIMUM) AND 8' (MAXIMUM) AWAY FROM DRIVEWAYS.
9. WOOD POSTS SHALL BE LOCATED 3' AWAY FROM FIRE HYDRANTS AND TREES.
10. IN CASE OF CONFLICT BETWEEN POST FOUNDATION AND UNDERGROUND UTILITIES, CONTRACTOR SHALL CONSTRUCT POST FOUNDATION PER ALTERNATE FOUNDATION DETAIL SHOWN ABOVE. CONTRACTOR SHALL PROTECT UNDERGROUND UTILITY IN PLACE DURING CONSTRUCTION.

REVISION	NO:	BY:	DATE:	NO:	BY:	DATE:

Drawn By: SJN

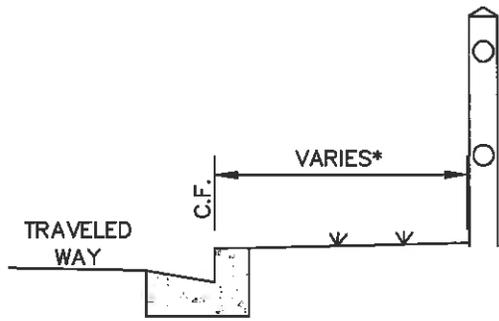
Date: 03/31/16

APPROVED: \_\_\_\_\_  
CITY ENGINEER RCE

## WOOD EQUESTRIAN TRAIL FENCING DETAIL

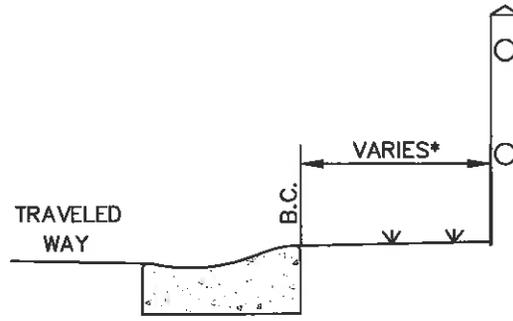
Std. Dwg. No.  
**705**  
Sheet 1 of 2

# CITY of NORCO STANDARD DRAWING



**BARRIER CURB ADJACENT**

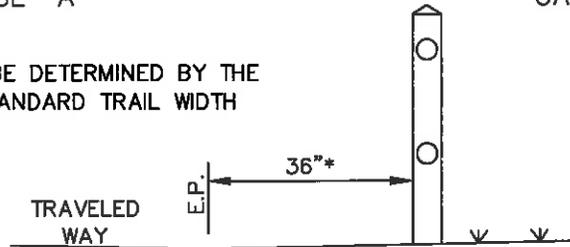
CASE "A"



**ROLLED CURB ADJACENT**

CASE "B"

\* THIS DIMENSION IS TO BE DETERMINED BY THE CITY TO MAINTAIN A STANDARD TRAIL WIDTH IN THE AREA.



**EDGE OF PAVEMENT ADJACENT**

CASE "C"



CURB & GUTTER

**FENCE PLACEMENT AT DRIVEWAYS**



**FENCE PLACEMENT AT TREES & FIRE HYDRANTS**

REVISION	NO:	BY:	DATE:	NO:	BY:	DATE:

Drawn By: SJN

Date: 03/31/16

APPROVED: \_\_\_\_\_  
CITY ENGINEER RCE

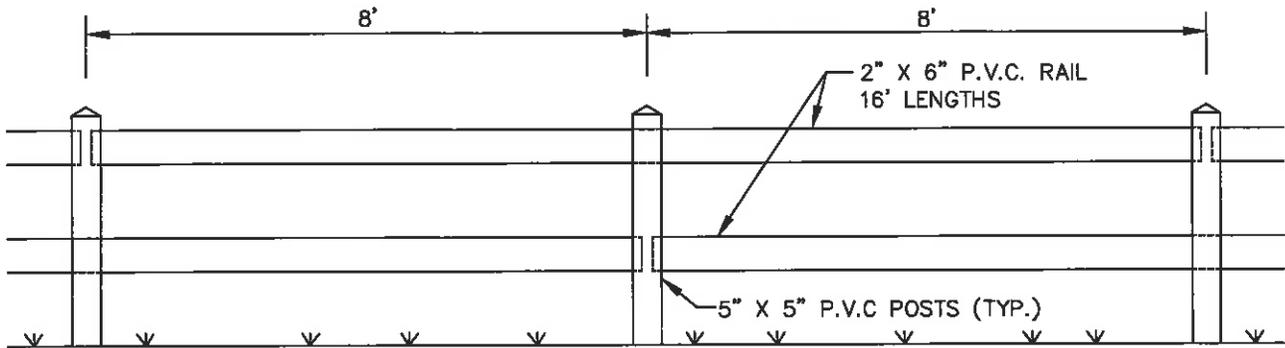
## WOOD EQUESTRIAN TRAIL FENCING DETAIL

Std. Dwg. No.  
**705**  
Sheet 2 of 2

# CITY of NORCO STANDARD DRAWING

(NEW CONSTRUCTION ONLY)

\*REPLACEMENT OF EXISTING WOOD FENCE WITH PVC FENCE MUST BE APPROVED BY THE PUBLIC WORKS DEPT.

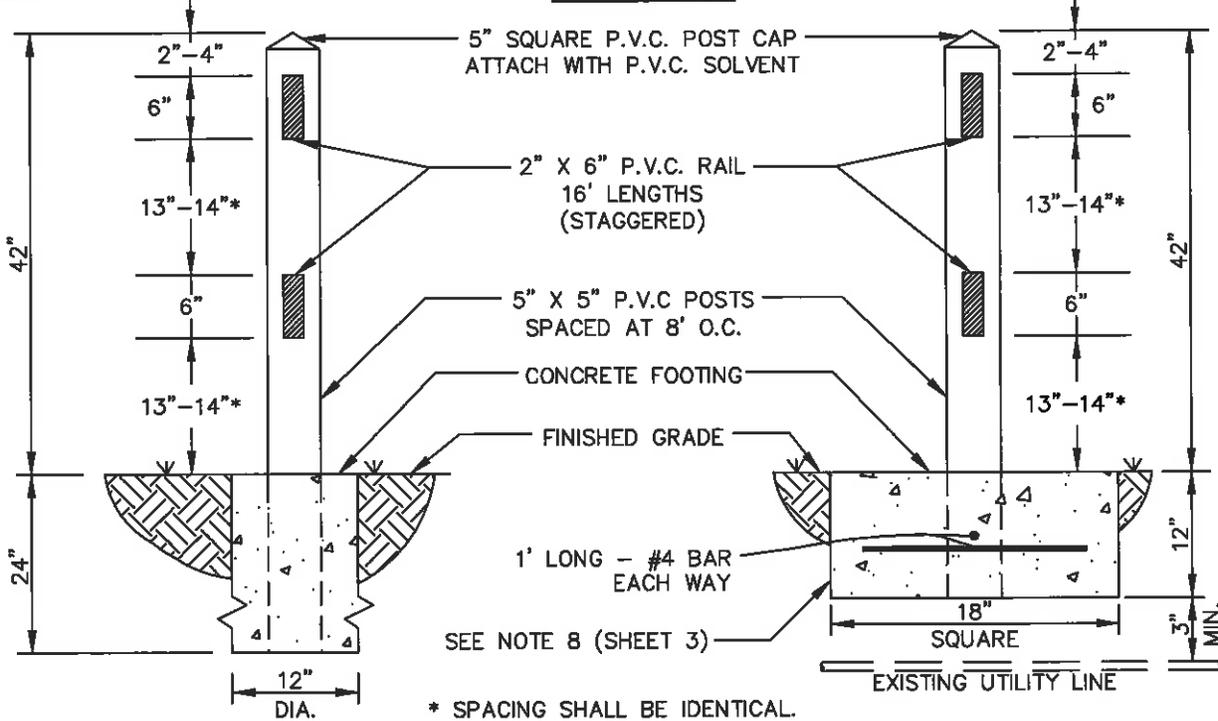


RAILING PLACEMENT

STANDARD FOOTING DETAIL

P.V.C. FENCE

ALTERNATE FOOTING DETAIL



\* SPACING SHALL BE IDENTICAL.

REVISION	NO:	BY:	DATE:	NO:	BY:	DATE:

Drawn By: SJN

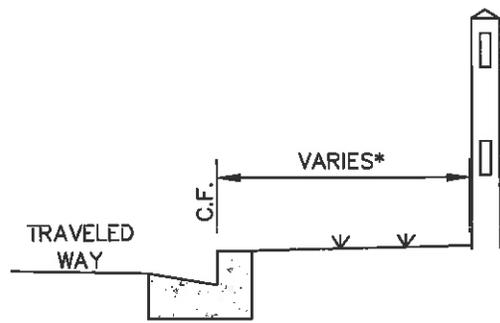
Date: 03/31/16

APPROVED: \_\_\_\_\_ CITY ENGINEER RCE

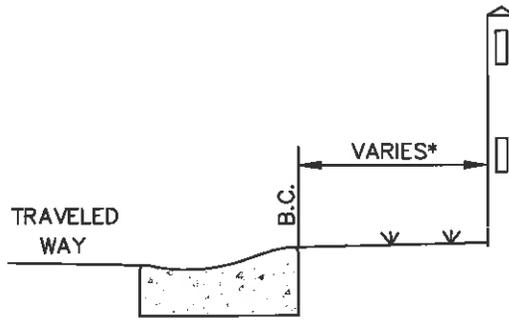
## PVC EQUESTRIAN TRAIL FENCING DETAIL

Std. Dwg. No.  
**706**  
Sheet 1 of 3

# CITY of NORCO STANDARD DRAWING

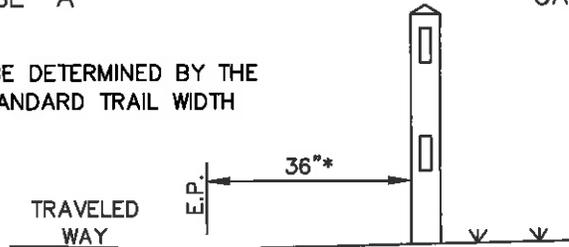


**BARRIER CURB ADJACENT**  
CASE "A"

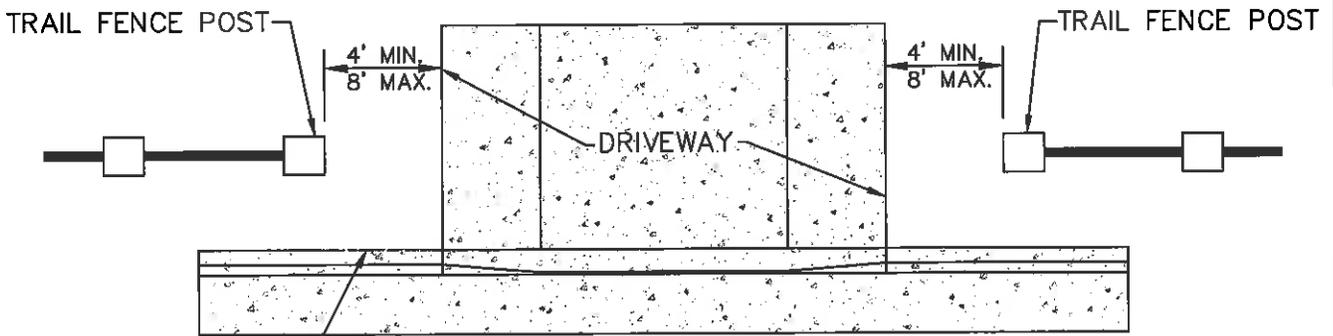


**ROLLED CURB ADJACENT**  
CASE "B"

\* THIS DIMENSION IS TO BE DETERMINED BY THE CITY TO MAINTAIN A STANDARD TRAIL WIDTH IN THE AREA.



**EDGE OF PAVEMENT ADJACENT**  
CASE "C"



**FENCE PLACEMENT AT DRIVEWAYS**



**FENCE PLACEMENT AT TREES & FIRE HYDRANTS**

REVISION	NO:	BY:	DATE:	NO:	BY:	DATE:

Drawn By: SJN

Date: 03/31/16

APPROVED: \_\_\_\_\_  
CITY ENGINEER RCE

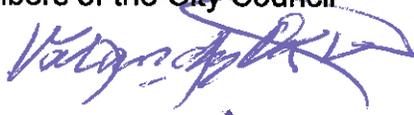
## PVC EQUESTRIAN TRAIL FENCING DETAIL

Std. Dwg. No.  
**706**  
Sheet 2 of 3



## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Scott Lane, Battalion Chief

DATE: May 4, 2016

SUBJECT: Public Hearing Ordering Abatement of Weeds on Vacant Lots

RECOMMENDATION: Adopt **Resolution No. 2016-21**, declaring that weeds and hazardous vegetation, upon or in front of vacant property in the City of Norco, constitute a public nuisance and ordering the abatement.

**SUMMARY:** The proposed resolution orders the abatement of weeds and authorizes the Fire Department's weed abatement contractor to begin abating weeds on vacant properties whose owners did not comply with the Notice to Abate Spring Weeds.

**BACKGROUND/ANALYSIS:** On March 2, 2016, Council adopted Resolution No. 2016-09, allowing the Fire Department to proceed with the 2016 Weed Abatement Program. Pursuant to California Government Code, Notices to Abate Weeds, Hazardous Vegetation and Tumbleweeds were either mailed to property owners of vacant parcels or physically posted on the vacant property. The deadline to abate spring weeds was April 10, 2016.

The purpose of the Public Hearing is to consider objections from property owners and for Council to authorize the Fire Department's weed abatement contractor to remove weeds on vacant properties that were not abated by the deadline date. Property owners will be billed for the cost of the abatement; and if not paid, fixed charge assessment liens will be placed against the parcels through the Riverside County Auditor-Controller's Office.

**FINANCIAL IMPACT:** The costs to abate weeds on vacant property are paid either by the property owner or by property lien.

Attachments: Resolution No. 2016-21  
2016 Vacant Parcel List – Exhibit "A"

## **RESOLUTION NO. 2016-21**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA DECLARING THAT WEEDS AND HAZARDOUS VEGETATION, UPON OR IN FRONT OF VACANT PROPERTY IN THE CITY OF NORCO, CONSTITUTE A PUBLIC NUISANCE AND ORDERING THE ABATEMENT**

WHEREAS, Resolution 2016-09 was passed and adopted on March 2, 2016 declaring that seasonal and recurring weeds and hazardous vegetation, upon or in front of vacant property in the City of Norco, constitute a public nuisance and further declaring the City's intent to provide for the abatement and setting a Public Hearing; and

WHEREAS, Notices to Abate Weeds, Hazardous Vegetation and Tumbleweeds were mailed to property owners of vacant property and given in the form prescribed by the California Government Code; and

WHEREAS, Notices to Abate Weeds, Hazardous Vegetation and Tumbleweeds were posted on vacant properties, whose mailed notices were returned and given in the form prescribed by the California Government Code; and

WHEREAS, at the Public Hearing, the City Council of the City of Norco heard and considered all objections to the abatement; and

WHEREAS, weeds, hazardous vegetation and tumbleweeds were not destroyed or removed, and the nuisance abated, pursuant to the Notice to Abate.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Norco, California, does hereby find and declare the following:

1. That all objections to the proposed destruction or removal of weeds, as defined in Chapter 13, Article 2, Section 39560 of the California Government Code, upon or in front of those vacant parcels of land described in Exhibit "A" on file in the Office of the City Clerk and incorporated herein by this reference, are overruled.
2. That the Fire Chief is ordered to abate the nuisances by having the weeds destroyed or removed from the vacant parcels of land described in Exhibit "A" where the hazard still exists.
3. That it's Council's intent to assess the cost of the abatement as special assessments against each vacant parcel where the nuisance is located and declare the cost to be a property tax lien on each parcel.

4. That the weeds, hazardous vegetation and tumbleweeds on the vacant parcels of land described in Exhibit "A" are seasonal and recurring nuisances.
5. That the weeds, hazardous vegetation and tumbleweeds constitute a distinct fire hazard, and the method of removal must meet the requirements of the Southern California Air Quality Management District's Rule 403(g)(1)(J).
6. That the Fire Chief is further ordered to abate the seasonal and recurring nuisances in accordance with the provisions of Title 4, Division 3, Chapter 13, Article 2, Sections 39560 - 39568, inclusive, of the California Government Code, provided that on the second and any subsequent occurrence of such nuisance on the same vacant parcel or parcels within the same calendar year, no further hearings need to be held; and it shall be sufficient to mail a Notice to Abate to property owners at their addresses as they appear on Riverside County's current assessment roll, in accordance with the provisions of the notice contained in Section 39562.1 of the California Government Code.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on May 4, 2016.

---

Kevin Bash, Mayor  
City of Norco, California

ATTEST:

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Cheryl L. Link, City Clerk  
City of Norco, California

I, Cheryl L. Link, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California, at a regular meeting held on May 4, 2016 by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on May 4, 2016.

---

Cheryl L. Link, City Clerk  
City of Norco, California

Attachment: Exhibit A – 2016 Master Vacant Parcel List

2016 Master Vacant Parcel List  
Exhibit "A"

**NORCO/RIVERSIDE COUNTY FIRE DEPARTMENT VACANT PARCEL LIST -- 2016**

PARCEL NO.	LOCATION/ADDRESS	ACREAGE	OWNER OF RECORD
119020023-0	River Rd. & Second St.	5.17	RBE NORCO JFH 1 21800 BURBANK BLVD #330 WOODLAND HILLS CA 91367
119070033-4	btwn 650 & 682 Parkridge Av.	1.66	REBECCA WAY PROP C/O GRIMWAY MANGEMENT CO. 1181 CALIFORNIA AVE # 170 CORONA, CA, 92881
121074014-6	betw 5373 & 5333 Roundup Rd.	0.50	AMIR & FADIA IBRAHIM 3070 SHADOW CANYON CR NORCO CA 92860
121092016-4	next to 5203 Roundup Rd.	0.47	LOT 65 TRUST 2337 NORCO DR NORCO CA 92860
121310087-1	SWC River Rd. & Corydon Av.	8.32	SAM & DOT DEKRUYF 8919 MERRILL AV CHINO CA 91710
121310090-3	next to 2651 River Rd.	3.18	SAM & DOT DEKRUYF 8919 MERRILL AV CHINO CA 91710
122020027-8	northeast of 1399 Parkridge Av.	0.76	ISMAEL GONZALES 10345 WESTERN AVE. #49 DOWNEY, CA, 90241
122030011-4	east of 2240 First St.	1.81	H & H PROPERTY 4740 Green River Rd. #118 CORONA, CA, 92880
122050049-1	next to 996 Mountain Av.	1.44	FRANK & JEANETTE VILLALOBOS 1882 PARK SKYLINE SANTA ANA CA 92705
122570001-4	Hidden Valley Pkwy. & Corona Av.	1.10	JAMES & SANDRA OLSEN 7641 E CORTO RD ANAHEIM CA 92808
123040001-3	SEC Fifth St. & Hillside Av.	5.47	FRANCES & WILLIAM SMITH C/O WILLIAM SMITH 5170 CENTRAL AV RIVERSIDE CA 92504-1825
123120001-0	2760 Hillside Av.	0.60	SANTIAGO & ELVESTHER ACUNA 1481 ANDALUSIAN DR NORCO CA 92860
123250002-3	east of 2245 Hillside Av.	12.47	ERNEST & ALICE TAYLOR PO BOX 440 NORCO CA 92860
123260001-3	north of 666 Third St.	10.00	MANUEL & JACQUELINE CONTRERAS C/O LORETTA O'MALLEY 43145 VISTA DEL RANCHO TEMECULA CA 92592-5142
123260002-4	666 Third St.	10.00	GARRY & SUSAN STRUNK C/O LORETTA O'MALLEY 43145 VISTA DEL RANCHO TEMECULA CA 92592
123310021-5	behind 1531 Hillside Av.	0.58	ROSEMARY BUTLER 1516 ALPINE WEST COVINA, CA 91791
123310025-9	behind 1577 Hillside Av.	1.00	VU DUONG 2235 BOWMAN AV TUSTIN CA 92782-1246

2016 Master Vacant Parcel List  
Exhibit "A"

123310026-0	behind 1577 Hillside Av.	1.24	VU DUONG 2235 BOWMAN AV TUSTIN CA 92782-1246
125030057-7	north of 2140 Valley View Av.	0.96	DA XIONG LUJAUN ZHENG 13491 SAN LUIS CHINO CA 91710
125180010-8	1550 Second St.	6.51	FRANK AN/CAROLINE LEE 1159 S ARDMORE AV LOS ANGELES CA 90006
125210026-5	1665 Hamner Av.	0.99	BILL & JOE BARRETO 590 MONDALE STREET CORONA CA 92880
125270012-8	First St. & Valley View Av.	1.08	NEW TECH INC 2175 SAMPSON AVE #111 CORONA, CA, 92879
125300018-6	east of 1365 First St.	0.39	MAGDALENA OLVERA VASQUEZ 1611 GARRETSON AV CORONA CA 92879-2429
126020004-5	south of 2001 Third St.	2.81	RIVERSIDE COMMUNITY COLLEGE DISTRICT 4800 MAGNOLIA AV RIVERSIDE CA 92506
126050002-6	SW Corner of Third St. & Hamner Av.	7.94	EDDIE FISCHER C/O LE BARON INVESTMENTS 2020 E ORANGETHORPE AV #210 FULLERTON CA 92831
126050004-8	behind flood channel on Hamner Av.	8.22	EDDIE FISCHER C/O LE BARON INVESTMENTS 2020 E ORANGETHORPE AV #210 FULLERTON CA 92831
126050017-0	north of 2200 Hamner Av.	0.43	ANTONIO BARRETO 2441 HAMNER AVE NORCO, CA, 92860
126060001-6	west of 2093 Paddock Ln.	1.90	BERNARD & HELEN SWART 423 MAGNOLIA BREA CA 92621
126150008-1	north of 1664 Pacific Av.	1.52	MIGUEL & DEBRA MARTINEZ 1664 PACIFIC AV NORCO CA 92860
126160023-5	betw 1610 & 1630 Pacific Av.	0.66	H & H PROPERTY 4740 Green River Rd. #118 CORONA, CA, 92880
126180003-9	behind 1745 Pacific Av.	1.50	H & H PROPERTY 4740 Green River Rd. #118 CORONA, CA, 92880
126200013-9	south of 1492 Mountain Av.	2.56	H & H PROPERTY 4740 Green River Rd. #118 CORONA, CA, 92880
126200018-4	between 1475 & 1515 Pacific Av.	1.25	H & H PROPERTY 4740 Green River Rd. #118 CORONA, CA, 92880
126200021-6	2300 block First St.	5.08	H & H PROPERTY 4740 Green River Rd. #118 CORONA, CA, 92880
126240001-2	1635 Mountain Av.	2.00	H & H PROPERTY 4740 Green River Rd. #118 CORONA, CA, 92880
126240002-3	north of 1595 Mountain Av.	1.00	H & H PROPERTY 4740 Green River Rd. #118 CORONA, CA, 92880

2016 Master Vacant Parcel List  
Exhibit "A"

126240004-5	1569 Mountain Ave.	5.00	1300 NORMANDY PROP 1300 E NORMANDY PL SANTA ANA CA 92705
126250010-1	behind 1775 & 1865 Acre St.	0.97	ALL MAGIC AUTO & PAINT C/O ELLIE ADRI 1461 HAMNER AV
126250013-4	1775 Acre St.	0.44	ALL MAGIC AUTO & PAINT C/O ELLIE ADRI 1461 HAMNER AV
126250015-6	west of 1865 Acre St.	0.34	SUSAN WAKEFIELD 3064 DALES DR NORCO CA 92860
126250055-2	1865 Acre St.	0.43	ALL MAGIC AUTO & PAINT C/O ELLIE ADRI 1461 HAMNER AV NORCO CA 92860
126250056-3	1466 Hamner Av.	0.16	ALL MAGIC AUTO & PAINT C/O ELLIE ADRI 1461 HAMNER AV NORCO CA 92860
127020030-5	3275 Hamner Av.	0.82	AJIT SHAH PO BOX 4509 PALOS VERDES PENNISULA CA 90274
127020032-7	3361 Hamner Av.	1.78	5622 BUCKINGHAM C/O ADAM ANTOYAN 1050 W KATELLA AV # J ORANGE CA 92867
127030022-9	3265 Hamner Av.	0.43	YAO TING HSU 29129 DISCOVERY RIDGE DR SANTA CLARITA CA 91390
127030043-8	3231 Hamner Av.	0.67	YAO TING HSU 29129 DISCOVERY RIDGE DR SANTA CLARITA CA 91390
127030045-0	south of 3231 Hamner Av.	0.56	YAO TING HSU 29129 DISCOVERY RIDGE DR SANTA CLARITA CA 91390
127040036-3	north of 3001 Hamner Av.	2.18	INC XIANG KUN INV USA 7280 SYCAMORE CYN BLVD RIVERSIDE CA 92508
127050031-9	3001 Hamner Av.	1.69	VICTOR MELEO PO BOX 98 LINDSAY CA 93247
127100013-7	west of 3318 & 3314 Corona Av.	1.41	MICHAEL AGUIRRE 570 N GRAND ST ORANGE CA 92857
127200040-0	between I-15 & Fourth St.	0.08	LUIS & CATALINA GONZALEZ 5772 TERRITORY LN CORONA CA 92880
127200042-2	between I-15 & Fourth St.	1.02	LUIS & CATALINA GONZALEZ 5772 TERRITORY LN CORONA CA 92880
127210020-3	2655 Hamner Av.	0.62	GUR SATGUR TERI OAT INC 280 OLDENBURG LN NORCO CA 92860
127300015-7	between 2630 & 2682 Reservoir Dr.	0.98	ROBERT SPANGLER 2756 SWEET RAIN WY CORONA CA 92881

2016 Master Vacant Parcel List  
Exhibit "A"

127331012-0	2830 Reservoir Dr.	0.20	PAT & EMMA ALVARADO C/O ROLLIE ALVARADO 6072 CANDLE LIGHT LN YORBA LINDA CA 92886
129-180-012	east of 3068 2nd St.	0.51	Robert VaVerka 4908 E. Holbrook St. Anaheim, CA, 92807
129-180-013	east of 3068 2nd St.	0.51	Robert VaVerka 4908 E. Holbrook St. Anaheim, CA, 92807
129230018-8	SWC Town & Country Dr. & Hamner Av.	1.13	KENNEDY & LILLIE CHUNG 5352 NEWFIELD CR HUNTINGTON BEACH CA 92649-3687
129230033-1	west of 2900 Hamner Av.	5.38	COPPERFIELD INV & DEV CO 600 ST PAUL AV #250 LOS ANGELES CA 90017
129230034-2	south of 1901 Town & Country Dr.	4.43	COPPERFIELD INV & DEV CO 600 ST PAUL AV #250 LOS ANGELES CA 90017
129230036-4	west of 2900 Hamner Av.	6.38	COPPERFIELD INV & DEV CO 600 ST PAUL AV #250 LOS ANGELES CA 90017
129230037-5	north of 2900 Hamner Av.	2.45	COPPERFIELD INV & DEV CO 600 ST PAUL AV #250 LOS ANGELES CA 90017
129380009-4	2438 Hamner Av.	1.63	SFP E PO BOX 5350 Bend, OR, 97705
129380010-4	south side of Third St. at Hamner Av.	2.26	REXCO 2518 N. Santiago Blvd Orange, CA, 92867
130100011	behind Quiet Hill Ct.	32.43	Orange County Flood Control 300 N Flower 6th Floor Santa Ana, CA, 92703
130134002-6	1853 Pali Dr.	0.22	THOMAS & SHARON MCKIERNAN 1526 W BOULDER ST COLORADO SPRINGS, CO 80904
130240007-9	behind 3490 Hamner Av.	6.87	ROBERT GREGORY 4328 CORONA AV NORCO CA 92860
130240019-0	south of 2191 Fifth St.	1.65	MAR VISTA CBA C/O DOUG CROUSE 2191 FIFTH ST STE 200 NORCO CA 92860
130240020-0	NWC Fifth St. & Norconian Dr.	0.22	MAR VISTA CBA C/O DOUG CROUSE 2191 FIFTH ST STE 200 NORCO CA 92860
130240021-1	Norco Dr. west of ARCO	7.20	DAVID LUCE 20229 SW TREMONT WAY BEAVERTON, OR 97007
130240022-2	behind 3646 Hamner Av.	25.36	FISERV ISS & CO 20229 SW TREMONT WAY BEAVERTON, OR 97007
130240023-3	across from 3600 & 3636 Norconian Dr.	12.23	FISERV ISS & CO 2551 HAVEY LN STOUGHTON WI 53589

2016 Master Vacant Parcel List  
Exhibit "A"

130240025-5	Fifth St. & Norconian Dr.	0.31	MAR VISTA CBA C/O DOUG CROUSE 2191 FIFTH ST STE 200 NORCO CA 92860
130240031-0	3636 Norconian Dr.	4.10	L U S A SWAMINARAYAN GURUK 3984 HOLLOW RIDGE CT YORBA LINDA CA 92887
130240045-3	Hamner Av. surrounding ARCO	4.75	NORCO BEACON HILL ASSEMBLY OF GOD INC PO BOX 5236 NORCO CA 92860
130250004-7	south of 3646 Hamner Av.	1.40	NORCO EQUESTRIAN 17510 PIONEER BLVD #224 ARTESIA CA 90701
130250005-8	north of 3490 Hamner Av.	1.88	NORCO EQUESTRIAN 17510 PIONEER BLVD #224 ARTESIA CA 90701
130250006-9	north of 3480 Hamner Av.	1.94	ROBBIN KOZIEL PO BOX 148 NORCO CA 92860
131070014-7	south of 4231 Valley View Av.	4.44	GEORGE SINICHAK 13814 WALNUT ST WHITTIER CA 90602
131101010-8	Hamner Av./Taft St./Old Hamner Rd.	3.40	SAMIR B & MANISHA B PATEL 701 S BROOKHURST ST ANAHEIM CA 92804
131150024-3	between 4081 & 4191 Valley View Av.	3.39	JUDITH METZGER 10920 PARISE DR WHITTIER CA 90604
131160003-5	NWC Valley View Av. & Sixth St.	0.87	HENRIK MARCINIAK 3140 W STONYBROOK DR ANAHEIM CA 92804
131180035-6	1025 Sixth St.	0.41	TAMI & ANTHONY LAMAGNA TODD & PAULA TAYLOR 3311 VIA GIOVANNI CR CORONA CA 92881
131192021-0	north of 3838 Sierra Av.	1.02	HANUMANTHA REDDY 25 STARVIEW IRVINE CA 92603-0148
131200002-7	north of 3821 Sierra Av.	0.44	DANIEL YARUSI 32158 CAMINO CAPISTRANO #A SAN JUAN CAPISTRANO CA 92675-3720
131210025-9	SWC Sixth St. & Corona Av.	0.37	DAVE & REBBECAH GONZALES 25525 CARANCHO RD TEMECULA CA 92590
131230019-6	Hamner Av. between Fifth & Sixth Streets	0.91	CHAPARRAL PARTNERS C/O CHARLES GOSNELL 1240 E. ONTARIO CORONA CA 92881
131280017-9	south of 3597 Sierra Av.	1.09	LUANNA SERRATO 6780 ANGELINA STREET CHINO CA 91710

2016 Master Vacant Parcel List  
Exhibit "A"

131320027-1	Hamner Av. betw Fifth & Sixth Streets	0.86	CHAPARRAL PARTNERS C/O CHARLES GOSNELL 1240 E. ONTARIO
131320028-2	Hamner Av. betw Fifth & Sixth Streets	1.00	CHAPARRAL PARTNERS C/O CHARLES GOSNELL 1240 E. ONTARIO CORONA CA 92881
131330016-2	3516 Valley View Av.	3.72	RICHARD & REBECCA LEWIS 6 WEYMOUTH CT NEWPORT BEACH CA 92660
133090009-9	south of 4210 Crestview Dr.	2.35	PAULETTE FREDERICK 4200 CRESTVIEW DR NORCO CA 92860
133090010-9	south of 4232 Crestview Dr.	2.18	BRYAN & HEATHER SNOW 2938 VALLEY VIEW AVE NORCO CA 92860
133141018-4	NEC Sixth St. & Temescal Av.	1.51	EQUINE VETERINARY SPECIALISTS INC 20022 DANIEL LN ORANGE CA 92869
133150022-5	623 Sixth St.	0.38	ALAN HASSO PO BOX 17358 ANAHEIM CA 92807
133150027-0	633 Sixth St.	0.48	KHALED S FARAH 5753 SANTA ANA CYN #137 ANAHEIM CA 92807
133160026-0	east of 433 Sixth St.	0.40	PARKER LIN / SOON NA 1687 CURTISS CT LA VERNE CA 91750
133160031-4	east of 405 Sixth St.	0.81	LOT 16 TRUST 351 SIXTH ST NORCO CA 92860
133181010-0	Center Av. south of 818 Sixth St.	0.42	STANLEY & LINDA SCOTT 42131 SAN JOSE DR SAN JACINTO CA 92583
133181016-6	east of 892 Sixth St.	0.96	JOSEPH & GERALDINE DIGIULIO 3657 NETTLE PL FALLBROOK CA 92028
133190009-8	3861 Hillside Av.	0.57	CRC FEDERAL CREDIT UNION PO BOX 129 NORCO CA 92860
133190044-9	682 Sixth St.	0.10	CRC FEDERAL CREDIT UNION PO BOX 129 NORCO CA 92860
133190046-1	688 Sixth St.	0.13	CRC FEDERAL CREDIT UNION PO BOX 129 NORCO CA 92860
133200022-9	SW Corner of 6th & California	2.41	LOUIS DECOSTA & CATHERINE IBARRA C/O CASEY & MUNN PO BOX 1064 PALM SPRINGS, CA, 92263
133222018-4	between 3721 & 3759 Center Av.	0.55	ROBERT KLING & DOROTHY BUTTS 531 MAIN ST #211 EL SEGUNDO CA 90245
133250033-4	110 Buckskin Ln.	0.59	MILTON HARRISON 212 E 19TH ST COSTA MESA CA 92627
133270002-8	3631 Hillside Av.	1.83	HECTOR & FLAVIA YANEZ 3691 CENTER AV NORCO CA 92860

2016 Master Vacant Parcel List  
Exhibit "A"

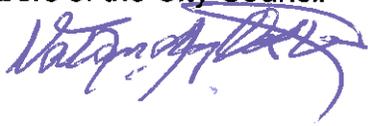
133330003-4	California Av. at Fifth St.	0.73	SOUTHERN CALIFORNIA EDISON PO BOX 800 ROSEMEAD CA 91770
133340018-9	off East St. & South Fork Dr.	0.94	SOUTHERN CALIFORNIA EDISON 2131 WALNUT GROVE 2ND FL ROSEMEAD CA 91770
133340019-0	south of 3540 South Fork Dr.	0.57	JOSEPH & MARGARET RULLO PO BOX 481 SURFSIDE CA 90743
133340021-1	south of 3540 South Fork Dr.	0.57	JOSEPH & MARGARET RULLO PO BOX 481 SURFSIDE CA 90743
133340022-2	south of 3540 South Fork Dr.	0.57	JOSEPH & MARGARET RULLO PO BOX 481 SURFSIDE CA 90743
133340023-3	south of 3540 South Fork Dr.	0.57	JOSEPH & MARGARET RULLO PO BOX 481 SURFSIDE CA 90743
153030007-7	near Grulla Ct.	1.00	HARD CORP C/O SANTA ANA VALLEY IRRIGATION CO 2555 3RD ST SACRAMENTO CA 95818
153030008-8	near Grulla Ct.	1.20	SOUTHERN CALIFORNIA EDISON 2131 WALNUT GROVE 2ND FLOOR
153030009-9	near Grulla Ct.	0.40	SOUTHERN CALIFORNIA EDISON 2131 WALNUT GROVE 2ND FLOOR
153030011-0	California Av. & Grulla Ct.	9.80	SOUTHERN CALIFORNIA EDISON 2131 WALNUT GROVE 2ND FLOOR ROSEMEAD CA 91770
153180020-2	behind 4645 Pedley Av.	1.25	VINCENT & PEGGY LARIVIERE 5581 INNER CIRCLE DR RIVERSIDE CA 92506
153222009-2	behind 4521 & 4535 Crestview Dr.	2.19	FRANCES VAUGHAN 3806 HIGHWAY 90 WEST DEL RIO TX 78840
153222019-1	behind 4591 Crestview Dr.	0.54	ERIK CAMPBELL 128 ALLVIEW PLACE NORCO CA 92860
153231010-0	next to 4409 California Av.	0.51	BLANCA RODRIGUEZ 15753 RANDALL AVE FONTANA CA 91739
153232007-1	across from 4460 thru 4490 Crestview Dr.	4.67	ADOLFO PONCE 1193 SANTA FE WAY NORCO CA 92860
168021003-3	west of 190 Mt. Rushmore Dr.	0.45	ROGER FRIZZEL 11290 ARLINGTON AV RIVERSIDE CA 92505
168023007-3	north of 4011 Mt. Tobin Ct.	0.42	RAYNOLD DALE & CAROL LYNN SAUGSTAD 4010 PIKES PEAK DR NORCO CA 92860
168023008-4	SEC Mt. Tobin Ct. & Mt. Shasta Dr.	0.38	FIRST PACIFIC COAST CONST & DEV INC C/O CORREAFIRST PACIFIC CONST & DEV 10834 HOLE AV RIVERSIDE CA 92505

2016 Master Vacant Parcel List  
Exhibit "A"

168060003-4	next to 4221 Crestview Dr.	38.19	ARLINGTON CEMETERY ASSN INC C/O PIERCE BROS CRESTLAWN MEMORIAL PARK GENERAL MANAGER 11500 ARLINGTON AV RIVERSIDE CA 92505
16806003-4	next to 4221 Crestview Dr.	38.19	ARLINGTON CEMETERY ASSN INC C/O PIERCE BROS CRESTLAWN MEMORIAL PARK PO BOX 130548 HOUSTON TX 77219

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

DATE: May 4, 2016

SUBJECT: Resolution Approving, Authorizing and Directing Execution of Joint Exercise of Powers Agreement Relating to the California Public Finance Authority and Other Matters Pertaining Thereto

RECOMMENDATION: Adopt **Resolution No. 2016-22**, approving, authorizing and directing execution of Joint Exercise of Powers Agreement relating to the California Public Finance Authority and other matters pertaining thereto.

**SUMMARY:** Balboa Management, LLC. is in the process of securing additional financing for phase II improvements on the SilverLakes Equestrian and Sports Park through the California Public Finance Authority (CalPFA), a Joint Exercise of Powers Authority (JPA). In order to meet state law and the policy requirements for the issuance of certain private activity bonds, CalPFA has adopted a policy to not issue bonds or other forms of indebtedness unless the governing body of a Member in which the proposed project is located approves issuance of bonds for the project. The SilverLakes Project is in the jurisdiction of the City of Norco and the city is the property owner. Therefore, the City's approval is required before bonds can be issued on behalf of Balboa Management LLC by CalPFA. Currently, the City is not a Member of CalPFA and thus, must become a Member before it can authorize the issuance of bonds by CalPFA on behalf of Balboa Management, LLC. Section 7.1 of the Ground Lease Agreement between the City and Balboa provides the right to Balboa to pursue bond financing in such amounts as its operations will support and/or the improvements warrant and the City is required to reasonably cooperate in procuring financing. Staff is recommending that the City Council adopt the attached resolution approving City participation in CalPFA; a Joint Powers Authority; and the issuance of the Authority's Revenue Bonds Series 2016 for phase II SilverLakes improvements.

**BACKGROUND/ANALYSIS:** The California Public Finance Authority (CalPFA) was formed in 2015 pursuant to a Joint Exercise of Powers Agreement between two original members, Kings County and the Housing Authority of Kings County (the "Charter Members"). In accordance with Section 12 of the Agreement, additional cities, counties and other local government entities may, and have joined CalPFA as Non-Charter or "Additional Member". There are currently eight (8) local government entity members of

Resolution Approving City Membership in California Public Financing Authority  
And Issuance of Bonds for Balboa Management, LLC.

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May 4 2016

CalPFA and additional members are in the process of joining. CalPFA is authorized under state laws to issue bonds and certificates of participation for the benefit of conduit borrowers to promote opportunities for the creation or retention of employment, the stimulation of economic activity, the increase of tax base, and the promotion of opportunities for education, cultural improvement and public and health, safety and general welfare.

Balboa Management LLC, is in the process to secure additional financing through CalPFA for phase II improvements on the SilverLakes Equestrian and Sports Park. In order to meet state laws and other policy requirements for the issuance of certain private activity bonds, CalPFA has adopted a policy to not issue bonds or other forms of indebtedness unless the governing body of a Member in which the proposed project is located approves issuance of bonds for the project. The SilverLakes project is in the jurisdiction of the City of Norco and the City is the property owner. Therefore, it is a requirement for the City to approve the issuance of bonds before CalPFA can issue the bonds. Currently, the City is not a Member of CalPFA and thus, must become a Member before it can authorize the issuance of bonds by CalPFA on behalf of Balboa Management, LLC. Section 7.1 of the Ground Lease Agreement between the City and Balboa provides the right to Balboa to pursue bond financing in such amounts as its operations will support and/or the improvements warrant and the City is required to reasonably cooperate in procuring financing.

Pursuant to applicable state law, CalPFA policies, and the documents providing for the issuance of the bonds by CalPFA, the bonds are issued as limited obligations of CalPFA, not the City, and are payable solely out of the revenues and receipts derived from the project being financed. Furthermore, pursuant to the provisions of section 8 of the JPA Agreement, neither the faith and credit, nor the taxing power of the Members nor the faith and credit of the Authority shall be pledged to the payment of principal of, premium, if any, or interest on the bonds nor shall the Members of the Authority in any manner be obligated to make any appropriation for such payment. Essentially, the City of Norco has no liability for the payment of the bonds that CalPFA is going to issue on behalf of Balboa, LLC. Staff is recommending that the City Council adopt the attached resolution approving the City's participation in CalPFA and the issuance of the Authority's Revenue Bonds Series 2016 for phase II SilverLakes improvements.

FINANCIAL IMPACT: N/A

Attachments: Resolution No. 2016-22  
Joint Exercise of Powers Agreement

## **RESOLUTION 2016-22**

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF A JOINT EXERCISE OF POWERS AGREEMENT RELATING TO THE CALIFORNIA PUBLIC FINANCE AUTHORITY AND OTHER MATTERS PERTAINING THERETO**

WHEREAS, the City of Norco, hereby requests to become an Additional Member of the California Public Finance Authority (the "Authority") pursuant to Section 12 of the Joint Exercise of Powers Agreement Relating to the California Public Finance Authority ("Authority"), dated as of May 12, 2015 ("Agreement"); and

WHEREAS, the City Council hereby approves the Agreement and any one of the officers of the City is hereby authorized and directed to execute the Agreement in conjunction therewith; and

WHEREAS, there is now before the City Council the form of the Agreement; and

WHEREAS, the City proposes to participate in the Authority's finance programs and desires that certain projects to be located within the City be financed pursuant to the Authority and it is in the public interest and for the public benefit that the City do so; and

WHEREAS, becoming an Additional Member will enable the City to achieve the following public benefits: (a) demonstrable savings in effective interest rate, bond preparation, bond underwriting, or bond issuance costs; (b) significant reductions in effective user charges to be levied; (c) employment benefits from undertaking projects in a more timely fashion; and (d) more efficient delivery of services to residential and commercial development; and

WHEREAS, the Agreement has been filed with the City Clerk, and the members of the City Council of the City, with the assistance of its staff, have reviewed said document.

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

Section 1. The Agreement is hereby approved and the City Manager is hereby authorized and directed to execute said document, with such changes, insertions and omissions as may be approved by said City Council, and the City Clerk is hereby authorized and directed to affix the City's seal to said document and attest thereto. It is in the public interest and for the public benefit that the City execute the Agreement.

Section 2. The Mayor of the City, the City Manager, the City Clerk and all other proper officers and officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates, and to perform such other acts and

deeds, as may be necessary or convenient to effect the purposes of this Resolution and the transactions herein authorized.

Section 3. The City Clerk shall forward a certified copy of this Resolution and an originally executed Agreement to:

Kathleen Jacobe  
Orrick, Herrington & Sutcliffe LLP  
400 Capital Mall, Suite 3000  
Sacramento, California 95814

Section 4. Upon the execution of the Agreement by the City, the City Council hereby approves the Authority's issuance of the California Public Finance Authority Revenue Bonds (SilverLakes Equestrian & Sports Park) Series 2016 (Taxable) and the financing of additional improvements at the SilverLakes Equestrian & Sports Park.

BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon passage and adoption.

BE IT FURTHER RESOLVED that in connection with the adoption of this Resolution, the City Council has conducted a public hearing and has provided sufficient prior public notice of such hearing.

APPROVED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on May 4, 2016.

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Kevin Bash, Mayor  
City of Norco, California

ATTEST:

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Cheryl L. Link, City Clerk  
City of Norco, California

Resolution No. 2016-22

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May 4, 2016

I, CHERYL L. LINK, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on May 4, 2016 by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California on May 4, 2016.

---

Cheryl L. Link, City Clerk  
City of Norco, California

Res 14-09

**JOINT EXERCISE OF POWERS AGREEMENT  
RELATING TO THE CALIFORNIA PUBLIC FINANCE AUTHORITY**

THIS AGREEMENT, dated as of May 12, 2015, among the parties executing this Agreement (all such parties, except those which have withdrawn as provided herein, are referred to as the "Members" and those parties initially executing this Agreement are referred to as the "Charter Members"):

**WITNESSETH**

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (in effect as of the date hereof and as the same may from time to time be amended or supplemented, the "Joint Exercise of Powers Act"), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, each of the Members is a "public agency" as that term is defined in Section 6500 of the Joint Exercise of Powers Act; and

WHEREAS, each of the Members is empowered by law to promote economic, cultural and community development, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, the increase of the tax base, and the promotion of opportunities for education, cultural improvement and public health, safety and general welfare; and

WHEREAS, each of the Members may accomplish the purposes and objectives described in the preceding preamble by various means; and

WHEREAS, each Member is also empowered by law to acquire, construct, improve, operate and dispose of real property for a public purpose; and

WHEREAS, the Joint Exercise of Powers Act authorizes the Members to create a joint exercise of powers entity with the authority to exercise any powers common to the Members, as specified in this Agreement and to exercise the additional powers granted to it in the Joint Exercise of Powers Act and any other applicable provisions of the laws of the State of California; and

WHEREAS, a public entity established pursuant to the Joint Exercise of Powers Act is empowered to issue or execute bonds, notes, commercial paper or any other evidences of indebtedness, leases, installment sale or other financing agreements or certificates of participation therein (herein "Bonds"), and to otherwise undertake financing programs under the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California to accomplish its public purposes; and

WHEREAS, the Members have determined to specifically authorize a public entity authorized pursuant to the Joint Exercise of Powers Act to issue Bonds pursuant to the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California; and

WHEREAS, it is the desire of the Members to use a public entity established pursuant to the Joint Exercise of Powers Act to undertake the financing and/or refinancing of projects of any nature, including, but not limited to, capital or working capital projects, purchase or acquisition of property, receivables, commodities, bonds, other revenue streams or assets of any kind, liability or other insurance, or retirement programs, or facilitating Members use of existing or new financial instruments and mechanisms; and

WHEREAS, by this Agreement, each Member desires to create and establish the "California Public Finance Authority" for the purposes set forth herein and to exercise the powers provided herein;

NOW, THEREFORE, the Members, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

**Section 1. Purpose.**

This Agreement is made pursuant to the provisions of the Joint Exercise of Powers Act. The purpose of this Agreement is to establish a public entity for the joint exercise of powers common to the Members and for the exercise of additional powers given to a joint powers entity under the Joint Powers Act or any other applicable law, including, but not limited to, the issuance of Bonds for any purpose or activity permitted under the Joint Exercise of Powers Act or any other law. Such purpose will be accomplished and said power exercised in the manner hereinafter set forth.

**Section 2. Term.**

This Agreement shall become effective in accordance with Section 17 as of the date hereof and shall continue in full force and effect until such time as it is terminated in writing by all the Members; provided, however, that this Agreement shall not terminate or be terminated until all Bonds issued or caused to be issued by the Authority (defined below) shall no longer be outstanding under the terms of the indenture, trust agreement, resolution or other instrument pursuant to which such Bonds are issued.

**Section 3. Authority.**

**A. CREATION AND POWERS OF AUTHORITY.**

Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the "California Public Finance Authority" (the "Authority"), and said Authority shall be a public entity separate and apart from the Members. Its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any Members.

**B. BOARD.**

The Authority shall be administered by the Board of Directors (the "Board," or the "Directors" and each a "Director") whose members shall be, at all times, members of the Board of Supervisors (the "Board of Supervisors") of Kings County, California, with each such Director serving in his or her individual capacity as Director of the Board. The term of office as a member of the Board shall terminate when such member shall cease to be a member of the Board of Supervisors and the successor to such member of the Board of Supervisors shall become a member of the Board.

Notwithstanding the preceding paragraph, the Board may by resolution or bylaws provide for changes in the qualifications, composition and number of Directors, the appointment of Directors, successors, their respective terms of office and any other provisions relating to the qualification and office of the Directors, including provision for alternative Directors (in which case all references in this Agreement to any Director shall be deemed to refer to and include the applicable alternate Director, if any, when so acting in place of a regularly appointed Director).

The Board shall be the administering agency of this Agreement and, as such, shall be vested with the powers set forth herein, and shall administer this Agreement in accordance with the purposes and functions provided herein.

Directors shall not receive any compensation for serving as such, but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Director, if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

**C. OFFICERS; DUTIES; OFFICIAL BONDS.**

The officers of the Authority shall be the Chair, Vice-Chair, Secretary and Treasurer (defined below). The Board, in its capacity as administering agent of this Agreement, shall elect a Chair, a Vice-Chair, and a Secretary of the Authority from among Directors to serve until such officer is re-elected or a successor to such office is elected by the Board. The Board shall appoint one or more of its officers or employees to serve as treasurer, auditor, and controller of the Authority (the "Treasurer") pursuant to Section 6505.6 of the Joint Exercise of Powers Act to serve until such officer is re-elected or a successor to such office is elected by the Board.

Subject to the applicable provisions of any resolution, indenture, trust agreement or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, trust agreement, instrument and proceeding being herein referred to as an "Indenture") providing for a trustee or other fiscal agent, and except as may otherwise be specified by resolution of the Board, the Treasurer is designated as the depository of the Authority to have custody of all money of the Authority, from whatever source derived and shall have the powers, duties and responsibilities specified in Sections 6505, 6505.5 and 6509.5 of the Joint Exercise of Powers Act.

The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond with the Secretary of the Authority in the amount specified by resolution of the Board but in no event less than \$1,000.

The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

The Board shall have the power, by resolution, to the extent permitted by the Joint Exercise of Power Act or any other applicable law, to delegate any of its functions to one or more of the Directors or officers, employees or agents of the Authority and to cause any of said Directors, officers, employees or agents to take any actions and execute any documents or instruments for and in the name and on behalf of the Board or the Authority.

D. MEETINGS OF THE BOARD.

(1) Ralph M. Brown Act.

All meetings of the Board, including, without limitation, regular, adjourned regular, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California), or any successor legislation hereinafter enacted (the "Brown Act").

(2) Regular Meetings.

The Board shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Board. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(3) Special Meetings.

Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(4) Minutes.

The Secretary of the Authority shall cause to be kept minutes of the regular, adjourned regular, special, and adjourned special meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director.

(5) Quorum.

A majority of the Board shall constitute a quorum for the transaction of business. No action may be taken by the Board except upon the affirmative vote of a majority of the Directors present at the meeting, except that less than a quorum may adjourn a meeting to another time and place.

E. RULES AND REGULATIONS.

The Authority may adopt, from time to time, by resolution of the Board such bylaws, policies or rules and regulations for the conduct of its meetings and affairs as may be required.

**Section 4. Powers.**

The Authority shall have the power, in its own name, to exercise the common powers of the Members and to exercise all additional powers given to a joint powers entity under any of the laws of the State of California, including, but not limited to, the Joint Exercise of Powers Act, for any purpose authorized under this Agreement. Such powers shall include the common powers specified in this Agreement and may be exercised in the manner and according to the method provided in this Agreement. The Authority is hereby authorized to do all acts necessary for the exercise of such power, including, but not limited to, any of all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, improve, own, maintain and operate, or provide for maintenance and operation, and sell, lease, pledge, assign, mortgage or otherwise dispose, of any property, improvements, commodities, leases, contracts, receivables, bonds or other revenue streams or assets of any kind; to exercise the power of condemnation; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services, and other forms of assistance from person, firms, corporations and any governmental entity; to sue and be sued in its own name; to establish and collect fees; to form public benefit nonprofit corporations or other affiliate entities to accomplish any of its purposes; to make grants, loans or provide other financial assistance to governmental, nonprofit and for profit organizations to accomplish any of its purposes; and generally to do any and all things necessary or convenient to accomplish its purposes. The boundaries of the Authority shall encompass the boundaries of all the Members and the powers of the Authority may be exercised anywhere within those boundaries or to the extent permitted by the laws of the State of California, including, but not limited to the Joint Exercise of Powers Act, outside of those boundaries, which may be outside of the State of California, provided that the power of condemnation may only be exercised within the jurisdictional boundaries of the Charter Members.

Without limiting the generality of the foregoing, the Authority may issue or cause to be issued Bonds, and pledge any property, contracts or revenues as security to the extent permitted under the Joint Exercise of Powers Act, or any other applicable provision of law.

The manner in which the Authority shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California county could exercise such powers and perform such duties. The manner in which the Authority shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

**Section 5. Fiscal Year.**

For the purposes of this Agreement, the term "Fiscal Year" shall mean the fiscal year as established from time to time by resolution of the Board, being, at the date of this Agreement, the period from July 1 to and including the following June 30, except for the first Fiscal Year which shall be the period from the date of this Agreement to June 30, 2015.

**Section 6. Disposition of Assets.**

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 2, after payment of all expenses and liabilities of the Authority, all property of the Authority both real and personal shall automatically vest in the Members in the manner and amount determined by the Board in its sole discretion and shall thereafter remain the sole property of the Members; provided, however, that any surplus money on hand shall be returned in proportion to the contributions made by the Members.

**Section 7. Bonds.**

From time to time the Authority shall issue Bonds, in one or more series, for the purpose of exercising its powers and raising the funds necessary to carry out its purposes under this Agreement.

The services of bond counsel, financing consultants and other consultants and advisors working on the projects and/or their financing or refinancing or on post-issuance compliance or administration may be used by the Authority. The expenses of the Board shall be paid from the proceeds of the Bonds, payments made by Bond obligors or other third parties, or any other unencumbered funds of the Authority available for such purpose.

**Section 8. Bonds Only Limited and Special Obligations of Authority.**

The Bonds, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Member or pledge of the faith and credit of the Members or the Authority. The Bonds shall be only special obligations of the Authority, and the Authority shall under no circumstances be obligated to pay the Bonds except from revenues and other funds pledged therefor. Neither the Members nor the Authority shall be obligated to pay the principal of, premium, if any, or interest on the Bonds, or other costs incidental thereto, except the Authority from the revenues and funds pledged and available therefor, and neither the faith and credit nor the taxing power of the Members nor the faith and credit of the Authority shall be pledged to the payment of the principal of, premium, if any, or interest on the Bonds nor shall the

Members or the Authority in any manner be obligated to make any appropriation for such payment.

No covenant or agreement contained in any Bond or related document shall be deemed to be a covenant or agreement of any Director, or any officer, employee or agent of the Authority in his or her individual capacity, and neither the Board of the Authority nor any Director or officer thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of any Bonds.

**Section 9. Accounts and Reports.**

All funds of the Authority shall be strictly accounted for. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by each Member.

The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Authority by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as a public record with each Member and also with the county auditor of each county in which a Member is located; provided, however, that to the extent permitted by law, the Authority may, instead of filing such report with each Member and such county auditor, elect to post such report as a public record electronically on a website designated by the Authority. Such report if made shall be filed within 12 months of the end of the Fiscal Year or Years under examination.

The Treasurer is hereby directed to report in writing on the first day of July, October, January, and April of each year to the Board and the Members which report shall describe the amount of money held by the Treasurer for the Authority, the amount of receipts since the last such report, and the amount paid out since the last such report (which may exclude amounts held by a trustee or other fiduciary in connection with any Bonds to the extent that such trustee or other fiduciary provided regular reports covering such amounts.)

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

In any Fiscal Year the Board may, by resolution adopted by unanimous vote, replace the annual special audit with an audit covering a two-year period.

**Section 10. Funds.**

Subject to the applicable provisions of any Indenture, which may provide for a trustee or other fiduciary to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to the accounting procedures developed under Sections 3.C and 9, and shall make the disbursements required by this Agreement or otherwise necessary to carry out any of the provisions of purposes of this Agreement.

**Section 11. Notices.**

Notices and other communications hereunder to the Members shall be sufficient if delivered to the clerk of the governing body of each Member; provided that, to the extent permitted by law, the Authority may provide notices and other communications and postings electronically (including, without limitation, through email or by posting to a website).

**Section 12. Additional Members/Withdrawal of Members.**

Qualifying public agencies may be added as parties to this Agreement and become Charter Members upon: (1) the filing by such public agency with the Authority of an executed counterpart of this Agreement, together with a copy of the resolution of the governing body of such public agency approving this Agreement and the execution and delivery hereof; and (2) adoption of a resolution of the Board approving the addition of such public agency as a Charter Member. Upon satisfaction of such conditions, the Board shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing.

Qualifying public agencies may also be added as Non-Charter Members ("Additional Members") of the Authority upon: (1) the filing by such public agency with the Authority of a resolution of the governing body of such public agency requesting to be added as an Additional Member of the Authority, and (2) adoption of a resolution of the Board approving the addition of such public agency as an Additional Member. An Additional Member may limit in the aforementioned resolution the scope of its Additional Membership to what is necessary or appropriate to facilitate the financing or refinancing of one or more specified projects or programs.

A Member may withdraw from this Agreement upon written notice to the Board; provided, however, that at least one Member shall be a Charter Member and no such withdrawal shall result in the dissolution of the Authority so long as any Bonds remain outstanding. Any such withdrawal shall be effective only upon receipt of the notice of withdrawal by the Board, which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to this Agreement effective upon such filing.

**Section 13. Indemnification.**

To the full extent permitted by law, the Board may authorize indemnification by the Authority of any person who is or was a Director or an officer, employee or other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by

reason of the fact that such person is or was such a Director or an officer, employee or other agent of the Authority, against expenses, including attorneys fees, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Authority, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. The Board may purchase a policy or policies of insurance in furtherance of any indemnification obligation created or otherwise in protection of Directors, officers, employees or other agents.

#### **Section 14. Contributions and Advances.**

Contributions or advances of public funds and of the use of personnel, equipment or property may be made to the Authority by the Members for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution or advance. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the Authority and the Member making such advance at the time of such advance. It is mutually understood and agreed to that no Member has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though any Member may do so. The Members understand and agree that a portion of the funds of the Authority that otherwise may be allocated or distributed to the Members may instead be used to make grants, loans or provide other financial assistance to governmental units and to nonprofit organizations to accomplish any of the governmental unit's or nonprofit organization's purposes.

#### **Section 15. Immunities.**

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, and other benefits which apply to the activity of officers, agents or employees of Members when performing their respective functions within the territorial limits of their respective public agencies, shall apply to the same degree and extent to the Directors, officers, employees, agents or other representatives of the Authority while engaged in the performance of any of their functions or duties under the provisions of this Agreement.

#### **Section 16. Amendments.**

Except as provided in Sections 3B and 12 above, this Agreement shall not be amended, modified, or altered, unless the written consent of each of the Charter Members is obtained; provided that no amendment shall materially adversely affect the interests of any Additional Member unless the negative consent of that Additional Member is also obtained. To obtain the negative consent of each such Additional Member, the following negative consent procedure shall be followed: (a) the Authority shall provide each such Additional Member with a notice at least sixty (60) days prior to the date such proposed amendment is to become effective explaining the nature of such proposed amendment and this negative consent procedure; (b) the Authority shall provide each such Additional Member who did not respond a reminder notice with a notice at least thirty (30) days prior to the date such proposed amendment is to become

effective; and (c) if no such Additional Member objects to the proposed amendment in writing within sixty (60) days after the initial notice, the proposed amendment shall become effective with respect to all Members.

**Section 17. Effectiveness.**

This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of each of the Members on the date that the Board shall have received from two of the Charter Members an executed counterpart of this Agreement, together with a certified copy of a resolution of the governing body of each such Charter Member approving this Agreement and the execution and delivery hereof.

**Section 18. Partial Invalidity.**

If any one or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

**Section 19. Successors.**

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no Member may assign any right or obligation hereunder without the consent of the other Members.

**Section 20. Miscellaneous.**

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

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

This Agreement shall be governed under the laws of the State of California.

This Agreement is the complete and exclusive statement of the agreement among the Members, which supercedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between and among the Members relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their duly authorized representatives as of the day and year first above written.

Charter Member:

COUNTY OF KINGS

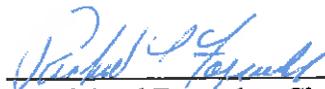
By   
Richard Fagundes, Chairman  
Kings County Board of Supervisors

ATTEST:

By   
Catherine Venturella  
Clerk of the Board

Charter Member:

HOUSING AUTHORITY OF THE  
COUNTY OF KINGS

By   
Richard Fagundes, Chairman

ATTEST:

By   
Jennifer Molina  
Clerk of the Housing Authority Board

IN WITNESS WHEREOF, the Additional Members hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized.

Dated: \_\_\_\_\_

Additional Member Name:

\_\_\_\_\_  
By:  
Its:

ATTEST:

\_\_\_\_\_  
By:  
Its: