



AGENDA  
CITY OF NORCO  
CITY COUNCIL

July 17, 2013

City Council Chambers  
2820 Clark Avenue, Norco, CA 92860

Kathy Azevedo, Mayor  
Berwin Hanna, Mayor Pro Tem  
Kevin Bash, Council Member  
Herb Higgins, Council Member  
Harvey C. Sullivan, Council Member

---

CALL TO ORDER:	7:00 p.m.
ROLL CALL:	
PLEDGE OF ALLEGIANCE:	Council Member Higgins
INVOCATION:	St. Mel's Catholic Church <i>Father Declan Fogarty</i>
PRESENTATIONS:	Recipient of the 2013 Ms. Softball from CalHi Sports <i>Kylie Reed – Norco High School Graduate</i>  2011 California Law Enforcement Challenge Award to the Norco Sheriff's Department <i>Chief Bill Siegl with the California Highway Patrol</i>
INTRODUCTION:	Melvin Sparks III, Sr. Animal Control Officer
REGULAR CITY COUNCIL AGENDA AS FOLLOWS:	

1. CITY COUNCIL CONSENT CALENDAR 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.2 of the Agenda.)*

- A. City Council Minutes:  
Regular Meeting of June 19, 2013  
Recommended Action: **Approve the City Council Minutes** (City Clerk)
- B. Recap of Actions Taken of the Planning Commission meeting of July 10, 2013. **Recommended Action: Receive and File** (Planning Director)
- C. Procedural Step to Approve Ordinance after Reading of Title Only.  
**Recommended Action: Approval** (City Clerk)
- D. Quarterly Investment Report for Quarter Ended June 30, 2013.  
**Recommended Action: Receive and File** (Deputy City Manager/Director of Finance)
- E. Approval of the City Manager Employment Agreement. **Recommended Action: Approve the City Manager Employment Agreement appointing Andy Okoro as City Manager effective July 18, 2013.** (City Attorney)
- F. Acceptance of the LMD No. 4 Equestrian Trail Drainage Improvements Phase II Project as Complete. **Recommended Action: That the City Council accept the LMD No. Equestrian Trail Drainage Improvements Phase II Project as complete and authorize the City Clerk to file the Notice of Completion with the County Recorder's office.** (City Engineer)
- G. Acceptance of Bids and Award of Contract for the 2013/2014 Equestrian Trail Fencing Project at Various Locations. **Recommended Action: Accept bids submitted for the installation of equestrian trail fencing and award a contract to Valley Cities/Gonzales Fence, Inc. in the amount of \$54,762.40, and authorize the City Manager to approve contract change orders up to 10 percent of the bid contract amounts.** (Public Works Director)
- H. Amendment to the Cooperative Agreement to Provide Fire Protection, Fire Prevention, Rescue and Medical Emergency Services for the City of Norco. **Recommended Action: Approval** (Fire Chief)
- I. Acceptance of the Street Dedication at 1964 Corona Avenue.  
**Recommended Action: That the City Council accept the street dedication on the north side of Second Street, west of Corona Avenue, and located at 1964 Corona Avenue.** (Public Works Director)

- J. Approval of the Quit Claim of Parcel G of Parcel Map 30469 to Norco Ridge Ranch, LLC (Suncal); Acceptance of Conservation Easement over a portion of Parcel G of Parcel Map 30469; and Acceptance of Dedication of Parcel G of Parcel Map 30469 and Parcel M of Parcel Map 30196. **Recommended Action: Adopt Resolution No. 2013-46, quitclaiming Parcel G of Parcel Map 30469 to Norco Ridge Ranch, LLC (Suncal); accept the offer of dedication from Norco Ridge Ranch, LLC (SunCal) of a conservation easement placed over portions of Parcel G of Parcel Map 30469; accept the offer of dedication of Parcel G of Parcel Map 30469 and Parcel M of Parcel Map 30196, and authorize the City Clerk to record the Deeds with the County Recorder's Office.** (Public Works Director)
  - K. Approval to Quitclaim a 15 Foot Wide Sewer Easement over a Portion of Lot 2, Block 6 of Riverside Orange Heights Tract – 2195 Hamner Avenue. **Recommended Action: Adopt Resolution No. 2013-47, quitclaiming a portion of the subject sanitary sewer pipeline easement.** (Public Works Director)
  - L. Acceptance of Bids and Award of Contract for the Corydon Staging Area Project. **Recommended Action: Accept bids submitted for the Corydon Staging Area Project and award a contract to Crown Contracting, Inc. in the amount of \$85,517; and authorize the City Manager to approve contract change orders up to 10 percent of the original contract amount.** (Director of Parks, Recreation & Community Services)
2. ITEM(S) PULLED FROM CITY COUNCIL CONSENT CALENDAR:
3. CITY COUNCIL DISCUSSION / ACTION ITEMS:
- A. Resolution Authorizing the Issuance of Special Tax Refunding Bonds for CFD No. 93-1, for Debt Service Savings. **Recommended Action: Adopt Resolution No. 2013-48 authorizing the issuance of Special Tax Refunding Bonds of the City of Norco Community Facilities District No. 93-1, approving and directing the execution of the Fiscal Agent Agreement, and approving other related documents and actions** (City Attorney)
  - B. Resolution Authorizing the Issuance of Special Tax Refunding Bonds for CFD No. 2002-1, for Debt Service Savings. **Recommended Action: Adopt Resolution No. 2013-49, authorizing the issuance of Special Tax Refunding Bonds of the City of Norco Community Facilities District No. 2002-1, approving and directing the execution of the Fiscal Agent Agreement, and approving other related documents and actions** (City Attorney)

- C. Update on the Silverlakes Equestrian & Sports Park Project. (Deputy City Manager/Director of Finance)
- D. Power Outage Discussion. **Recommended Action: Receive and file.** (Deputy City Manager/Director of Finance)

4. CITY COUNCIL PUBLIC HEARINGS:

- A. Public Hearing Ordering the Continuation of Landscape Maintenance Districts and Confirming a Diagram and Assessment and Providing for an Annual Assessment Levy for Districts No. 1 - Beazer, Tract 28765; No. 2 – Western Pacific, Tract 25779; No. 3 – Centex, Tract 28626; No. 4 – Norco Ridge Ranch, Tracts 29588 and 29589; and No. 5 – Hawk’s Crest, Tract 30230.

The “Landscaping and Lighting Act of 1972 requires that an Engineer’s Report for existing landscape maintenance districts (LMDs) must be reviewed and approved annually to continue assessments for the districts. The formation of the five districts allow for an annual increase not to exceed the Consumer Price Index (CPI). The CPI ending March 31, 2013 adjustment per parcel assessment in all districts is 1.3%. The Engineer’s Reports this year have been slightly modified to add to Part B (Estimate of Cost) the estimated fund balance for Fiscal Year ending June 30, 2013 and the cash flow funding needs. Each district requires a 6 month cash flow reserve to sustain the District from the beginning of the fiscal year (July 1) until the City receives from the County of Riverside, its first assessment payment, 6 months later. If the City does not have this reserve, the general fund reserves must “carry” the District. In addition the “needs” includes those Districts that have trail fencing (Districts 2 thru 5) a line item establishing a dollar amount to reconstruct the majority of the trail fencing in each District. The “estimated unfunded needs” is the difference between the “fund balance” and the “needs”.

**Recommended Actions: That the City Council open the Public Hearing and if no more than 50 percent of the property owners within the District protest, it would be appropriate to adopt Resolution No. 2013-50, (Beazer); Resolution No. 2013-51, (Western Pacific); Resolution No. 2013-52, (Centex); Resolution No. 2013-53, (Norco Ridge Ranch); Resolution No. 2013-54, (Hawk’s Crest), ordering the continuation of a Landscaping Maintenance District and confirming a Diagram and Assessment and providing for Annual Assessment Levy. (City Engineer)**

- B. **Appeal Hearing: Conditional Use Permit 2013-04 (Knopf):** A request for approval to allow an ambulance service office and staging area, a used RV sales and rentals dealership and other vehicle sales at 2000 Hamner Avenue in the Norco Auto Mall Specific Plan.

*This is an appeal hearing regarding the Planning Commission's approval of a conditional use permit, approved for one year, to allow accessory auto-related uses to operate in existing buildings at a new vehicle dealership site in the Auto Mall Specific Plan (former Mazda dealer), without a new vehicle dealership being present on-site. The action of the Planning Commission was appealed by the City Council.*

**Recommended Actions: That the City Council hear the item and make its final determination.** (Planning Director)

- C. **Appeal Hearing: Site Plan 2013-10 (Sanders):** A request for approval to allow an accessory building consisting of a 553 square-foot detached workshop at 318 Silver Springs Lane located within the Norco Hills Specific Plan (NHSP, Amendment No.1.)

*On June 17, 2013, the Planning Commission approved Site Plan 2013-10 as meeting the minimum standards for an accessory building on a 3-1 vote. The dissenting vote was based on the concern that the approved location of the accessory building was in the one location that still could keep this lot an animal-keeping lot and that with the accessory building as approved the lot would no longer be conducive to animal-keeping. The action of the Planning Commission to approve the project was appealed by the City Council.*

**Recommended Actions: That the City Council hear the item and make its final determination.** (Planning Director)

5. PUBLIC COMMENTS OR QUESTIONS - THIS IS THE TIME WHEN PERSONS IN THE AUDIENCE WISHING TO ADDRESS THE CITY COUNCIL REGARDING MATTERS NOT ON THE AGENDA MAY SPEAK. PLEASE BE SURE TO COMPLETE THE CARD IN THE BACK OF THE ROOM AND PRESENT IT TO THE CITY CLERK SO THAT YOU MAY BE RECOGNIZED.
6. CITY COUNCIL COMMUNICATIONS / REPORTS ON REGIONAL BOARDS AND COMMISSIONS:
7. CITY MANAGER / STAFF COMMUNICATIONS:

8. ADJOURNMENT:

\*\*\*\*\*

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's office, (951) 270-5623. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).*

\*\*\*\*\*

*Staff reports are on file in the Office of the City Clerk. 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.*

\*\*\*\*\*

*Please note that this meeting is being recorded. In accordance with Roberts Rules of Order, Norco City Council meeting minutes are a record of the actions taken, not what was said. The names of persons who spoke during the public comments section and their topics will be listed on the Minutes. Recordings of meetings may be purchased for a minimal cost by contacting the office of the City Clerk.*



MINUTES  
CITY OF NORCO  
CITY COUNCIL

June 19, 2013

City Council Chambers  
2820 Clark Avenue, Norco, CA 92860

---

CALL TO ORDER: Mayor Azevedo called the meeting to order at 6:00 p.m.

ROLL CALL:

Mayor Kathy Azevedo, **Present**  
Mayor Pro Tem Berwin Hanna, **Present**  
Council Member Kevin Bash, **Present**  
Council Member Herb Higgins, **Present**  
Council Member Harvey C. Sullivan, **Present**

PUBLIC COMMENTS:

**Andy Okoro.** Mr. Okoro commented on his long service, contributions and love for the City. He further commented that he understands how his role as the City Manager would differ from his current role as the Deputy City Manager. He said that before he decided to express his interest in the City Manager's position he had to first assess how the City is performing today and where it can be in the future. He noted that while the City faces challenges similar to challenges faced by most cities in the state, the City is headed in the right direction. He said that this has been made possible by a very supportive and dedicated City Council; the stability that has been brought by the outgoing City Manager; passionate and involved City residents; and the dedication of the most hard working City employees. He added that these resources will be available to him as the City Manager and that he will use them appropriately to ensure the continued future success of the City.

Mr. Okoro stated that due to the lean nature of the organization, he will seek to ensure that it continues to function without any barriers across all departments. He said we will need to maintain the efficiencies that have been achieved over the last several years. He also said that because of this, that it is important to have a plan in place to replace critical positions in the City as employees retire or leave the City. Mr. Okoro added that he will also seek to be transparent to the City Council and the community on all important issues that affect the City. He added that he believes that this will encourage the community to help in finding solutions to City issues. He commented on his skills to negotiate and work with outside agencies and community partners, noting some of the roles he has played in the past. He concluded that because the City is doing relatively well today and is headed in the right direction, it would not be beneficial to the City to make a radical change at this time.

THE CITY COUNCIL RECESSED TO CLOSED SESSION (SECTION 54954) TO CONSIDER MATTERS:

**Section 54957 – Public Employee Appointment**

Employee: City Manager

RECONVENE PUBLIC SESSION: 7:00 p.m.

REPORT OF ACTION(S) TAKEN IN CLOSED SESSION (§54957.1): **Mayor Azevedo announced that Andy Okoro has been selected and will be appointed as the new City Manager effective July 18, 2013.**

PLEDGE OF ALLEGIANCE: Mayor Azevedo

INVOCATION: Grace Fellowship Church, *Jeremy Williams – Youth Pastor*

**Mayor Azevedo asked for a moment of silence for Norco Citizen Ken Bucha, who was a City volunteer and community businessman.**

PROCLAMATIONS: American Cancer Society Cancer Prevention Study - 3  
*Jessica Hodgeson, Community Health Initiatives Director*

*July -- Parks Make Life Better Month*

COMMENDATION: Certificate of Recognition for Funds Raised for the Construction of a Picnic Shelter at the Corydon Staging Area

**Mayor Azevedo presented a Certificate of Recognition to Bobbie Pope and other Norco Residents, who together presented \$2,500 to the City that was raised for the project. Ms. Pope requested that a separate account be created in order to track this project.**

PRESENTATIONS MADE: 100 Mile Club  
*Kara Lubin, Founder of the 100 Mile Club*

SR 91 Project Status Update  
*Eliza Echevarria, RCTC*

REGULAR CITY COUNCIL AGENDA AS FOLLOWS:

1. CITY COUNCIL CONSENT CALENDAR ITEMS:

A member of the public pulled Item 1.D. for discussion. Mayor Azevedo and Council Member Bash pulled 1.B for discussion.

**M/S Hanna/Bash to adopt the remaining items as recommended on the City Council Consent Calendar. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, HIGGINS, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

- A. City Council Minutes:  
Special Meeting of June 12, 2013  
Regular Meeting of June 5, 2013  
Recommended Action: **Approve the City Council Minutes** (City Clerk)
- B. Recap of Actions Taken of the Planning Commission meeting of June 12, 2013.  
**Recommended Action: Receive and File** (Planning Director) **PULLED FOR DISCUSSION**
- C. Procedural Step to Approve Ordinance after Reading of Title Only.  
**Recommended Action: Approval** (City Clerk)
- D. Order of Procedure and Resolutions Necessary for The Annual Assessment Levy Continuing Landscape Maintenance Districts No. 1 – Beazer, Tract 28765; No. 2 – Western Pacific, Tract 25779; No. 3 – Centex, Tract 28826; No. 4 – Norco Ridge Ranch, Tracts 29588 and 29589; and No. 5 – Hawk’s Crest, Tract 30230. **Recommended Actions: Adopt the following Resolutions:**
  - A.) **Resolution No. 2013-31, (Beazer); Resolution No. 2013-32, (Western Pacific); Resolution No. 2013-33, (Centex); Resolution No. 2013-34, (Norco Ridge Ranch); Resolution No. 2013-35, (Hawk’s Crest), approving the Engineer’s Preliminary Report for the Annual Levy of Assessments for the Fiscal Year 2013-2014 in said District; and**
  - B.) **Resolution No. 2013-36, (Beazer); Resolution No. 2013-37, (Western Pacific); Resolution No. 2013-38, (Centex); Resolution No. 2013-39, (Norco Ridge Ranch), Resolution No. 2013-40, (Hawk’s Crest), declaring the City’s intention to provide for an Annual Levy and Collection of Assessments for certain maintenance in an existing District, and setting a time and place for the Public Hearing. (City Engineer) PULLED FOR DISCUSSION**

- E. Proposed Cancellation of the September 18, 2013 City Council Regular Meeting. **Recommended Action: That the City Council cancel the September 18, 2013 City Council regular meeting.** (City Clerk)
- F. Designation of Voting Delegate and Alternate for the 2013 League of California Cities Annual Conference. **Recommended Action: Appoint Mayor Azevedo as the Voting Delegate and Mayor Pro Tem Berwin Hanna as the Alternate Voting Delegate to represent the City of Norco at the 2013 League of California Cities Annual Conference.** (City Clerk)
- G. Approval to Increase Membership of the Economic Development Advisory Council (EDAC) by Creating One Non-Voting Standing Representative from the Norco Area Chamber of Commerce and Visitors Center's Board of Directors. **Recommended Action: Adopt Resolution No. 2013-41.** (Economic Development Specialist)
- H. Redesignation of Riverside County's Recycling Market Development Zone. **Recommendation Action: Adopt Resolution No. 2013-42, supporting the redesignation of Riverside County as a Recycling Market Development Zone due to an increase in boundaries and adoption of initial study and negative declaration.** (Economic Development Specialist)
- I. Approval of the Memorandum of Understanding for Norco General Employees Association for Fiscal Year 2013-2014. **Recommended Action: Approve the Memorandum of Understanding for the Norco General Employees Association for Fiscal Year 2013-2014.** (Deputy City Manager/Director of Finance)
- J. Approval of the Memorandum of Understanding for Public Works & Parks Maintenance Workers Association for Fiscal Year 2013-2014. **Recommended Action: Approve the Memorandum of Understanding for the Public Works & Parks Maintenance Workers Association for Fiscal Year 2013-2014.** (Deputy City Manager/Director of Finance)
- K. Ratification of an Amendment to the Fiscal Year 2012-2013 Western Riverside County Regional Wastewater Authority Operating Budget Establishing Rates to be Charged for Conveyance, treatment and Disposal of Wastewater, Located in Norco, California. **Recommended Action: Adopt Resolution No. 2013-43, adopting and approving the amendment to the Fiscal Year 2012-2013 Western Riverside County Regional Wastewater Authority Operating Budget in the amount of \$443,325..** (Director of Public Works)
- L. Ratification of the Fiscal Year 2013-2014 Western Riverside County Regional Wastewater Authority Budget. **Recommended Action: Adopt Resolution No. 2013-44, adopting and approving the Fiscal Year 2013-2014 Western Riverside County Regional Wastewater Authority Budget, establishing rates to be charged for conveyance, treatment and disposal of wastewater.** (Director of Public Works)

- M. Approval of Amendment No. 1 to the Agreement between the City of Norco and USA Waste of California, Inc. for the Collection, Transportation, Recycling and Disposal of Solid Waste. **Recommended Action: Approve Amendment No. 1 to the Agreement for the Collection, Transportation, Recycling and Disposal of Solid Waste with USA Waste of California, Inc.** (Deputy City Manager/Director of Finance)
- N. Approval of the First Amendment to the Contract Services Agreement for Consulting City Engineering Services with RKA Consulting Group **Recommended Action: Approve the First Amendment to the Contract Service Agreement for Consulting City Engineering Services with RKA Consulting Group.** (Deputy Director of Public Works/Senior Engineer)
- O. Extension of the service fee collected on behalf of the Riverside County Abandoned Vehicle Abatement Service Authority until May 2024. **Recommended Action: Adopt Resolution No. 2013-45, approving the extension of the service fee collected on behalf of the Riverside County Abandoned Vehicle Abatement Service Authority until May 2024.** (Deputy City Manager/Director of Finance)
- P. Approval of Western Riverside County Regional Wastewater Authority Resolution 13-001 Establishing an Excess Capacity Management Service. **Recommended Action: Approve Western Riverside County Regional Wastewater Authority Resolution 13-001 Amending Rate Resolution 12-004 Establishing an Excess Capacity Management Service, subject to non-substantive changes and approval by all WRCRWA Member Agencies.**(Director of Public Works)

2. ITEM(S) PULLED FROM CITY COUNCIL CONSENT CALENDAR:

Item 1.B. Recap of Actions Taken of the Planning Commission meeting of June 12, 2013.

**Council Member Bash** commented on Item 5.A. on the Recap of Actions. "Site Plan 2013-10 (Sanders): A request for approval to allow an accessory building consisting of a 553 square-foot detached workshop at 318 Silver Springs Lane located within the Norco Hills Specific Plan (NHSP, Amendment No.1) **Recommended Action: Approval** (Senior Planner): **Approved 3-1 (Hedges). This action is final unless appealed to City Council.**"

**M/S Bash/Higgins** to appeal the Planning Commission's decision on Item 5.A. The motion was carried by the following roll call vote:

**AYES: AZEVEDO, BASH, HANNA, HIGGINS, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**Mayor Azevedo** commented on Item 4.A. on the Recap of Actions. "Conditional Use Permit 2013-04 (Knopf): A request for approval to allow an ambulance service office and staging area, a used RV sales and rentals dealership and other vehicle sales at 2000 Hamner Avenue in the Norco Auto Mall Specific Plan. **Recommended Action: Approval** (Planning Director): **Approved 4-0. This action is final unless appealed to City Council.**"

**M/S Bash/Higgins to appeal the Planning Commission's decision on Item 4.A. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, HIGGINS, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

Item 1.D. Order of Procedure and Resolutions Necessary for The Annual Assessment Levy Continuing Landscape Maintenance Districts No. 1 – Beazer, Tract 28765; No. 2 – Western Pacific, Tract 25779; No. 3 – Centex, Tract 28826; No. 4 – Norco Ridge Ranch, Tracts 29588 and 29589; and No. 5 – Hawk's Crest, Tract 30230.

**Jodie Webber.** Ms. Webber commented on her concerns with the preliminary engineering reports, noting the surplus of funds. She stated that the surplus could be used for other purposes. She added that the code makes it clear that any surplus remaining goes back to the tax payer. She further added that there was no public hearing held to discuss the trail fence maintenance project. Ms. Webber stated that the solution proposed is a special assessment and is asking for the opportunity not to rubber stamp the report. She also asked for a legal opinion from the City Attorney.

**City Attorney Harper** stated that the purpose of this item is to set the public hearing where comments will be heard.

**Roy Hungerford.** Mr. Hungerford stated that he is opposed to the City giving back the surpluses.

**Ted Hoffman.** Mr. Hoffman commented on the CPI increase and asked why there is an increase when there is a surplus.

**M/S Bash/Hanna to approve as recommended. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, HIGGINS, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

3. CITY COUNCIL DISCUSSION / ACTION ITEMS:

- A. Consideration of Appointments to the Historic Preservation Commission, Parks and Recreation Commission, Planning Commission and the Economic Development Advisory Council. **Recommended Actions: Staff recommends that the City Council make three appointments to the Historic Preservation Commission, one appointment to the Parks and Recreation Commission and one appointment to the Planning Commission from the applicants that applied and qualify for service on a City Commission; and make three appointments to the Economic Development Advisory Council. (City Clerk)**

**Council Member Bash** commented on the applications that were received late, specifically for the Historic Preservation Commission. He noted that it is really important that applications are turned in on time.

**M/S Bash/Sullivan to re-advertise two (2) positions on the Historic Preservation Commission for 30 days. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, HIGGINS, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**Roy Hungerford.** Mr. Hungerford spoke in support of appointing Jennifer Gable to the Parks and Recreation Commission.

**Jennifer Gable.** Ms. Gable spoke in regards to her interest in serving on the Parks and Recreation Commission.

**The City Council voted by ballot as follows:**

**Historic Preservation Commission:**

The City Council Unanimously voted to appoint Diana Stiller

**Parks and Recreation Commission:**

The City Council Unanimously voted to appoint Jennifer Gable

**Planning Commission:**

Four votes were submitted for Philip L. Jaffarian and one vote was submitted (Higgins) for Kathy C. Stevens. The City Council voted to appoint Philip L. Jaffarian.

**Economic Development Advisory Council (EDAC):**

The City Council voted to appoint Melissa Villapando, William F. Schwab and Ronak Desai, as recommended by the EDAC. Two votes were submitted (Azevedo and Higgins) for Douglas Wozny.

- B. Discussion Regarding the Installation of Speed Humps/Tables. **Recommended Action: Discuss and provide direction to staff if needed.** (Deputy Public Works Director/Senior Engineer)

**Deputy Public Works Director/Senior Engineer Askew** presented the information as stated in the staff report. She noted that the focus is on speed tables at this time.

**Lt. Hedge** commented on public safety concerns when it comes to the Sheriff's Department increased response time. He noted concerns when vehicles try to drive around the speed tables. He further noted that present speed tables in the City are visibly hard to see during the day, which could be hazardous to the motorist.

**Fire Chief Pemberton** commented on his concerns regarding response times. He noted that speed humps/tables are built for vehicular travel, not fire engines.

**Council Member Sullivan** commented on the need to slow the traffic down in the City. He further commented on how speed tables could work in the City, noting that he would recommend trying them again on another street for testing purposes.

**M/S Higgins/Bash to refer this item to the Streets, Trails and Utilities Commission for recommendation to the Council. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, HIGGINS, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

- C. Proposed Fourth of July Mayor's Community Equestrian Trail Ride and Picnic. **Recommended Action: Approve the concept of a Mayor's community equestrian trail ride followed by a picnic on the Fourth of July.** (Director of Parks, Recreation & Community Services)

**Mayor Azevedo** commented on the need for an opportunity for the community to gather on the Fourth of July. She noted that surrounding cities are holding a mayor's walk, and further noting her desire to hold a mayor's ride.

**City Manager Groves** stated that funding in the amount of \$750 is being requested for this event.

**Council Member Higgins** stated that he would personally fund the \$750 for this event, noting the importance of it.

**M/S Hanna/Bash to approve the Mayor's community equestrian trail ride.**

Under discussion, Council Member Sullivan noted he is upset about losing the fireworks and further commented on the alcohol not permitted at the event.

**The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, HIGGINS, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**4. PUBLIC COMMENTS OR QUESTIONS:**

**Julie Waltz.** Ms. Waltz thanked the City for fixing the street, noting her continued concerns about the tree on Broken Arrow. She also complained about her neighbors, noting the police reports filed, and asked that this be looked into and get back to her.

**Don Bowker.** Mr. Bowker noted the Jack in the Box sign has been fixed. He further commented on his opposition to the plan change for the connector from the 15 freeway to the 91 not being approved.

**Karen Leonard.** Ms. Leonard commented on the work being done on Seventh Street, noting that there should have been earlier notice for the water shutoff.

**Ted Hoffman.** Mr. Hoffman commented on a traffic accident in the Norco hills, noting the power that went out. He complained about the City's public safety and no press release completed.

**Vern Showalter.** Mr. Showalter thanked staff for cleaning up Mountain Avenue.

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

**Council Member Bash:**

**M/S Bash/Higgins to agendize a discussion regarding the recent power outage in the City, to include disaster preparedness. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, HIGGINS, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**Mayor Pro Tem Hanna:**

- Reported on a news release received stating that the yellow fever mosquito has been reported in the Madera, California area.
- Commented on a recent NART rescue, noting that a thank you card was received with a check for NART in the amount of \$2,500.
- Reported that Day of the Cowboy practices have started and many events are being planned.

**Mayor Azevedo:**

- Invited everyone to attend a party for City Manager Beth Groves at Nellie Weaver Hall on July 18.
- Reported that she will be the speaker at NHA on June 20<sup>th</sup>.
- Reported on the WRCOG General Assembly she attended.

6. CITY MANAGER / STAFF COMMUNICATIONS:

7. ADJOURNMENT: There being no further business to come before the City Council, Mayor Azevedo adjourned the meeting in memory of Ken Bucha at 9:10 p.m.

---

BRENDA K. JACOBS, CMC  
CITY CLERK



**RECAP OF ACTIONS TAKEN  
CITY OF NORCO  
PLANNING COMMISSION  
CITY COUNCIL CHAMBERS – 2820 CLARK AVENUE  
REGULAR MEETING  
JULY 10, 2013**

---

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

**ROLL CALL: Chair Wright, Vice Chair Henderson, Commission Members Hedges, Leonard, and Jaffarian**

**STAFF PRESENT: Planning Director King, Senior Planner Robles, Deputy City Clerk Germain and Planning Intern Michaelis**

**PLEDGE OF ALLEGIANCE: Commission Member Jaffarian**

1. **ELECTION OF NEW CHAIR AND VICE CHAIR: Commission Member Hedges was elected Chair and Commission Member Leonard was elected Vice Chair - Elected 5-0**
2. **APPEAL NOTICE: Read by staff**
3. **PUBLIC COMMENTS: None**
4. **APPROVAL OF MINUTES:**
  - ❖ Minutes of Regular Meeting on June 12, 2013
  - Recommended Action: Approval (Deputy City Clerk): Approved 5-0**
5. **PUBLIC HEARINGS:**
  - A. **Variance 2013-01 (Cortez):** A request for a variance on the 100-foot rear yard setback requirement in Norco Municipal Code Section 18.13.16 (C) "Rear Yard", to allow a 197 square-foot garage proposed about 38 feet from the rear yard, as an addition to the existing residence at 2550 Vista Court located within the A-1-20 (Agricultural Low Density) Zone. **Recommended Action: Approval (Senior Planner): Approved 4-1 (Hedges). This action is final unless appealed to the City Council.**
  - B. **Conditional Use Permit 2008-10, Modification No. 1 (Pasley):** A request for approval to allow an increase in the number of students from 90 to 120 at an existing early childhood care center/preschool at 4193 Bluff Street located within the A-1-20 (Agricultural Low Density) Zone. **Recommended Action: Approval (Planning Director): Approved 4-1 (Leonard). This action is final unless appealed to City Council.**

6. BUSINESS ITEMS:

- A. Site Plan 2013-11 (Jarvis): A request for approval to allow an accessory building consisting of a 192 square-foot detached horse shade structure at 245 Pompano Place located within the A-1-20 (Agricultural Low-Density) Zone. **Recommended Action: Approval (Senior Planner): Approved 5-0. This action is final unless appealed to the City council.**
- B. Site Plan 2013-13 (Hernandez): A request for approval to allow an accessory building consisting of a 720 square-foot freestanding patio cover at 3525 Vine Avenue located within the A-1-20 (Agricultural Low-Density) Zone. **Recommend Action: Approval (Senior Planner): Approved 5-0. This action is final unless appealed to the City council.**
- C. Draft C-4 Zone Zone Code Amendment **Recommended Action: Provide Direction (Planning Director): Direction received**

7. CITY COUNCIL MINUTES: **NONE**

8. PLANNING COMMISSION: **Received and filed**

- a. Oral Reports from Various Committees
- b. Request for Items on Future Agenda (within the purview of the Commission)

9. ADJOURNMENT: **8:14 p.m.**

/adr

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Andy Okoro, Deputy City Manager/Director of Finance

DATE: July 17, 2013

SUBJECT: Quarterly Investment Report for Quarter Ended June 30, 2013

RECOMMENDATION: Staff recommends that the City Council receive and file the Quarterly Investment Report for the Quarter Ended June 30, 2013.

**SUMMARY:** Staff is recommending that the City Council receive and file the City's quarterly investment report for the quarter ended June 30, 2013. This report has been prepared to meet the requirements of the City's Investment Policy and applicable sections of the State of California Government Code.

**BACKGROUND/ ANALYSIS:** The City's Investment Policy requires the Treasurer to render a quarterly report to the legislative body. The report is to be prepared in accordance with Government Code Section 53646 (b)(1) and should contain detailed information on all securities, investments, and monies of the local agency; a statement of compliance of the portfolio with the Statement of Investment Policy; and a statement of the City's ability to meet its cash flow requirements for the next six months. This report which is for the quarter ended June 30, 2013 meets the requirements of the Investment Policy and Government Code. It covers the City and Successor Agency to the former Norco Redevelopment Agency.

The attached schedules (attachments 1 through 4) have been prepared to meet the detailed requirements of the Government Code and the City's Investment Policy as approved by the Council on May 15, 2013. It is to be noted that the Investment Policy excludes certain investments (bond proceeds) from these requirements. This means that bond proceeds are invested in accordance with the provisions of the bond indentures rather than the provisions of the Investment Policy. Consequently, in determining whether the operating portfolio holdings are in compliance with the Government Code and the approved Investment Policy, investments of bond proceeds have been excluded.

Attachment 1 provides a summary schedule of the City's operating portfolio holdings by type as of June 30, 2013. This summary also provides information on whether or not each investment category complies with the limitations imposed by law and the City's Investment Policy. Investments that are subject to the Statement of Investment Policy are operating/idle funds invested by the Treasurer within the provisions of the approved Investment Policy. During the quarter ended June 30, 2013, the operating portfolio increased by a net amount of \$6 million from \$30 million to \$36 million due to cash

receipts exceeding cash disbursements. The excess of receipts over disbursements is anticipated during this quarter as the second installment of property tax revenues are received for the Successor Agency, the City and various Landscape and Community Facilities Districts.

Attachment 2 provides a graphical breakdown of the operating portfolio holdings by investment type as of June 30, 2013. This chart is for investments that are subject to the Investment Policy. The operating portfolio consisted of 95.4% investment in the State of California Local Agency Investment Fund (LAIF). The remaining 4.6% comprises of cash and certificates of deposit.

A summary of investments not subject to the provisions of the Investment Policy (bond proceeds and debt service reserve funds) is also shown on Attachment 1. These funds are invested in accordance with applicable bond indenture provisions. During the quarter ended June 30, 2013, bond proceeds and debt service reserve fund portfolio decreased by a net amount of \$0.6 million from \$25.7 million to \$25.1 million due to bond proceeds expenditures for capital projects and advances for improvements at the Silverlakes property. As of the end of June 30, 2013, the City has advanced a total \$5,575,884 to Balboa Management Group LLC as loan for the improvements at the Silverlakes property.

Attachment 3 provides a detailed listing of the City's portfolio holdings as required by the Government Code. In this listing, "N/A" is used to denote that the information is either not available or applicable. The market value of investments in LAIF has been reported to equal cost because the City's investments in the pool are readily liquid and the market value of these investments approximates cost. Agency Securities issued by United States Government Sponsored Entities (GSEs) are rated "AA+" by Moody's rating service and "AAA" by Fitch rating service.

### *CASH FLOWS*

The first half of the fiscal year usually presents a challenging cash flow situation for the General Fund due largely to the lag in the receipt of tax revenues. However, the fiscal condition of the General Fund has improved over the past year as fund and cash balances improved. Along with anticipated cash receipts, staff estimates that there will be sufficient cash to cover disbursements for the City and Successor Agency for the next six months ending December 31, 2013.

FINANCIAL INPACT: Not Applicable.

J:AO/Council Reports/Staff Reports/2013

Attachments: 1) Portfolio Summary

2) Summary Graph

3) Portfolio Details – "Investments Not Subject..."

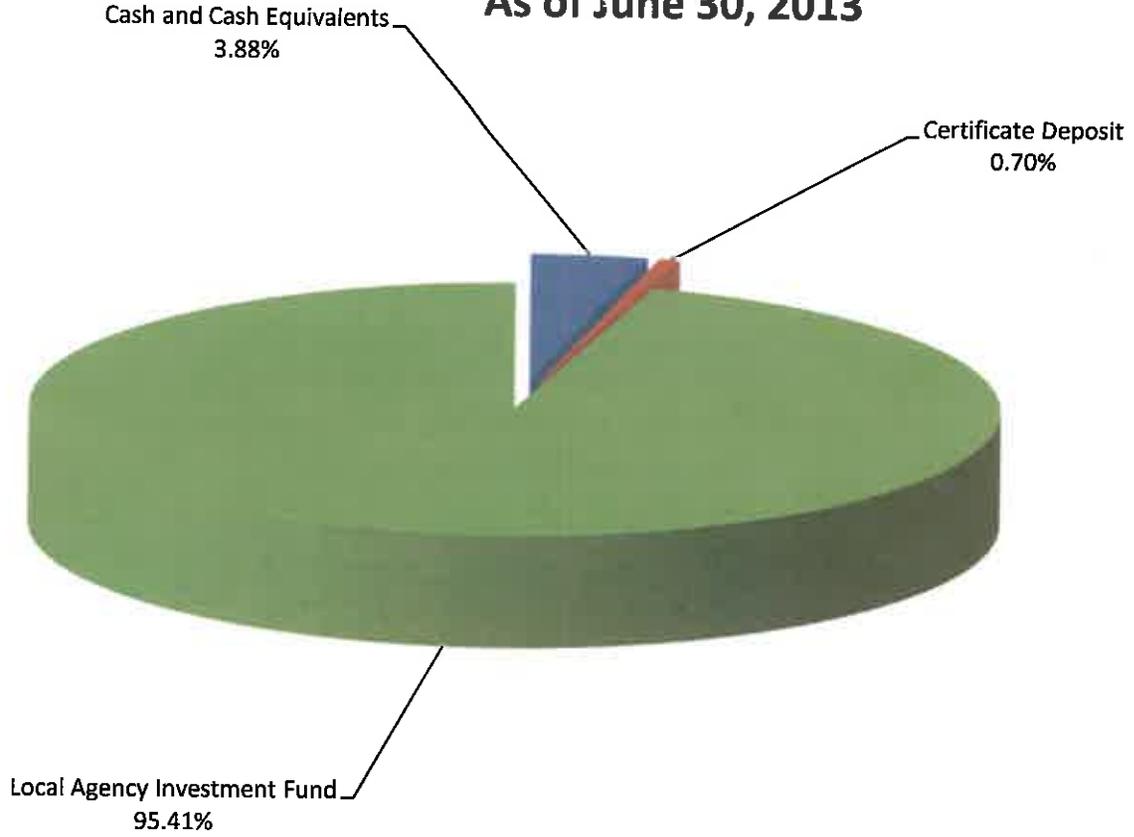
4) Certification Form

**City of Norco, California  
Portfolio Summary  
As of June 30, 2013**

<b>City Investments Subject to Investment Policy</b>	<b>Market Value</b>	<b>Percentage</b>	<b>Policy Maximum</b>	<b>Compliance</b>
Cash and Cash Equivalents	\$ 1,399,004	3.88%	15.00%	In Compliance
Certificate Deposit	253,463	0.70%	30.00%	In Compliance
Local Agency Investment Fund	34,358,404	95.41%	\$50.0 Million	In Compliance
<b>Total</b>	<b>\$ 36,010,872</b>	<b>100.00%</b>		

<b>City Investments Not Subject to Investment Policy</b>	<b>Market Value</b>	<b>Percentage</b>
Community Facilities Districts	\$ 2,609,670	10.38%
Sewer and Water System	9,952,739	39.61%
Refunding Tax Allocation Bonds	12,567,211	50.01%
<b>Total</b>	<b>\$ 25,129,620</b>	<b>100.00%</b>

**Summary of City Portfolio  
(Investments Subject to Investment Policy)  
As of June 30, 2013**



City of Norco, California  
 Portfolio Details  
 As of June 30, 2013  
**Investments Subject to Policy**

Cash & Cash Equivalents

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value
N/A	N/A	N/A	Checking Accounts	Wells Fargo	N/A	N/A	0.00%	N/A	1,399,004	1,399,004
			<b>Subtotal</b>	<b>Wells Fargo</b>					<b>1,399,004</b>	<b>1,399,004</b>
4/20/2013	4/20/2014	2329958022	Certificate Deposit	Citizen Business Bk	N/A	0.40%	Various	N/A	101,552	101,552
6/17/2013	2/25/2014	2329958065	Certificate Deposit	Citizen Business Bk	N/A	0.25%	Various	N/A	151,911	151,911
			<b>Subtotal</b>	<b>Wells Fargo</b>					<b>253,463</b>	<b>253,463</b>

Local Agency Investment Fund

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value
N/A	N/A	N/A	Local Agency Investment Fund	State of California	N/A	N/A	N/A	N/A	34,358,404	34,358,404
			<b>Subtotal</b>						<b>34,358,404</b>	<b>34,358,404</b>
<b><u>Total Investments Subject to Policy</u></b>									<b>36,010,872</b>	<b>36,010,872</b>

City of Norco, California

Portfolio Details

As of June 30, 2013

**Investments Not Subject to Policy (Bond Proceeds)**

**Community Facilities Districts**

Cash and Cash Equivalents

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value
N/A	N/A	N/A	First American Treasury Obligation	94496801 US Bank	N/A	N/A	0.02%	N/A	232	232
N/A	N/A	N/A	U.S. Bank N.A. Open, Commerical Paper	94496805 US Bank	N/A	N/A	0.00%	N/A	131,382	131,382
N/A	N/A	N/A	U.S. Bank N.A. Open, Commerical Paper	94644004 US Bank	N/A	N/A	0.00%	N/A	189,626	189,626
N/A	N/A	N/A	U.S. Bank N.A. Open, Commerical Paper	791884004 US Bank	N/A	N/A	0.00%	N/A	522,564	522,564
N/A	N/A	N/A	First American Treasury Obligation	794148000 US Bank	N/A	N/A	0.02%	N/A	4,438	4,438
N/A	N/A	N/A	First American Treasury Obligation	794148002 US Bank	N/A	N/A	0.02%	N/A	478	478
<b>Subtotal</b>									<b>848,720</b>	<b>848,720</b>

Local Agency Investment Fund

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value
N/A	N/A	N/A	Local Agency Investment Fund (CFD)	93-1 State of California	N/A	N/A	N/A	N/A	58,387	58,387
<b>Subtotal</b>									<b>58,387</b>	<b>58,387</b>

U.S. and Agency Securities

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value
7/17/2012	7/17/2017 **	3136G0SH5	F N M A M T N Step Up Coupon	794148002 US Bank	AAA*	0.50%	0.50%	1,727,000	1,727,000	1,702,563
<b>Total Community Facilities Districts</b>									<b>2,834,107</b>	<b>2,609,670</b>

**Investments Not Subject to Policy (Bond Proceeds)**

**Sewer and Water System**

Cash and Cash Equivalents

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value
N/A	N/A	N/A	First American Prime Obligations	130584000 US Bank	AAA	N/A	0.00%	N/A	3,720	3,720
N/A	N/A	N/A	U.S. Bank N.A. Open, Commerical Paper	130584004 US Bank	N/A	N/A	0.00%	N/A	3,351,880	3,351,880
N/A	N/A	N/A	First American Prime Obligations	130584004 US Bank	N/A	N/A	0.00%	N/A	1,384	1,384
<b>Subtotal</b>									<b>3,356,984</b>	<b>3,356,984</b>

Local Agency Investment Fund

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value
N/A	N/A	N/A	Local Agency Investment Fund (Sewer/Water)	2009 State of California	N/A	N/A	N/A	N/A	127,811	127,811
<b>Subtotal</b>									<b>127,811</b>	<b>127,811</b>

City of Norco, California  
 Portfolio Details  
 As of June 30, 2013

U.S. and Agency Securities

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value
7/17/2012	7/17/2017 **	3136G0SH5	F N M A M T N Step Up Coupon	130584001 US Bank	AAA*	0.50%	0.50%	1,488,000	1,488,000	1,466,945
12/19/2012	12/19/2013	3133ECAT1	Federal Farm Credit Banks	130584004 US Bank	AAA*	0.19%	0.19%	5,000,000	5,000,000	5,001,000
<b>Subtotal</b>									<b>6,488,000</b>	<b>6,467,945</b>
<b>Total Sewer and Water System</b>									<b>9,972,795</b>	<b>9,952,739</b>

*Investments Not Subject to Policy (Bond Proceeds)  
 Refunding Tax Allocation Bonds*

Cash & Cash Equivalents

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value
N/A	N/A	N/A	First American Treasury Obligations	94432430 US Bank	N/A	N/A	0.02%	N/A	60,689	60,689
N/A	N/A	N/A	First American Treasury Obligations	94432431 US Bank	N/A	N/A	0.00%	N/A	1	1
N/A	N/A	N/A	First American Treasury Obligations	94432432 US Bank	N/A	N/A	0.00%	N/A	2	2
N/A	N/A	N/A	U.S. Bank N.A. Open, Commerical Paper	94432435 US Bank	N/A	N/A	0.00%	N/A	143	143
N/A	N/A	N/A	First American Treasury Obligations	94432440 US Bank	N/A	N/A	0.00%	N/A	1	1
N/A	N/A	N/A	First American Treasury Obligations	94432441 US Bank	N/A	N/A	0.02%	N/A	8,804	8,804
N/A	N/A	N/A	U.S. Bank N.A. Open, Commerical Paper	94432445 US Bank	N/A	N/A	0.00%	N/A	319	319
N/A	N/A	N/A	U.S. Bank N.A. Open, Commerical Paper	94662507 US Bank	N/A	N/A	0.00%	N/A	168,561	168,561
N/A	N/A	N/A	First American Treasury Obligations	787891000 US Bank	N/A	N/A	0.00%	N/A	1	1
N/A	N/A	N/A	First American Treasury Obligations	787891001 US Bank	N/A	N/A	0.02%	N/A	12,314	12,314
N/A	N/A	N/A	First American Treasury Obligations	787891004 US Bank	N/A	N/A	0.02%	N/A	1,381	1,381
N/A	N/A	N/A	First American Treasury Obligations	792126000 US Bank	N/A	N/A	0.00%	N/A	2	2
N/A	N/A	N/A	First American Treasury Obligations	792126003 US Bank	N/A	N/A	0.02%	N/A	18,361	18,361
N/A	N/A	N/A	First American Treasury Obligations	792126004 US Bank	N/A	N/A	0.02%	N/A	1,504	1,504
N/A	N/A	N/A	First American Treasury Obligations	129543000 US Bank	N/A	N/A	0.02%	N/A	1,787	1,787
N/A	N/A	N/A	First American Treasury Obligations	129543001 US Bank	N/A	N/A	0.00%	N/A	2	2
N/A	N/A	N/A	First American Treasury Obligations	129543002 US Bank	N/A	N/A	0.00%	N/A	1	1
N/A	N/A	N/A	U.S. Bank N.A. Open, Commerical Paper	129543003 US Bank	N/A	N/A	0.00%	N/A	985,865	985,865
N/A	N/A	N/A	US Bank Money Market	140828001 US Bank	N/A	N/A	0.00%	N/A	5	5
N/A	N/A	N/A	US Bank Money Market	140828004 US Bank	N/A	N/A	0.04%	N/A	3,683	3,683
N/A	N/A	N/A	US Bank Money Market	140828005 US Bank	N/A	N/A	0.00%	N/A	12	12
<b>Subtotal</b>									<b>5,000,000</b>	<b>5,000,000</b>
									<b>6,263,439</b>	<b>6,263,439</b>

Local Agency Investment Fund

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value
N/A	N/A	N/A	Local Agency Investment Fund	2010 TABs State of California	N/A	N/A	N/A	N/A	22,641	22,641
N/A	N/A	N/A	Local Agency Investment Fund	2003 TABs State of California	N/A	N/A	N/A	N/A	49,303	49,303
<b>Subtotal</b>									<b>71,944</b>	<b>71,944</b>

City of Norco, California  
Portfolio Details  
As of June 30, 2013

U.S. and Agency Securities

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value	
4/12/2011	11/29/2013	313373F49	Federal Home Loan Bks	792126003 US Bank	AAA*	1.20%	1.20%	1,530,000	1,530,000	1,536,656	
7/27/2012	7/17/2017 **	3136G0SH5	F N M A M T N Step Up Coupon	140828004 US Bank	AAA*	0.50%	0.50%	1,473,000	1,473,000	1,452,157	
<b>Subtotal</b>									<b>3,003,000</b>	<b>3,003,000</b>	<b>2,988,813</b>

Investment Agreements

Purchase Date	Maturity Date	CUSIP #	Description of Security	Account	Rating	Coupon Rate	Yield to Maturity	Face Value	Cost	Market Value
N/A	3/1/2030	N/A	Guaranteed Investment Contract	94432433 US Bank	N/A	N/A	5.71%	N/A	2,161,566	2,161,566
N/A	3/1/2030	N/A	Guaranteed Investment Contract	94432443 US Bank	N/A	N/A	5.16%	N/A	347,000	347,000
N/A	2/27/2015	N/A	Guaranteed Investment Contract	787891003 US Bank	N/A	N/A	3.41%	N/A	734,450	734,450
<b>Subtotal</b>									<b>3,243,016</b>	<b>3,243,016</b>
<b>Total Refunding Tax Allocation Bonds</b>									<b>12,581,399</b>	<b>12,567,211</b>
<b><u>Total Investments Not Subject to Policy</u></b>									<b>25,188,300</b>	<b>25,129,620</b>

\* On August 5, 2011 S&P Lowered US Debt Rating to AA+, Fitch and Moody's Ratings are Still AAA

\*\* Step up rates: 0.50% to 7/17/13, 1.00% to 7/17/14, 1.25% to 7/17/15, 1.5% to 7/17/16, and 2.0% to 7/17/17.

**Attachment 4**

**Quarterly Investment Portfolio**

**For the Quarter Ended June 30, 2013**

As required by the Government Code, the Treasurer certifies that the investments reported in the accompanying schedules (Attachments 1 through 3) comply with the City of Norco Investment Policy and that sufficient liquidity along with anticipated revenues are available to meet the City and Successor Agency budgeted expenditure requirements for the next six months ending December 31, 2013.



---

Andy Okoro, City Treasurer

## **CITY OF NORCO STAFF REPORT**

TO: Honorable Mayor and Members of the City Council

FROM: John Harper, City Attorney

DATE: July 17, 2013

SUBJECT: Approval of City Manager Employment Agreement

RECOMMENDATION: Approve the City Manager Employment Agreement appointing Andy Okoro as City Manager effective July 18, 2013.

**SUMMARY:** At its regular meeting held on June 19, 2013, the City Council recommended the appointment of Andy Okoro to serve as City Manager effective July 18, 2013. An Employment Agreement has been prepared for approval by the City Council.

**BACKGROUND/ANALYSIS:** At the June 5, 2013 City Council meeting, Beth Groves, current City Manager, announced that she had presented her letter of resignation to the City Council, effective August 1, 2013.

At its meeting of June 19, 2013, the City Council selected Andy Okoro, current Deputy City Manager/Finance Director, to serve as the City Manager effective July 18, 2013. The Employment Agreement will result in no increase to the adopted 2013-2014 budget.

**FISCAL IMPACT:** None

## EMPLOYMENT AGREEMENT

This Agreement is effective July 18, 2013 by and between the City of Norco, a municipal corporation (hereinafter "City") and Valentine Andy Okoro, an individual (hereinafter "Okoro").

The parties hereto agree as follows:

1. RECITALS: This Agreement is made and entered into with respect to the following facts:
  - a. That City desires to obtain the services of a qualified individual to act as the City Manager for said City; and
  - b. Based on Okoro's education, training and experience, the City Council determined that Okoro is well qualified to perform the duties assigned to the office of City Manager.
  - c. That Okoro has agreed to perform the same on the terms and conditions hereinafter set forth; and
  - d. That the public interest, convenience and necessity require the execution of this Agreement.
2. TERM: The term of this Agreement shall be three years. In the event the City Council takes no action either to renew the Agreement, or to notify Okoro that it will not extend the Agreement, then the Agreement will automatically be extended one year. Nothing in this Agreement shall prevent, limit or otherwise interfere with the rights of Okoro to resign at any time from his position with City, subject only to the provisions set forth in this Agreement.
3. TERMINATION: This Agreement may be terminated by:
  - a. Mutual agreement of the parties hereto, expressed in writing; or
  - b. Forty-five day written notice given by Okoro. The said termination shall be effective upon the forty-sixth day after the giving of such notice; or
  - c. Unilateral action of the City Council. In the event the involuntary termination is not for cause during the period of this agreement, Okoro shall receive a total of six months' severance pay, including all fringe benefits and accrued leaves. In the event that said involuntary termination is for cause, as defined in Exhibit A of this agreement, Okoro shall be

entitled to compensation for that period actually worked prior to said termination, plus all accrued and vested benefits.

- d. If Okoro receives paid leave during a pending investigation, funds for legal criminal defense, or any cash settlement related to termination, these specific funds must be reimbursed to the City if he is convicted of a crime involving abuse of his office or position.
4. **COMPENSATION:** Okoro shall be required to devote his full time (other than as stipulated in section 3 of this Agreement)) to the position of City Manager. For, and in consideration of, Okoro's services to be rendered pursuant to this Agreement, he will be paid an annual salary of \$171,000. The City Manager shall be paid in the same manner and at the same times as other salaries of the City employees are paid. City agrees not to reduce the salary or fringe benefits of Okoros at any time during employment. Any increase in compensation during the term of this Agreement shall be within the absolute discretion of the City Council.
  5. **BENEFITS:** Okoro shall be provided with the following benefits in addition to the compensation specified in Paragraph 4 above:
    - a. **LEAVE:** Administrative leave shall be accrued at a rate of 6.67 hours per month and vacation leave at a rate of 12.50 hours per month. Unused administrative leave days may not be carried over from one contract year to the next. Vacation days accrued but not taken may be carried over from one contract year to the next up to a maximum of 420 hours. Sick leave shall accrue at the same rate as City department heads. Any vacation leave to be taken that exceeds one week must be approved in advance by the City's Mayor.
    - b. **INSURANCE:** Okoro shall receive the same benefits of life, dental, health, vision, disability, and worker's compensation as is now, or which may hereafter be, in effect for the department heads of the City, except Okoro shall also receive term life insurance coverage in the amount of \$125,000 during the period covered by this Agreement.
    - c. **AUTOMOBILE ALLOWANCE:** Okoro shall receive a monthly automobile allowance of \$500.
    - d. **DEFERRED COMPENSATION:** Okoro shall be entitled to voluntarily participate in the City's 457 Deferred Compensation Plan. City shall not make any contribution on his behalf.
    - e. **PERS RETIREMENT:** City shall pay 4% of Okoro's share in PERS, 2.7% at 55 Retirement Formula.

6. PERFORMANCE EXPECTATIONS AND EVALUATION:
  - a. The City shall make a reasonable effort to review and evaluate Okoro's performance annually prior to June 30, during the term of this Agreement. The Mayor shall provide Okoro with a summary written statement of findings of the evaluation and provide an adequate opportunity for Okoro to discuss his evaluation with the City Council in closed session. Failure to perform the annual evaluation shall not be a condition to any termination pursuant to Section 4, hereof.
  - b. The City Council and Okoro shall define the goals and performance objectives that they determine necessary for the proper operation of the City and for the attainment of the City Council's policy objectives. The City Council shall further establish a relative priority among those goals and objectives and shall establish the priorities in writing.
7. OFFICE AND PROFESSIONAL DEVELOPMENT EXPENSES: City agrees to pay for travel expenses for professional and official travel for meetings that Okoro may participate in through the course of his work on behalf of the City. The City will pay the membership dues for Okoro as necessary to maintain and renew professional CPA license and membership in Government Finance Officers Association (GFOA) and International City Management Association (ICMA).
8. INDEMNIFICATION: City shall defend, hold harmless, and indemnify Okoro against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of his duties in accordance with California Government Code Section 825 and other applicable provisions of state law. City may compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered therefrom.
9. BONDING: The City shall bear the full cost of any fidelity or other bonds required of Okoro under any applicable law or ordinance.
10. OTHER TERMS AND CONDITIONS: All provisions of the Norco Municipal Code and regulations and rules of the City related to other fringe benefits and working conditions as they now exist or hereafter may be amended, shall also apply to Okoro as they would to any department head of the City, in addition to the benefits enumerated herein.
11. GENERAL PROVISIONS:
  - a. The text herein shall constitute the entire Agreement between two parties.

- b. This Agreement shall be binding upon and shall inure to the benefits of the heirs at law and executors or administrators of the estate of Okoro.

12. NOTICES:

- a. CITY: Mayor of the City of Norco  
2870 Clark Avenue  
Norco CA 92860
- b. OKORO: Valentine Andy Okoro  
2870 Clark Avenue  
Norco, CA 92860

Alternatively, notices required pursuant to this Agreement may be personally served in the same manner as applicable to civil judicial process. Notice shall be deemed given as of the date of personal service, or if by mail, pursuant to the provisions of the California Code of Civil Procedure, Section 1013. The address for service of any party hereto may be changed at any time by giving written notice to the other party.

Executed on \_\_\_\_\_, 2013 at Norco, California.

CITY OF NORCO

BY: \_\_\_\_\_  
Kathy Azevedo, Mayor

VALENTINE ANDY OKORO

By: \_\_\_\_\_  
Valentine Andy Okoro

ATTEST:

\_\_\_\_\_  
Brenda Jacobs, City Clerk of  
the City of Norco, California

APPROVED AS TO FORM:

\_\_\_\_\_  
John Harper, City Attorney

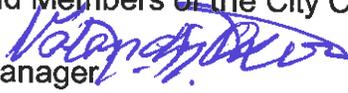
## EXHIBIT A

### GROUNDS FOR TERMINATION

1. Misfeasance or malfeasance in office.
2. Conviction of a felonious crime.
3. Willful breach or habitual neglect of duties agreed to under this Agreement, after receipt of written notice of the specific improvements required to correct the performance deficiencies.
4. Refusal to follow the reasonable directives of the City Council, after receipt of written notice of the corrections required.
5. Abuse of office or position including waste, fraud, violation of the law under color of authority or a crime against public justice, including, but not limited to those specified under Title 7 of the California Penal Code, commencing with Section 92 of Part 1.

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Dominic C. Milano, City Engineer

DATE: July 17, 2013

SUBJECT: Acceptance of the LMD No. 4 Equestrian Trail Drainage Improvements Phase II Project as Complete

RECOMMENDATION: That the City Council accept the LMD No. Equestrian Trail Drainage Improvements Phase II Project as complete and authorize the City Clerk to file the Notice of Completion with the County Recorder's office.

**SUMMARY:** The LMD No. 4 Equestrian Trail Drainage Improvements Phase II project consisted of the installation of drainage devices at eighty-four locations (eighty-three homes) in the Norco Ridge Ranch Area (LMD No. 4). The total project cost upon completion was \$214,750.

**BACKGROUND/ANALYSIS:** On November 7, 2012 the City Council awarded a Public Works contract in the amount of \$218,585 to Valley Crest Landscape Maintenance, Inc. The plans and specifications for the contract called for the installation of drainage devices including trench drains, grate basins, outlet pipes through the curb and all appurtenant related work for 82 parcels (homes) where the erosion caused by runoff was ranked as median priority. The high priority locations were addressed in the Phase I Project. During construction five locations (homes) were deleted due to lack of evidence of moderate erosion or drains had been installed by the priority owner and seven locations (six homes) added due to evidence of moderate erosion.

The final cost for the project including extra work (utility interference), change orders and bid quantity adjustment was \$214,750; \$3,835 less than the contract.

Work on the project has been completed to the satisfaction of the City Engineer and a Notice of Completion has been prepared. Staff is requesting that the City Council accept the work performed by Valley Crest Landscape Maintenance, Inc., and authorize the City Clerk to record the Notice of Completion with the County Recorder's Office.

**FINANCIAL IMPACT:** None.

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Lori J. Askew, Director of Public Works 

DATE: July 17, 2013

SUBJECT: Acceptance of Bids and Award of Contract for the 2013/2014 Equestrian Trail Fencing Project at Various Locations

RECOMMENDATION: Accept bids submitted for the installation of equestrian trail fencing and award a contract to Valley Cities/Gonzales Fence, Inc. in the amount of \$54,762.40, and authorize the City Manager to approve contract change orders up to 10 percent of the total bid contract amounts.

SUMMARY: Bids for the 2013/2014 Equestrian Trail Fencing Project at Various Locations were opened on June 19, 2013 with Valley Cities/Gonzales Fence, Inc. of Norco being the lowest responsible bidder. Therefore, it is recommended that a contract be awarded to Valley Cities/Gonzales Fence, Inc. in the amount of \$54,762.40.

BACKGROUND/ANALYSIS: Staff completed plans and specifications for the installation of trail fence improvements at various locations within the City. The plans and specifications were advertised on May 30, 2013 with a bid opening date of June 19, 2013. A total of 5 bids were received with proposals ranging in value from \$54,762.40 to \$192,024.00. The low bid of \$54,762.40 was 14% lower than the engineer's estimate of \$64,000. The bid summary sheet has been attached for Council's review.

FINANCIAL IMPACT: Funds for this project in the amount of \$75,000 are included in the FY 2014-2018 Trail Capital Improvement Program Budget Fund 143.

lja

Attachment: Bid Summary



**BID SUMMARY SHEET**

**2013/14 EQUESTRIAN TRAIL FENCING PROJECT  
AT VARIOUS LOCATIONS**

QUANTITY	UNITS	DESCRIPTION	Valley Cities/Gonzales Fence, Inc.		M2 Fencing		Team West Contracting Corp.		Alcorn Fence Company		Harris Steel Fence Company, Inc.	
			UNIT BID	TOTAL	UNIT BID	TOTAL	UNIT BID	TOTAL	UNIT BID	TOTAL	UNIT BID	TOTAL
7,112	LF	Equestrian Trail Fencing	\$7.70	\$54,762.40	\$8.50	\$62,585.60	\$8.97	\$63,794.64	\$11.95	\$84,988.40	\$27.00	\$192,024.00
		<b>TOTAL BID</b>		<b>\$54,762.40</b>		<b>\$62,585.60</b>		<b>\$63,794.64</b>		<b>\$84,988.40</b>		<b>\$192,024.00</b>
		Low Bid Subcontractors		N/A		N/A		N/A				

## **CITY OF NORCO STAFF REPORT**

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Beth Groves, City Manager 

**PREPARED BY:** Geoff Pemberton, Battalion Chief

**DATE:** July 17, 2013

**SUBJECT:** Amendment to the Cooperative Agreement to Provide Fire Protection, Fire Prevention, Rescue and Medical Emergency Services for the City of Norco

**RECOMMENDATION:** Approve the Amendment to the Cooperative Agreement to Provide Fire Protection, Fire Prevention, Rescue and Medical Emergency Services for the City of Norco.

**SUMMARY:** This amendment extends the term of the Cooperative Agreement between the City and County of Riverside for Fire Protection, Fire Prevention, Rescue and Emergency Medical Services to June 30, 2016. The amendment also changes the language in Section XI Indemnification & Hold Harmless and Section XIII Disputes as agreed to between the County and the contracting partners.

**BACKGROUND/ANALYSIS:** The current Agreement between the City of Norco and the County of Riverside for Fire Protection, Fire Prevention, Rescue and Medical Emergency Services expired June 30, 2013. The recommended amendment will extend the existing agreement to June 30, 2016 with the same terms and conditions except as noted below. The amended agreement strengthens and expands (for both the City and County) the Indemnifications & Hold Harmless clause in Section XI and the Disputes Resolution clause in Section XIII. These changes to the agreement have been approved by the by "CAL FIRE", Riverside County Fire Department and the contracting agencies. The City Attorney has also reviewed the recommended agencies and finds them acceptable.

**FINANCIAL IMPACT:** The estimated cost of the Cooperative Agreement for FY 2013/2014 is included in the City's Operating Budget.

**Attachment:** Amendment to the Cooperative Agreement to Provide Fire Protection, Fire Prevention, Rescue and Medical Emergency Services for the City of Norco.

/rlf

**AMENDMENT TO THE COOPERATIVE AGREEMENT  
TO PROVIDE FIRE PROTECTION, FIRE PREVENTION, RESCUE  
AND MEDICAL EMERGENCY SERVICES FOR THE CITY OF NORCO**

THIS AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2013, by and between the County of Riverside, a political subdivision of the State of California, on behalf of the Fire Department, (hereinafter referred to as "COUNTY") and the City of Norco, a duly created city, (hereinafter referred to as "CITY"), whereby it is agreed as follows:

**SECTION I: PURPOSE**

The purpose of this Agreement is to arrange for COUNTY, through its Cooperative Fire Programs Fire Protection Reimbursement Agreement ("CAL FIRE Agreement") with the California Department of Forestry and Fire Protection ("CAL FIRE") to provide CITY with fire protection, disaster preparedness and response, fire prevention, rescue, hazardous materials mitigation, technical rescue response, medical emergency services, and public service assists (hereinafter called "Fire Services"). This Agreement is entered into pursuant to the authority granted by Government Code Sections 55603, 55603.5, 55606, 55632 and 55642, and will provide a unified, cooperative, integrated, and effective fire services system. COUNTY's ability to perform under this Agreement is subject to the terms and conditions of the CAL FIRE Agreement.

**SECTION II: DESIGNATION OF FIRE CHIEF**

A. The County Fire Chief appointed by the Board of Supervisors, or his designee, (hereinafter referred to as "Chief") shall represent COUNTY and CITY during the period of this Agreement and Chief shall, under the supervision and direction of the County Board of Supervisors, have charge of the organization described in Exhibit "A", attached hereto and made a part hereof, for the purpose of providing Fire Services as deemed necessary to satisfy the needs of both the COUNTY and CITY, except upon those lands wherein other agencies of government have responsibility for the same or similar Fire Services.

B. CITY may budget for the position of a Deputy Chief or a Division Fire Chief or COUNTY may assign an existing Chief Officer as the Contract City representative ("City Representative"). The Chief may delegate certain authority to the City Representative, as the Chief's duly authorized designee and the City Representative shall be responsible for directing the Fire Services provided to CITY as set forth in Exhibit "A".

C. COUNTY will be allowed flexibility in the assignment of available personnel and equipment in order to provide the Fire Services as agreed upon herein.

### SECTION III: PAYMENT FOR SERVICES

A. CITY shall annually appropriate a fiscal year budget to support the Fire Services designated at a level of service mutually agreed upon by both parties and as set forth in Exhibit "A." This Exhibit may be amended in writing by mutual agreement by both parties in the event of an increase and/or decrease of salary or expenses or when CITY requests an increase and/or decrease in services.

1. Any changes to the salaries or expenses set forth in Exhibit "A" made necessary by action of the Legislature, CAL FIRE, or any other public agency with authority to direct changes in the level of salaries or expenses, shall be paid from the funds represented as set forth in Exhibit "A." There shall be no obligation on the part of CITY to expend or appropriate any sum in excess of Exhibit "A" which exceeds the yearly appropriation of CITY for the purposes of this Agreement. If within thirty (30) days after notice, in writing, from COUNTY to CITY that the actual cost of maintaining the services specified in Exhibit "A" as a result of action by the Legislature, CAL FIRE or other public agency will exceed the total amount specified therein, and CITY has failed to agree to make available the necessary additional funds, COUNTY shall have the right to unilaterally reduce the services furnished under this Agreement by an appropriate amount and shall promptly notify CITY, in writing, specifying the services to be reduced. Personnel reductions resulting solely due to an increase in employee salaries or expenses occurring after signing this Agreement and set forth in Exhibit "A" to this Agreement shall not be subject to relocation expense reimbursement by CITY, as outlined in Section III, B. If CITY desires to add funds to the total included herein to cover the cost of increased salaries or services necessitated by actions described herein, such increase shall be accomplished by an amendment to Exhibit "A" and approved by the parties hereto.

2. In the event CITY requests an increase in services and paragraph A.1. of this Section is not applicable, an amendment to Exhibit "A" may be approved by the parties hereto.

B. COUNTY provides fire personnel, equipment and services through its CAL FIRE Agreement. In the event CITY desires a reduction in CAL FIRE or COUNTY civil service employees or services assigned to CITY as provided for in Exhibit "A," when paragraph A.1. of this Section is not applicable, CITY shall provide one hundred twenty (120) days written notice of the requested reduction. Proper notification shall include the following: (1) The total amount of reduction; (2) The effective date of the reduction; and (3) The number of employees, by classification, affected by the proposed reduction. If such notice is not provided, CITY shall reimburse COUNTY for relocation costs incurred by COUNTY because of the reduction, in addition to any other remedies available resulting from the reduction in services.

C. CITY shall pay COUNTY actual costs for Fire Services pursuant to this Agreement in an amount not to exceed that set forth in Exhibit "A," as amended.

COUNTY shall make a claim to CITY for the actual cost of contracted services, pursuant to Exhibit "A," on a quarterly basis. CITY shall pay each claim within thirty (30) days after receipt thereof.

D. Chief may be authorized to negotiate and execute any amendments to Exhibit "A" of this Agreement on behalf of COUNTY as authorized by the Board of Supervisors. CITY shall designate a "Contract Administrator" who shall, under the supervision and direction of CITY, be authorized to execute amendments to Exhibit "A" on behalf of CITY.

E. \_\_\_\_\_ [ ] (Check only if applicable, and please initial to acknowledge)  
Additional terms as set forth in the attached Exhibit "B" are incorporated herein and shall additionally apply to this agreement regarding payment of services.

F. \_\_\_\_\_ [ X ] (Check only if applicable, and please initial to acknowledge)  
Additional terms as set forth in the attached Exhibit "C" are incorporated herein and shall additionally apply to this agreement regarding payment for the Fire Engine Use Agreement. In the event that a fire engine which was initially purchased by the CITY and then the CITY elects to have the COUNTY take responsibility of said fire engine(s), the following will apply. All capital improvements and/or betterments to the fire engine(s) will be the responsibility and paid for by the owner of said engine(s). All other maintenance and repairs to the fire engine(s) listed in the attached Exhibit "C" will be the responsibility and paid for by the COUNTY under this Agreement. The insurance responsibility will be dependant upon the CITY'S option to maintain or transfer title of said fire engine(s).

G. Notwithstanding Paragraph F herein if applicable, additional terms as set forth are incorporated herein and shall additionally apply to this agreement regarding payment of services. In the event that fire engine, owned and maintained by the CITY has a catastrophic failure, the COUNTY Fire Chief may allow use of a COUNTY fire engine, free of charge up to one hundred twenty (120) days. After the initial one hundred twenty (120) days, a rental fee will be applied to the CITY invoice for use of said COUNTY fire engine. The rental fee shall be Nine Hundred Forty Four Dollars (\$944.00) per day, or Six Thousand Six Hundred Eight Dollars (\$6,608.00) per week.

#### SECTION IV: INITIAL TERM AND RENEWAL

A. The term of this Agreement shall be from July 1, 2013, to June 30, 2016. Either party to this Agreement may terminate this Agreement by providing a written notice of termination to the other party hereto no less than one (1) year prior to the expiration of the term hereof. If such notice is given unilaterally by COUNTY except any notice issued because of actions of CAL FIRE or CITY, COUNTY agrees to continue to provide Fire Services to CITY until such time as CITY has a reasonable opportunity to implement alternative Fire Services. In no event shall this Agreement be terminated by either party after June 30, 2015.

B. One (1) year prior to the date of expiration of this Agreement, CITY shall give COUNTY written notice of whether CITY intends to extend this Agreement or enter into a new agreement with COUNTY for Fire Services and, if so, whether CITY intends to change the level of Fire Services provided under this Agreement.

C. If CITY fails to provide such notice, as defined in paragraph B above, COUNTY shall have the option to extend this Agreement for a period of up to one (1) year from the original termination date and to continue providing services at the same or reduced level as COUNTY determines would be appropriate during the extended period of this Agreement. Six (6) months prior to the date of expiration of this Agreement, or any extension hereof, COUNTY shall give written notice to CITY of any extension of this Agreement and any changes in the level of Fire Services COUNTY will provide during the extended period of this Agreement. Services provided and obligations incurred by COUNTY during an extended period shall be accepted by CITY as services and obligations under the terms of this Agreement.

D. The cost of services provided by COUNTY during the extended period shall be based upon the amounts that would have been charged to CITY during the fiscal year in which the extended period falls, had a new agreement been extended under this Section IV. Payment by CITY for services rendered by COUNTY during the extended period shall be in accordance with Exhibit "A," of this Agreement.

#### SECTION V: TERMINATION

Either party to this Agreement may terminate this Agreement by providing a written notice of termination to the other party hereto no less than one (1) year prior to the expiration of the term hereof. This Agreement may be terminated by the voters of either the COUNTY or the CITY pursuant to Government Code §55603.5.

#### SECTION VI: COOPERATIVE OPERATIONS

All Fire Services contemplated under this Agreement shall be performed by both parties to this Agreement working as one unit; therefore, personnel and equipment belonging to either CITY or COUNTY may be temporarily dispatched elsewhere from time to time for mutual aid.

#### SECTION VII: MUTUAL AID

Pursuant to Health and Safety Code Sections 13050 et seq., when rendering mutual aid or assistance, COUNTY may, at the request of CITY, demand payment of charges and seek reimbursement of CITY costs for personnel, equipment use, and operating expenses as funded herein, under authority given by Health and Safety Code Sections 13051 and 13054. COUNTY, in seeking said reimbursement pursuant to such request of CITY, shall represent the CITY by following the procedures set forth in Health

and Safety Code Section 13052. Any recovery of CITY costs, less actual expenses, shall be paid or credited to the CITY, as directed by CITY.

In all such instances, COUNTY shall give timely notice of the possible application of Health and Safety Code Sections 13051 and 3054 to the officer designated by CITY.

#### SECTION VIII: SUPPRESSION COST RECOVERY

As provided in Health and Safety Code Section 13009, COUNTY may bring an action for collection of suppression costs of any fire caused by negligence, violation of law, or failure to correct noticed fire safety violations. When using CITY equipment and personnel under the terms of this Agreement, COUNTY may, on request of CITY, bring such an action for collection of costs incurred by CITY. In such a case CITY appoints and designates COUNTY as its agent in said collection proceedings. In the event of recovery, COUNTY shall apportion to CITY its pro-rata proportion of recovery, less the reasonable pro-rata costs including legal fees.

In all such instances, COUNTY shall give timely notice of the possible application of Health and Safety Code Section 13009 to the officer designated by CITY.

#### SECTION IX: PROPERTY ACCOUNTING

All personal property provided by CITY and by COUNTY for the purpose of providing Fire Services under the terms of this Agreement shall be marked and accounted for in such a manner as to conform to the standard operating procedure established by the County Fire Department for the segregation, care, and use of the respective property of each.

#### SECTION X: FACILITY

City shall provide Fire Station(s), strategically located to provide standard response time within the City of Norco from which fire operations shall be conducted. If the Fire Station(s) are owned by the City, the City shall maintain the facilities at its cost and expense. In the event City requests County to undertake repairs or maintenance costs or services, the costs and expenses of such repairs or maintenance shall be reimbursed to County through the Support Services Cost Allocation, or as a direct Invoice to the City.

#### SECTION XI: INDEMNIFICATION AND HOLD HARMLESS

To the fullest extent permitted by applicable law, COUNTY shall and does agree to indemnify, protect, defend and hold harmless CITY, its agencies, districts, special districts and departments, their respective directors, officers, elected and appointed officials, employees, agents and representatives (collectively, "**Indemnitees**") for, from and against any and all liabilities, claims, damages, losses, liens, causes of action,

suits, awards, judgments and expenses, attorney and/or consultant fees and costs, taxable or otherwise, of any nature, kind or description of any person or entity, directly or indirectly arising out of, caused by, or resulting from (1) the Services performed hereunder by COUNTY, or any part thereof, (2) the Agreement, including any approved amendments or modifications, or (3) any negligent act or omission of COUNTY, its officers, employees, subcontractors, agents, or representatives (collectively, "**Liabilities**"). Notwithstanding the foregoing, the only Liabilities with respect to which COUNTY's obligation to indemnify, including the cost to defend, the Indemnitees does not apply is with respect to Liabilities resulting from the negligence or willful misconduct of an Indemnitee, or to the extent such claims do not arise out of, pertain to or relate to the Scope of Work in the Agreement.

To the fullest extent permitted by applicable law, CITY shall and does agree to indemnify, protect, defend and hold harmless COUNTY, its agencies, departments, directors, officers, agents, Board of Supervisors, elected and appointed officials and representatives (collectively, "**Indemnitees**") for, from and against any and all liabilities, claims, damages, losses, liens, causes of action, suits, awards, judgments and expenses, attorney and/or consultant fees and costs, taxable or otherwise, of any nature, kind or description of any person or entity, directly or indirectly arising out of, caused by, or resulting from (1) the services performed hereunder, by CITY, or any part thereof, (2) the Agreement, including any approved amendments or modifications, or (3) any negligent act or omission of CITY its officers, employees, subcontractors, agents, or representatives (collectively, "**Liabilities**"). Notwithstanding the foregoing, the only Liabilities with respect to which CITY's obligation to indemnify, including the cost to defend, the Indemnitees does not apply is with respect to Liabilities resulting from the negligence or willful misconduct of an Indemnitee, or to the extent such claims do not arise out of, pertain to or relate to the Scope of Work in the Agreement.

## SECTION XII: AUDIT

COUNTY and CITY agree that their designated representative shall have the right to review and to copy any records and supporting documentation of the other party hereto, pertaining to the performance of this Agreement. COUNTY and CITY agree to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated or as required by law, and to allow the auditor(s) of the other party access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. COUNTY and CITY agree to a similar right to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).

///

SECTION XIII: DISPUTES

CITY shall select and appoint a "Contract Administrator" who shall, under the supervision and direction of CITY, be available for contract resolution or policy intervention with COUNTY, when, upon determination by the Chief that a situation exists under this Agreement in which a decision to serve the interest of CITY has the potential to conflict with COUNTY interest or policy. Any dispute concerning a question of fact arising under the terms of this Agreement which is not disposed of within a reasonable period of time by the CITY and COUNTY employees normally responsible for the administration of this Agreement shall be brought to the attention of the Chief Executive Officer (or designated representative) of each organization for joint resolution. For purposed of this provision, a "reasonable period of time" shall be ten (10) calendar days or less. CITY and COUNTY agree to continue with the responsibilities under this Agreement during any dispute. Disputes that are not resolved informally by and between CITY and COUNTY representatives may be resolved, by mutual agreement of the parties, through alternate forms of dispute resolution, including, but not limited to, mediation or non-binding arbitration. The costs associated with the selected form of dispute resolution such as mediation or non-binding arbitration shall be shared equally among the participating parties. If the alternate form of dispute resolution does not resolve the issue(s), the parties reserve the right to seek remedies as provided by law or in equity. Venue for litigation shall be in Riverside County.

Any claims or causes of actions, whether they arise out of unresolved disputes as specified in this Section or claims by third parties that are made against the COUNTY, shall be submitted to the Office of the Clerk of the Board for the County of Riverside in a timely manner.

SECTION XV: DELIVERY OF NOTICES

Any notices to be served pursuant to this Agreement shall be considered delivered when deposited in the United States mail and addressed to:

COUNTY  
County Fire Chief  
210 W. San Jacinto Ave.  
Perris, CA 92570

CITY OF NORCO  
City Manager  
City of Norco  
2870 Clark Avenue  
Norco, CA 92860

Provisions of this section do not preclude any notices being delivered in person to the addresses shown above. Delivery in person shall constitute service hereunder, effective when such service is made.

///

///

SECTION XVI: ENTIRE CONTRACT

This Agreement contains the whole contract between the parties for the provision of Fire Services. It may be amended or modified upon the mutual written consent of the parties hereto. This Agreement does NOT supplement other specific agreements entered into by both parties for equipment or facilities, and excepting those equipment or facilities agreements, this Agreement cancels and supersedes any previous agreement for the same or similar services.

///

///

///

[Signature Provisions on following page]

IN WITNESS WHEREOF, the duly authorized officials of the parties hereto have, in their respective capacities, set their hands as of the date first hereinabove written.

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

CITY OF NORCO

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

Title: \_\_\_\_\_

ATTEST:

APPROVED AS TO FORM:

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

\_\_\_\_\_

Title: \_\_\_\_\_

(SEAL)

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

COUNTY OF RIVERSIDE

By: \_\_\_\_\_  
Chairman, Board of Supervisors

ATTEST:

APPROVED AS TO FORM:  
PAMELA J. WALLS,  
County Counsel

KECIA HARPER-IHEM  
Clerk of the Board

By: \_\_\_\_\_  
ERIC STOPHER  
Deputy County Counsel

By: \_\_\_\_\_  
Deputy

(SEAL)

EXHIBIT "A"  
 TO THE COOPERATIVE AGREEMENT  
 TO PROVIDE FIRE PROTECTION, FIRE PREVENTION, RESCUE  
 AND MEDICAL EMERGENCY SERVICES FOR THE CITY OF NORCO  
 PRELIMINARY ESTIMATE DATED MAY 29, 2013 FOR FY 13/14

	CAPTAIN'S		ENGINEER'S		FF II MEDICS		TOTALS
<b>STA #47</b>							
Medic Engine	339,558	2.0	290,419	2.0	283,482	2.0	913,460 6.0
<b>STA #57</b>							
Medic Engine	339,558	2.0	290,419	2.0	283,482	2.0	913,460 6.0
Fixed Relief	169,779	1.0	145,209	1.0	141,741	1.0	456,730 3.0
<b>SUBTOTALS</b>	<b>848,896</b>		<b>726,047</b>		<b>708,706</b>		<b>2,283,649</b>
<b>SUBTOTAL STAFF</b>	<b>5</b>		<b>5</b>		<b>5</b>		<b>15</b>
<b>BATTALION CHIEF</b>					234,458	each	234,458 1.0
<b>FIRE SAFETY SPECIALIST</b>					118,433	each	118,433 1.0
<b>SUBTOTAL</b>							<b>\$352,891 16</b>
<b>SUPPORT SERVICES</b>							
Administrative/Operational					14,600	per assigned Staff **	233,600 16.0
Volunteer Program					8,432	Per Entity Allocation	8,432 1.0
Medic Program						Medic FTE/Defib Basis	29,663 5.0
Fleet Support					35,380	per Fire Suppression Equip	70,760 2.0
ECC Support						Calls/Station Basis	66,364
Comm/IT Support						Calls/Station Basis	133,087
Hazmat Support							12,011
<b>SUPPORT SERVICES SUBTOTAL</b>							<b>553,917</b>
<b>FIRE ENGINE USE AGREEMENT</b>					23,200	each engine	46,400 2
<b>ESTIMATED DIRECT CHARGES</b>							17,247
<b>TOTAL STAFF COUNT</b>							<b>16</b>
<b>TOTAL ESTIMATED CITY BUDGET</b>							<b><u>\$3,254,104.24</u></b>

**SUPPORT SERVICES**

**Administrative & Operational Services**

Finance	Public Affairs	
Training	Procurement	**
Data Processing	Emergency Services	
Accounting	Fire Fighting Equip.	
Personnel	Office Supplies/Equip.	

	16.0 Assigned Staff
	0.00 Battalion Chief Support
	16.00 Total Assigned Staff
	2 Fire Stations
1,911	Number of Calls
5	Assigned Medic FTE
2	Monitors/Defibs
2	Hazmat Stations
4	Number of Hazmat Calls

Medic Program - Support staff, Training, Certification, Case Review & Reporting, Monitor/Defibrillator replacement cycle.

Fleet Support - Support staff, automotive costs, vehicle/engine maintenance, fuel costs

Emergency Command Center Support - Dispatch services costs

Communications / IT Support - Support staff, communications, radio maintenance, computer support functions

Hazmat Program - Support staff, operating costs, and vehicle replacement

**FY 13/14 POSITION SALARIES TOP STEP**

253,131	DEPUTY CHIEF	23,200	FIRE ENGINE
249,776	DIV CHIEF	14,600	SRVDEL
234,458	BAT CHIEF	8,432	VOL DEL
189,779	CAPT	5,571	MEDIC FTE
189,531	CAPT MEDIC	904	MEDIC MONITORS/DEFIBS REPLACEMENT
145,209	ENG	63,943	BATT DEL
163,570	ENG/MEDIC	11,559	ECC STATION
124,147	FF II	22.63	ECC CALLS
141,741	FF II/MEDIC	35,380	FLEET SUPPORT
127,015	FIRE SAFETY SUPERVISOR	23,183	COMM/IT STATION
118,433	FIRE SAFETY SPECIALIST	45.38	COMM/IT CALLS
101,475	FIRE SYSTEMS INSPECTOR	2,023	FACILITY STATION
56,023	OFFICE ASSISTANT III	567.53	FACILITY FTE
66,145	SECRETARY I	2,527	HAZMAT STATION
		1,298.84	HAZMAT CALLS
		1,761	HAZMAT VEHICLE REPLACEMENT

**FY 13/14 DIRECT BILL ACCOUNT CODES**

520230	Cellular Phone
520300	Pager Service
520320	Telephone Service
520800	Household Expense
520805	Appliances
	Cleaning and
520815	Custodial Supp
520830	Laundry Services
520840	Household Furnishings
520845	Traash
521380	Maint-Copier Machines
521440	Maint-Kitchen Equipment
	Maint-Office
521540	Equipment
521600	Maint-Service Contracts
521680	Maint-Telephone
521680	Maint-Underground Tanks
522310	Maint-Building and Improvement
522360	Maint-Extermination
522860	Medical-Dental Supplies
522870	Other Medical Care Materials
522890	Pharmaceuticals
523220	Licenses And Permits
523680	Office Equip Non Fixed Assets
526700	Rent-Lease Bldgs
526840	Locks/Keys
527280	Awards/Recognition
529500	Electricity
529510	Heating Fuel
529550	Water
537240	Interfnd Exp-Utilities
542060	Improvements-Building

**EXHIBIT "C"**

**TO THE COOPERATIVE AGREEMENT  
TO PROVIDE FIRE PROTECTION, FIRE PREVENTION, RESCUE  
AND MEDICAL AID FOR THE CITY OF NORCO  
DATED \_\_\_\_\_, 2013**

**PAYMENT FOR SERVICES  
ADDITIONAL SERVICES  
FIRE ENGINE USE AGREEMENT**

Station 47

Engine 47, RCO No. 11-815 \$ 23,200.00

Station 57

Engine 57, RCO No. 11-814 \$ 23,200.00

\$ 46,400.00

The Fire Engine Use Agreement is utilized in the event that a fire engine(s) which was initially purchased by the CITY, and then the CITY elects to have the COUNTY take responsibility of said fire engine(s). The Fire Engine Use Agreement guarantees the CITY the use of this fire engine(s), the COUNTY network of equipment, and resources of the COUNTY.

This fire engine(s) shall be used as an integrated unit for Fire Services as set forth in this Cooperative Agreement between the COUNTY and CITY, and shall be stationed primarily in the CITY. The change in ownership of the fire engine does not waive or supersede any responsibilities of the CITY pursuant to this agreement. This exhibit is strictly to further detail for the CITY, the responsibilities and costs associated within the Cooperative Agreement between the COUNTY and CITY; therefore, the Fire Engine Use Agreement is inseparable.

The CITY will have the option of transferring title of said fire engine(s) to the COUNTY. If the CITY transfers title of said fire engine(s) to the County, the County will take ownership of the said fire engine(s), and the County will maintain insurance on said fire engine(s). If the CITY opts to maintain ownership and title of said fire engine(s), the CITY will maintain insurance on said fire engine(s). Proof of Insurance is to be provided to the COUNTY.

The COUNTY will ensure a working fire engine(s) is available for the CITY at all times under this agreement. All capital improvements and/or betterments to the fire engine(s) listed above, will be the responsibility and paid for by the COUNTY under this Agreement.

When the Riverside County Fire Department Fleet personnel determine the fire engine(s) listed above is due for replacement, the COUNTY will purchase a new fire engine(s); and, survey the old fire engine(s).

The annual cost for this service is calculated at 1/20 of the replacement cost. The current replacement cost is \$464,000.00. If this Agreement is entered into mid-year, the annual cost will be prorated accordingly.

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Lori J. Askew, Director of Public Works 

DATE: July 17, 2013

SUBJECT: Acceptance of Street Dedication at 1964 Corona Avenue

RECOMMENDATION: That the City Council accepts the street dedication on the north side of Second Street, west of Corona Avenue.

**SUMMARY:** The property owner of 1964 is offering for dedication for street purposes, a variable width strip of frontage along Second Street.

**BACKGROUND/ANALYSIS:** In order for the Second Street Widening Project to be constructed, various parcels of property along Second Street needed to dedicate frontage to accommodate the widening of Second Street. To date, the parcel located at the northwest corner of Second Street and Corona Avenue does not have the dedication recorded.

In 2006, a grant deed was prepared and placed in escrow to be recorded. The recording never took place and the underlying owner sold the property. The subsequent buyer performed a lot line adjustment on the subject property and the adjoining property to the north with the intention of constructing residential homes on them. He was informed of and agreed to the need to make the dedication of property along Second Street as required of the prior owner. The homes have been constructed and the developer has since sold the properties. The new home owner of the property located at the northwest corner of Second Street and Corona Avenue has agreed to make the necessary dedication. All street improvements along Second Street have been completed.

**FINANCIAL IMPACT:** N/A.

lja

Attachments: Grant Deed

Recording requested by:

**CITY OF NORCO**

When recorded mail to:

*City Clerk  
City of Norco  
2870 Clark Avenue  
Norco, CA 92860*

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 125-150-034 (PORTION)

## GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged Randy N. Lester and Laura E. Lester, as Joint Tenants, does hereby grant in **FEE** to the CITY OF NORCO, a municipal corporation, the land in the City of Norco, County of Riverside, State of California described in Exhibit "A" (legal description) and as shown on Exhibit "B" (plat).

BY:

\_\_\_\_\_  
*Signature <must be notarized>*

\_\_\_\_\_  
name and title printed

\_\_\_\_\_  
*Signature <must be notarized>*

\_\_\_\_\_  
name and title printed

EXHIBIT "A"

LEGAL DESCRIPTION

**REAL PROPERTY IN THE CITY OF NORCO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:**

THAT PORTION OF PARCEL 3 OF PARCEL MAP 25027 IN THE CITY OF NORCO, AS PER MAP RECORDED IN BOOK 169 PAGES 56 AND 57 OF PARCEL MAPS, RECORDS OF SAID COUNTY, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT;**

THENCE NORTH 00° 01' 00" EAST ALONG THE WESTERLY BOUNDARY OF SAID LOT A DISTANCE OF 20.34 FEET;

THENCE NORTH 90° 00' 00" EAST A DISTANCE OF 48.62 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 338.00 FEET;

THENCE SOUTHEASTERLY ALONG SAID TANGENT CURVE AN ARC DISTANCE OF 117.85 FEET THROUGH A CENTRAL ANGLE OF 19° 58' 38" TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF SECOND STREET, A RADIAL THROUGH SAID POINT BEARS NORTH 19° 58' 38" EAST;

THENCE WEST A DISTANCE OF 164.10 FEET ALONG SAID NORTHERLY LINE TO THE POINT OF BEGINNING.

CONTAINS 0.059 ACRES (2,564.26 SQUARE FEET), MORE OR LESS.

PREPARED BY:



398 LEMON CREEK DRIVE, SUITE E  
WALNUT, CA 91789  
PHONE (909) 594-9702  
FAX (909) 594-2658  
WWW.RKAGROUP.COM

---

David G. Gilbertson, P.L.S. 6941

Expires 09/30/13

EXHIBIT "A"

LEGAL DESCRIPTION

**REAL PROPERTY IN THE CITY OF NORCO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:**

THAT PORTION OF PARCEL 3 OF PARCEL MAP 25027 IN THE CITY OF NORCO, AS PER MAP RECORDED IN BOOK 169 PAGES 56 AND 57 OF PARCEL MAPS, RECORDS OF SAID COUNTY, CALIFORNIA, MORE RECENTLY DESCRIBED AS PARCEL B OF THAT LOT LINE ADJUSTMENT RECORDED JULY 7, 2012 DOCUMENT NUMBER 2012-0339782, IN THE OFFICE OF THE RECORDER OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT;**

THENCE NORTH 00° 01' 00" EAST ALONG THE WESTERLY BOUNDARY OF SAID PARCEL B, A DISTANCE OF 20.34 FEET;

THENCE NORTH 90° 00' 00" EAST, A DISTANCE OF 48.62 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 338.00 FEET;

THENCE SOUTHEASTERLY ALONG SAID TANGENT CURVE AN ARC DISTANCE OF 117.85 FEET THROUGH A CENTRAL ANGLE OF 19° 58' 38" TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF SECOND STREET, A RADIAL THROUGH SAID POINT BEARS NORTH 19° 58' 38" EAST;

THENCE WEST A DISTANCE OF 164.10 FEET ALONG SAID NORTHERLY LINE TO THE POINT OF BEGINNING.

CONTAINS 0.059 ACRES (2,564.26 SQUARE FEET), MORE OR LESS.

PREPARED BY:



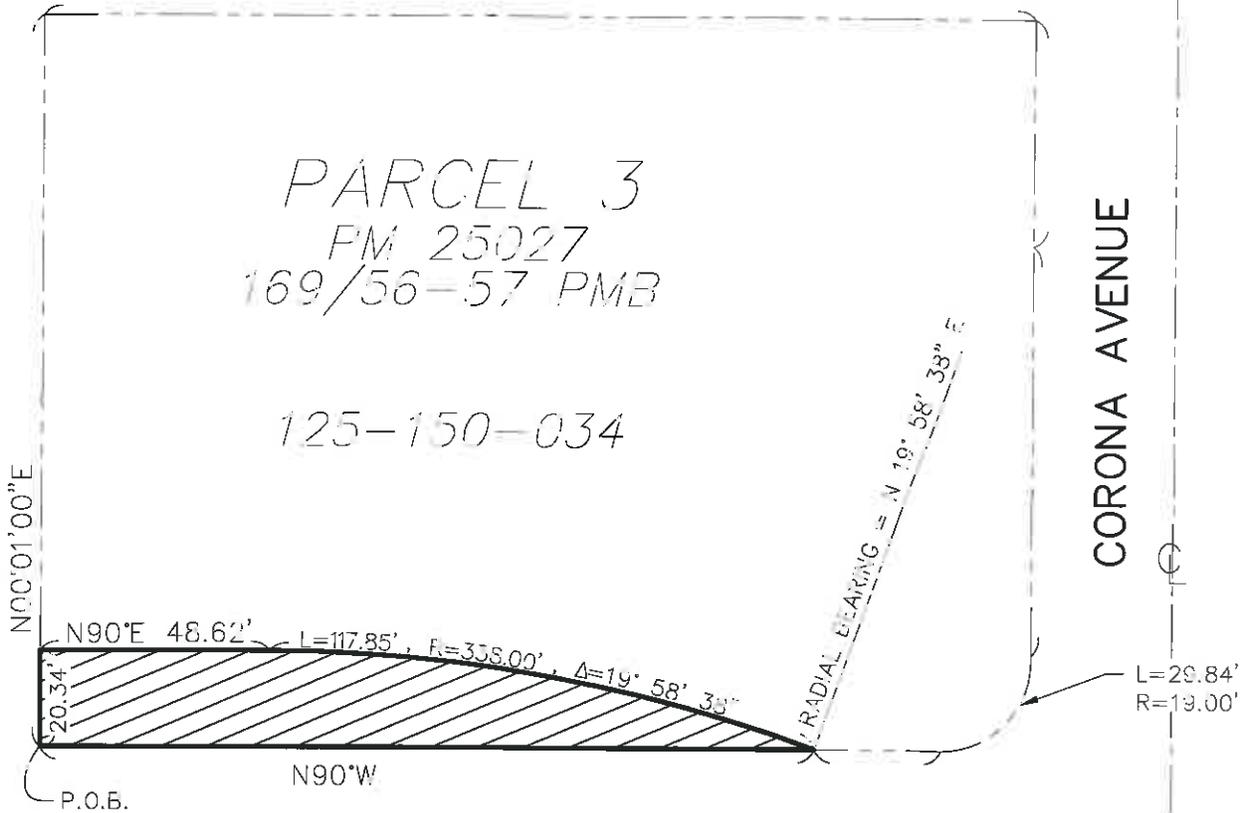
---

David G. Gilbertson, P.L.S. 6941

Expires 09/30/13

PARCEL 3  
 PM 25027  
 169/56-57 PMB

125-150-034



LEGEND

-  EXISTING PARCEL/LOT LINE
-  PROPOSED LOT
-  PROPOSED RIGHT-OF-WAY ACQUISITION FOR PUBLIC ROAD PURPOSES.  
 AREA OF PROPOSED RIGHT-OF-WAY IS APPROXIMATELY 2,564 S.F.



**RKA**  
 CONSULTING GROUP  
 398 S. LEMON CREEK DRIVE - SUITE E - WALNUT, CA - 91789  
 (909) 594-9702 - (626) 331-8323 - FAX (909) 594-2658  
 WWW.RKAGROUP.COM

EXHIBIT "B"  
 PLAT  
 SECOND STREET AND CORONA AVENUE

DATE: 7/9/13	SCALE: 1" = 40'	DRAWN BY: LASKEW	SHEET: EXH01
-----------------	--------------------	---------------------	-----------------

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Lori J. Askew, Director of Public Works 

DATE: July 17, 2013

SUBJECT: Quitclaim of Parcel G of Parcel Map 30469 to Norco Ridge Ranch, LLC (Suncal); Acceptance of Conservation Easement over a portion of Parcel G of Parcel Map 30469; and Acceptance of Dedication of Parcel G of Parcel Map 30469 and Parcel M of Parcel Map 30196 by Quitclaim Deed

RECOMMENDATION: Adopt **Resolution No. 2013-46**, quitclaiming Parcel G of Parcel Map 30469 to Norco Ridge Ranch, LLC (Suncal); accept the offer of dedication from Norco Ridge Ranch, LLC (SunCal) of a conservation easement placed over portions of Parcel G of Parcel Map 30469; accept the offer of dedication of Parcel G of Parcel Map 30469 and Parcel M of Parcel Map 30196, and authorize the City Clerk to record the Grant Deeds with the County Recorder's Office.

**SUMMARY:** Portions of Parcel G of Parcel Map 30469 were included in a conservation easement, which the City accepted, and requires the land to remain in a natural state. The remaining portions of Parcel G were being mitigated as a wetland. Subsequently, the entire parcel was dedicated to the City. The wetlands are now ready to have a conservation easement placed over them but due to the City owning the property, this is not possible. The process requires quitclaiming of the entire parcel back to the original owner, the City accepting the conservation easement and finally having the property quitclaimed back to the City.

**BACKGROUND/ANALYSIS:** On October 21, 2008, the City accepted a Conservation Easement place over various parcels in the Norco Ridge Ranch development, totaling several hundred acres. The Conservation Easement met a condition of the Norco Ridge Ranch Specific Plan requiring portions of the development to "remain in a natural state in permanent open space". Included in this Conservation Easement was part of Parcel G of Parcel Map 30469.

On November 5, 2008, City Council accepted various parcels located in Parcel Map 30196

Quit Claim of Parcel G of PM 30469; Acceptance of Conservation Easement; and  
Acceptance of Parcel G of PM 30469 and Parcel M of PM 30196

Page 2

July 17, 2013

and Parcel Map 30469. Included in this dedication was Parcel G of Parcel Map 30469, in its entirety.

The remaining portions of Parcel G of Parcel Map 30469 has been mitigated as wetlands , been observed by various Environmental Agencies and now requires a conservation easement placed over it to have the wetlands remain in a natural condition as required in the Specific Plan.

In order for the easement to be placed over a property, the grantor of the easement must own the property. This is not doable with the property having been granted to the City in a prior action. Therefore, it is required that the City quit claim the entire parcel back to Norco Ridge Ranch, LLC. Norco Ridge Ranch, LLC will then dedicate the Conservation Easement to the City of Norco and finally, the parcel will be quitclaimed back to the City.

In addition to Parcel G, Norco Ridge Ranch, LLC is offering to quitclaim to the City, Parcel M of Parcel Map 30196. This parcel contains a wetland in the south portion of Norco Ridge Ranch. A conservation easement has been placed over this parcel and was accepted by Council on May 1, 2013.

It is recommended that the City Council adopt Resolution 2013-46, quitclaiming Parcel G of Parcel Map 30469 back to Norco Ridge Ranch, LLC and authorize the Mayor to execute the quitclaim deed; accept the offer of dedication from Norco Ridge Ranch, LLC for a Conservation Easement over portions Parcel G of Parcel Map 30469; and accept the quitclaim deeds of Parcel G of Parcel Map 30469 and Parcel M of Parcel Map 30196.

FINANCIAL IMPACT: N/A

lja

Attachments: Resolution No. 2013-46  
Exhibit "A" – Quitclaim by City of Norco for Parcel G of Parcel Map 30469  
Exhibit "B" – Conservation Easement Deed  
Exhibit "C" – Quitclaim Deeds by Norco Ridge Ranch, LLC for Parcel G of  
Parcel Map 30469 and Parcel M of Parcel Map 30196

## **RESOLUTION NO. 2013-46**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA, QUITCLAIMING PARCEL G OF PARCEL MAP 30469 TO NORCO RIDGE RANCH, LLC**

WHEREAS, on October 21, 2008, the City of Norco accepted a Conservation Easement placed over various parcels in Norco Ridge Ranch as a condition of the Norco Ridge Ranch Specific Plan; and

WHEREAS, this Conservation Easement required the property to remain in a natural state in permanent open space; and

WHEREAS, portions of Parcel G of Parcel Map 30469 was covered by this Conservation Easement; and

WHEREAS, the remaining portion of Parcel G was being mitigated as wetland areas; and

WHEREAS, on November 5, 2008, the City of Norco accepted various parcels located in Parcel Map 30196 and Parcel Map 30469. Included in this dedication was the entire Parcel G of Parcel Map 30469; and

WHEREAS, the mitigated wetland area of Parcel G now requires coverage by a Conservation Easement; and

WHEREAS, the grantor of the Conservation Easement, that being Norco Ridge Ranch, LLC, must own the property the easement is placed over; and

WHEREAS, the City of Norco will quitclaim the entire Parcel G of Parcel Map 30469 to Norco Ridge Ranch, LLC; and

WHEREAS, the Conservation Easement will then be recorded over Parcel G of Parcel Map 30469; and

WHEREAS, Norco Ridge Ranch, LLC will quitclaim Parcel G of Parcel Map 30469 and Parcel M of Parcel Map 30196 to the City of Norco.

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

1. That the City of Norco desires to have a conservation easement recorded over Parcel G of Parcel Map 30469 but cannot hold title to the property prior to easement being recorded.

2. That it is the action of City Council to quitclaim said Parcel G of Parcel Map 30469 to Norco Ridge Ranch, LLC.
3. That from and after the date of this resolution is recorded, the City of Norco no longer holds rights to said quitclaimed Parcel G of Parcel Map 30469.
4. That after the acceptance by the City Council of the Conservation Easement placed over portions of Parcel G of Parcel Map 30469, Norco Ridge Ranch, LLC will quitclaim Parcel G of Parcel Map 30469 to the City of Norco.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on July 17, 2013.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

I, BRENDA K. JACOBS, 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 July 17, 2013 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 July 17, 2013.

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

lja

**RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:**

City of Norco  
2870 Clark Avenue  
Norco, California 92860

---

(Space Above Line for Recorder's Use)

**CONSERVATION EASEMENT DEED**

(North Basins A & B)

*THIS CONSERVATION EASEMENT* is made this \_\_\_\_\_ day of \_\_\_\_\_, 2013 by Norco Ridge Ranch, LLC, a Delaware limited liability company ("**Grantor**"), in favor of the City of Norco ("**Grantee**") with reference to the following facts:

**RECITALS**

A. Grantor is the developer of that certain real property in the City of Norco, County of Riverside, State of California, commonly referred to as Norco Ridge Ranch (the "**Project**").

B. Grantor is the sole owner in fee simple of those portions of the Project legally described on **Exhibit "A"** and depicted on **Exhibit "B"** attached hereto and incorporated by this reference (the "**Property**"), which consists of approximately 4.24 acres and is found on Assessor Parcel Numbers 123-511-010.

C. The Property provides, among other things, mitigation for certain impacts of the Project by Grantor pursuant to requirements of the United States Army Corps of Engineers' ("**ACOE**") Section 404 Permit No. SPL-2000-01621-RRS and any amendments thereto (the "**Section 404 Permit**"), and California Department of Fish and Wildlife ("**CDFW**") Section 1603 Streambed Alteration Agreement No. 6-2001-075 and any amendments thereto (the "**Section 1603 Agreement**"). All the foregoing shall hereafter be referred to as "**Agency Approvals**."

D. The Agency Approvals require Grantor to record a conservation easement on all mitigation sites, which includes the Property. This Conservation Easement Deed is intended and shall be deemed to satisfy that requirement as it pertains to the Property.

E. Consistent with the terms and conditions of this Conservation Easement, the Property is and will remain in a Natural Condition as defined herein and is intended to be preserved in its natural, scenic, open condition to maintain its ecological, historical, visual and educational values (collectively, "**Conservation Values**"). The Conservation Values are of importance to the Grantee, people of the County of Riverside, and the people of the State of California and United States.

F. It is currently Grantor's intent to deed fee title interest in all of the Property to the Grantee. Should Grantor transfer its interest in the Property prior to the time that the Compensatory Mitigation obligations (defined below) are fulfilled, the Grantee will assume the roles and responsibilities of Grantor under this Conservation Easement, except that Grantor, as the developer of the Project, will remain responsible for the Compensatory Mitigation obligations until they have been successfully implemented and completed per the success criteria set forth in the Mitigation Plan defined below, after which the Property will be the sole responsibility of its fee owner.

G. The Property contains a basin dominated by wetland and riparian habitats consisting of emergent marsh [spike rush (*Eleocharis macrostachya*), Mexican rush (*Juncus mexicanus*)]; southern riparian scrub [(arroyo willow (*Salix lasiolepis*), black willow (*S. gooddingii*), sandbar willow (*S. exigua*)]; and mulefat scrub [mulefat (*Baccharis salicifolia*)], willow saplings, wild rose (*Rosa californica*), as well as transitional riparian habitat containing mulefat, deergrass (*Muhlenbergia rigens*), mugwort (*Artemisia douglasiana*), willow herb (*Epilobium ciliatum*) and California wild rose (*Rosa californica*). The slopes are densely populated with deergrass.

H. Grantee is authorized to hold conservation easements pursuant to Civil Code Section 815.3. Specifically, Grantee is an entity identified in Civil Code Section 815.3 and otherwise authorized to acquire and hold title to real property.

I. The ACOE is the federal agency charged with regulatory authority over discharges of dredged and fill material in waters of the United States pursuant to Section 404 of the Clean Water Act, and is a third party beneficiary of this Conservation Easement Deed.

J. The CDFW has jurisdiction, pursuant to Fish and Game Code Section 1802, over the conservation, protection, and management of fish, wildlife, native plants and the habitat necessary for biologically sustainable populations of those species, and is a third party beneficiary of this Conservation Easement Deed.

## **COVENANTS, TERMS, CONDITIONS AND RESTRICTIONS**

In consideration of the above recitals and the mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to the laws of the United States and State of California, including Civil Code Section 815, *et seq.*, Grantor hereby voluntarily grants and conveys to Grantee a conservation easement in perpetuity over the Property of the nature and character and to the extent hereinafter set forth ("**Conservation Easement**"). This Conservation Easement shall run with the land and be binding on Grantor's heirs, successors, administrators, assigns, lessees, and other occupiers or users of the Property or any portion of it.

### 1. Purpose.

(a) The purpose of this Conservation Easement is to ensure the Property will be preserved in a Natural Condition, as defined herein, in perpetuity and to prevent any use of the Property that will impair or interfere with the Conservation Values of the Property (the "**Purpose**"). Grantor intends that this Conservation Easement will confine the use of the

Property to such activities that are consistent with this Purpose, including without limitation, those involving the preservation, restoration, and enhancement of native species and their habitats.

(b) The term “**Natural Condition**,” as referenced in the preceding paragraph and other portions of this Conservation Easement, shall mean the condition of the Property, as it exists at the time this Conservation Easement is executed, as well as future enhancements or changes to the Property that occur directly as a result of the following activities:

(1) Compensatory mitigation measures, including implementation, maintenance, and monitoring activities (collectively, “**Compensatory Mitigation**”) required by the Agency Approvals and as described in the Conceptual Mitigation Plan for the Norco Ridge Ranch Residential Development Project dated February 2001, and revised in July 2001 (“**Mitigation Plan**”), a copy of which is attached as **Exhibit “C;**”

(2) In-perpetuity maintenance and management (“**Long-Term Maintenance**”) that occurs on the Property as described in Section 16 herein; or

(3) Activities described in Section 4 and Section 6 herein.

(c) Grantor represents and warrants that the only structures or improvements existing on the Property at the time this grant is executed consist of an earthen basin with compacted native soils at the bottom for water retention/ponding, storm drains, outlet, inlet and energy dissipators, and an access road. Grantor further represents and warrants that there are no other previously granted easements existing on the Property that interfere or conflict with the Purpose of this Conservation Easement as evidenced by the Title Report attached at **Exhibit “D.”** The current Natural Condition is evidenced in part by the depiction of the Property attached on **Exhibit “E,”** showing all relevant and plottable property lines, improvements, structures, boundaries and major, distinct natural features such as waters of the United States. Grantor has delivered further evidence of the current Natural Condition to Grantee, ACOE, and CDFW consisting of (1) a color aerial photograph of the Property at an appropriate scale taken as close in time as possible to the date this Conservation Easement is executed; (2) an overlay of the Property boundaries on such aerial photograph; and (3) on-site color photographs showing all man-made improvements or structures (if any) and the major, distinct natural features of the Property.

(d) If a controversy arises with respect to the current Natural Condition of the Property, Grantor, Grantee, ACOE, CDFW, or any designees or agents of Grantor, Grantee, ACOE, and CDFW shall not be foreclosed from utilizing any and all other relevant documents, surveys, photographs or other evidence or information to assist in the resolution of the controversy.

(e) The term “**Biological Monitor**” shall mean an independent third-party consultant or employee of Grantee possessing familiarity with biological resources in the Riverside County area and at least a B.A. or B.S. level of education in the field of biology or a related field. Qualifications of the Biological Monitor must be submitted to ACOE and the CDFW for review and approval.

2. Grantee's Rights. To accomplish the Purpose of this Conservation Easement, Grantor, its successor and assign hereby grants and conveys the following rights to Grantee. These rights are also granted to the ACOE, CDFW, or their designees as third party beneficiaries of this Conservation Easement:

- (a) To preserve and protect the Conservation Values of the Property; and
- (b) To enter upon the Property at reasonable times in order to monitor compliance with and to otherwise enforce the terms of this Conservation Easement; and
- (c) To prevent any activity on or use of the Property that is inconsistent with the Purpose of this Conservation Easement and to require the restoration of such areas or features of the Property that may be damaged by any act, failure to act, or any use that is inconsistent with the Purpose of this Conservation Easement; and
- (d) To require that all mineral, air, and water rights as Grantee deems necessary to preserve, protect and sustain the biological resources and Conservation Values of the Property shall remain a part of and be put to beneficial use upon the Property, consistent with the Purpose of the Conservation Easement. Grantor shall not transfer, encumber, sell, lease, or otherwise separate the mineral, air or water rights for the Property, or change the place or purpose or use of the water rights, without first obtaining the written consent of Grantee, which Grantee may withhold. Grantor shall not abandon or allow the abandonment of, by action or inaction, any of Grantor's right, title or interest in and to any water or water rights, ditch or ditch rights, spring rights, reservoir or storage rights, wells, ground water rights, or other rights in and to the use of water historically used on or otherwise appurtenant to the Property including without limitation: (i) riparian water rights; (ii) appropriative water rights; (iii) rights to waters which are secured under contract with any irrigation or water district, to the extent such waters are customarily applied to the Property; or (iv) any water from wells that are in existence or may be constructed in the future on the Property; and
- (e) All present and future development rights allocated, implied, reserved or inherent in the Property; such rights are hereby terminated and extinguished, and may not be used on or transferred to any portion of the Property, nor any other property adjacent or otherwise; and
- (f) The right to enforce by any means, including, without limitation, injunctive relief, the terms and conditions of this Conservation Easement.

3. Prohibited Uses. Any activity on or use of the Property inconsistent with the Purpose of this Conservation Easement and not reserved as a right of Grantor is prohibited. Without limiting the generality of the foregoing, the following uses by Grantor, Grantee, and their respective guests, agents, assigns, employees, representatives, successors, and third parties are expressly prohibited on the Property except as otherwise provided herein or unless specifically provided for in the Agency Approvals, the Mitigation Plan, and any easements and reservations of rights recorded in the chain of title to the Property at the time of this conveyance (as set forth on Exhibits D hereto):

- (a) Unseasonable or supplemental watering except for habitat enhancement activities

described in Section 6(b) or the Mitigation Plan;

(b) Use of herbicides, pesticides, biocides, fertilizers, or other agricultural chemicals or weed abatement activities, except weed abatement activities necessary to control or remove invasive, exotic plant species as allowed in Section 6(e);

(c) Incompatible fire protection activities except fire prevention activities set forth in Section 6;

(d) Use of off-road vehicles and use of any other motorized vehicles except in the execution of management duties;

(e) Grazing or other agricultural activity of any kind;

(f) Recreational activities including, but not limited to, horseback riding, biking, hunting or fishing;

(g) Residential, commercial, retail, institutional, or industrial uses;

(h) Any legal or *de facto* division, subdivision or partitioning of the Property;

(i) Construction, reconstruction or placement of any building, road, wireless communication cell towers, or other improvement, except as provided for in Section 6, or any billboard or sign except those signs specifically allowed under Section 4(d);

(j) Dumping soil, trash, ashes, refuse, waste, bio-solids, garbage or any other material;

(k) Planting, gardening, or introduction or dispersal of non-native plant or animal species;

(l) Filling, dumping, excavating, draining, dredging, mining, drilling, removing or exploring for or extraction of minerals, loam, gravel, soil, rock, sand or other material on or below the surface of the Property;

(m) Altering the general topography of the Property, including but not limited to building of roads and flood control work; except as permitted by the Agency Approvals, or as necessary to implement the Mitigation Plan, or any right reserved in Section 6, or Section 16;

(n) Removing, destroying, or cutting of trees, shrubs or other vegetation, except for (1) emergency fire breaks as required by fire safety officials as set forth in Section 6(e), (2) prevention or treatment of disease, (3) control of invasive species which threaten the integrity of the habitat, (4) completing the Mitigation Plan, or (5) activities described in Section 4, Section 6, or Section 16;

(o) Manipulating, impounding or altering any natural watercourse, body of water or water circulation on the Property, and activities or uses detrimental to water quality, including but not limited to degradation or pollution of any surface or sub-surface waters;

(p) Creating, enhancing, and maintaining fuel modification zones (defined as a strip of mowed land or the planting of vegetation possessing low combustibility for purposes of fire suppression) or other activities that could constitute fuel modification zones;

(q) Without the prior written consent of Grantee, which Grantee may withhold, transferring, encumbering, selling, leasing, or otherwise separating the mineral rights or water rights for the Property; changing the place or purpose of use of the water rights; abandoning or allowing the abandonment of, by action or inaction, any water or water rights, ditch or ditch rights, spring rights, reservoir or storage rights, wells, ground water rights, or other rights in and to the use of water historically used on or otherwise appurtenant to the Property; and

(r) Creation of any encumbrance superior to this Conservation Easement, other than those encumbrances set forth in **Exhibit "D"** hereto, or the recording of any involuntary lien (which is not released within thirty calendar days), or the granting of any lease, license or similar possessory interest in the Property which will affect the Conservation Values of the Property.

4. Grantor's Duties. To accomplish the Purpose of this Conservation Easement as described in Section 1, Grantor shall undertake construction, maintenance and monitoring of mitigated areas pursuant to the Mitigation Plan until issuance of final approval from the ACOE and CDFW confirming that Grantor has successfully completed construction, maintenance and monitoring of mitigated areas pursuant to the Mitigation Plan ("**ACOE/CDFW Final Approval**"). This duty is non-transferable. Grantor, its successors and assigns shall:

(a) Undertake all reasonable actions to prevent the unlawful entry and trespass by persons whose activities may degrade or harm the Conservation Values of the Property. In addition, Grantor shall undertake all necessary actions to perfect Grantee's rights under Section 2 of this Conservation Easement;

(b) Cooperate with Grantee in the protection of the Conservation Values;

(c) Pursuant to Section 16(d), below, repair and restore damage to the Property directly caused by Grantor, Grantor's guests, representatives, employees or agents, and third parties within Grantor's control; provided, however, Grantor, its successors or assigns shall not engage in any repair or restoration work in the Property without first consulting with the Grantee, ACOE, and CDFW;

(d) Within 90 days of recordation of this Conservation Easement, erect signs and other notification features saying "Natural Area Open Space," "Protected Natural Area," or similar descriptions. Prior to erection of such signage, Grantor shall submit detailed plans showing the location and language of such signs to the ACOE and CDFW for review and approval. The erection and maintenance of informative signage shall not be in direct or potential conflict with the preservation of the Natural Condition of the Property or the Purpose of this Conservation Easement and shall be performed in compliance with all applicable statutes, regulations, and permitting requirements; and

(e) Obtain any applicable governmental permits and approvals for any activity or use permitted by this Conservation Easement, and any activity or use shall be undertaken in

accordance with all applicable federal, state, local and administrative agency statutes, ordinances, rules, regulations, orders or requirements.

5. Grantee's Duties. To accomplish the Purpose of this Conservation Easement as described in Section 1, Grantee, its successors and assigns shall:

(a) Perform at least quarterly compliance inspections of the Property, prepare an annual inspection report that documents the quarterly inspection results, and shall make reports available to the ACOE and CDFW upon request;

(b) Upon receipt of ACOE/CDFW Final Approval, perform the Long-Term Maintenance of the Property as described in Section 16;

(c) Pursuant to the requirements of Section 16(e), below, repair and restore damage to the Property directly or indirectly caused by Grantee, Grantee's guests, representatives, employees or agents, and third parties within Grantee's control provided, however, Grantee, its successors or assigns shall not engage in any repair or restoration work on the Property without first consulting with Grantor, ACOE, and CDFW; and

(d) Manage an assessment fund composed of assessments from the property owners in Landscape Maintenance Assessment District #4. The proceeds therefrom shall be held in trust by the Grantee, and the principal dispersed therefrom to provide sufficient funds for the Long-Term Maintenance of the Property as described in Section 16.

6. Reserved Rights. Grantor reserves to itself, and to its personal representatives, heirs, successors, and assigns, all rights accruing from its ownership of the Property, including the right to engage in or to permit or invite others to engage in all uses of the Property that are not prohibited or limited by, and are consistent with, the Purpose of this Conservation Easement, including the following uses:

(a) Access. Reasonable access through the Property to adjacent land over existing roads, or to perform obligations or other activities permitted by this Conservation Easement or that are required under the Agency Approvals. In the event Grantor conveys its interest in the Property prior to completion of the Compensatory Mitigation obligations, Grantor expressly reserves the right to enter the Property to perform such work thereon as is required to meet the Compensatory Mitigation obligations.

(b) Habitat Enhancement Activities. Creation and enhancement of native plant communities, including the right to plant trees and shrubs of the same type as currently existing on the Property, so long as such activities do not harm the habitat types identified in the Agency Approvals or Mitigation Plan. For purposes of preventing erosion and reestablishing native vegetation, the Grantor shall have the right to revegetate areas that may be damaged by the permitted activities under this Section 6, naturally occurring events or by the acts of persons wrongfully damaging the Natural Condition of the Property. Prior to any habitat enhancement activities, Grantor shall have its Biological Monitor submit detailed plans to the ACOE and CDFW for review and written approval. Habitat enhancement activities shall not be in direct or potential conflict with the preservation of the Natural Condition of the Property or the Purpose of

this Conservation Easement and shall be performed in compliance with all applicable statutes, regulations, and permitting requirements.

(c) Vegetation, Debris, and Exotic Species Removal. Removal or trimming of vegetation downed or damaged due to natural disaster, removal of man-made debris, removal of parasitic vegetation (as it relates to the health of the host plant) and removal of non-native or exotic plant or animal species. Vegetation, debris, and exotic plant species removal shall not be in direct or potential conflict with the preservation of the Natural Condition of the Property or the Purpose of this Conservation Easement and shall be performed in compliance with all applicable laws, regulations, and permitting requirements.

(d) No Interference with Development of Adjoining Property. Notwithstanding anything set forth herein to the contrary, nothing in this Conservation Easement is intended nor shall be applied to in any way limit Grantor or any of Grantor's successors and assigns from (1) constructing, placing, installing, and/or erecting any improvements upon the portions of the Project not constituting the Property and/or (2) developing adjoining property for any purposes, except as limited by any local, state or federal permit requirements for such development and provided that for all of the above clauses (1) and (2) neither such activity nor any effect resulting from such activity amounts to a use of the Property, or has an impact upon the Property, that is prohibited by Section 3 above.

(e) Fire Protection. The right, in an emergency situation only, to maintain firebreaks (defined as a strip of plowed or cleared land made to check the spread of a fire), trim or remove brush, otherwise perform preventative measures required by the fire department to protect structures and other improvements from encroaching fire. All other brush management activities shall be limited to areas outside the Property.

## 7. Enforcement.

(a) Right to Enforce. Grantor, its successors and assigns, grant to the ACOE, CDFW, the U.S. Department of Justice, and the State Attorney General a discretionary right to enforce this Conservation Easement in a judicial or administrative action against any person(s) or other entity(ies) violating or attempting to violate this Conservation Easement; provided, however, that no violation of this Conservation Easement shall result in a forfeiture or reversion of title. The ACOE, CDFW, U.S. Department of Justice, and the State Attorney General shall have the same rights, remedies and limitations as Grantee under this Section 7. The rights under this Section are in addition to, and do not limit rights conferred in Section 2 above, the rights of enforcement against Grantor and their successors or assigns under the Agency Approvals, or any rights of the various documents created thereunder or referred to therein. The term "Party" means Grantor or Grantee, as the case may be. Grantor, Grantee, and any third party beneficiaries, when implementing any remedies under this Conservation Easement, shall provide timely written notice to each other of any actions taken under this section, including, but not limited to copies of all notices of violation and related correspondence.

(b) Notice of Violation. In the event that either Party or its employees, agents, contractors or invitees is in violation of the terms of this Conservation Easement or that a violation is threatened, the non-violating Party and/or third party beneficiaries may demand the

cure of such violation. In such a case, the non-violating Party and/or third party beneficiaries shall issue a written notice to the violating Party (hereinafter "**Notice of Violation**") informing the violating Party of the actual or threatened violations and demanding cure of such violations. The Notice of Violation shall be sent to the other Party and third party beneficiaries listed under Section 14 of this Conservation Easement.

(c) Time to Cure. The violating Party shall cure the noticed violation within thirty (30) days of receipt of said written Notice of Violation. If said cure reasonably requires more than thirty (30) days, the violating Party shall, within the thirty (30) day period, submit to the non-violating Party and/or third party beneficiaries, as the case may be, for review and approval a plan and time schedule to diligently complete a cure. The violating Party shall complete such cure in accordance with the approved plan. If the violating Party disputes the notice of violation, it shall issue a written notice of such dispute (hereinafter "**Notice of Dispute**") to the appropriate Party and/or third party beneficiary within thirty (30) days of receipt of written Notice of Violation.

(d) Failure to Cure. If the violating Party fails to cure the violation within the time period(s) described in Section 7(c), above, or Section 7(e)(2), below, the non-violating Party and/or third party beneficiaries may bring an action at law or in equity in a court of competent jurisdiction to enforce compliance by the violating Party with the terms of this Conservation Easement. In such action, the non-violating Party and/or third party beneficiaries may:

(1) Recover any damages to which they may be entitled for violation by the violating Party of the terms of this Conservation Easement or for any injury to the Conservation Values of the Property. The non-violating Party shall first apply any damages recovered to the cost of undertaking any corrective action on the Property. Prior to implementation of any remedial or restorative actions pursuant to this paragraph, ACOE and CDFW shall be consulted.

(2) Enjoin the violation by temporary or permanent injunction without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies.

(3) Obtain other equitable relief, including, but not limited to, the restoration of the Property to the condition in which it existed prior to any such violation or injury.

(e) Notice of Dispute.

(1) If the violating Party provides the non-violating Party and/or third party beneficiaries with a Notice of Dispute, as provided herein, the non-violating Party and/or third party beneficiaries shall meet and confer with the violating Party at a mutually agreeable place and time, not to exceed thirty (30) days from the date that the non-violating Party and/or third party beneficiaries receive the Notice of Dispute. The non-violating Party and/or third party beneficiaries shall consider all relevant information concerning the disputed violation provided by the violating Party and shall determine whether a violation has in fact occurred and, if so, whether the Notice of Violation and demand for cure issued by the non-violating Party and/or third party beneficiaries is appropriate in light of the violation.

(2) If, after reviewing the violating Party's Notice of Dispute, conferring with the violating Party, and considering all relevant information related to the violation, the non-violating Party and/or third party beneficiaries determine that a violation has occurred, the non-violating Party and/or third party beneficiaries shall give the violating party notice of such determination in writing. Upon receipt of such determination, the violating Party shall have fifteen (15) days to cure the violation. If said cure reasonably requires more than fifteen (15) days, the violating Party shall, within the fifteen (15) day period, submit to the non-violating Party and/or third party beneficiaries for review and approval a plan and time schedule to diligently complete a cure. The violating Party shall complete such cure in accordance with the approved plan.

(f) Conflicting Notices of Violation.

(1) If any Party receives a Notice of Violation that is in material conflict with one or more prior written Notices of Violation that have not yet been cured by the Party (hereinafter "**Active Notice(s) of Violation**") such that the conflict makes it impossible for the Party to carry out the cure consistent with all prior Active Notices of Violation, the Party shall give written notice (hereinafter "**Notice of Conflict**") to the non-violating Party and/or third party beneficiaries issuing the later, conflicting Notice(s) of Violation. The Party shall issue said Notice of Conflict to the appropriate non-violating Party and/or third party beneficiaries within fifteen (15) days of the receipt of each such conflicting Notice of Violation. A valid Notice of Conflict shall describe the conflict with specificity, including a description of how the conflict makes compliance with all Active Notices of Violation impossible.

(2) Upon issuing a valid Notice of Conflict to the appropriate non-violating Party and/or third party beneficiaries, as described above, the violating Party shall not be required to carry out the cure described in the conflicting Notice or Notices of Violation until such time as the non-violating Party responsible for said conflicting Notice(s) of Violation issue(s) a revised Notice of Violation that is consistent with prior Active Notices of Violation. Upon receipt of a revised, consistent Notice of Violation, the violating Party shall carry out the cure recommended in such notice within the time period(s) described in Section 7(c) above. Notwithstanding Section 7(g), failure to cure within said time period(s) shall entitle the non-violating Party to the remedies described in Section 7(d) and Section 7(h).

(3) The failure of the violating Party to issue a valid Notice of Conflict within fifteen (15) days of receipt of a conflicting Notice of Violation shall result in a waiver of the violating Party's ability to claim a conflict.

(g) Immediate Action. In the event that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values of the Property, the Party and/or third party beneficiary seeking enforcement pursuant to Section 7(b) above may immediately pursue all available remedies, including injunctive relief, available pursuant to both this Conservation Easement and state and federal law after giving the violating Party at least twenty four (24) hours' written notice before pursuing such remedies. So long as such twenty-four (24) hours' notice is given, the non-violating Party may immediately pursue all available remedies without waiting for the expiration of the time periods provided for cure or Notice of Dispute as described in Section 7(c). The written notice pursuant to this paragraph may be transmitted to the violating Party by facsimile and shall be copied to the other Party and/or third

party beneficiaries listed in Section 14 of this Conservation Easement. The rights of the non-violating Party and/or third party beneficiaries under this paragraph apply equally to actual or threatened violations of the terms of this Conservation Easement. The violating Party agrees that the remedies at law for any violation of the terms of this Conservation Easement are inadequate and that the non-violating Party and third party beneficiaries shall be entitled to the injunctive relief described in this section, both prohibitive and mandatory, in addition to such other relief to which they may be entitled, including specific performance of the terms of this Conservation Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. The remedies described in this Section 7(g) shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity, including but not limited to, the remedies set forth in Civil Code Section 815, *et seq.*, inclusive.

(h) Costs of Enforcement. Any costs incurred by a third party beneficiary or a Party in enforcing the terms of this Conservation Easement against a violating Party, including, but not limited to, costs of suit and attorneys' fees, and any costs of restoration necessitated by a Party's violation or negligence under the terms of this Conservation Easement shall be borne by the violating Party.

(i) Enforcement Discretion. Enforcement of the terms of this Conservation Easement by a Party and/or third party beneficiary shall be at the discretion of the Party and/or third party beneficiary, and any forbearance by such Party and/or third party beneficiary to exercise its rights under this Conservation Easement in the event of any breach of any term of the Conservation Easement by a Party or any subsequent transferee shall not be deemed or construed to be a waiver by the non-violating Party and third party beneficiary of such terms or of any subsequent breach of the same or any other term of this Conservation Easement or of any of the rights of the non-violating Party and third party beneficiary under this Conservation Easement. No delay or omission by the non-violating Party and/or third party beneficiaries in the exercise of any right or remedy upon any breach by the violating Party shall impair such right or remedy or be construed as a waiver. Further, nothing in this Conservation Easement creates a non-discretionary duty upon the non-violating Party and/or third party beneficiaries to enforce its provisions, nor shall deviation from these terms and procedures, or failure to enforce its provisions give rise to a private right of action against the non-violating Party and/or third party beneficiaries by any third parties.

(j) Acts Beyond Grantor's Control. Nothing contained in this Conservation Easement shall be construed to entitle Grantee to bring any action against Grantor for any injury to or change in the Property resulting from:

(1) Any natural cause beyond Grantor's control, including without limitation, fire not caused by Grantor, flood, storm, and earth movement;

(2) Any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to persons and/or the Property resulting from such causes;

(3) Acts by Grantee, ACOE, CDFW, or their employees, directors, officers, agents, contractors, or representatives; or

(4) Acts of third parties (including any governmental agencies) that are beyond Grantor's control.

Notwithstanding the foregoing, Grantor must obtain any applicable governmental permits and approvals for any emergency activity or use permitted by this Conservation Easement, and undertake any activity or use in accordance with all applicable federal, state, local and administrative agency statutes, ordinances, rules, regulations, orders or requirements.

(k) Acts Beyond Grantee's Control. Nothing contained in this Conservation Easement shall be construed to entitle Grantor to bring any action against Grantee for any injury to or change in the Property resulting from:

(1) Any natural cause beyond Grantee's control, including without limitation, fire not caused by Grantee, flood, storm, and earth movement;

(2) Any prudent action taken by Grantee under emergency conditions to prevent, abate, or mitigate significant injury to persons and/or the Property resulting from such causes;

(3) Acts by Grantor, ACOE, CDFW or their employees, directors, officers, agents, contractors, or representatives; or

(4) Acts of third parties (including any governmental agencies) that are beyond Grantee's control.

Notwithstanding the foregoing, Grantee must obtain any applicable governmental permits and approvals for any emergency activity or use permitted by this Conservation Easement, and undertake any activity or use in accordance with all applicable federal, state, local and administrative agency statutes, ordinances, rules, regulations, orders or requirements.

8. Access. This Conservation Easement does not convey a general right of access to the public or a general right of access to the Property. In accordance with Section 4(d), Grantor shall install signage at all likely points of entry informing persons of the nature and restrictions on the Property. This Conservation Easement will allow for access to the Property by the ACOE and CDFW and third-party easement holders of record at the time of this conveyance at locations designated in easements and reservations of rights recorded in the chain of title to the Property at the time of this conveyance.

9. Costs and Liabilities.

(a) Grantor, its successors and assigns retain all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance (except Long-Term Maintenance pursuant to Section 16) of the Property. Grantor agrees Grantee ACOE, and CDFW shall not have any duty or responsibility for the operation, upkeep, or maintenance (except Long-Term Maintenance pursuant to Section 16) of the Property, the monitoring of hazardous conditions thereon, or the protection of Grantor, the public or any third parties from risks relating to conditions on the Property. Grantor, its successor or assign remains solely responsible for obtaining any applicable governmental permits and approvals for any

activity or use permitted by this Conservation Easement, and any activity or use shall be undertaken in accordance with all applicable federal, state, local and administrative agency statutes, ordinances, rules, regulations, orders and requirements.

(b) Hold Harmless.

(1) Grantor, its successors and assigns shall hold harmless, indemnify, and defend Grantee and its directors, officers, employees, agents, contractors, and representatives (collectively "**Indemnified Parties**") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, or judgment, including without limitation, reasonable attorneys' fees, arising from or in any way connected with: injury to or the death of any person, or physical damages to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, unless due to the negligence of any of the Indemnified Parties.

(2) Grantor shall hold harmless, protect and indemnify ACOE and its respective directors, officers, employees, agents, contractors, and representatives and the heirs, personal representatives, successors and assigns of each of them (each a "**ACOE Indemnified Party**" and collectively, "**ACOE Indemnified Parties**") from and against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation reasonable attorneys' fees and experts' fees), causes of action, claims, demands, orders, liens or judgments (each a "**Claim**" and, collectively, "**Claims**"), arising from or in any way connected with: (i) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause unless due to the negligence or willful misconduct of any of the ACOE Indemnified Parties and (ii) the obligations specified in Sections 4, 5, 9(a), 10 and 19(k).

(3) Grantor shall hold harmless, protect and indemnify CDFW and its respective directors, officers, employees, agents, contractors, and representatives and the heirs, personal representatives, successors and assigns of each of them (each a "**CDFW Indemnified Party**" and collectively, "**CDFW Indemnified Parties**") from and against any and all Claims, arising from or in any way connected with: (i) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause; (ii) the obligations specified in Sections 4(a), 9(a), and 10; and (iii) the existence or administration of this Conservation Easement; *provided, however*, that the indemnification in this Section 9(b)(3) shall be inapplicable to a CDFW Indemnified Party with respect to any Claim due solely to the negligence of a CDFW Indemnified Party or any of its employees. If any action or proceeding is brought against any of the CDFW Indemnified Parties by reason of any such Claim, Grantor shall, at the election of and upon written notice from CDFW, defend such action or proceeding by counsel reasonably acceptable to the CDFW Indemnified Party or reimburse CDFW for all charges incurred for services of the California Attorney General in defending the action or proceeding.

10. Taxes, No Liens. Grantor, its successors and assigns shall pay before delinquency all taxes, assessments, fees, and charges of whatever description levied on or assessed against the Property by competent authority, including any taxes imposed upon, or incurred as a result of, this Conservation Easement, and shall furnish Grantee, ACOE and CDFW with satisfactory evidence of payment upon request. Grantor, its successors and assigns shall keep the Property

free from any liens.

11. Condemnation. The Purpose of the Conservation Easement is presumed to be the best and most necessary public use as defined in Civil Procedure Code Section 1240.680 notwithstanding of Civil Procedure Code Sections 1240.690 and 1240.700. Nevertheless, if the Property is taken, in whole or in part, by exercise of the power of eminent domain, Grantor and Grantee shall be entitled to compensation in accordance with applicable law.

12. Subsequent Transfers.

(a) By Grantee.

(1) This Conservation Easement is transferable by Grantee, but Grantee may assign its rights and delegate obligations under this Conservation Easement only to an entity or organization authorized to acquire and hold conservation easements pursuant to Civil Code Section 815.3 and Government Code Section 65965 (or any successor provision(s) then applicable) provided that ACOE and CDFW are satisfied there is adequate financial security to assure the performance of Grantee's obligations, in particular Long-Term Maintenance, under this Conservation Easement and only with the prior written approval of Grantor, ACOE, and CDFW; and

(2) Grantee shall record the assignment in the County of Riverside.

(b) By Grantor.

(1) The covenants, conditions, and restrictions contained in this Conservation Easement are intended to and shall run with the land and bind all future owners of any interest in the Property. Grantor, its successor or assign agrees to (i) incorporate by reference to the title of and the recording information for this Conservation Easement in any deed or other legal instrument by which each divests itself of any interest in all or a portion of the Property, including, without limitation, a leasehold interest and (ii) give actual notice to any such transferee or lessee of the existence of this Conservation Easement. Grantor, its successor and assign agrees to give written notice to Grantee, ACOE, and CDFW of the intent to transfer any interest at least sixty (60) days prior to the date of such transfer. Grantee, ACOE, and CDFW shall have the right to prevent subsequent transfers in which prospective subsequent claimants or transferees are not given notice of the covenants, terms, conditions, and restrictions of this Conservation Easement. The failure of Grantor, its successor or assign to perform any act provided in this Section 12 shall not impair the validity of this Conservation Easement or limit its enforceability in any way.

(2) Grantor may elect to convey the Property to Grantee in fee title, subject to Grantee's approval, or another land conservation management organization. If a qualified entity other than the Grantee accepts fee title to the Property, the Grantee shall maintain its role as the Grantee under this Conservation Easement. If the Grantee accepts fee title to the Property, the Grantee shall first assign this Conservation Easement to a willing third party pursuant to the terms of Section 12(a) of this Conservation Easement.

(3) From and after the date of any transfer of all or any portion of the

Property by Grantor and each transfer thereafter, (i) the transferee shall be deemed to have assumed all of the obligations of Grantor as to the portion transferred, as set forth in this Conservation Easement, (ii) the transferee shall be deemed to have accepted the restrictions contained herein as to the portion transferred, (iii) the transferor, as applicable, shall have no further obligations hereunder except for any obligations pursuant to Section 4 and Section 20(g), and (iv) all references to Grantor in this Conservation Easement shall thereafter be deemed to refer to such transferee.

13. Additional Interests. Grantor, its successors and assigns shall not grant additional easements or other interests in the surface or subsurface of the Property (other than a security interest that is subordinate to this Conservation Easement) without the prior written authorization of Grantee, ACOE, and CDFW. It shall be reasonable for Grantee, CDFW and ACOE to withhold consent for the grant of additional easements or other interest in the Property that are in direct or potential conflict with the Agency Approvals and the preservation of the Purpose and the Natural Condition of the Property as defined in Section 1 of this Conservation Easement or will impair or otherwise interfere with the Conservation Values of the Property. Grantor or its successors and assigns shall record any additional easements or other interests in the Property approved by Grantee, CDFW and ACOE, in the official records of Riverside County, California and shall provide a copy of the recorded document to Grantee, CDFW and ACOE.

14. Notices. All notices, demands, requests, consents, approvals, or communications from one party to another shall be personally delivered or sent by facsimile to the persons set forth below or shall be deemed given five (5) days after deposit in the United States mail, certified and postage prepaid, return receipt requested, and addressed as follows, or at such other address as any Party may from time to time specify to the other parties in writing:

To Grantor:                    Norco Ridge Ranch, LLC  
   2392 Morse Avenue  
   Irvine, California 92614

To Grantee:                    City of Norco  
   2870 Clark Avenue  
   Norco, California 92860

*With copies to:*            District Counsel  
   U.S. Army Corps of Engineers  
   Los Angeles District  
   915 Wilshire Boulevard, Room 1535  
   Los Angeles, California 90017-3401  
   FAX: 213-452-4217

Regional Manager

California Department of Fish and Game  
3602 Inland Empire Boulevard, Suite C-220  
Ontario, California 91764  
FAX: 909-481-2945

Hugh Hewitt  
Hewitt Wolensky LLP  
4041 MacArthur Blvd., Suite 300  
Newport Beach, California 92660-2511

The parties agree to accept facsimile signed documents and agree to rely upon such documents as if they bore original signatures. Each party agrees to provide to the other parties, within seventy-two (72) hours after transmission of such a facsimile, the original documents that bear the original signatures.

15. Amendment. Grantor and Grantee may amend this Conservation Easement only by mutual written agreement and with the written consent of the ACOE and CDFW. Any such amendment shall be consistent with the Purpose of this Conservation Easement and shall not affect its perpetual duration. Grantor or its successors and assigns shall record any amendments to this Conservation Easement approved by the Grantee, CDFW and ACOE in the official records of Riverside County, California and shall provide a copy of the recorded document to the Grantee, CDFW and ACOE.

16. Long-Term Maintenance.

(a) Grantee's Responsibilities for Maintenance and Management. Grantee, its successors and assigns shall be responsible for in-perpetuity, ongoing, long-term maintenance and management of the Property once the Grantor has obtained ACOE/CDFW Final Approval. Such long-term maintenance and management shall consist of the following activities: (1) annual removal of trash or man-made debris; (2) removal of non-native or exotic plant or animal species; (3) maintenance, repair, and restoration, as needed, of signage and other notification features installed pursuant to Section 4(d); and (4) such other maintenance work as the Grantee in consultation with ACOE and CDFW determines to be necessary.

(b) Restoration Responsibilities. Grantor, Grantee, their successors and assigns shall each individually be obligated to repair, remediate, or restore the Property damaged by any activities prohibited by Section 3 herein for which it is responsible.

(c) Annual Reporting. Grantee, its successors and assigns shall prepare an annual monitoring and maintenance report documenting activities performed under Section 16(a) above, and shall make such report available to the Grantor, CDFW and ACOE upon request.

(d) Grantor Restoration. When activities are performed pursuant to Section 16(b) for which it is responsible, Grantor, its successors and assigns, shall retain, at Grantor's expense, a qualified Biological Monitor to prepare a Restoration Plan and to oversee/monitor such restoration activities. Grantor shall have its Biological Monitor submit a draft Restoration

Plan to Grantee, CDFW, and ACOE for review and for CDFW and ACOE written approval prior to its implementation. Upon completion of restoration as specified in the approved Restoration Plan, Grantor shall have a Biological Monitor prepare a detailed monitoring report, and Grantor shall make the report available to Grantee, CDFW, and ACOE within thirty (30) days of completion of restoration activities. Grantor, its successors or assigns and Biological Monitor shall sign the monitoring report, and the report shall document the Biological Monitor's name and affiliation, dates Biological Monitor was present on-site, activities observed and their location, Biological Monitor's observations regarding the adequacy of restoration performance by the Grantor, its successors or assigns, or its contractor in accordance with the approved Restoration Plan, corrections recommended and implemented.

(e) Grantee Restoration. When activities are performed pursuant to Section 16(b) for which it is responsible, Grantee shall retain, at Grantee's expense, a qualified Biological Monitor to prepare a Restoration Plan and to oversee/monitor such restoration activities. Grantee shall have a Biological Monitor submit a draft Restoration Plan to ACOE and CDFW for review and written approval prior to its implementation. Upon completion of restoration as specified in the approved Restoration Plan, Grantee shall have a Biological Monitor prepare a detailed monitoring report, and Grantee shall make the report available to ACOE and CDFW within thirty (30) days of completion of restoration activities. Grantee, its successors or assigns and Biological Monitor shall sign the monitoring report, and the report shall document the Biological Monitor's name and affiliation, dates Biological Monitor was present on-site, activities observed and their location, Biological Monitor's observations regarding the adequacy of restoration performance by the Grantee, its successors or assigns, or its contractor in accordance with the approved Restoration Plan, corrections recommended and implemented.

17. Recordation. Grantee shall promptly record this instrument in the official records of Riverside County, California and immediately notify the Grantor, CDFW, and ACOE through the mailing of a conformed copy of the recorded easement.

18. Estoppel Certificate. Upon request, Grantee shall within fifteen (15) days execute and deliver to Grantor, its successors and assigns any document, including an estoppel certificate, which certifies compliance with any obligation of Grantor, its successors and assigns contained in this Conservation Easement and otherwise evidences the status of this Conservation Easement as may be requested by Grantor, its successors and assigns.

19. General Provisions.

(a) Controlling Law. The laws of the United States and the State of California, disregarding the conflicts of law principles of such state, shall govern the interpretation and performance of this Conservation Easement.

(b) Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Conservation Easement shall be liberally construed in favor of and to effect the Purpose of this Conservation Easement and the policy and purpose set forth in California Civil Code Section 815, *et seq.* If any provision in this instrument is found to be ambiguous, an interpretation consistent with the Purpose of this Conservation Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

(c) Severability. If a court of competent jurisdiction voids or invalidates on its face any provision of this Conservation Easement, such action shall not affect the remainder of this Conservation Easement. If a court of competent jurisdiction voids or invalidates the application of any provision of this Conservation Easement to a person or circumstance, such action shall not affect the application of the provision to other persons or circumstances.

(d) Entire Agreement. This instrument together with the attached exhibits and any documents referred to herein sets forth the entire agreement of the parties with respect to the Conservation Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Conservation Easement. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment in accordance with Section 15.

(e) No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of Grantor's title in any respect.

(f) Successors and Assigns. The covenants, terms, conditions, and restrictions of this Conservation Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assigns and shall constitute a servitude running in perpetuity with the Property. The covenants hereunder benefiting Grantee shall also benefit the ACOE and CDFW as a third party beneficiary.

(g) Termination of Rights and Obligations. Provided the transfer was consistent with the terms of this Conservation Easement, a party's rights and obligations under this Conservation Easement shall terminate upon transfer of the party's interest in the Conservation Easement or Property (respectively), except that liability for acts or omissions occurring prior to transfer shall survive transfer.

(h) Captions. The captions in this instrument have been inserted solely for convenience of reference and are not a part of this instrument and shall have no effect upon its construction or interpretation.

(i) Counterparts. The parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by all parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

(j) Exhibits. All Exhibits referred to in this Conservation Easement are attached and incorporated herein by reference.

(k) No Hazardous Materials Liability. (1) Grantor represents and warrants that there has been no release or threatened release of Hazardous Materials (defined below) or underground storage tanks existing, generated, treated, stored, used, released, disposed of, deposited or abandoned in, on, under, or from the Property, or transported to or from or affecting the Property. Without limiting the obligations of Grantor under Sections 9(b)(2) and 9(b)(3) herein, Grantor hereby releases and agrees to indemnify, protect and hold harmless the ACOE Indemnified Parties (defined in Section 9(b)(2)) and/or CDFW Indemnified Parties (defined in Section 9(b)(3)) against any and all Claims (defined in Section 9(b)(2)) arising from or connected with any Hazardous Materials present, alleged to be present, or otherwise associated with the Property at any time, except that this release and indemnification shall be inapplicable to the

ACOE Indemnified Parties and/or CDFW Indemnified Parties with respect to any Hazardous Materials placed, disposed or released by ACOE, CDFW, or its respective employees or agents. This release and indemnification includes, without limitation, Claims for (i) injury to or death of any person or physical damage to any property; and (ii) the violation or alleged violation of, or other failure to comply with, any Environmental Laws (defined below). If any action or proceeding is brought against any of the CDFW Indemnified Parties by reason of any such Claim, Grantor shall, at the election of and upon written notice from the applicable CDFW Indemnified Party or Parties, defend such action or proceeding by counsel reasonably acceptable to the applicable CDFW Indemnified Party or Parties or reimburse the applicable CDFW Indemnified Party or Parties for all charges incurred for the services of the California Attorney General in defending the action or proceeding.

(l) Despite any contrary provision of this Conservation Easement, the parties do not intend this Conservation Easement to be, and this Conservation Easement shall not be, construed such that it creates in or gives Grantee, ACOE, and CDFW any of the following:

(i) The obligations or liabilities of an “owner” or “operator,” as those terms are defined and used in Environmental Laws (defined below), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.; hereinafter, “CERCLA”); or

(ii) The obligations or liabilities of a person described in 42 U.S.C. Section 9607(a)(3) or (4); or

(iii) The obligations of a responsible person under any applicable Environmental Laws; or

(iv) The right to investigate and remediate any Hazardous Materials associated with the Property; or

(v) Any control over Grantor’s ability to investigate, remove, remediate or otherwise clean up any Hazardous Materials associated with the Property.

The term “**Hazardous Materials**” includes, without limitation, (a) material that is flammable, explosive or radioactive; (b) petroleum products, including by-products and fractions thereof; and (c) hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in CERCLA; Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.); the Hazardous Materials Transportation Act (49 U.S.C. Section 5101 et seq.); the Hazardous Waste Control Law (California Health & Safety Code Section 25100 et seq.); the Hazardous Substance Account Act (California Health & Safety Code Section 25300 et seq.), and in the regulations adopted and publications promulgated pursuant to them, or any other applicable federal, state or local laws, ordinances, rules, regulations or orders now in effect or enacted after the date of this Conservation Easement.

The term “**Environmental Laws**” includes, without limitation, any federal, state, local or administrative agency statute, ordinance, rule, regulation, order or requirement relating to pollution, protection of human health or safety, the environment or Hazardous Materials. Grantor represents, warrants and covenants to Grantee, CDFW and ACOE that Grantor’s

activities upon and use of the Property will comply with all Environmental Laws.

(l) Extinguishment. If circumstances arise in the future that render the Purpose of this Conservation Easement impossible to accomplish, this Conservation Easement can only be terminated or extinguished, in whole or in part, by judicial proceedings in a court of competent jurisdiction.

(m) Warranty. Grantor represents and warrants that there are no outstanding mortgages, liens, deeds of trust, encumbrances or other interests in the Property (including, without limitation, mineral interests) which have not been expressly subordinated to this Conservation Easement, and that the Property is not subject to any other conservation easement.

(n) Merger. The doctrine of merger shall not operate to extinguish this Conservation Easement if the Conservation Easement and the Property become vested in the same party. If, despite this intent, the doctrine of merger applies to extinguish this Conservation Easement then, unless Grantor, Grantee, and the third-party beneficiaries otherwise agree in writing, a replacement conservation easement containing the same protections embodied in this Conservation Easement shall be recorded against the Property.

*[Signatures on following pages]*

*IN WITNESS WHEREOF Grantor and Grantee have executed this Conservation Easement the day and year first above written and have agreed to be bound by the terms and provisions hereof.*

*GRANTOR:*

*NORCO RIDGE RANCH, LLC,  
a Delaware limited liability company*

*By: LB/Lakeside Capital Partners, LLC,  
a Delaware limited liability company  
Member*

*By: \_\_\_\_\_*

*Its: Authorized Signatory*

*By: SCC Master, LLC,  
a Delaware limited liability company  
Member*

*By: \_\_\_\_\_*

*Its: \_\_\_\_\_*

CERTIFICATE OF ACCEPTANCE

*This is to certify that the interest in real property conveyed by the Conservation Easement by Norco Ridge Ranch, a Delaware limited liability company, dated \_\_\_\_\_, 2013, to the City of Norco, is accepted by the undersigned officers on behalf of Grantee.*

GRANTEE:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Attest:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

State of California }  
County of \_\_\_\_\_ }

On \_\_\_\_\_ before me, \_\_\_\_\_,  
Date Here Insert Name and Title of the Officer

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature \_\_\_\_\_  
Signature of Notary Public

State of California }  
County of \_\_\_\_\_ }

On \_\_\_\_\_ before me, \_\_\_\_\_,  
Date Here Insert Name and Title of the Officer

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature \_\_\_\_\_  
Signature of Notary Public

State of California }  
County of \_\_\_\_\_ }

On \_\_\_\_\_ before me, \_\_\_\_\_  
Date Here Insert Name and Title of the Officer

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature \_\_\_\_\_  
Signature of Notary Public

State of California }  
County of \_\_\_\_\_ }

On \_\_\_\_\_ before me, \_\_\_\_\_  
Date Here Insert Name and Title of the Officer

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature \_\_\_\_\_  
Signature of Notary Public

**Exhibit A**

**Legal Description of Property**

[See Attached]

**Exhibit B**

Depiction of Property

[See Attached]

**Exhibit C**  
**Mitigation Plan**  
[See Attached]

**Exhibit D**

**Title Report**

[See Attached]

**Exhibit E**

**Current Natural Condition of the Property**

**[See Attached]**

Order No.  
Escrow No.  
Loan No.

WHEN RECORDED MAIL TO:  
City of Norco  
2870 Clark Avenue  
Norco, CA 92860  
Attn: Bill Thompson

DOCUMENTARY TRANSFER TAX \$ -0.\*

SPACE ABOVE THIS LINE FOR RECORDER'S USE

....Computed on the consideration or value of property conveyed; OR  
....Computed on the consideration or value less liens or encumbrances  
remaining at time of sale.

Signature of Declarant or Agent determining tax - Firm Name

\*NOTE: THIS TAX PARCEL HAS NO SEPARATE VALUE AND  
SHOULD NOT BE ASSESSED A SEPARATE AMOUNT. R&T 2188.5

## QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, CITY OF NORCO ("Grantor") do(es) hereby REMISE, RELEASE AND FOREVER QUITCLAIM to NORCO RIDGE RANCH, LLC, a Delaware Limited Liability Company ("Grantee") the real property in the City of Norco, County of Riverside, State of California, more particularly described as:

Please see attached Exhibit "A" for Legal Description of property

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

STATE OF CALIFORNIA }  
COUNTY OF RIVERSIDE }ss

CITY OF NORCO

On \_\_\_\_\_, 2013, before me, \_\_\_\_\_,  
Notary Public,  
personally appeared \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they/executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Attest:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public  
In and For Said County and State

(This area for official notarial seal)

MAIL TAX STATEMENTS TO:  
Norco Ridge Ranch, LLC  
2392 Morse Ave  
Irvine, CA 92614

EXHIBIT "A"

**Exhibit A**

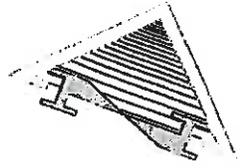
**LEGAL DESCRIPTION**

THAT CERTAIN REAL PROPERTY LOCATED IN THE CITY OF NORCO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND DESCRIBED AS FOLLOWS:

PARCEL G OF PARCEL MAP 30469 FILED IN BOOK 205, PAGES 37 THROUGH 47 OF PARCEL MAPS, OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**APN: 123-080-053**

# EXHIBIT "B"



SCALE 1" = 200'

**PARCEL 4**  
PM 30469  
MB 205/37-47

**PARCEL 5**  
PM 30469  
MB 205/37-47

**PARCEL 1**  
1.859 ACRES  
PORTION OF PARCEL G  
PM 30469, MB 205/37-47



**PARCEL F**  
PM 30469  
MB 205/37-47

**PARCEL G**  
PM 30469  
MB 205/37-47

LINE TABLE		
LINE	BEARING	LENGTH
L1	N 02°45'37" W	55.21'
L2	N 49°37'35" W	58.11'
L3	N 30°01'35" W	125.09'
L4	S 14°59'01" W	86.97'
L5	S 19°53'32" W	86.24'
L6	S 48°02'48" E	16.23'
L7	S 09°24'58" E	21.35'

CURVE TABLE				
CURVE	DELTA	RADIUS	LENGTH	TANGENT
C1	42°36'29"	72.00	53.54'	28.08'
C2	77°10'35"	50.00	67.35'	39.90'
C3	24°54'56"	182.00	79.14'	40.21'
C4	10°23'52"	230.00	41.74'	20.93'



V:\SunCal\NRR\dwg\ET0002\TM\Exhibits\Env\EETB-2XB02.dwg 2/21/2013 1:39:12 PM PST

**PENCO Engineering, Inc.**  
Civil Engineering Planning Surveying  
Irvine • Inland Empire  
16848 Von Karman Ave., Suite 150 • Irvine, CA 92606  
Phone (949) 753-8111 • Fax (949) 753-0775

Date: 02/11/13  
Signature: William E. Snow  
P.L.S. No. 4725  
Expires 09-30-13

**Exhibit "B" - Parcel 1**  
Portion of Parcel G  
PM 30469, MB 205/37-47

Prepared By: REP	Checked By: WES	Date: 05-09-12	Sheet 1 of 2 Sheet
---------------------	--------------------	-------------------	--------------------

# EXHIBIT "B"

SCALE 1" = 200'

PARCEL 6  
PM 30469  
MB 205/37-47

PARCEL 5  
PM 30469  
MB 205/37-47

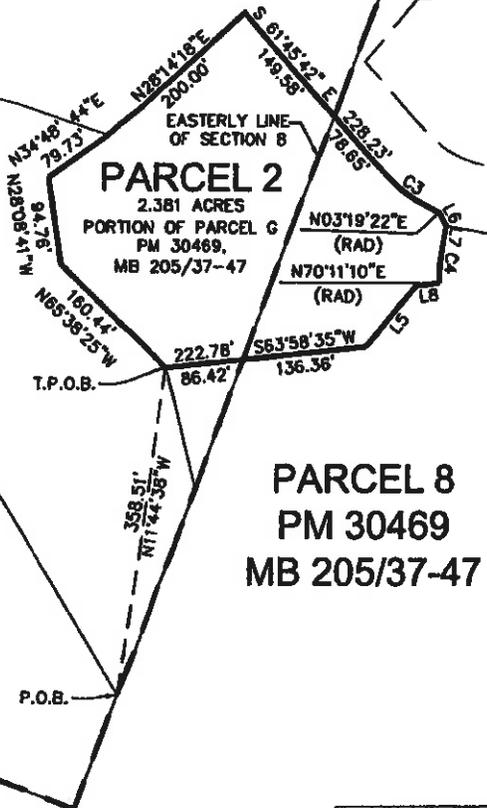
PARCEL G  
PM 30469  
MB 205/37-47

PARCEL 7  
PM 30469  
MB 205/37-47

PARCEL F  
PM 30469  
MB 205/37-47

PARCEL 8  
PM 30469  
MB 205/37-47

PARCEL 12  
PM 30469  
MB 205/37-47



CURVE TABLE				
CURVE	DELTA	RADIUS	LENGTH	TANGENT
C3	24°54'56"	182.00	79.14'	40.21'
C4	10°23'52"	230.00	41.74'	20.93'

LINE TABLE		
LINE	BEARING	LENGTH
L3	N 30°01'35" W	125.09'
L4	S 14°59'01" W	86.97'
L5	S 19°53'32" W	86.24'
L6	S 48°02'48" E	16.23'
L7	S 09°24'58" E	21.35'
L8	S 63°58'35" W	25.00'



M:\SunCal\NRR\dwg\E10002\TM\Exhibits\Env\EET8-2XB02.dwg 5/8/2012 11:33:16 AM PDT



**PENCO Engineering, Inc.**  
Civil Engineering Planning Surveying  
Irvine • Inland Empire  
16848 Von Karman Ave, Suite 150 • Irvine, CA 92606  
Phone (949) 755-8111 • Fax (949) 753-0775

Exhibit "B" - Parcel 2  
Portion of Parcel G  
PM 30469, MB 205/37-47

02/21/13  
Date

William E. Snow

P.L.S. No. 4725  
Expires 09-30-13

Prepared By:  
REP

Checked By:  
WES

Date:  
05-09-12

Sheet 1 of 2 Sheet

Order No.  
Escrow No.  
Loan No.

WHEN RECORDED MAIL TO:  
Norco Ridge Ranch, LLC  
2392 Morse Ave  
Irvine, CA 92614  
Attn: Derek Hicks

DOCUMENTARY TRANSFER TAX \$ -0.\*

SPACE ABOVE THIS LINE FOR RECORDER'S USE

....Computed on the consideration or value of property conveyed; OR  
....Computed on the consideration or value less liens or encumbrances  
remaining at time of sale.

Signature of Declarant or Agent determining tax - Firm Name

\*NOTE: THIS TAX PARCEL HAS NO SEPARATE VALUE AND  
SHOULD NOT BE ASSESSED A SEPARATE AMOUNT. R&T 2188.5

## QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, NORCO RIDGE RANCH, LLC, a Delaware Limited Liability Company ("Grantor") do(es) hereby REMISE, RELEASE AND FOREVER QUITCLAIM to CITY of NORCO ("Grantee") the real property in the City of Norco, County of Riverside, State of California, more particularly described as:

Please see attached Exhibit "A" for Legal Description of property

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

STATE OF CALIFORNIA }  
COUNTY OF ORANGE }ss

NORCO RIDGE RANCH, LLC, a Delaware  
Limited Liability Company

On \_\_\_\_\_, 2013, before me, \_\_\_\_\_  
personally appeared \_\_\_\_\_, Notary Public,

By: LB/Lakeside Capital Partners, LLC,  
a Delaware limited liability company  
Member

\_\_\_\_\_, who proved to me on the basis of  
satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that  
he/she/they/executed the same in his/her/their authorized capacity(ies)  
and that by his/her/their signature(s) on the instrument the person(s), or  
the entity upon behalf of which the person(s) acted, executed the  
instrument.

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

Its: Authorized Signatory

I certify under PENALTY OF PERJURY under the laws of the State of  
California that the foregoing paragraph is true and correct.

By: SCC Master, LLC,  
a Delaware limited liability company  
Member

WITNESS my hand and official seal.

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

Its: Authorized Signatory

\_\_\_\_\_  
Notary Public  
In and For Said County and State

(This area for official notarial seal)

### MAIL TAX STATEMENTS TO:

City of Norco  
2870 Clark Avenue  
Norco, CA 9286

EXHIBIT "C-1"

## **Exhibit A**

### **LEGAL DESCRIPTION**

THAT CERTAIN REAL PROPERTY LOCATED IN THE CITY OF NORCO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND DESCRIBED AS FOLLOWS:

PARCEL G OF PARCEL MAP 30469 FILED IN BOOK 205, PAGES 37 THROUGH 47 OF PARCEL MAPS, OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**APN: 123-080-053**

Order No.  
Escrow No.  
Loan No.

WHEN RECORDED MAIL TO:  
Norco Ridge Ranch, LLC  
2392 Morse Ave  
Irvine, CA 92614  
Attn: Derek Hicks

DOCUMENTARY TRANSFER TAX \$ -0\*

SPACE ABOVE THIS LINE FOR RECORDER'S USE

....Computed on the consideration or value of property conveyed; OR  
....Computed on the consideration or value less liens or encumbrances  
remaining at time of sale.

Signature of Declarant or Agent determining tax - Firm Name

\*NOTE: THIS TAX PARCEL HAS NO SEPARATE VALUE AND  
SHOULD NOT BE ASSESSED A SEPARATE AMOUNT. R&T 2188.5

### QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, NORCO RIDGE RANCH, LLC, a Delaware Limited Liability Company ("Grantor") do(es) hereby REMISE, RELEASE AND FOREVER QUITCLAIM to CITY OF NORCO ("Grantee") the real property in the City of Norco, County of Riverside, State of California, more particularly described as:

Please see attached Exhibit "A" for Legal Description of property

Dated: May 24, 2013

STATE OF CALIFORNIA }  
COUNTY OF ORANGE }ss

NORCO RIDGE RANCH, LLC, a Delaware  
Limited Liability Company

On May 24, 2013, before me,  
Elizabeth Menicucci Notary Public,  
personally appeared Bruce Cook

By: LB/Lakeside Capital Partners, LLC,  
a Delaware limited liability company  
Member

\_\_\_\_\_, who proved to me on the basis of  
satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that  
he/she/it executed the same in his/hers/their authorized capacity(ies)  
and that by his/hers/their signature(s) on the instrument the person(s), or  
the entity upon behalf of which the person(s) acted, executed the  
instrument.

By: [Signature]  
Its: Authorized Signatory

I certify under PENALTY OF PERJURY under the laws of the State of  
California that the foregoing paragraph is true and correct.

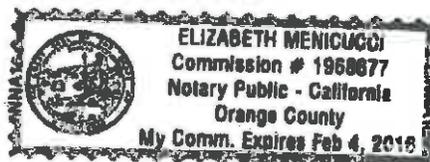
By: SCC Master, LLC,  
a Delaware limited liability company  
Member

WITNESS my hand and official seal.

Elizabeth Menicucci  
Notary Public  
In and For Said County and State

By: [Signature]  
Its: Authorized Signatory

MAIL TAX STATEMENTS TO:  
City of Norco  
2870 Clark Avenue  
Norco, CA 9286



(This area for official notarial seal)

EXHIBIT "C-2"

# ACKNOWLEDGMENT

State of California  
County of LOS ANGELES

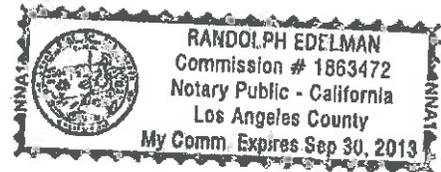
On MAY 25, 2013 before me, RANDOLPH EDELMAN, NOTARY PUBLIC  
(insert name and title of the officer)

personally appeared MELVIN T AYOUBS  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Randolph Edelman (Seal)



## OPTIONAL INFORMATION

### DESCRIPTION OF THE ATTACHED DOCUMENT

QUITCLAIM DEED

(Title or description of attached document)

(Title or description of another document mentioned)

Number of Pages 1 Document Date 05-25-2013

(Additional information)

**Exhibit A**

**LEGAL DESCRIPTION**

THAT CERTAIN REAL PROPERTY LOCATED IN THE CITY OF NORCO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND DESCRIBED AS FOLLOWS:

PARCEL M OF PARCEL MAP 30196 AS SHOWN BY MAP ON FILE IN BOOK 202, PAGES 24 THROUGH 30 OF PARCEL MAPS, OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**APN: 123-511-010**

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Lori J. Askew, Director of Public Works 

DATE: July 17, 2013

SUBJECT: Approval to Quitclaim a 15 foot wide Sewer Easement over a Portion of Lot 2, Block 6 of Riverside Orange Heights Tract – 2195 Hamner Avenue

RECOMMENDATION: Adopt **Resolution No. 2013-47**, quitclaiming a portion of the subject sanitary sewer pipeline easement.

**SUMMARY:** The City of Norco holds a 15 foot wide sanitary sewer easement over a portion of Lot 2, Block 6 of the Riverside Orange Heights Tract. Expansion of a building is proposed where the existing City sewer easement exists. The easement is no longer needed as there is no active sewer line within the easement.

The property through which the easement traverses is proposing expansion of an existing building. The expansion is proposed over the existing 15' sanitary sewer easement and a portion of the proposed building is planned where an existing City sewer is located.

**BACKGROUND/ANALYSIS:** On June 28, 1972, a 15 foot wide sewer easement was recorded over a portion of Lot 2, Block 6 of Riverside Orange Heights Tract. This easement was for the benefit of a City sewer line. In 1988, the sewer was relocated outside of this parcel.

The subject property, 2195 Hamner Avenue, is under development with a proposed expansion of the existing building that resides near the center of the property. The proposed expansion will be on the south side of the building and located over the existing sewer easement. The sewer line that resides within the easement is no longer in operation and therefore is not needed.

The developer has prepared the necessary quitclaim document for the City of Norco to sign.

**FINANCIAL IMPACT:** N/A

lja

Attachment: Resolution No. 2013-47  
Easement Quitclaim

## **RESOLUTION NO. 2013-47**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA, QUITCLAIMING A 15' WIDE SANITARY SEWER EASEMENT LOCATED WITHIN A PORTION OF LOT 2, BLOCK 6 OF RIVERSIDE ORANGE HEIGHTS TRACT – 2195 HAMNER AVENUE**

WHEREAS, the City of Norco holds a sewer easement for pipeline and incidental purposes recorded June 28, 1972 in Book 1972, Page 85056 in the Office of the County Recorder of Riverside County; and

WHEREAS, the City of Norco relocated the sanitary sewer located in aforementioned easement in 1988; and

WHEREAS, proposed development of 2195 Hamner Avenue plans to expand an existing building over said 15 foot sanitary sewer; and

WHEREAS, said 15 foot sanitary sewer easement is no longer needed by the City; and

WHEREAS, said easement is described in Exhibit "A" and shown on accompanying Exhibit "B."

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Norco does hereby find, determines, orders and resolves as follows:

1. That the City of Norco no longer requires the described, as herein attached, sewer easement for pipeline and incidental purposes; and
2. That it is the action of City Council to quitclaim said easement, as herein described, to the underlying property owner(s); and
3. That from and after the date this resolution is recorded, the City of Norco no longer holds rights to said quitclaimed portion of said easement.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on July 17, 2013.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

I, BRENDA K. JACOBS, 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 July 17, 2013 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 July 17, 2013.

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

lja

**RECORDING REQUESTED BY:**

City of Norco

**WHEN RECORDED MAIL TO:**

City of Norco  
CITY HALL  
2870 Clark Avenue  
Norco, California 92860

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**APN: 125-020-018, 125-090-026**

**QUITCLAIM DEED**

**THE UNDERSIGNED GRANTOR(S) DECLARE(S):**

DOCUMENTARY TRANSFER TAX is \$0.00      CITY TAX is \$0.00

- computed on the full value of the property conveyed, or
- computed on full value less value of liens or encumbrances remaining at the time of sale,
- Realty not sold
- Unincorporated area       City of Norco, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
City of Norco, a California Municipal Corporation,

do(es) hereby remise, release and forever quitclaim to MITCHEL LOUIS FRAHM AND GAYLE B. FRAHM, AS TRUSTEES OF THE FRAHM LIVING TRUST DATED 5/18/95 AS TO AN UNDIVIDED 50% INTEREST AND CHRISTOPHER LEE FRAHM AND CAROLE A. FRAHM, HUSBAND AND WIFE AS JOINT TENANTS, AS TO AN UNDIVIDED 50% INTEREST

the following described real property in the County of Riverside, State of California:

The Southerly fifteen feet of Lot 2 in Block 6 OF Riverside Orange Heights Tract, in the City of Norco, County of Riverside, State of California, as per Map Recorded in Book 6, Page 74 of Maps, in the office of the County Recorder of said County.

Except the Northerly 439.57 Feet thereof.

Also except that portion described by deed to the State of California recorded June 18, 1963 in Book 3421, Page 193 of Official Records of Riverside County, State of California as INSTRUMENT NO. 63332.

Also except that portion described by deed to the State of California recorded January 30, 1985 as Instrument No. 18930, Official Records

Dated:

Dated: 03/22/2013

STATE OF CALIFORNIA }ss  
COUNTY OF \_\_\_\_\_ }

On \_\_\_\_\_ before me

\_\_\_\_\_

Personally appeared \_\_\_\_\_

\_\_\_\_\_ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
NOTARY SIGNATURE

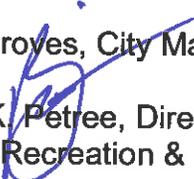
\_\_\_\_\_  
Signature Name Title Date

SPACE BELOW RESERVED FOR NOTARY SEAL

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Brian K. Petree, Director  
Parks, Recreation & Community Services 

DATE: July 17, 2013

SUBJECT: Acceptance of Bids and Award of Contract for the Corydon Staging Area Project.

RECOMMENDATION: Award a contract to Crown Contracting, Inc. in the amount of \$85,517; and authorize the City Manager to approve contract change orders up to 10 percent of the original contract amount.

**SUMMARY:** Bids for the Corydon Staging Area Project were opened on July 9, 2013 with Crown Contracting, Inc. of Yucca Valley, CA being the lowest responsible bidder. It is recommended that the City Council award a contract to Crown Contracting, Inc. in the amount of \$85,517 and authorize the City Manager to approve contract change orders up to 10 percent of the original contract amount.

**BACKGROUND/ANALYSIS:** Notice to Invite Bid was advertised starting June 17, 2013. A total of 5 bids were received with the base bid ranging from \$85,517 to \$270,000, with the lowest responsible bid submitted by Crown Contracting, Inc. The bid summary sheet has been attached for the City Council's review. With a 10% contingency, the total appropriation of the project for construction will not exceed \$94,069.

**FINANCIAL IMPACT:** The CIP Fiscal Year 2013/2014 Budget has a balance of \$184,111 for the SART - Corydon Staging Area Partnership - Parks Fund 141.940.43130, Project 4602-1.

/rs

Attachment: Bid Summary

## Corydon Staging Area Project

### Bid Results

<u>Company</u>	<u>Total Bid Amount</u>
CROWN CONTRACTING, INC	\$85,517.00
S.PARKER ENGINEERING	\$114,999.00
NU-CAL PIPELINE, CORP	\$123,104.00
VISIONARY CONSTRUCTION	\$152,277.00
NORSE CORP	\$270,000.00

**CITY OF NORCO  
STAFF REPORT**

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, Deputy City Manager / Finance Director 

PREPARED BY: Marshall F. Linn, Financial Advisor to the City

DATE: July 17, 2013

SUBJECT: Resolution authorizing the issuance of Special Tax Refunding Bonds for CFD No. 93-1, for debt service savings

RECOMMENDATION: Adopt **Resolution No. 2013-48**, authorizing the issuance of Special Tax Refunding Bonds of the City of Norco Community Facilities District No. 93-1, approving and directing the execution of the Fiscal Agent Agreement, and approving other related documents and actions.

**SUMMARY:** The issuance of the proposed Special Tax Refunding Bonds (the "2013 Bonds") by the City will provide net bond proceeds for the purpose of refunding the outstanding 2003 Special Tax Bonds for CFD No. 93-1 (the "District"). The District will realize a debt service savings of approximately \$85,470 over the next seven years, which will translate into an average annual special tax savings of approximately \$278 per year for each of the 44 property owners in the District.

**BACKGROUND/ANALYSIS:** The City (on behalf of the District) previously issued its 2003 Special Tax Refunding Bonds in May of 2003 (the "2003 Bonds"), which have a term date of July 1, 2020. In order to create an annual debt service savings over the remaining seven years, the proposed 2013 Bonds will refund the 2003 Bonds. The current interest rate for the longest term 2003 Bonds is 5.40%, and the interest rate for the proposed 2013 Bonds is expected to be 2.50%.

The 2013 Bonds will be issued in the approximate principal amount of \$1 million and will provide net proceeds which, when combined with the 2003 Bonds debt service reserve fund amount, will be sufficient to refund the outstanding 2003 Bonds, pay all costs of issuance, and fund a new debt service reserve fund for the 2013 Bonds.

The 2013 Bonds will have a final maturity date of July 1, 2020, to match the current term date of the 2003 Bonds. The total debt service savings to be realized by the issuance of the 2013 Bonds will be approximately \$85,470 over the remaining seven year term.

It is anticipated that the 2013 Bonds will be privately placed by Southwest Securities (the "Placement Agent"), with City National Bank (the "Bank") as the sole purchaser and owner of the bonds. The City will make semi-annual payments (on behalf of the District) directly to the Bank, pursuant to the Fiscal Agent Agreement. The source of repayment of the 2013 Bonds will be limited to the annual special tax revenues generated in the District.

Resolution authorizing the issuance of Special Tax Refunding

Page 2

July 17, 2013

Forms of the Fiscal Agent Agreement, Escrow Agreement, and Continuing Disclosure Agreement are on file with the City Clerk. Representatives from the Finance Team will be in attendance at the City Council meeting to answer any questions.

**FINANCIAL IMPACT:** The 2013 Bonds are not a debt of the City of Norco, State of California, or any of its political subdivisions and neither said City or State are liable for repayment of the 2013 Bonds. The 2013 Bonds will be limited obligations of the District, and the repayment of the 2013 Bonds will be payable solely from Special Tax Revenues, which are the annual special taxes payable by the property owners in the District.

Attachments: Resolution No. 2013-48  
Fiscal Agent Agreement  
Escrow Agreement  
Continuing Disclosure Agreement

## **RESOLUTION NO. 2013-48**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO AUTHORIZING THE ISSUANCE OF SPECIAL TAX REFUNDING BONDS OF THE CITY OF NORCO COMMUNITY FACILITIES DISTRICT NO. 93-1, APPROVING AND DIRECTING THE EXECUTION OF THE FISCAL AGENT AGREEMENT, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS**

WHEREAS, this City Council has previously conducted proceedings under and pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act"), to form the City of Norco Community Facilities District No. 93-1 (the "District"), to authorize, the levy of special taxes upon the land within the District and to issue bonds secured by said special taxes, designated as "City of Norco Community Facilities District No. 93-11995 Special Tax Bonds (the "1995 Bonds") in the aggregate principal amount of \$2,300,000; and

WHEREAS, the City Council has previously issued its City of Norco Facilities District No. 93-1 2003 Special Tax Refunding Bonds (the "2003 Bonds" or the "Refunded Bonds") in the aggregate principal amount of \$2,180,000, the proceeds of which provided for the refunding of the 1995 Bonds; and

WHEREAS, the City Council has determined that it would be prudent in the management of its financial affairs to refund said 2003 Bonds prior to maturity; and

WHEREAS, there have been submitted to this City Council certain documents providing for the issuance of bonds of the City for the District and the use of the proceeds of those bonds to refund the Refunded Bonds and this City Council, with the aid of its staff, has reviewed said documents and found them to be in proper order; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of said refunding bonds and the levy of said special taxes as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA, DOES RESOLVE AS FOLLOWS:

SECTION 1. Pursuant to the Act, this Resolution and the Fiscal Agent Agreement (hereafter defined), which is incorporated hereat by reference, special tax bonds of the City for the District designated as "City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds" (the "Bonds") in an aggregate principal amount not to exceed \$1,050,000 (or such lesser amount as provided in the

next paragraph) are hereby authorized to be issued and sold as provided herein. The Bonds shall be executed in the form set forth in and otherwise as provided in the Fiscal Agent Agreement referred to below.

SECTION 2. Urban Futures, Harper & Burns LLP and Southwest Securities, Inc. are hereby designated as Financial Advisor, Bond Counsel and Placement Agent respectively and pursuant to the terms of proposals for service on file with the City; and

SECTION 3. The Fiscal Agent Agreement (the "Fiscal Agent Agreement") with respect to the Bonds, in the form presented to this City Council at this meeting, is hereby approved. The City Manager is hereby authorized and directed to execute and deliver the Fiscal Agent Agreement in said form, with such additions thereto or changes therein as are approved by the City Manager upon consultation with Bond Counsel including such additions or changes as are necessary or advisable in accordance with Section 8 hereof, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Fiscal Agent Agreement by the City Manager. The Fiscal Agent Agreement, as so executed, shall be in compliance with Section 3 hereof; and the date, manner of payment, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Fiscal Agent Agreement as finally executed.

SECTION 4. The Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") between the City acting on behalf of the District and Willdan Financial Services in the form presented to this City Council at this meeting is hereby approved.

SECTION 5. This City Council hereby finds and determines that the sale of the Bonds at negotiated sale will result in a lower overall cost to the City than would a competitively bid sale. The City Council hereby approves the negotiated sale of the Bonds to City National Bank (the "Lender"), subject to the limitations set forth in Section 1 of this Resolution and in the Act, and authorizes any Authorized Officer to accept a bid from the Lender which meets the parameters of this Resolution. In connection therewith, the Bond shall be designated as "qualified tax-exempt obligations" pursuant to Section 265 (b) (3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax exempt interest.

SECTION 6. The Escrow Agreement between the City acting on behalf of the District and U.S. Bank National Association (the "Escrow Agreement") is hereby approved in the form presented to this City Council at this meeting; and

SECTION 7. The City hereby covenants, for the benefit of the Bondowners to commence and diligently pursue to completion any foreclosure action regarding delinquent installments of any amount levied as a special tax for the payment of interest or principal of the Bonds, said foreclosure action to be commenced and pursued as more completely set forth in the Fiscal Agent Agreement.

SECTION 8. All actions heretofore taken by the officers and agents of the City with respect to the establishment of the District and the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the City are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution, and any certificate, agreement and other document described in the documents herein approved.

SECTION 9. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on July 17, 2013.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

I, BRENDA K. JACOBS, 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 July 17, 2013 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 July 17, 2013.

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

---

**FISCAL AGENT AGREEMENT**

**by and between the**

**CITY OF NORCO ON BEHALF OF  
CITY OF NORCO  
COMMUNITY FACILITIES DISTRICT NO. 93-1**

**and**

**CITY NATIONAL BANK**

**with regard to**

**\$ \_\_\_\_\_  
CITY OF NORCO COMMUNITY FACILITIES DISTRICT NO. 93-1  
2013 SPECIAL TAX REFUNDING BONDS**

**Dated: August 1, 2013**

---

## TABLE OF CONTENTS

<b>ARTICLE I – STATUTORY AUTHORITY AND DEFINITIONS</b> .....	<b>2</b>
Section 1.01. Authority for this Agreement .....	2
Section 1.02. Agreement for Benefit of Owners of the Bonds.....	2
Section 1.03. Definitions .....	2
<b>ARTICLE II – THE BONDS</b> .....	<b>9</b>
Section 2.01. Principal Amount; Designation .....	9
Section 2.02. Terms of the Bonds .....	9
Section 2.03. Redemption.....	10
Section 2.04. Form of Bonds.....	11
Section 2.05. Execution of Bonds .....	12
Section 2.06. Transfer of Bonds.....	12
Section 2.07. Exchange of Bonds .....	12
Section 2.08. Bond Register .....	12
Section 2.09. Temporary Bonds.....	13
Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen.....	13
Section 2.11. Limited Obligation .....	13
Section 2.12. Parity Bonds and Additional District Indebtedness.....	13
Section 2.13. No Acceleration.....	13
Section 2.14. Book-Entry System.....	14
<b>ARTICLE III – ISSUANCE OF BONDS</b> .....	<b>15</b>
Section 3.01. Issuance and Delivery of Bonds .....	15
Section 3.02. Pledge of Special Tax Revenues.....	15
Section 3.03. Validity of Bonds .....	15
<b>ARTICLE IV – FUNDS AND ACCOUNTS</b> .....	<b>16</b>
Section 4.01. Deposits of Bond Proceeds .....	16
Section 4.02. Costs of Issuance Fund.....	16
Section 4.03. Reserve Fund.....	16
Section 4.04. Bond Fund .....	18
Section 4.05. Special Tax Fund .....	19
Section 4.06. Administrative Expense Fund.....	19
Section 4.07. Excess Investment Earnings Fund .....	20
Section 4.08. Escrow Fund .....	22
<b>ARTICLE V – OTHER COVENANTS OF THE CITY, ON BEHALF OF THE DISTRICT</b> .....	<b>23</b>
Section 5.01. Punctual Payment .....	23
Section 5.02. Limited Obligation .....	23
Section 5.03. Extension of Time for Payment.....	23
Section 5.04. Against Encumbrances .....	23
Section 5.05. Books and Records .....	23
Section 5.06. Protection of Security and Rights of Owners .....	24
Section 5.07. Compliance with Law .....	24
Section 5.08. Collection of Special Tax Revenues .....	24
Section 5.09. Covenant to Foreclose .....	25
Section 5.10. Further Assurances .....	25
Section 5.11. Private Activity Bond Limitations.....	25
Section 5.12. Federal Guarantee Prohibition .....	26
Section 5.13. Rebate Requirement .....	26
Section 5.14. No Arbitrage .....	26

Section 5.15. Yield of the Bonds .....	26
Section 5.16. Maintenance of Tax-Exemption .....	26
Section 5.17. Continuing Disclosure to Owners .....	26
<b>ARTICLE VI – INVESTMENTS, DISPOSITION OF INVESTMENT PROCEEDS, LIABILITY OF THE CITY.....</b>	<b>27</b>
Section 6.01. Deposit and Investment of Moneys in Funds .....	27
Section 6.02. Limited Obligation .....	28
Section 6.03. Liability of City .....	28
Section 6.04. Employment of Agents by City .....	29
<b>ARTICLE VII – THE FISCAL AGENT .....</b>	<b>30</b>
Section 7.01. Appointment of Fiscal Agent.....	30
Section 7.02. Liability of Fiscal Agent.....	30
Section 7.03. Information .....	30
Section 7.04. Notice to Fiscal Agent .....	31
Section 7.05. Compensation, Indemnification .....	31
<b>ARTICLE VIII – MODIFICATION OR AMENDMENT OF THIS AGREEMENT .....</b>	<b>32</b>
Section 8.01. Amendments Permitted .....	32
Section 8.02. Owners' Meetings.....	32
Section 8.03. Procedure for Amendment with Written Consent of Owners .....	32
Section 8.04. Disqualified Bonds.....	33
Section 8.05. Effect of Supplemental Agreement.....	33
Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments .....	33
Section 8.07. Amendatory Endorsement of Bonds.....	34
<b>ARTICLE IX - MISCELLANEOUS .....</b>	<b>35</b>
Section 9.01. Benefits of Agreement Limited to Parties.....	35
Section 9.03. Discharge of Agreement.....	35
Section 9.04. Execution of Documents and Proof of Ownership by Owners.....	36
Section 9.05. Waiver of Personal Liability .....	36
Section 9.06. Notices to and Demands on City and Fiscal Agent.....	36
Section 9.07. Reporting Requirements .....	37
Section 9.08. Partial Invalidity .....	37
Section 9.09. Unclaimed Moneys.....	37
Section 9.10. Applicable Law .....	38
Section 9.11. Conflict with Act.....	38
Section 9.12. Conclusive Evidence of Regularity .....	38
Section 9.13. Payment on Business Day .....	38
Section 9.14. Counterparts .....	38



**FISCAL AGENT AGREEMENT  
CITY OF NORCO**

**THIS FISCAL AGENT AGREEMENT** (the "Agreement") is dated as of August 1, 2013 by and between the City of Norco, California, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), as fiscal agent (the "Fiscal Agent") for and on behalf of the City of Norco Community Facilities District No. 93-1 (the "District"), and City National Bank organized and existing under the laws of the United States of America.

**WITNESSETH:**

**WHEREAS**, the City Council of the City is the legislative body of the District formed under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311, *et seq.* of the California Government Code) (the "Act") and Ordinance No. 672 adopted on May 4, 1993 (the "Ordinance of Formation"); and

**WHEREAS**, the City Council, as the legislative body with respect to the District, was authorized under the Act to levy special taxes to pay costs of improvements and services within the District and to authorize the issuance of bonds secured by said special taxes under the Act; and

**WHEREAS**, under the provisions of the Act, the City has previously issued its City of Norco Community Facilities District No. 93-1 1995 Special Tax Bonds (the "1995 Bonds") in the aggregate principal amount of \$2,300,000;

**WHEREAS**, under the provisions of the Act, City has previously issued its City of Norco Community Facilities District No. 93-1 2003 Special Tax Refunding Bonds (the "2003 Bonds") in the aggregate principal amount of \$2,180,000, which fully defeased the 1995 Bonds;

**WHEREAS**, under the provisions of the Act, on July 17, 2013 the City Council of the City adopted its Resolution No. \_\_\_\_ (the "Resolution"), which resolution authorized the issuance and sale of the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds (the "Bonds"), in the aggregate principal amount of not to exceed \$\_\_\_\_, to provide moneys to refund the 2003 Bonds, fund a reserve and pay costs of issuance, provided that such issuance would be in accordance with the Act and this Agreement, and authorized the execution hereof, and

**WHEREAS**, is in the public interest and for the benefit of the City, the District and the owners of the Bonds that the City enter into this Agreement to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the special taxes securing the Bonds and the administration and payment of the Bonds; and

**WHEREAS**, all things necessary to cause the Bonds, when executed by the City for the District and issued as in the Act, the Resolutions and this Agreement provided, to be legal, valid and binding and special obligations of the City for the District in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

**NOW, THEREFORE**, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

## ARTICLE I

### STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Agreement. This Agreement is entered into pursuant to the provisions of the Act and the Resolution.

Section 1.02. Agreement for Benefit of Owners of the Bonds. The provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the Owners (as hereinafter defined) of the Bonds (as hereinafter defined). All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Agreement. The Fiscal Agent may become the owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Fiscal Agent.

Section 1.03. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Agreement, of any Supplemental Agreement, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 et seq. of the California Government Code.

"Administrative Expenses" means costs directly related to the administration of the District consisting of the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City Finance Director or designee thereof or both) and the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; fees and costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under this Agreement; the costs of the City (as the administrator of the District) or its designee of complying with the disclosure provisions of the Act, the Continuing Disclosure Agreement and this Agreement, including those related to public inquiries regarding the Special Tax and disclosures to Bondowners and the Original Purchaser; the costs of the City or its designee related to an appeal of the Special Tax; any amounts required to be rebated to the federal government in order for the City to comply with Section 5.13; an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the City for any administrative purpose of the District, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure compliance with Section 5.13, and the costs of commencing foreclosure of delinquent Special Taxes. Payment of Administrative Expenses shall be subordinate to the payment of the Debt Service.

"Administrative Expense Fund" means the fund by that name established by Section 4.06(A) hereof.

"Agreement" means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions of Section 2.03(A)(ii) providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year) pursuant to Section 2.03(A)(ii).

"Auditor" or "County Auditor" means the auditor/controller of the County of Riverside.

"Authorized Officer" means the City Manager, the Assistant City Manager, City Finance Director, the Director of Development Services, the City Clerk or any other officer or employee authorized by the City Council of the City (acting as administrator of the District) or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

"Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Bond Counsel" means any attorney or firm of attorneys acceptable to the City and whose opinions as to the legality and tax-exempt status of securities issued by public entities are accepted on a national basis.

"Bond Fund" means the fund by that name established by Section 4.04(A) hereof.

"Bond Register" means the books for the registration and transfer of Bonds maintained by the Fiscal Agent under Section 2.08 hereof.

"Bond Year" means the one-year period beginning on the Closing Date and ending on July 1 in the following year and each one year period thereafter.

"Bonds" or "Refunding Bonds" means the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds at any time Outstanding under this Agreement or any Supplemental Agreement.

"Business Day" means any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

"CDIAC" means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

"City" means the City of Norco, California, solely in its capacity as administrator of the District, and any successor thereto.

"City Attorney" means any attorney or firm of attorneys employed by the City in the capacity of City Attorney.

"Closing Date" means the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement executed by the City, dated the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee, expenses incurred by the City in connection with the issuance of the Bonds and the establishment of the District, special tax consultant fees and expenses, preliminary engineering fees and expenses, Bond (underwriter's) discount, legal fees and charges, including bond counsel, disclosure counsel, and financial consultants' fees, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the fund by that name established by Section 4.02(A) hereof.

"County" means the County of Riverside, California.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Debt Service" means the scheduled amount of interest and amortization of principal payable by reason of Sections 2.02(C) and 2.03(A)(ii) on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.14.

"District" means the City of Norco Community Facilities District No. 93-1.

"Escrow Agreement" means that certain Escrow Agreement dated as of August 1, 2013 between the City of Norco and U.S. Bank National Association pertaining to Refunded Bonds.

"Escrow Bank" means U.S. Bank National Association.

"Escrow Fund" means that fund held by the Escrow Bank to pay the principal and interest of the Outstanding Refunded Bonds under the terms of the Escrow Agreement.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and,

otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent: (i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or (ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

"Finance Director" means the Finance Director of the City or such other officer or employee of the City performing the functions of the chief financial officer of the City.

"Fiscal Agent" means the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the City or the City Finance Director, and who, or each of whom: (i) is judged by the City Finance Director to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

"Information Services" means the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA) system accessible at the [emma.msrb.org](http://emma.msrb.org) website; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the City may designate in a written request delivered to the Fiscal Agent.

"Interest Payment Dates" means July 1 and January 1 of each year, commencing January 1, 2014.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

"Officer's Certificate" means a written certificate of the City signed by an Authorized Officer of the City.

"Ordinance" means any ordinance of the City, acting as the legislative body of the District, levying the Special Taxes.

"Ordinance of Formation" means Ordinance No.672, adopted by the City of Norco on May 4, 1993.

"Original Purchaser" means City National Bank, the first purchaser of the Bonds from the City.

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.04) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City, on behalf of the District, pursuant to this Agreement or any Supplemental Agreement.

"Owner or Bondowner" means any person who shall be the registered owner of any Outstanding Bond.

"Permitted Investments" means, for the moneys held in the Funds and Accounts hereunder, any of the following that at the time of investment is a legal investment for the City under the laws of the State and is permitted under the City's Investment Policy:

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

2. Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise.

3. Any investment agreement with a financial institution or insurance company which: (a) has an outstanding issue of unsecured, uninsured or unguaranteed debt obligations or a claims paying ability rated in either "AA" or "AAA" rated long-term rating categories by Moody's and Standard & Poor's; and (b) is fully secured by U.S. Treasury and Federal Agency obligations described in items (1) and (2) above which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% times the principal amount of the investment, (B) held by the Fiscal Agent or other custodian acceptable to the Fiscal Agent (C) subject to a perfected first lien in the Fiscal Agent and (D) free and clear from all third party liens and (c) which investment agreement is approved

by Moody's and Standard & Poor's to the extent required by such ratings agency to maintain the ratings on the Bonds.

4. Money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, rated by Standard & Poor's AAAm-G, AAAm, or AA-m, and if rated by Moody's rated Aaa, Aa1, or Aa2, including funds for which the Fiscal Agent or an affiliate provides investment advice or other services.

5. Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.

6. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation.

7. Negotiable certificates of deposit issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated "AA" or better by Moody's or Standard & Poor's.

8. Commercial paper rated in the highest short-term rating category, as provided by Moody's Investors Services Inc. or Standard & Poor's Corporation; provided that the issuing corporation is organized and operating within the United States, has total assets in excess of \$500 million and has an "A" or higher rating for its long-term debt, if any, as provided by Moody's or Standard & Poor's. Purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation.

9. Bankers acceptances issued by domestic banks or domestic branches of foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by Moody's and Standard & Poor's, which purchases may not exceed 270 days.

"Principal Office" means the principal corporate trust office of the Fiscal Agent set forth in Section 9.06 (except for payment, surrender and exchanges of the Bonds which shall be in Norco, California, or such other or additional offices as may be designated by the Fiscal Agent.

"Rate and Method of Apportionment" means the Special Tax Formula.

"Record Date" means the fifteenth day of the month next preceding the month of the applicable Interest Payment Date, whether or not such day is a Business Day.

"Reserve Fund" means the fund by that name established pursuant to Section 4.03(A) hereof.

"Reserve Requirement" means, as of any date of calculation an amount equal to the lesser of (i) 50% of the then Maximum Annual Debt Service or (ii) five percent (5%) of the initial principal amount of the Bonds issued hereunder.

"Resolution" means Resolution No.2003-30 adopted by the City on April 16, 2003, approving the issuance of the Bonds.

"S&P" means Standard & Poor's Ratings Service, a division of McGraw-Hill, and any successor thereto.

"Securities Depositories" means The Depository Trust Company, New York, New York and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Special Tax Formula" means the amended Rate and Method of Apportionment as approved by the City Council acting as the legislative body of District on November 6, 2002.

"Special Tax Fund" means the fund by that name established by Section 4.05(A) hereof.

"Special Tax Prepayments" means the proceeds of any Special Tax prepayments received by the City, as calculated pursuant to the Rate and Method of Apportionment of the Special Taxes for the District, less any administrative fees or penalties collected as part of any such prepayment.

"Special Tax Prepayments Account" means the account by that name established by Section 4.04(A) hereof.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments thereof, interest thereon, interest earnings on the Reserve Fund and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. Notwithstanding the foregoing, "Special Tax Revenues" does not include any penalties collected in connection with delinquent Special Taxes, even if such penalties are collected through foreclosure.

"Special Tax or Special Taxes" means the special taxes levied within the District pursuant to the Act, the Ordinance and this Agreement.

"Supplemental Agreement" means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Act and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

"Taxable Property" shall have the meaning attributable to such term in the Special Tax Formula.

"Tax Consultant" means any independent financial or tax consultant retained by the District for the purpose of computing the annual levy of Special Taxes.

"2003 Bonds" means the \$2,180,000 City of Norco Community Facilities District No. 93-1 2003 Special Tax Refunding Bonds (the "2003 Bonds").

**ARTICLE II  
THE BONDS**

Section 2.01. Principal Amount; Designation. Bonds in the aggregate principal amount of \$ \_\_\_\_\_ are hereby authorized to be issued by the City for the District under and subject to the terms of the Resolution and this Agreement, the Act and other applicable laws of the State of California. The Bonds shall be designated as the "City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds."

Section 2.02. Terms of the Bonds.

(A) Form; Denominations. The Bonds shall be issued as fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple in excess thereof.

(B) Date of Bonds. The Bonds shall be dated the date of initial delivery.

(C) Maturities, Interest Rates. The Bonds shall mature and become payable on July 1, 2020, and shall bear an interest as follows:

Maturity Date		
<u>(July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020		2.50%

(D) Interest. The Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(E) Method of Payment. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on the Interest Payment Dates by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer (i) to the Depository (so long as the Bonds are in book-entry form pursuant to Section 2.14), or (ii) to an account within the United States made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds, which instructions shall continue in effect until revoked in writing, or until such Bonds are transferred to a new Owner' The principal of the Bonds and any premium on the Bonds are payable by check in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Fiscal Agent. All Bonds paid by the Fiscal Agent pursuant to this Section shall be

canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds and issue a certificate of destruction thereof to the City upon the City's request.

Section 2.03. Redemption.

(A) Redemption Dates.

(i) *Optional Redemption.* The Bonds maturing shall be subject to optional redemption from any source of available funds, including Prepayments of the Special Tax by property owners, prior to maturity, in whole, or in part among maturities as shall be specified by an Officer's Certificate of the City and by lot within a maturity, on any date at the redemption price of 101% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption.

(ii) *Mandatory Sinking Payment Redemption.* The Bonds are subject to mandatory sinking payment redemption in part on March 1 in each year as indicated below at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following table:

<u>Sinking Fund Redemption Date (July 1)</u>	<u>Principal Amount</u>
2014	
2015	
2016	
2017	
2018	
2019	
2020 (maturity)	

The amounts in the foregoing table shall be reduced, as a result of any prior partial redemption of the Bonds pursuant to this Agreement as specified in writing by the City Finance Director to the Fiscal Agent, in inverse order of sinking fund payment date.

(iii) *Mandatory Redemption - Special Tax Prepayments.* The Bonds are subject to mandatory redemption prior to maturity from revenues representing Special Tax Prepayment on any Interest Payment Date, as a whole or in part, pro-rata among maturities and by lot within a maturity. Bonds redeemed pursuant to Special Tax Prepayments shall be redeemed, without premium with accrued interest to the date of redemption.

(B) Notice to Fiscal Agent. The City shall give the Fiscal Agent written notice of its intention to redeem Bonds pursuant to subsection (A)(i) not less than sixty (60) days prior to the applicable redemption date.

(C) Purchase of Bonds in Lieu of Redemption. In lieu of redemption under Section 2.03(A), moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with this Agreement.

(D) Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the Original Purchaser, to the Securities Depositories, to one or more Information Services, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

Such notice of redemption shall (a) the serial numbers and the maturity date or dates of the Bonds selected for redemption, except that where all the Bonds are subject to redemption, or all the Bonds of one maturity, are to be redeemed, the serial numbers thereof need not be specified; (b) state the date fixed for redemption and surrender of the Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds are to be redeemed; (e) in the case of the Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (f) state the date of issue of the Bonds as originally issued; (g) state the rate of interest borne by each Bond being redeemed and (h) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the District. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

Whenever provision is made in this Agreement for the redemption of less than all of the Bonds or any given portion thereof, the Fiscal Agent shall select the Bonds to be redeemed, from all Bonds or such given portion thereof not previously called for redemption, among maturities as directed in writing by the City Finance Director (who shall specify Bonds to be redeemed so as to maintain, as much as practicable, the same debt service profile for the Bonds as in effect prior to such redemption; except that, in connection with any partial redemption pursuant to Section 2.03(A)(i), other than from amounts in the Bond Fund as a result of transfers from the Special Tax Prepayments Account pursuant to Section 4.04(B) and the Reserve Fund pursuant to Section 4.03(F), the Bonds to be redeemed shall be selected pro rata among maturities), and by lot within a maturity, such selection within a maturity to be done in any manner which the Fiscal Agent deems appropriate.

Upon surrender of Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new Bond or Bonds, of the same series and maturity, authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

(E) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

All Bonds redeemed and purchased by the Fiscal Agent pursuant to this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds and issue a certificate of destruction thereof to the City.

Section 2.04. Form of Bonds. The Bonds, the form of Fiscal Agent's certificate of authentication and the form of assignment, to appear thereon, shall be substantially in the forms,

respectively, set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution and the Act.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the City by the facsimile signatures of its Mayor and City Clerk who are in office on the date of adoption of this Agreement or at any time thereafter. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the owner. Any Bond may be signed and attested on behalf of the City by such persons as at the actual date of the execution of such Bond shall be the proper officers of the City although at the nominal date of such Bond any such person shall not have been such officer of the City.

Only such Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, executed and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of authentication of the Fiscal Agent shall be conclusive evidence that the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

Section 2.06. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount of authorized denominations.

No transfers of Bonds shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same series and maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such exchange shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.

No exchanges of Bonds shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

Section 2.08. Bond Register. The Fiscal Agent will keep or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds, which books shall show the series number, date, amount, rate of interest and last known owner of each Bond and shall at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or

transferred, on said books, the ownership of the Bonds as hereinbefore provided.

The City and the Fiscal Agent will treat the Owner of any Bond whose name appears on the Bond register as the absolute Owner of such Bond for any and all purposes, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond register for any and all purposes.

Section 2.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the City, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent shall designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under to this Agreement as definitive Bonds authenticated and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the City, at the expense of the Owner of said Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent who shall deliver a certificate of destruction thereof to the City. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to it and indemnity for the City and the Fiscal Agent satisfactory to the Fiscal Agent shall be given, the City, at the expense of the Owner, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section and of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued pursuant to this Agreement.

Section 2.11. Limited Obligation. All obligations of the City under this Agreement and the Bonds shall be special obligations of the City, payable solely from the Special Tax Revenues and the funds pledged therefore hereunder. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth herein) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Section 2.12. [Intentionally Omitted].

Section 2.13. No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the redemption of Bonds under Section 2.03 hereof, or the defeasance of the Bonds and discharge of this Agreement under Section 9.03 hereof.

Section 2.14. Book-Entry System. DTC shall not act as the initial Depository for the Bonds, however the City may elect to amend this Fiscal Agent Agreement to provide that the ownership of the Bonds be registered in the Bond Register kept by the Fiscal Agent for the Bonds in the name of Cede & Co, as nominee of DTC or such nominee as DTC shall appoint in writing.

The Authorized Officers and the Fiscal Agent are hereby authorized to take any and all actions as may be necessary and not inconsistent with this Agreement to qualify the Bonds for the Depository's book-entry system, including the execution of the Depository's required representation letter.

### **ARTICLE III ISSUANCE OF BONDS**

Section 3.01. Issuance and Delivery of Bonds. At any time after the execution of this Agreement, the City may issue the Bonds for the District in the aggregate principal amount set forth in Section 2.01 and deliver the Bonds to the Original Purchaser. The Authorized Officers of the City are hereby authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the Bonds in accordance with the provisions of the Act, the Resolution and this Agreement, to authorize the payment of Costs of Issuance by the Fiscal Agent from the proceeds of the Bonds and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Bonds to the Original Purchaser.

Section 3.02. Pledge of Special Tax Revenues. The Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent herein provided) of all of the Special Tax Revenues and all moneys deposited in the Bond Fund and the Reserve Fund and, until disbursed as provided herein, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Section 9.03.

Amounts in the Administrative Expense Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds. The facilities acquired with the proceeds of the original bonds are not in any way pledged to pay the Debt Service on the Bonds. Any proceeds of condemnation or destruction of any facilities financed with the proceeds of the original bonds are not pledged to pay the Debt Service on the Bonds and are free and clear of any lien or obligation imposed hereunder.

Section 3.03. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the performance by any person of such persons obligations with respect to the CFD Improvements.

**ARTICLE IV  
FUNDS AND ACCOUNTS**

Section 4.01. Deposits of Bond Proceeds. The proceeds of the purchase of the Bonds by the Original Purchaser thereof shall be paid to the Fiscal Agent, who shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows:

(A) to Deposit with the Escrow Bank \$\_\_\_\_\_ for deposit in the 2003 Bonds Escrow Fund, an amount which when added to the other moneys on deposit therein, as set forth in a certificate of the City will be sufficient, together with interest thereon, to pay the principal of and interest on the 2003 Bonds on September \_\_, 2013;

(B) to the Costs of Issuance Fund \$\_\_\_\_\_; and

(C) to the Reserve Fund \$\_\_\_\_\_ (being an amount equal to the Reserve Requirement as of the Closing Date).

Section 4.02. Costs of Issuance Fund.

(A) Establishment of Costs of Issuance Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, Costs of Issuance Fund, to the credit of which a deposit shall be made as required by Section 4.01(B). Moneys in the Costs of Issuance Fund shall be held in trust by the Fiscal Agent and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of Costs of Issuance.

(B) Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by the City Finance Director or City Manager and delivered to the Fiscal Agent concurrently with the delivery of the Bonds. The Fiscal Agent shall pay all Costs of Issuance after receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to an Officer's Certificate requesting payment of Costs of Issuance. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of 90 days from the date of delivery of the Bonds and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Finance Director for deposit by the Finance Director in the Administrative Expense Fund and the Cost of Issuance Fund shall be closed.

(C) Investment. Moneys in the Costs of Issuance Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

Section 4.03. Reserve Fund.

(A) Establishment of Reserve Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, Reserve Fund, to the credit of which a deposit shall be made as required by Section 4.01(A) equal to the Reserve Requirement as of the Closing Date for the Bonds, and deposits shall be made as provided in Section 4.05(B). Moneys in the Reserve Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of principal of, and interest and any premium on, the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

(B) Use of Reserve Fund. Except as otherwise provided in this Section, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming Bonds from the Bond Fund. Amounts in the Reserve Fund shall also be available to the City on behalf of the District in accordance with Section 5.13 hereof.

(C) Transfer Due to Deficiency in Bond Fund. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent shall provide written notice thereof to the Finance Director, specifying the amount withdrawn.

(D) Transfer of Excess of Reserve Requirement. Whenever, on the Business Day prior to any Interest Payment Date, or on any other date at the request of the Finance Director, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the Finance Director of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 4.04.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall upon the written direction of the Finance Director transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and redemption, in accordance with Section 2.03 or 4.04 as applicable, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the City to be used for any lawful purpose of the City.

Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund pursuant to this Section 4.03(E) until after (i) the calculation of any amounts due to the federal government pursuant to Section 5.13 following payment of the Bonds and withdrawal of any such amount from the Reserve Fund for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

(F) Transfer Upon Special Tax Prepayment. Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to Section 2.03(A)(i) or (iii) proportionate amount in the Reserve Fund (determined on the basis of the principal of Bonds to be redeemed, and the original principal of the Bonds) shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to Section 2.03(A)(i) or (iii).

(G) Investment and Transfer to Pay Rebate. Moneys in the Reserve Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be subject to transfer on the Business Day prior to each Interest Payment Date or when otherwise requested in writing by the Finance Director to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 4.04.

Amounts in the Reserve Fund may at any time be used, at the written direction of an Authorized Officer, for purposes of paying any rebate liability under Section 5.13.

Section 4.04. Bond Fund.

(A) Establishment of Bond Fund and Special Tax Prepayments Account. There is hereby established as a separate fund to be held by the Fiscal Agent the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, Bond Fund, to the credit of which deposits shall be made as required by Sections 4.03(B), 4.03(D), 4.03(F), 4.03(G) and 4.05(B), and any other amounts required to be deposited therein by this Agreement or the Act. There is also hereby created in the Bond Fund a separate account held by the Fiscal Agent, the Special Tax Prepayments Account, to the credit of which deposits shall be made as provided in Section 4.05(A).

Moneys in the Bond Fund and the account therein shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

(B) Disbursements. The Fiscal Agent shall make Bond Fund disbursements and Special Tax Prepayments Account disbursements as set forth below:

(i) Bond Fund Disbursements. On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in Section 2.03(A)(ii), or a redemption of the Bonds required by Sections 2.03(A)(i) or (iii), such payments to be made in the priority listed in the second succeeding paragraph.

In the event that amounts in the Bond Fund are insufficient for the purposes set forth in the preceding paragraph, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the first sentence of the first paragraph of this Section 4.04(B)(i), the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

(ii) Special Tax Prepayments Account Disbursements. Moneys in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under Section 2.03(A)(i) or (iii), and notice to the Fiscal Agent can timely be given under Section 2.03(B), and shall be used (together with any amounts transferred pursuant to Section 4.03(F)) to redeem Bonds on the redemption date selected in accordance with Section 2.03.

(C) Investment. Moneys in the Bond Fund and the Special Tax Prepayments Account shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from the investment and deposit of amounts in the Bond Fund and the Special Tax Prepayments Account shall be retained in the Bond Fund, and the Special Tax Prepayments Account, respectively, to be used for purposes of such fund and accounts.

#### Section 4.05. Special Tax Fund.

(A) Establishment of Special Tax Fund. There is hereby established as a separate fund to be held by the City Finance Director, the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, Special Tax Fund, to the credit of which the City on behalf of the District shall deposit, as soon as practicable following receipt and no later than seven (7) days prior to the Interest Payment Date when Special Tax Revenues shall be required, all Special Tax Revenues received by the City on behalf of the District and any amounts required by Section 4.06(B) to be deposited therein; provided that any proceeds of Special Tax Prepayments shall be transferred by the Finance Director to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to Section 4.04(A). Moneys in the Special Tax Fund shall be held in trust by the City for the benefit of the City and the Owners of the Bonds, shall be disbursed as provided below and, pending disbursement, shall be subject to a lien in favor of the Owners of the Bonds and the City.

(B) Disbursements. From time to time as needed to pay the obligations of the District, but no later than five (5) Business Days before each Interest Payment Date, the City shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Reserve Fund and the Special Tax Prepayments Account to the Bond Fund pursuant to Sections 4.03(D), (F) and (G), and 4.04(B)(ii), such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on the next Interest Payment Date, and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement. In any Bond Year, to the extent that the transfers required by clause (i) of the preceding sentence have been made with respect to the July 1 Interest Payment Date occurring in such Bond Year and the July 1 immediately following such Bond Year, and the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement, all other amounts then on deposit in, or deposited to, the Special Tax Fund in such Bond Year shall be transferred by the Finance Director to the Administrative Expense Fund.

(C) Investment. Moneys in the Special Tax Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from such investment and deposit shall be retained in the Special Tax Fund to be used for the purposes thereof.

#### Section 4.06. Administrative Expense Fund.

(A) Establishment of Administrative Expense Fund. There is hereby established as a separate fund to be held by the City designated as the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, Administrative Expense Fund to the credit of which deposits shall be made as required by Section 4.05(B). Moneys in the Administrative Expense Fund shall be held in trust by the City Finance Director for the benefit of the City, and shall be disbursed as provided below.

(B) Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn and paid to the City or its order upon receipt by the City Finance Director of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense or a Costs of Issuance, and the nature of such Administrative Expense or Costs of Issuance. Amounts deposited to the Administrative Expense Fund shall be separately identified at all times, and shall be expended for purposes of the Administrative Expense Fund prior to the use of amounts transferred to the Administrative Expense Fund from the Special Tax Fund pursuant to Section 4.05(B).

Annually, on the last day of each Fiscal Year commencing with the last day of the Fiscal Year 2013-2014, the Finance Director shall withdraw any amounts then remaining in the Administrative Expense Fund including interest earnings that have not been allocated to pay Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, and transfer such amounts to the Special Tax Fund.

(C) Investment. Moneys in the Administrative Expense Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the City in the Administrative Expense Fund to be used for the purposes thereof.

#### Section 4.07. Excess Investment Earnings Fund.

(A) Establishment. A special fund is hereby created and designated the "Excess Investment Earnings Fund" (the "Excess Investment Earnings Fund") which is to be held by the Fiscal Agent and in which there shall be established two separate sub-accounts designated the "Rebate Fund" and the "Alternative Penalty Fund." Absent an opinion of a nationally-recognized Bond Counsel ("Bond Counsel") that the exclusion from gross income for federal income tax purposes of interest on the applicable Bonds will not be adversely affected, the City shall cause to be deposited in each such sub-account of the Excess Investment Earnings Fund such amounts as are required to be deposited therein pursuant to this Section 4.07. All money at any time deposited in a Rebate Fund or an Alternative Penalty Fund shall be held by the Fiscal Agent in trust, for payment to the United States Treasury. All amounts on deposit in the Excess Investment Earnings Fund shall be governed by this Section 4.07. unless and to the extent that the City delivers to the Fiscal Agent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected if such requirements are not satisfied.

(B) Rebate Fund. The following requirements shall be satisfied with respect to the Rebate Fund:

(1) Annual Computation. Within 55 days of the end of each Bond Year, the City shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code of Section 1.148.2 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable in the Tax Bond (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1 1/2% Penalty") has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-8(b) of the Rebate Regulations (the "Rebatable Arbitrage"). The City shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(2) Annual Transfer. Within 55 days of the end of each Bond Year, upon the written direction of the City, an amount shall be deposited to the Rebate Fund by the Fiscal Agent from any funds legally available for such purpose (as specified by the City in the aforesaid written direction), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with (1) of this Subsection (B). In the event that immediately following the transfer required by the previous sentence, the amount on deposit to the credit of the applicable Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the City, the Fiscal Agent shall withdraw the excess from the Rebate Fund and then credit the excess to the Bond Fund.

(3) Payment to the Treasury. The Fiscal Agent shall pay, as directed by the City, to the United States Treasury, out of amounts in the Rebate Fund,

(a) Not later than 60 days after the end of (A) the fifth Bond Year, an amount equal to 100% of the Rebatale Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatale Arbitrage, computed in accordance with Section 148(f) of the Code.

(b) Not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatale Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatale Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (3) shall be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 on or before the date of which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the City and provided to the Fiscal Agent or shall be made in such other manner as the City shall direct.

(C) Alternative Penalty Fund.

(1) Six-Month Computation. If the 1 1/2% Penalty has been elected, within 85 days of each particular Six-Month Period, the City on behalf of the District shall determine or cause to be determined whether the 1 1/2% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. The City shall obtain expert advice in making such determination.

(2) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, upon the written direction of the City on behalf of the District, the Fiscal Agent shall deposit moneys in the Alternative Penalty Fund from any legally available source of funds (as specified by the City on behalf of the District in the aforesaid written direction), if and to the extent required, so that the balance in the Alternative Penalty Fund equals the amount of 1 1/2% Penalty due and payable to the United States Treasury determined as provided in Subsection (B)(3) above. In the event that immediately following the transfer provided in the previous sentence, the amount then on deposit to the credit of the Alternative Penalty Fund exceeds the amount required to be on deposit therein to make the payments required by Subsection (B)(1) above, the Fiscal Agent, at the written direction of the City on behalf of the District, shall withdraw the excess from the Alternative Penalty Fund and credit the excess to the Bond Fund.

(3) Payment to the Treasury. The Fiscal Agent shall pay, as directed in writing by the City on behalf of the District, to the United States Treasury, out of amounts in an Alternative Penalty Fund, not later than 90 days after the close of each Six-Month Period the 1 1/2% Penalty, if applicable and payable, computed in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from the Alternative Penalty Fund, the amount in such account is not sufficient to make such payment when such payment is due, the City on behalf of the District shall calculate the amount of such deficiency and direct the Fiscal Agent to deposit an amount received from any legally available source of funds equal to such deficiency into the Alternative Penalty Fund prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (C)(3) shall be made to the Internal Revenue Service, Philadelphia, Pennsylvania 119255 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T which shall be prepared by the City on behalf of the District and provided to the Fiscal Agent or shall be made in such other manner as directed by the City on behalf of the District.

(a) Not later than 60 days after the end of (A) the fifth Bond Year, an amount equal to 100% of the Rebatale Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatale Arbitrage, computed in accordance with Section 148(f) of the Code.

(b) Not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatale Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatale Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (3) shall be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 on or before the date of which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the City and provided to the Fiscal Agent or shall be made in such other manner as the City shall direct.

(C) Alternative Penalty Fund.

(1) Six-Month Computation. If the 1 1/2% Penalty has been elected, within 85 days of each particular Six-Month Period, the City on behalf of the District shall determine or cause to be determined whether the 1 1/2% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. The City shall obtain expert advice in making such determination.

(2) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, upon the written direction of the City on behalf of the District, the Fiscal Agent shall deposit moneys in the Alternative Penalty Fund from any legally available source of funds (as specified by the City on behalf of the District in the aforesaid written direction), if and to the extent required, so that the balance in the Alternative Penalty Fund equals the amount of 1 1/2% Penalty due and payable to the United States Treasury determined as provided in Subsection (B)(3) above. In the event that immediately following the transfer provided in the previous sentence, the amount then on deposit to the credit of the Alternative Penalty Fund exceeds the amount required to be on deposit therein to make the payments required by Subsection (B)(1) above, the Fiscal Agent, at the written direction of the City on behalf of the District, shall withdraw the excess from the Alternative Penalty Fund and credit the excess to the Bond Fund.

(3) Payment to the Treasury. The Fiscal Agent shall pay, as directed in writing by the City on behalf of the District, to the United States Treasury, out of amounts in an Alternative Penalty Fund, not later than 90 days after the close of each Six-Month Period the 1 1/2% Penalty, if applicable and payable, computed in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from the Alternative Penalty Fund, the amount in such account is not sufficient to make such payment when such payment is due, the City on behalf of the District shall calculate the amount of such deficiency and direct the Fiscal Agent to deposit an amount received from any legally available source of funds equal to such deficiency into the Alternative Penalty Fund prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (C)(3) shall be made to the Internal Revenue Service, Philadelphia, Pennsylvania 119255 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T which shall be prepared by the City on behalf of the District and provided to the Fiscal Agent or shall be made in such other manner as directed by the City on behalf of the District.

The Fiscal Agent shall not be responsible for calculating the amounts of rebatable arbitrage or for the adequacy or correctness or any rebate report or rebate calculations. The Fiscal Agent shall be deemed conclusively to have complied with the provisions of this Agreement regarding calculation and payment of rebatable arbitrage if it follows the directions of the City as provided herein and it shall have no independent duty to review or such calculations or enforce compliance with such rebate requirements.

#### Section 4.08 Escrow Fund

(A) Moneys deposited in the Escrow Fund shall be held by the Escrow Bank under the Escrow Agreement to be used for deposit and application as provided under the Escrow Agreement for the purpose of refunding and defeasing the outstanding 2003 Bonds.

**ARTICLE V**  
**OTHER COVENANTS OF THE CITY, ON BEHALF OF THE DISTRICT**

So, long as any of the Bonds are Outstanding and unpaid, the City on behalf of the District makes the following covenants with the Bondowners under the provisions of the Act (to be performed by the City or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Tax Revenues or any moneys deposited in the funds and accounts created under this Agreement and legally available therefor.

Section 5.01. Punctual Payment. The City on behalf of the District will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.

Section 5.02. Limited Obligation. The Bonds are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund, the Reserve Fund and the Special Tax Fund created hereunder.

Section 5.03. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

Section 5.04. Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Agreement.

Section 5.05. Books and Records. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Fund and the Special Tax Fund and to the Special Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund, the Improvement Fund, the Reserve Fund and the Costs of Issuance Fund. Such books of record and accounts shall at all times during business hours upon reasonable prior notice be subject to the inspection of the City on behalf of the District and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 5.06. Protection of Security and Rights of Owners. The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

Section 5.07. Compliance with Law. The City will comply with all applicable provisions of the Act and law in completing the construction and acquisition of the Project.

Section 5.08. Collection of Special Tax Revenues. The City shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

On or within five (5) Business Days of each June 1, the Fiscal Agent shall provide the City with a notice stating the amount then on deposit in the Bond Fund, the Reserve Fund, and informing the City that the Special Taxes may need to be levied pursuant to the Ordinance as necessary to provide for Annual Debt Service and Administrative Expenses and replenishment (if necessary) of the Reserve Fund so that the balances therein equal the Reserve Requirement. The receipt of or failure to receive such notice by the City shall in no way affect the obligations of the City under the following two paragraphs, and the Fiscal Agent shall not be responsible for any inability or failure to provide such notice. Upon receipt of such notice, the City shall communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

The City shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 2<sup>nd</sup> that the Bonds are Outstanding, or otherwise such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the City shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

The City shall fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on any Outstanding Bonds of the District becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any obligation under Section 5.13) during such year, taking into account the balances in such funds and in the Special Tax Fund. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings pursuant to the Resolution of Formation.

The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Notwithstanding the foregoing, the City may in its discretion cause the collection of any Special Taxes by direct, first class mail billing to the then owner of each parcel so owned in lieu of billing for such Special Taxes in the same manner as general taxes as aforesaid. Such direct mail billing shall be made not later than November 1 of the Fiscal Year and shall direct the owner of the property affected to pay the Special Taxes directly to the City in two equal installments, the first of which shall be due and delinquent if not paid on December 10 and the second of which may be paid with the first and which, in any event, shall be due and delinquent if not paid on April

10 of the Fiscal Year. Any such Special Taxes so billed shall have the same priority and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Section 5.09. Covenant to Foreclose. Pursuant to Section 53356.1 of the Act, the City on behalf of the District hereby covenants with and for the benefit of the owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following two paragraphs. The City shall notify the City Attorney of any such delinquency of which it is aware, and the City Attorney shall commence, or cause to be commenced, such proceedings.

On or about July 1st of each Fiscal Year, the City shall compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City, and:

(A) Individual Delinquencies. If the City determines that any single parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes in the aggregate amount of \$5,000 or more, then the City shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the City within 90 days of such determination.

(B) Aggregate Delinquencies. If the City determines that (i) the total amount of delinquent Special Tax for the prior Fiscal Year for the entire District, (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, or (ii) there are ten (10) or fewer owners of real property within the District, determined by reference to the latest available secured property tax roll of the County, the City shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and shall commence foreclosure proceedings within 90 days of such determination against each parcel of land in the District with a Special Tax delinquency.

The City may waive delinquency penalties and redemption penalties if it determines that (i) the waivers shall apply only to parcels delinquent at the time of the determination, (ii) the waivers shall only be available with respect to parcels for which all past due and currently due Special Taxes and all other costs are paid in full within a limited period of time specified in the determination, (iii) the waivers shall be available only with respect to parcels sold or otherwise transferred to new owners unrelated to the owner responsible for the delinquency, and (iv) the waivers are in the best interest of the Bond Owners. A purchase of a Bond by an Owner constitutes consent to the provisions.

Section 5.10. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.

Section 5.11. Private Activity Bond Limitations. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Section 5.12. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 5.13. Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

If necessary, the City may use amounts in the Reserve Fund, amounts on deposit in the Administrative Expense Fund, and any other funds available to the District, including amounts advanced by the City, in its sole discretion, to be repaid by the District as soon as practicable from amounts described in the preceding clauses, to satisfy its obligations under this Section 5.13. The City shall take note of any investment of monies hereunder in excess of the yield on the Bonds, and shall take such actions as are necessary to ensure compliance with this Section 5.13, such as increasing the portion of the Special Tax levy for Administration Expenses as appropriate to have funds available in the Administrative Expense Fund to satisfy any rebate liability under this Section 5.13.

Section 5.14. No Arbitrage. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Section 5.15. Yield of the Bonds. In determining the yield of the Bonds to comply with Section 5.13 and 5.14 hereof, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments for redemption of the Bonds, without regard to whether or not prepayments are received or Bonds redeemed.

Section 5.16. Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Section 5.17. Continuing Disclosure to Owners. In addition to its obligations under Section 9.07, the City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered a default hereunder; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations thereunder, including seeking mandate or specific performance by court order.

**ARTICLE VI  
INVESTMENTS, DISPOSITION OF INVESTMENT PROCEEDS, LIABILITY  
OF THE CITY**

Section 6.01. Deposit and Investment of Moneys in Funds. Moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest, to the extent reason a practicable, any such moneys in investments contained in paragraph (4) of the definition of Permitted Investments which by their terms mature prior to the date on which such moneys are required to be paid out hereunder, and otherwise hold such amounts uninvested. The City Finance Director shall make note of any investment of funds hereunder in excess of the yield on the Bonds, so that appropriate actions can be taken to assure compliance with Section 5.13.

Moneys in any fund or account created or established by this Agreement and held by the City shall be invested by the Finance Director in any Permitted Investment, which in any event by their terms mature prior to the date on which such moneys are required to be paid out hereunder; provided that amounts on deposit in the Administrative Expense Fund may be invested in any lawful investment the City may make. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in this Agreement any moneys are required to be transferred by the City to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

The Fiscal Agent and its affiliates or the City may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent nor the City shall incur any liability for losses arising from any investments made pursuant to this Section. The Fiscal Agent shall not be required to determine the legality of any investments.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the subaccounts within the Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent shall not be liable for verification of the application of such sections of the Code.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the City hereunder, provided that the Fiscal Agent or the City, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

The Fiscal Agent or the City, as applicable, shall sell or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the City shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance

herewith. The Fiscal Agent or an affiliate may act as principal or agent for the purchase or disposition of any investment security and shall be entitled to the customary fee thereof.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the City with cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder.

Section 6.02. Limited Obligation. The City's obligations hereunder are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Special Tax Fund, the Bond Fund (including the Special Tax Prepayments Account therein) and the Reserve Fund created hereunder.

Section 6.03. Liability of City. The City shall not incur any responsibility in respect of the Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Agreement. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The City shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed.

Whenever in the administration of its duties under this Agreement the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent, an Independent Financial

Consultant, an Appraiser or a Tax Consultant, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the City or the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 6.04. Employment of Agents by City. In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

## ARTICLE VII THE FISCAL AGENT

Section 7.01. Appointment of Fiscal Agent. The City of Norco, is hereby appointed Fiscal Agent and paying agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent.

Section 7.02. Liability of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent shall not be liable for any error of judgment made in good faith unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners pursuant to this Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

Section 7.03. Information. The Fiscal Agent shall provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the City shall reasonably request, including but not limited to monthly statements reporting funds held and transactions by the Fiscal Agent.

Section 7.04. Notice to Fiscal Agent. The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed in good faith by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder' such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by an Officer's Certificate, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 7.05. Compensation, Indemnification. The City shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any costs, expenses, claims or liabilities whatsoever, including without limitation fees and expenses of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The obligation of the City under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement and payment of the Bonds and discharge of this Agreement, but any monetary obligation of the City arising under this Section shall be limited solely to amounts on deposit in the Administrative Expense Fund.

**ARTICLE VIII  
MODIFICATION OR AMENDMENT OF THIS AGREEMENT**

Section 8.01. Amendments Permitted. This Agreement and the rights and obligations of the City on behalf of the District and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City on behalf of District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City on behalf of the District of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or this Agreement), or (iii) reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

This Agreement and the rights and obligations of the City on behalf of the District and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the Consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City on behalf of the District in this Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City on behalf of the District;

(B) to make modifications not adversely affecting any outstanding series of Bonds of the City on behalf of the District in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the City on behalf of the District and the Fiscal Agent may deem necessary or desirable and not inconsistent with this Agreement, and which shall not adversely affect the rights of the Owners of the Bonds in any material respect; and

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from gross federal income taxation of interest on the Bonds.

Section 8.02. Owners' Meetings. The City on behalf of the District may at any time call a meeting of the Owners. In such event the City on behalf of the District is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.03. Procedure for Amendment with Written Consent of Owners. The City and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 8.01, to take effect when and as provided in this Section. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 8.03 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 8.04. Disqualified Bonds. Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII.

Section 8.05. Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective pursuant to this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the City on behalf of the District and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments. The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then

Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.07. Amendatory Endorsement of Bonds. The provisions of this Article VIII shall not prevent any Owner from accepting any Amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

## ARTICLE IX MISCELLANEOUS

Section 9.01. Benefits of Agreement Limited to Parties. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the City, the Fiscal Agent and the Owners, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement containing and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Fiscal Agent.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Agreement or any Supplemental Agreement either the City or the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the City or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Agreement. The City shall have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in Sections 4.04 and 4.05 is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the City shall determine as confirmed by Bond Counsel or an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in Sections 4.04 and 4.05, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the City shall have taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in this Agreement and all other obligations of the City under this Agreement with respect to such Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligation of the City to pay or cause to be paid to the Owners of the Bonds not so Surrendered and paid all sums due thereon, all amounts owing to the Fiscal Agent pursuant to Section 7.05, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes, shall continue in any event.

Upon compliance by the City with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, shall be paid over to the City and any Special Taxes thereafter received by the City shall not be remitted to the Fiscal Agent but shall be retained by the City to be used for any purpose permitted under the Act.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Fiscal Agent in good faith and in accordance therewith.

Section 9.05. Waiver of Personal Liability. No member, officer, official, agent or employee of the City or the District shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, official, agent or employee from the performance of any official duty provided by law.

Section 9.06. Notices to and Demands on City and Fiscal Agent. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the City may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the City with the Fiscal Agent) as follows:

City of Norco  
2860 Clark Avenue  
Norco, CA 92860  
Attention: City Manager

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the City to or on the Fiscal Agent may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Fiscal Agent with the City) as follows (provided that any such notice shall not be effective until actually received by the Fiscal Agent):

City of Norco  
2860 Clark Avenue  
Norco, CA 92860  
Attention: City Manager

Section 9.07. Reporting Requirements. The following requirements shall apply to the Bonds, in addition to those requirements under Section 5.17:

(A) Annual Reporting. Not later than December 31 of each calendar year, beginning with the December 31 first succeeding the date of the Bonds, and in each calendar year thereafter until the December 31 following the final maturity of the Bonds, the City shall cause that information required by the rules and regulation of CDIAC information to be supplied to CDIAC and to the other entities specified in Section 5.17(A) that information required to be provided by CDIAC. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(B) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal and interest on the Bonds, the Fiscal Agent shall notify the City of such failure or withdrawal in writing. The City shall notify CDIAC and the Original Purchasers of such failure or withdrawal within 10 days of such failure or withdrawal.

(C) Amendment. The reporting requirements of this Section 9.07 shall be amended from time to time, without action by the City or the Fiscal Agent, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the City's obligations under the Continuing Disclosure Agreement.

(D) No Liability. None of the City and its officers, agents and employees, City or the Fiscal Agent shall be liable for any inadvertent error in reporting the information required by this Section 9.07.

The City shall provide copies of any of such reports to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the City to produce such information and pay any postage or other delivery cost to provide the same, as determined by the City. The term "Bondowner" for purposes of this Section 9.07 shall include any beneficial owner of the Bonds.

Section 9.08. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The City hereby declares that it would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 9.09. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when the payments of such principal, interest and premium have become payable, if such moneys was held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the City as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of the principal of, and interest and any premium on, such Bonds. The Fiscal Agent shall hold such funds uninvested.

Section 9.10. Applicable Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Section 9.11. Conflict with Act. In the event of a conflict between any provision of this Agreement with any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of this Agreement.

Section 9.12. Conclusive Evidence of Regularity. Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

Section 9.13. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 9.14. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the City caused this Fiscal Agent Agreement to be executed all as of this 1st day of August, 2013.

**CITY OF NORCO, for and on behalf of  
City of Norco Community Facilities  
District No. 93-1**

**By:** \_\_\_\_\_

**Its: City Manager**

**ATTEST:**

**By:**  
**Authorized Officer**

**CITY NATIONAL BANK**

**By:** \_\_\_\_\_

**Its:** \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
CITY OF NORCO  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
2013 SPECIAL TAX REFUNDING BONDS**

**INTEREST RATE**

**MATURITY DATE**

**BOND DATE**

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

The City of Norco (the "City") for and on behalf of City of Norco Community Facilities District No. 93-1 (the "District"), for value received, hereby promises to pay solely from the Special Tax Revenues (as hereinafter defined) to be collected in the District or amounts in the funds and accounts held under the Agreement (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Bond Date set forth above, or from the most recent interest payment date to which interest has been paid or duly provided for, semiannually on July 1 and January 1, commencing January 1, 2014, at the interest rate set forth above, until the principal amount hereof is paid or made available for payment. The principal of this Bond is payable to the registered owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office (as defined in the Agreement referred to below) of U.S. Bank National Association (the "Fiscal Agent"). Interest on this Bond shall be paid by check of the Fiscal Agent mailed on each interest payment date to the registered owner hereof as of the close of business on the 15th day of the month preceding the month in which the interest payment date occurs (the "Record Date") at such registered owner's address as it appears on the registration books maintained by the Fiscal Agent, or (i) if the Bonds are in book-entry-only form, or (ii) otherwise upon written request filed with the Fiscal Agent prior to any Record Date by a registered owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the depository for the Bonds or to an account in the United States designated by such registered owner in such written request, respectively.

The creation of the Bonds and the terms and conditions thereof are provided for by resolution adopted by the City Council of the City \_\_\_\_\_, 2013 (the "Resolution"), and the Fiscal Agent Agreement, dated as of August 1, 2013, between the City on behalf of the District and City National Bank (the "Agreement") and this reference incorporates the Resolution and the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Resolution is adopted and the Agreement is entered into under and this Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

Pursuant to the Mello-Roos Act, the Agreement and the Resolution, the principal of and interest on this Bond are payable solely from the annual special tax authorized under the Mello-Roos Act to be collected within the District (the "Special Tax") interest earnings and certain funds held under the Agreement (the "Special Tax Revenues").

Interest on this Bond shall be payable from the interest payment date next preceding the date of authentication hereof, unless (i) it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or (ii) such date of authentication is after a Record Date but on or prior to an interest payment date, in which event interest will be payable from such interest payment date, or (iii) such date of authentication is prior to the first Record Date, in which event interest will be payable from the Bond Date set forth above; provided however, that if at the time of authentication of this Bond, interest is in default hereon, this Bond

shall bear interest from the interest payment date to which interest has previously been paid or made available for payment hereon.

Any tax for the payment hereof shall be limited to the Special Tax, except to the extent that provision for payment has been made by the City, as may be permitted by law. The Bonds do not constitute obligations of the City for which said City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described hereinabove.

The Bonds are subject to redemption prior to their stated maturity on any date, as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

(i) *Optional Redemption.* The Bonds maturing shall be subject to optional redemption from any source of available funds, including Prepayments of the Special Tax by property owners, prior to maturity, in whole, or in part among maturities as shall be specified by an Officer's Certificate of the City and by lot within a maturity, on any Interest Payment Date, at the redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption.

(ii) *Mandatory Sinking Payment Redemption.* The Bonds are subject to mandatory sinking payment redemption in part on March 1 in each year as indicated below at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following table:

Sinking Fund Redemption Date ( <u>July 1</u> )	<u>Principal Amount</u>
2014	
2015	
2016	
2017	
2018	
2019	
2020 (maturity)	

The amounts in the foregoing tables shall be reduced, as a result of any prior partial redemption of the Bonds pursuant to the Agreement, as specified in writing by the Finance Director to the Fiscal Agent, in inverse order of the sinking fund payment date.

The Bonds are subject to mandatory redemption on any interest payment date, in part, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from amounts transferred from the Special Tax Prepayment Account to the Bond Fund pursuant to the Agreement.

In the event of a redemption of less than all of the Bonds, the Bonds shall be redeemed by lot within a maturity, and among maturities in the manner specified in the Agreement.

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Agreement.

This Bond shall be registered in the name of the owner hereof, as to both principal and interest.

Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Fiscal Agent shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption, or (iii) between a Record Date and the succeeding interest payment date. Exchanges may only be made for Bonds in authorized denominations, as provided in the Agreement.

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein.

The Bonds are not general obligations of the City, but are limited obligations payable solely from the revenues and funds pledged therefor under the Agreement. Neither the faith and credit of the City or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

**IN WITNESS WHEREOF**, the City of Norco on behalf of the District has caused this Bond to be dated the Bond Date set forth above.

**CITY OF NORCO**

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

**FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the Fiscal Agent Agreement which has been authenticated on \_\_\_\_\_.

**CITY OF NORCO**

By \_\_\_\_\_  
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Certificate, shall be construed as though then were written out in full according to applicable laws or Tax Regulations:

- TEN COM - as tenants in common UNIF GIFT MIN ACT\_\_\_\_\_ Custodian (Cust) under Uniform Gifts to Minor
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right survivorship and not as tenants in common
- COMM PROP - as community property

**ADDITIONAL ABBREVIATIONS MAY ALSO BE USED  
THOUGH NOT IN THE LIST ABOVE**

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the registration books of the Fiscal Agent with full power of substitution in the premises.

Dated:

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution.

\_\_\_\_\_  
NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

§  
**CITY OF NORCO  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
2013 SPECIAL TAX REFUNDING BONDS**

**REFUNDED BONDS ESCROW AGREEMENT**

Refunded Bonds Escrow Agreement (the "Agreement"), dated as of August 1, 2013 is hereby entered into by and between (i) the City of Norco (the "City") and (ii) U.S. Bank National Association, as escrow bank ("the "Escrow Bank").

WITNESSETH

WHEREAS, the City has previously issued its \$2,300,000 City of Norco Community Facilities District No. 93-1 Special Tax Bonds (the "1995"); and

WHEREAS, the City has previously issued its \$2,180,000 City of Norco Community Facilities District No. 93-1 2003 Refunding Bonds (the "2003 Bonds" or "Refunded Bonds"); the proceeds of which provided for the refunding of the 1995 Bonds; and

WHEREAS, for the purpose of refunding the outstanding portion of the Refunded Bonds, the Agency is issuing its \$ \_\_\_\_\_ City of Norco Community Facilities District No. 93-1, 2013 Special Tax Refunding Bonds (the "Bonds"); and

WHEREAS, a portion of the proceeds of the sale of the Bonds is to be deposited and held pursuant to this Agreement; and

WHEREAS, such proceeds are to be held in cash; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

**SECTION 1. Appointment of Escrow Bank.** The City hereby appoints the Escrow Bank as escrow bank for all purposes of this Agreement and in accordance with the terms and provisions of this Agreement, and the Escrow Bank accepts such appointment. All capitalized terms used here shall be as defined in the Fiscal Agent Agreement securing the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds.

**SECTION 2. Certificates and Moneys Received.** The City hereby establishes with the Escrow Bank the Refunded Bonds Escrow Fund, as described in Section 3 hereof (the "Escrow Fund"). The Escrow Bank acknowledges receipt of federal funds derived from the proceeds of the Bonds in the amount of \$ \_\_\_\_\_ which the Escrow Bank is hereby directed by the City to hold (together with \$ \_\_\_\_\_ transferred from the Funds and Account with respect to the Refunded Bonds) in cash.

The Escrow Bank shall not be liable for losses on any investment made by it pursuant to and in compliance with such written instructions.

**SECTION 3. Establishment of Refunded Bonds Escrow Fund.** (a) There is hereby created and established a special, segregated and irrevocable trust fund, designated as the Refunded Bonds Escrow Fund, to be held by the Escrow Bank, separate and apart from all other funds of the

Agency and the Escrow Bank.

(a) Concurrently with the execution of this Agreement, the Escrow Bank shall deposit the cash hereto in the Refunded Bonds Escrow Fund. The Escrow Bank shall deposit all proceeds (whether principal or interest) derived from the cash.

SECTION 4. Escrow Funds Constitute Trust Funds. The cash in the Refunded Bonds Escrow Fund shall constitute an irrevocable deposit of said cash in trust solely for the purposes provided in this Agreement.

SECTION 5. Use and Application of Trust Funds.

(a) The Escrow Bank shall withdraw amounts from the Refunded Bonds Escrow Fund for the sole purpose of making payments on the Refunded Bonds at the times and in such amounts as described in Exhibit "A" attached hereto.

(b) The liability of the Escrow Bank to make the payments required by this Section 5 shall be limited to the moneys in the Refunded Bonds Escrow Fund.

(c) In the event the money held by the Escrow Bank shall be insufficient to make the payments described in Section 5, the Escrow Bank shall give prompt notice of such insufficiency to the City, and the City shall cure such insufficiency. The Escrow Bank shall have no liability for such insufficiency.

SECTION 6. No Power To Invest and Dispose. Except as otherwise expressly provided above and pursuant to written direction of the City, the Escrow Bank shall have no power or duty to invest any moneys held hereunder. The City shall have no right to withdraw monies in the Refunded Bonds Escrow Fund.

SECTION 7. Redemption of Outstanding Bonds. The City hereby elects, and notifies the Escrow Bank of its election, to redeem Refunded Bonds as described in Exhibit A. The Escrow Bank in its capacity as Fiscal Agent for the Refunded Bonds shall give notice, in the name of the City, of the redemption of such outstanding Refunded Bonds in the form and in the manner specified and required by the Refunded Bonds Fiscal Agent Agreement.

SECTION 8. Transfer of Excess Moneys. All amounts, if any, remaining on deposit in the Refunded Bonds Escrow Fund after the payments required by Section 3 and 8 hereof have been made shall be remitted by the Escrow Bank to the City as its absolute property and free from trust.

SECTION 9. Books and Records. The Escrow Bank agrees to maintain customary books and records for the Refunded Bonds Escrow Fund and to account separately for deposits therein, investment thereof, earnings thereon and losses (if any) with respect thereto. The Escrow Bank agrees to provide the City with statements on or before the fifteenth day of the month of August, 2013.

SECTION 10. Escrow Bank's Fees and Expenses. The City shall pay the Escrow Bank compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, legal fees and other costs and expenses relating hereto.

SECTION 11. Responsibility of Escrow Bank. The Escrow Bank shall not be responsible for the sufficiency of the moneys deposited with it hereunder for the purposes contemplated by this Agreement or for the sufficiency or accuracy of the form, execution or validity of the outstanding Refunded Bonds, or any documents deposited hereunder or attached hereto nor shall it be liable in any respect on account of the identity, authority or rights of the persons executing or delivering, or purporting to execute or deliver, any such bonds, documents or papers. It may rely upon any paper, document or other writing believed by it in good faith to be authentic in making any delivery or money or property hereunder.

The Escrow Bank shall not be responsible for any of the recitals or representations contained herein.

Whenever in the administration of this Agreement the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively provided and established by a certificate of an authorized representative of the City and such certificate shall, in the absence of gross negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

(a) Any bank, association or trust company into which the Escrow Bank may be merged or with which it may be consolidated or to whom all or substantially all of the corporate trust business shall be sold or transferred shall become the Escrow Bank without action of the City.

(b) The Escrow Bank may consult with counsel of its own choice (which may be counsel to the City) and the Opinion of such counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted in good faith in accordance with such opinion of counsel.

(c) The Escrow Bank shall not be liable for any losses arising from any investment made pursuant to this Agreement.

SECTION 12. Indemnity. To the extent permitted by law, the City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the City or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Refunded Bonds Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Agreement; provided, however, that the City shall not be required to indemnify the Escrow Bank against the Escrow Bank's own gross negligence or willful misconduct or the gross negligence or willful misconduct of the Escrow Bank's respective

successors, assigns, agents and employees or the material breach by the Escrow Bank of the terms of this Agreement. In no event shall the City or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement, and the resignation or removal of the Escrow Bank.

SECTION 13. Termination of Agreement. This Agreement shall terminate when all moneys together with any income and interest thereon, in the Refunded Bonds Escrow Fund have been transferred and applied in accordance with the terms hereof.

SECTION 14. Limitation on Liability. The Escrow Bank shall have no liability under, or duty to inquire into the terms and provisions of the Agreement, and it is agreed that its duties are purely ministerial in nature, and that the Escrow Bank shall incur no liability whatsoever except for willful misconduct or gross negligence so long as it has acted in good faith. The Escrow Bank shall not be bound by any modification, amendment, termination, cancellation, rescission or supersession of this Agreement unless the same shall be in writing and signed by the City and the Escrow Bank.

SECTION 15. Resignation of Escrow Bank. The Escrow Bank may at any time resign hereunder by giving written notice of its resignation to the other parties hereto, at their address set forth in Section 16, at least 30 days prior to the date specified for such resignation to take effect, and upon the effective date of such resignation, the moneys hereunder shall be delivered by it to such person as may be designated in writing by the City whereupon all the Escrow Bank's obligations hereunder shall, nevertheless, cease and terminate. If no such person shall have been designated by such date, all obligations of the Escrow Bank hereunder shall nevertheless cease and terminate. The Escrow Bank's sole responsibility thereafter shall be to keep safely all moneys then held by it and to deliver the same to a person designated by the City or in accordance with the directions of a final order or judgment of a court of competent jurisdiction.

SECTION 16. Notices. Notices, requests, and other communications required under this Agreement shall be in writing and considered validly served when delivered by first class mail, or facsimile followed by delivery of the original by first class mail. Either party may change its notice information by written notice delivered as provided herein to the other party by first class mail.

Agency Address

City of Norco  
2870 Clark Avenue  
Norco, CA 91760  
(951) 270-5650  
(951) 270-5622 (Fax)

Escrow Bank Address

U.S. Bank, National Association  
633 West Fifth Street, 24<sup>th</sup> Floor  
Los Angeles, California 90071  
(213) 615-6023  
(213) 615-6197 (Fax)

SECTION 17. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 18. Applicable Law. This Agreement shall be governed by the applicable law of the State of California.

SECTION 19. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 20. Section Headings Not Controlling. The headings of the several sections of this Agreement have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of, any provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers this 1<sup>st</sup> day of August, 2013.

CITY OF NORCO

By:

\_\_\_\_\_  
Andy Okoro, City Manager

U.S. BANK NATIONAL, ASSOCIATION

By:

\_\_\_\_\_  
Authorized Officer

**EXHIBIT "A"**

## Continuing Disclosure Agreement

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of August 1, 2013, is executed and delivered by the City of Norco Community Facilities District No. 93-1 (the "District") and Willdan Financial Services, as dissemination agent (the "Dissemination Agent") in connection with the issuance of the \$\_\_\_\_\_ Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, (the "Bonds"). The Bonds are being issued pursuant to provisions of a Fiscal Agent Agreement, dated as of August 1, 2013 (the "Fiscal Agent Agreement"), by and between the City of Norco on behalf of the District and City National Bank. The District and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the Beneficial Owners of the Bonds.

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

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

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

"Disclosure Representative" shall mean the City Manager of the City or his or her designee, or such other officer or employee as the City shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the Fiscal Agent a written acceptance of such designation.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than April 1 of each year, commencing April 1, 2014, provide to the MSRB and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District of such failure to receive the Annual Report. The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following (unless otherwise stated, such information shall be as of the end of the most recent Fiscal Year and shall be with respect to Improvement Area No. 1 of the District):

(i) The audited financial statements of the City, prepared in accordance with generally accepted accounting principles in effect from time to time. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) Total assessed valuation (per the Riverside County Assessor’s records) of all parcels currently subject to the Special Tax showing the total assessed valuation for all land and the total assessed valuation for all improvements and distinguishing between the assessed value of developed property and final map property for the then current Fiscal Year.

(iii) The actual amount of the Special Tax levy and the maximum amount that can be levied pursuant to the rate and method of apportionment relating to Improvement Area No. 1 of the District for the then current Fiscal Year.

(iv) With respect to delinquencies:

- (a) delinquency information with respect to the April 10 tax payment date (including, without limitation, the parcel number of each delinquent parcel, the identity of the property owner and the amount then delinquent) for each parcel delinquent in the payment of \$2,500 or more in Special Tax or any parcels under common ownership that are responsible for \$5,000 or more of Special Tax; and
- (b) the total dollar amount of delinquencies with respect to the December 10 tax payment date and, in the event that such total delinquencies with respect to the April 10 tax payment date exceed 5% of the Special Tax for the previous year, a list of all delinquent parcels, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

(v) A land ownership summary listing property owners responsible for more than five percent (5%) of the annual Special Tax levy, as shown on the Riverside County Assessor's last equalized tax roll prior to the September 30 next preceding the Annual Report date.

(vi) The principal amount of the Bonds outstanding and the balances in the Reserve Account (along with a statement of the Reserve Requirement) as of the September 30 next preceding the Annual Report date.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet Website or filed with the SEC.

#### SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this section, upon the occurrence of any of the following events (in each case to the extent applicable) with respect to the Bonds, the District shall give, or cause to be given by so notifying the Dissemination Agent in writing and instructing the Dissemination Agent to give, notice of the occurrence of such event, in each case, pursuant to Section 5(c) hereof:

1. principal or interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to the rights of the Bondholders, if material;
4. optional, contingent or unscheduled calls, if material, and tender offers;
5. defeasances;
6. rating changes;

7. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of the credit or liquidity providers or their failure to perform;
11. release, substitution or sale of property securing repayment of the Bonds, if material;
12. bankruptcy, insolvency, receivership or similar proceedings of the Authority, which shall occur as described below;
13. appointment of a successor or additional Fiscal Agent or the change of name of a Fiscal Agent, if material, or;
14. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

For these purposes, any event described in item 12 of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(b) Upon receipt of notice from the District and instruction by the District to report the occurrence of any Listed Event, the Dissemination Agent shall provide notice thereof to the MSRB in accordance with Section 5(c) hereof. In the event the Dissemination Agent shall obtain actual knowledge of the occurrence of any of the Listed Events, the Dissemination Agent shall, immediately after obtaining such knowledge, contact the Disclosure Representative, inform such person of the event, and request that the District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(c). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Event shall mean actual knowledge by the Dissemination Agent. The Dissemination Agent shall have no responsibility to determine the materiality, if applicable, of any of the Listed Events.

(c) The District, or the Dissemination Agent, if the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, shall file a notice of such occurrence with the MSRB in a timely manner not more than ten business days after the occurrence of the event.

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty days' written notice to the District. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the District. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the District) provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder, and any provision of this Disclosure Agreement may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District.

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

SECTION 10. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this

Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 11. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Fiscal Agent (at the written request of any holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent funds in an amount satisfactory to the Fiscal Agent have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Fiscal Agent whatsoever, including, without limitation, fees and expenses of its attorneys), or any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. Article VII of the Fiscal Agent Agreement pertaining to the Fiscal Agent is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Fiscal Agent Agreement and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Fiscal Agent thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders, or any other party. The Dissemination Agent shall have no liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Disclosure Agreement. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the District: City of Norco Community Facilities District No. 93-1  
City of Norco  
2870 Clark Avenue  
Norco, California 92860  
Attn: City Manager  
Phone: (951) 270-5650

To the Dissemination Agent Willdan Financial Services  
27368 Via Industria, Suite 110  
Temecula, California 92590  
Attn: Disclosure Group  
Phone: (951) 587-3541

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

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Fiscal Agent, the Dissemination Agent, and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

CITY OF NORCO  
COMMUNITY FACILITIES DISTRICT NO. 93-1

By \_\_\_\_\_  
City Manager of the City of Norco

WILLDAN FINANCIAL SERVICES, as  
Dissemination Agent

By \_\_\_\_\_  
Authorized Representative

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Obligated Party: City of Norco Community Facilities District No. 93-1  
Name of Bond Issue: City of Norco Community Facilities District No. 93-1 2013 Special  
Tax Refunding Bonds  
Date of Issuance: August 1, 2013

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of August 1, 2013, with respect to the Bonds. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

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

WILLDAN FINANCIAL SERVICES,  
on behalf of the District

cc: District



## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, Deputy City Manager / Finance Director 

PREPARED BY: Marshall F. Linn, Financial Advisor to the City

DATE: July 17, 2013

SUBJECT: Resolution Authorizing the Issuance of Special Tax Refunding Bonds for CFD No. 2002-1, for Debt Service Savings

RECOMMENDATION: Adopt **Resolution No. 2013-49**, authorizing the issuance of Special Tax Refunding Bonds of the City of Norco Community Facilities District No. 2002-1, approving and directing the execution of the Fiscal Agent Agreement, and approving other related documents and actions.

**SUMMARY:** The issuance of the proposed Special Tax Refunding Bonds (the "2013 Bonds") by the City will provide net bond proceeds for the purpose of refunding the outstanding 2003 Special Tax Bonds for CFD No. 2002-1 (the "District"). The District will realize debt service savings of approximately \$453,800 over the next twenty years, which will translate into an average annual special tax savings of approximately \$450 per year for each of the 50 property owners in the District.

**BACKGROUND/ANALYSIS:** The City (on behalf of the District) previously issued its 2003 Special Tax Refunding Bonds in March of 2003 (the "2003 Bonds"), which have a term date of March 1, 2033. In order to create an annual debt service savings over the remaining twenty years, the proposed 2013 Bonds will refund the 2003 Bonds. The current interest rate for the longest term 2003 Bonds is 6.50%, and the interest rate for the proposed 2013 Bonds is expected to be 3.75%.

The 2013 Bonds will be issued in the approximate principal amount of \$1.43 million and will provide net proceeds which, when combined with the 2003 Bonds debt service reserve fund amount and the debt service fund amount, will be sufficient to refund the outstanding 2003 Bonds, pay all costs of issuance, and fund a new debt service reserve fund for the 2013 Bonds.

The 2013 Bonds will have a final maturity date of March 1, 2033, to match the current term date of the 2003 Bonds. The total debt service savings to be realized by the issuance of the 2013 Bonds will be approximately \$453,800 over the remaining twenty year term.

Resolution authorizing the issuance of Special Tax Refunding

Page 2

July 17, 2013

It is anticipated that the 2013 Bonds will be privately placed by Southwest Securities (the "Placement Agent"), with City National Bank (the "Bank") as the sole purchaser and owner of the bonds. The City will make semi-annual payments (on behalf of the District) directly to the Bank, pursuant to the Fiscal Agent Agreement. The source of repayment of the 2013 Bonds will be limited to the annual special tax revenues generated in the District.

Forms of the Fiscal Agent Agreement, Escrow Agreement, and Continuing Disclosure Agreement are on file with the City Clerk. Representatives from the Finance Team will be in attendance at the City Council meeting to answer any questions.

**FINANCIAL IMPACT:** The 2013 Bonds are not a debt of the City of Norco, State of California, or any of its political subdivisions and neither said City or State are liable for repayment of the 2013 Bonds. The 2013 Bonds will be limited obligations of the District, and the repayment of the 2013 Bonds will be payable solely from Special Tax Revenues, which are the annual special taxes payable by the property owners in the District.

Attachments: Resolution No. 2013-49  
Fiscal Agent Agreement  
Escrow Agreement  
Continuing Disclosure Agreement

## **RESOLUTION NO. 2013-49**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO AUTHORIZING THE ISSUANCE OF SPECIAL TAX REFUNDING BONDS OF THE CITY OF NORCO COMMUNITY FACILITIES DISTRICT NO. 2002-1, APPROVING AND DIRECTING THE EXECUTION OF THE FISCAL AGENT AGREEMENT, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS**

WHEREAS, this City Council has previously conducted proceedings under and pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act"), to form the City of Norco Community Facilities District No. 2002-1 (the "District"), to authorize, the levy of special taxes upon the land within the District and to issue bonds secured by said special taxes, designated as "City of Norco Community Facilities District No. 2002-1 2003 Special Tax Bonds (the "2003 Bonds" or "Refunded Bonds") in the aggregate principal amount of \$2,200,000; and

WHEREAS, the City Council has determined that it would be prudent in the management of its financial affairs to refund said 2003 Bonds prior to maturity; and

WHEREAS, there have been submitted to this City Council certain documents providing for the issuance of bonds of the City for the District and the use of the proceeds of those bonds to refund the Refunded Bonds and this City Council, with the aid of its staff, has reviewed said documents and found them to be in proper order; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of said refunding bonds and the levy of said special taxes as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA, DOES RESOLVE AS FOLLOWS:**

**SECTION 1.** Pursuant to the Act, this Resolution and the Fiscal Agent Agreement (hereafter defined), which is incorporated hereat by reference, special tax bonds of the City for the District designated as "City of Norco Community Facilities District No. 2002-1 2013 Special Tax Refunding Bonds" (the "Bonds") in an aggregate principal amount not to exceed \$1,500,000 (or such lesser amount as provided in the next paragraph) are hereby authorized to be issued and sold as provided herein. The Bonds shall be executed in the form set forth in and otherwise as provided in the Fiscal Agent Agreement referred to below.

SECTION 2. Urban Futures, Harper & Burns LLP and Southwest Securities, Inc. are hereby designated as Financial Advisor, Bond Counsel and Placement Agent respectively and pursuant to the terms of proposals for service on file with the City.

SECTION 3. The Fiscal Agent Agreement (the "Fiscal Agent Agreement") with respect to the Bonds, in the form presented to this City Council at this meeting, is hereby approved. The City Manager is hereby authorized and directed to execute and deliver the Fiscal Agent Agreement in said form, with such additions thereto or changes therein as are approved by the City Manager upon consultation with Bond Counsel including such additions or changes as are necessary or advisable in accordance with Section 8 hereof, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Fiscal Agent Agreement by the City Manager. The Fiscal Agent Agreement, as so executed, shall be in compliance with Section 3 hereof; and the date, manner of payment, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Fiscal Agent Agreement as finally executed.

SECTION 4. The Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") between the City acting on behalf of the District and Willdan Financial Services in the form presented to this City Council at this meeting, is hereby approved.

SECTION 5. This City Council hereby finds and determines that the sale of the Bonds at negotiated sale will result in a lower overall cost to the City than would a competitively bid sale. The City Council hereby approves the negotiated sale of the Bonds to City National Bank (the "Lender"), subject to the limitations set forth in Section 1 of this Resolution and in the Act, and authorizes any Authorized Officer to accept a bid from the Lender which meets the parameters of this Resolution. In connection therewith, the Bond shall be designated as "qualified tax-exempt obligations" pursuant to Section 265 (b) (3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax exempt interest.

SECTION 6. The Escrow Agreement between the City acting on behalf of the District and U.S. Bank National Association (the "Escrow Agreement") is hereby approved in the form presented to this City Council at this meeting; and

SECTION 7. The City hereby covenants, for the benefit of the Bondowners to commence and diligently pursue to completion any foreclosure action regarding delinquent installments of any amount levied as a special tax for the payment of interest or principal of the Bonds, said foreclosure action to be commenced and pursued as more completely set forth in the Fiscal Agent Agreement.

SECTION 8. All actions heretofore taken by the officers and agents of the City with respect to the establishment of the District and the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the City are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution, and any certificate, agreement and other document described in the documents herein approved.

SECTION 9. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on July 17, 2013.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

I, BRENDA K. JACOBS, 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 July 17, 2013 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 July 17, 2013.

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

---

**FISCAL AGENT AGREEMENT**

**by and between the**

**CITY OF NORCO ON BEHALF OF  
CITY OF NORCO  
COMMUNITY FACILITIES DISTRICT NO. 93-1**

**and**

**CITY NATIONAL BANK**

**with regard to**

**\$ \_\_\_\_\_  
CITY OF NORCO COMMUNITY FACILITIES DISTRICT NO. 93-1  
2013 SPECIAL TAX REFUNDING BONDS**

**Dated: August 1, 2013**

---

## TABLE OF CONTENTS

<b>ARTICLE I – STATUTORY AUTHORITY AND DEFINITIONS</b> .....	<b>2</b>
Section 1.01. Authority for this Agreement .....	2
Section 1.02. Agreement for Benefit of Owners of the Bonds .....	2
Section 1.03. Definitions .....	2
<b>ARTICLE II – THE BONDS</b> .....	<b>9</b>
Section 2.01. Principal Amount; Designation .....	9
Section 2.02. Terms of the Bonds .....	9
Section 2.03. Redemption .....	10
Section 2.04. Form of Bonds .....	11
Section 2.05. Execution of Bonds .....	12
Section 2.06. Transfer of Bonds .....	12
Section 2.07. Exchange of Bonds .....	12
Section 2.08. Bond Register .....	12
Section 2.09. Temporary Bonds .....	13
Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen .....	13
Section 2.11. Limited Obligation .....	13
Section 2.12. Parity Bonds and Additional District Indebtedness .....	13
Section 2.13. No Acceleration .....	13
Section 2.14. Book-Entry System .....	14
<b>ARTICLE III – ISSUANCE OF BONDS</b> .....	<b>15</b>
Section 3.01. Issuance and Delivery of Bonds .....	15
Section 3.02. Pledge of Special Tax Revenues .....	15
Section 3.03. Validity of Bonds .....	15
<b>ARTICLE IV – FUNDS AND ACCOUNTS</b> .....	<b>16</b>
Section 4.01. Deposits of Bond Proceeds .....	16
Section 4.02. Costs of Issuance Fund .....	16
Section 4.03. Reserve Fund .....	16
Section 4.04. Bond Fund .....	18
Section 4.05. Special Tax Fund .....	19
Section 4.06. Administrative Expense Fund .....	19
Section 4.07. Excess Investment Earnings Fund .....	20
Section 4.08. Escrow Fund .....	22
<b>ARTICLE V – OTHER COVENANTS OF THE CITY, ON BEHALF OF THE DISTRICT</b> .....	<b>23</b>
Section 5.01. Punctual Payment .....	23
Section 5.02. Limited Obligation .....	23
Section 5.03. Extension of Time for Payment .....	23
Section 5.04. Against Encumbrances .....	23
Section 5.05. Books and Records .....	23
Section 5.06. Protection of Security and Rights of Owners .....	24
Section 5.07. Compliance with Law .....	24
Section 5.08. Collection of Special Tax Revenues .....	24
Section 5.09. Covenant to Foreclose .....	25
Section 5.10. Further Assurances .....	25
Section 5.11. Private Activity Bond Limitations .....	25
Section 5.12. Federal Guarantee Prohibition .....	26
Section 5.13. Rebate Requirement .....	26
Section 5.14. No Arbitrage .....	26

Section 5.15. Yield of the Bonds .....	26
Section 5.16. Maintenance of Tax-Exemption .....	26
Section 5.17. Continuing Disclosure to Owners .....	26
<b>ARTICLE VI – INVESTMENTS, DISPOSITION OF INVESTMENT PROCEEDS, LIABILITY OF THE CITY.....</b>	<b>27</b>
Section 6.01. Deposit and Investment of Moneys in Funds .....	27
Section 6.02. Limited Obligation .....	28
Section 6.03. Liability of City .....	28
Section 6.04. Employment of Agents by City .....	29
<b>ARTICLE VII – THE FISCAL AGENT .....</b>	<b>30</b>
Section 7.01. Appointment of Fiscal Agent.....	30
Section 7.02. Liability of Fiscal Agent.....	30
Section 7.03. Information .....	30
Section 7.04. Notice to Fiscal Agent .....	31
Section 7.05. Compensation, Indemnification .....	31
<b>ARTICLE VIII – MODIFICATION OR AMENDMENT OF THIS AGREEMENT .....</b>	<b>32</b>
Section 8.01. Amendments Permitted .....	32
Section 8.02. Owners' Meetings.....	32
Section 8.03. Procedure for Amendment with Written Consent of Owners .....	32
Section 8.04. Disqualified Bonds.....	33
Section 8.05. Effect of Supplemental Agreement.....	33
Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments .....	33
Section 8.07. Amendatory Endorsement of Bonds .....	34
<b>ARTICLE IX - MISCELLANEOUS .....</b>	<b>35</b>
Section 9.01. Benefits of Agreement Limited to Parties.....	35
Section 9.03. Discharge of Agreement.....	35
Section 9.04. Execution of Documents and Proof of Ownership by Owners.....	36
Section 9.05. Waiver of Personal Liability .....	36
Section 9.06. Notices to and Demands on City and Fiscal Agent.....	36
Section 9.07. Reporting Requirements .....	37
Section 9.08. Partial Invalidity .....	37
Section 9.09. Unclaimed Moneys.....	37
Section 9.10. Applicable Law .....	38
Section 9.11. Conflict with Act.....	38
Section 9.12. Conclusive Evidence of Regularity .....	38
Section 9.13. Payment on Business Day .....	38
Section 9.14. Counterparts .....	38



**FISCAL AGENT AGREEMENT  
CITY OF NORCO**

**THIS FISCAL AGENT AGREEMENT** (the "Agreement") is dated as of August 1, 2013 by and between the City of Norco, California, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), as fiscal agent (the "Fiscal Agent") for and on behalf of the City of Norco Community Facilities District No. 93-1 (the "District"), and City National Bank organized and existing under the laws of the United States of America.

**WITNESSETH:**

**WHEREAS**, the City Council of the City is the legislative body of the District formed under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311, *et seq.* of the California Government Code) (the "Act") and Ordinance No. 672 adopted on May 4, 1993 (the "Ordinance of Formation"); and

**WHEREAS**, the City Council, as the legislative body with respect to the District, was authorized under the Act to levy special taxes to pay costs of improvements and services within the District and to authorize the issuance of bonds secured by said special taxes under the Act; and

**WHEREAS**, under the provisions of the Act, the City has previously issued its City of Norco Community Facilities District No. 93-1 1995 Special Tax Bonds (the "1995 Bonds") in the aggregate principal amount of \$2,300,000;

**WHEREAS**, under the provisions of the Act, City has previously issued its City of Norco Community Facilities District No. 93-1 2003 Special Tax Refunding Bonds (the "2003 Bonds") in the aggregate principal amount of \$2,180,000, which fully defeased the 1995 Bonds;

**WHEREAS**, under the provisions of the Act, on July 17, 2013 the City Council of the City adopted its Resolution No. \_\_\_\_ (the "Resolution"), which resolution authorized the issuance and sale of the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds (the "Bonds"), in the aggregate principal amount of not to exceed \$\_\_\_\_\_, to provide moneys to refund the 2003 Bonds, fund a reserve and pay costs of issuance, provided that such issuance would be in accordance with the Act and this Agreement, and authorized the execution hereof, and

**WHEREAS**, is in the public interest and for the benefit of the City, the District and the owners of the Bonds that the City enter into this Agreement to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the special taxes securing the Bonds and the administration and payment of the Bonds; and

**WHEREAS**, all things necessary to cause the Bonds, when executed by the City for the District and issued as in the Act, the Resolutions and this Agreement provided, to be legal, valid and binding and special obligations of the City for the District in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

**NOW, THEREFORE**, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

## ARTICLE I

### STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Agreement. This Agreement is entered into pursuant to the provisions of the Act and the Resolution.

Section 1.02. Agreement for Benefit of Owners of the Bonds. The provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the Owners (as hereinafter defined) of the Bonds (as hereinafter defined). All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Agreement. The Fiscal Agent may become the owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Fiscal Agent.

Section 1.03. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Agreement, of any Supplemental Agreement, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 et seq. of the California Government Code.

"Administrative Expenses" means costs directly related to the administration of the District consisting of the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City Finance Director or designee thereof or both) and the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; fees and costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under this Agreement; the costs of the City (as the administrator of the District) or its designee of complying with the disclosure provisions of the Act, the Continuing Disclosure Agreement and this Agreement, including those related to public inquiries regarding the Special Tax and disclosures to Bondowners and the Original Purchaser; the costs of the City or its designee related to an appeal of the Special Tax; any amounts required to be rebated to the federal government in order for the City to comply with Section 5.13; an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the City for any administrative purpose of the District, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure compliance with Section 5.13, and the costs of commencing foreclosure of delinquent Special Taxes. Payment of Administrative Expenses shall be subordinate to the payment of the Debt Service.

"Administrative Expense Fund" means the fund by that name established by Section 4.06(A) hereof.

**"Agreement"** means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

**"Annual Debt Service"** means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions of Section 2.03(A)(ii) providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year) pursuant to Section 2.03(A)(ii).

**"Auditor"** or **"County Auditor"** means the auditor/controller of the County of Riverside.

**"Authorized Officer"** means the City Manager, the Assistant City Manager, City Finance Director, the Director of Development Services, the City Clerk or any other officer or employee authorized by the City Council of the City (acting as administrator of the District) or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

**"Beneficial Owner"** means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

**"Bond Counsel"** means any attorney or firm of attorneys acceptable to the City and whose opinions as to the legality and tax-exempt status of securities issued by public entities are accepted on a national basis.

**"Bond Fund"** means the fund by that name established by Section 4.04(A) hereof.

**"Bond Register"** means the books for the registration and transfer of Bonds maintained by the Fiscal Agent under Section 2.08 hereof.

**"Bond Year"** means the one-year period beginning on the Closing Date and ending on July 1 in the following year and each one year period thereafter.

**"Bonds"** or **"Refunding Bonds"** means the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds at any time Outstanding under this Agreement or any Supplemental Agreement.

**"Business Day"** means any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

**"CDIAC"** means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

**"City"** means the City of Norco, California, solely in its capacity as administrator of the District, and any successor thereto.

**"City Attorney"** means any attorney or firm of attorneys employed by the City in the capacity of City Attorney.

"Closing Date" means the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement executed by the City, dated the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee, expenses incurred by the City in connection with the issuance of the Bonds and the establishment of the District, special tax consultant fees and expenses, preliminary engineering fees and expenses, Bond (underwriter's) discount, legal fees and charges, including bond counsel, disclosure counsel, and financial consultants' fees, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the fund by that name established by Section 4.02(A) hereof.

"County" means the County of Riverside, California.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Debt Service" means the scheduled amount of interest and amortization of principal payable by reason of Sections 2.02(C) and 2.03(A)(ii) on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.14.

"District" means the City of Norco Community Facilities District No. 93-1.

"Escrow Agreement" means that certain Escrow Agreement dated as of August 1, 2013 between the City of Norco and U.S. Bank National Association pertaining to Refunded Bonds.

"Escrow Bank" means U.S. Bank National Association.

"Escrow Fund" means that fund held by the Escrow Bank to pay the principal and interest of the Outstanding Refunded Bonds under the terms of the Escrow Agreement.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and,

otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent: (i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or (ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

"Finance Director" means the Finance Director of the City or such other officer or employee of the City performing the functions of the chief financial officer of the City.

"Fiscal Agent" means the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the City or the City Finance Director, and who, or each of whom: (i) is judged by the City Finance Director to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

"Information Services" means the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA) system accessible at the [emma.msrb.org](http://emma.msrb.org) website; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the City may designate in a written request delivered to the Fiscal Agent.

"Interest Payment Dates" means July 1 and January 1 of each year, commencing January 1, 2014.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

"Officer's Certificate" means a written certificate of the City signed by an Authorized Officer of the City.

"Ordinance" means any ordinance of the City, acting as the legislative body of the District, levying the Special Taxes.

"Ordinance of Formation" means Ordinance No.672, adopted by the City of Norco on May 4, 1993.

"Original Purchaser" means City National Bank, the first purchaser of the Bonds from the City.

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.04) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City, on behalf of the District, pursuant to this Agreement or any Supplemental Agreement.

"Owner or Bondowner" means any person who shall be the registered owner of any Outstanding Bond.

"Permitted Investments" means, for the moneys held in the Funds and Accounts hereunder, any of the following that at the time of investment is a legal investment for the City under the laws of the State and is permitted under the City's Investment Policy:

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

2. Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise.

3. Any investment agreement with a financial institution or insurance company which: (a) has an outstanding issue of unsecured, uninsured or unguaranteed debt obligations or a claims paying ability rated in either "AA" or "AAA" rated long-term rating categories by Moody's and Standard & Poor's; and (b) is fully secured by U.S. Treasury and Federal Agency obligations described in items (1) and (2) above which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% times the principal amount of the investment, (B) held by the Fiscal Agent or other custodian acceptable to the Fiscal Agent (C) subject to a perfected first lien in the Fiscal Agent and (D) free and clear from all third party liens and (c) which investment agreement is approved

by Moody's and Standard & Poor's to the extent required by such ratings agency to maintain the ratings on the Bonds.

4. Money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, rated by Standard & Poor's AAAm-G, AAAm, or AA-m, and if rated by Moody's rated Aaa, Aa1, or Aa2, including funds for which the Fiscal Agent or an affiliate provides investment advice or other services.

5. Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.

6. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation.

7. Negotiable certificates of deposit issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated "AA" or better by Moody's or Standard & Poor's.

8. Commercial paper rated in the highest short-term rating category, as provided by Moody's Investors Services Inc. or Standard & Poor's Corporation; provided that the issuing corporation is organized and operating within the United States, has total assets in excess of \$500 million and has an "A" or higher rating for its long-term debt, if any, as provided by Moody's or Standard & Poor's. Purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation.

9. Bankers acceptances issued by domestic banks or domestic branches of foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by Moody's and Standard & Poor's, which purchases may not exceed 270 days.

"Principal Office" means the principal corporate trust office of the Fiscal Agent set forth in Section 9.06 (except for payment, surrender and exchanges of the Bonds which shall be in Norco, California, or such other or additional offices as may be designated by the Fiscal Agent.

"Rate and Method of Apportionment" means the Special Tax Formula.

"Record Date" means the fifteenth day of the month next preceding the month of the applicable Interest Payment Date, whether or not such day is a Business Day.

"Reserve Fund" means the fund by that name established pursuant to Section 4.03(A) hereof.

"Reserve Requirement" means, as of any date of calculation an amount equal to the lesser of (i) 50% of the then Maximum Annual Debt Service or (ii) five percent (5%) of the initial principal amount of the Bonds issued hereunder.

"Resolution" means Resolution No.2003-30 adopted by the City on April 16, 2003, approving the issuance of the Bonds.

"S&P" means Standard & Poor's Ratings Service, a division of McGraw-Hill, and any successor thereto.

"Securities Depositories" means The Depository Trust Company, New York, New York and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Special Tax Formula" means the amended Rate and Method of Apportionment as approved by the City Council acting as the legislative body of District on November 6, 2002.

"Special Tax Fund" means the fund by that name established by Section 4.05(A) hereof.

"Special Tax Prepayments" means the proceeds of any Special Tax prepayments received by the City, as calculated pursuant to the Rate and Method of Apportionment of the Special Taxes for the District, less any administrative fees or penalties collected as part of any such prepayment.

"Special Tax Prepayments Account" means the account by that name established by Section 4.04(A) hereof.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments thereof, interest thereon, interest earnings on the Reserve Fund and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. Notwithstanding the foregoing, "Special Tax Revenues" does not include any penalties collected in connection with delinquent Special Taxes, even if such penalties are collected through foreclosure.

"Special Tax or Special Taxes" means the special taxes levied within the District pursuant to the Act, the Ordinance and this Agreement.

"Supplemental Agreement" means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Act and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

"Taxable Property" shall have the meaning attributable to such term in the Special Tax Formula.

"Tax Consultant" means any independent financial or tax consultant retained by the District for the purpose of computing the annual levy of Special Taxes.

"2003 Bonds" means the \$2,180,000 City of Norco Community Facilities District No. 93-1 2003 Special Tax Refunding Bonds (the "2003 Bonds").

**ARTICLE II  
THE BONDS**

Section 2.01. Principal Amount; Designation. Bonds in the aggregate principal amount of \$\_\_\_\_\_ are hereby authorized to be issued by the City for the District under and subject to the terms of the Resolution and this Agreement, the Act and other applicable laws of the State of California. The Bonds shall be designated as the "City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds."

Section 2.02. Terms of the Bonds.

- (A) Form; Denominations. The Bonds shall be issued as fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple in excess thereof.
- (B) Date of Bonds. The Bonds shall be dated the date of initial delivery.
- (C) Maturities, Interest Rates. The Bonds shall mature and become payable on July 1, 2020, and shall bear an interest as follows:

<u>Maturity Date</u> <u>(July 1)</u> 2020	<u>Principal Amount</u>	<u>Interest Rate</u> 2.50%
---	-------------------------	-------------------------------

(D) Interest. The Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(E) Method of Payment. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on the Interest Payment Dates by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer (i) to the Depository (so long as the Bonds are in book-entry form pursuant to Section 2.14), or (ii) to an account within the United States made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds, which instructions shall continue in effect until revoked in writing, or until such Bonds are transferred to a new Owner' The principal of the Bonds and any premium on the Bonds are payable by check in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Fiscal Agent. All Bonds paid by the Fiscal Agent pursuant to this Section shall be

canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds and issue a certificate of destruction thereof to the City upon the City's request.

Section 2.03. Redemption.

(A) Redemption Dates.

(i) *Optional Redemption.* The Bonds maturing shall be subject to optional redemption from any source of available funds, including Prepayments of the Special Tax by property owners, prior to maturity, in whole, or in part among maturities as shall be specified by an Officer's Certificate of the City and by lot within a maturity, on any date at the redemption price of 101% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption.

(ii) *Mandatory Sinking Payment Redemption.* The Bonds are subject to mandatory sinking payment redemption in part on March 1 in each year as indicated below at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following table:

<u>Sinking Fund Redemption Date (July 1)</u>	<u>Principal Amount</u>
2014	
2015	
2016	
2017	
2018	
2019	
2020 (maturity)	

The amounts in the foregoing table shall be reduced, as a result of any prior partial redemption of the Bonds pursuant to this Agreement as specified in writing by the City Finance Director to the Fiscal Agent, in inverse order of sinking fund payment date.

(iii) *Mandatory Redemption - Special Tax Prepayments.* The Bonds are subject to mandatory redemption prior to maturity from revenues representing Special Tax Prepayment on any Interest Payment Date, as a whole or in part, pro-rata among maturities and by lot within a maturity. Bonds redeemed pursuant to Special Tax Prepayments shall be redeemed, without premium with accrued interest to the date of redemption.

(B) Notice to Fiscal Agent. The City shall give the Fiscal Agent written notice of its intention to redeem Bonds pursuant to subsection (A)(i) not less than sixty (60) days prior to the applicable redemption date.

(C) Purchase of Bonds in Lieu of Redemption. In lieu of redemption under Section 2.03(A), moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with this Agreement.

(D) Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the Original Purchaser, to the Securities Depositories, to one or more Information Services, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

Such notice of redemption shall (a) the serial numbers and the maturity date or dates of the Bonds selected for redemption, except that where all the Bonds are subject to redemption, or all the Bonds of one maturity, are to be redeemed, the serial numbers thereof need not be specified; (b) state the date fixed for redemption and surrender of the Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds are to be redeemed; (e) in the case of the Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (f) state the date of issue of the Bonds as originally issued; (g) state the rate of interest borne by each Bond being redeemed and (h) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the District. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

Whenever provision is made in this Agreement for the redemption of less than all of the Bonds or any given portion thereof, the Fiscal Agent shall select the Bonds to be redeemed, from all Bonds or such given portion thereof not previously called for redemption, among maturities as directed in writing by the City Finance Director (who shall specify Bonds to be redeemed so as to maintain, as much as practicable, the same debt service profile for the Bonds as in effect prior to such redemption; except that, in connection with any partial redemption pursuant to Section 2.03(A)(i), other than from amounts in the Bond Fund as a result of transfers from the Special Tax Prepayments Account pursuant to Section 4.04(B) and the Reserve Fund pursuant to Section 4.03(F), the Bonds to be redeemed shall be selected pro rata among maturities), and by lot within a maturity, such selection within a maturity to be done in any manner which the Fiscal Agent deems appropriate.

Upon surrender of Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new Bond or Bonds, of the same series and maturity, authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

(E) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

All Bonds redeemed and purchased by the Fiscal Agent pursuant to this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds and issue a certificate of destruction thereof to the City.

Section 2.04. Form of Bonds. The Bonds, the form of Fiscal Agent's certificate of authentication and the form of assignment, to appear thereon, shall be substantially in the forms,

respectively, set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution and the Act.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the City by the facsimile signatures of its Mayor and City Clerk who are in office on the date of adoption of this Agreement or at any time thereafter. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the owner. Any Bond may be signed and attested on behalf of the City by such persons as at the actual date of the execution of such Bond shall be the proper officers of the City although at the nominal date of such Bond any such person shall not have been such officer of the City.

Only such Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, executed and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of authentication of the Fiscal Agent shall be conclusive evidence that the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

Section 2.06. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount of authorized denominations.

No transfers of Bonds shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same series and maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such exchange shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.

No exchanges of Bonds shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

Section 2.08. Bond Register. The Fiscal Agent will keep or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds, which books shall show the series number, date, amount, rate of interest and last known owner of each Bond and shall at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or

transferred, on said books, the ownership of the Bonds as hereinbefore provided.

The City and the Fiscal Agent will treat the Owner of any Bond whose name appears on the Bond register as the absolute Owner of such Bond for any and all purposes, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond register for any and all purposes.

Section 2.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the City, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent shall designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under to this Agreement as definitive Bonds authenticated and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the City, at the expense of the Owner of said Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent who shall deliver a certificate of destruction thereof to the City. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to it and indemnity for the City and the Fiscal Agent satisfactory to the Fiscal Agent shall be given, the City, at the expense of the Owner, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section and of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued pursuant to this Agreement.

Section 2.11. Limited Obligation. All obligations of the City under this Agreement and the Bonds shall be special obligations of the City, payable solely from the Special Tax Revenues and the funds pledged therefore hereunder. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth herein) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Section 2.12. [Intentionally Omitted].

Section 2.13. No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the redemption of Bonds under Section 2.03 hereof, or the defeasance of the Bonds and discharge of this Agreement under Section 9.03 hereof.

Section 2.14. Book-Entry System. DTC shall not act as the initial Depository for the Bonds, however the City may elect to amend this Fiscal Agent Agreement to provide that the ownership of the Bonds be registered in the Bond Register kept by the Fiscal Agent for the Bonds in the name of Cede & Co, as nominee of DTC or such nominee as DTC shall appoint in writing.

The Authorized Officers and the Fiscal Agent are hereby authorized to take any and all actions as may be necessary and not inconsistent with this Agreement to qualify the Bonds for the Depository's book-entry system, including the execution of the Depository's required representation letter.

**ARTICLE III  
ISSUANCE OF BONDS**

Section 3.01. Issuance and Delivery of Bonds. At any time after the execution of this Agreement, the City may issue the Bonds for the District in the aggregate principal amount set forth in Section 2.01 and deliver the Bonds to the Original Purchaser. The Authorized Officers of the City are hereby authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the Bonds in accordance with the provisions of the Act, the Resolution and this Agreement, to authorize the payment of Costs of Issuance by the Fiscal Agent from the proceeds of the Bonds and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Bonds to the Original Purchaser.

Section 3.02. Pledge of Special Tax Revenues. The Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent herein provided) of all of the Special Tax Revenues and all moneys deposited in the Bond Fund and the Reserve Fund and, until disbursed as provided herein, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Section 9.03.

Amounts in the Administrative Expense Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds. The facilities acquired with the proceeds of the original bonds are not in any way pledged to pay the Debt Service on the Bonds. Any proceeds of condemnation or destruction of any facilities financed with the proceeds of the original bonds are not pledged to pay the Debt Service on the Bonds and are free and clear of any lien or obligation imposed hereunder.

Section 3.03. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the performance by any person of such persons obligations with respect to the CFD Improvements.

**ARTICLE IV  
FUNDS AND ACCOUNTS**

Section 4.01. Deposits of Bond Proceeds. The proceeds of the purchase of the Bonds by the Original Purchaser thereof shall be paid to the Fiscal Agent, who shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows:

(A) to Deposit with the Escrow Bank \$\_\_\_\_\_ for deposit in the 2003 Bonds Escrow Fund, an amount which when added to the other moneys on deposit therein, as set forth in a certificate of the City will be sufficient, together with interest thereon, to pay the principal of and interest on the 2003 Bonds on September \_\_, 2013;

(B) to the Costs of Issuance Fund \$\_\_\_\_\_; and

(C) to the Reserve Fund \$\_\_\_\_\_ (being an amount equal to the Reserve Requirement as of the Closing Date).

Section 4.02. Costs of Issuance Fund.

(A) Establishment of Costs of Issuance Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, Costs of Issuance Fund, to the credit of which a deposit shall be made as required by Section 4.01(B). Moneys in the Costs of Issuance Fund shall be held in trust by the Fiscal Agent and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of Costs of Issuance.

(B) Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by the City Finance Director or City Manager and delivered to the Fiscal Agent concurrently with the delivery of the Bonds. The Fiscal Agent shall pay all Costs of Issuance after receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to an Officer's Certificate requesting payment of Costs of Issuance. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of 90 days from the date of delivery of the Bonds and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Finance Director for deposit by the Finance Director in the Administrative Expense Fund and the Cost of Issuance Fund shall be closed.

(C) Investment. Moneys in the Costs of Issuance Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

Section 4.03. Reserve Fund.

(A) Establishment of Reserve Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, Reserve Fund, to the credit of which a deposit shall be made as required by Section 4.01(A) equal to the Reserve Requirement as of the Closing Date for the Bonds, and deposits shall be made as provided in Section 4.05(B). Moneys in the Reserve Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of principal of, and interest and any premium on, the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

(B) Use of Reserve Fund. Except as otherwise provided in this Section, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming Bonds from the Bond Fund. Amounts in the Reserve Fund shall also be available to the City on behalf of the District in accordance with Section 5.13 hereof.

(C) Transfer Due to Deficiency in Bond Fund. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent shall provide written notice thereof to the Finance Director, specifying the amount withdrawn.

(D) Transfer of Excess of Reserve Requirement. Whenever, on the Business Day prior to any Interest Payment Date, or on any other date at the request of the Finance Director, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the Finance Director of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 4.04.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall upon the written direction of the Finance Director transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and redemption, in accordance with Section 2.03 or 4.04 as applicable, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the City to be used for any lawful purpose of the City.

Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund pursuant to this Section 4.03(E) until after (i) the calculation of any amounts due to the federal government pursuant to Section 5.13 following payment of the Bonds and withdrawal of any such amount from the Reserve Fund for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

(F) Transfer Upon Special Tax Prepayment. Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to Section 2.03(A)(i) or (iii) proportionate amount in the Reserve Fund (determined on the basis of the principal of Bonds to be redeemed, and the original principal of the Bonds) shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to Section 2.03(A)(i) or (iii).

(G) Investment and Transfer to Pay Rebate. Moneys in the Reserve Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be subject to transfer on the Business Day prior to each Interest Payment Date or when otherwise requested in writing by the Finance Director to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 4.04.

Amounts in the Reserve Fund may at any time be used, at the written direction of an Authorized Officer, for purposes of paying any rebate liability under Section 5.13.

Section 4.04. Bond Fund.

(A) Establishment of Bond Fund and Special Tax Prepayments Account. There is hereby established as a separate fund to be held by the Fiscal Agent the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, Bond Fund, to the credit of which deposits shall be made as required by Sections 4.03(B), 4.03(D), 4.03(F), 4.03(G) and 4.05(B), and any other amounts required to be deposited therein by this Agreement or the Act. There is also hereby created in the Bond Fund a separate account held by the Fiscal Agent, the Special Tax Prepayments Account, to the credit of which deposits shall be made as provided in Section 4.05(A).

Moneys in the Bond Fund and the account therein shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

(B) Disbursements. The Fiscal Agent shall make Bond Fund disbursements and Special Tax Prepayments Account disbursements as set forth below:

(i) Bond Fund Disbursements. On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in Section 2.03(A)(ii), or a redemption of the Bonds required by Sections 2.03(A)(i) or (iii), such payments to be made in the priority listed in the second succeeding paragraph.

In the event that amounts in the Bond Fund are insufficient for the purposes set forth in the preceding paragraph, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the first sentence of the first paragraph of this Section 4.04(B)(i), the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

(ii) Special Tax Prepayments Account Disbursements. Moneys in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under Section 2.03(A)(i) or (iii), and notice to the Fiscal Agent can timely be given under Section 2.03(B), and shall be used (together with any amounts transferred pursuant to Section 4.03(F)) to redeem Bonds on the redemption date selected in accordance with Section 2.03.

(C) Investment. Moneys in the Bond Fund and the Special Tax Prepayments Account shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from the investment and deposit of amounts in the Bond Fund and the Special Tax Prepayments Account shall be retained in the Bond Fund, and the Special Tax Prepayments Account, respectively, to be used for purposes of such fund and accounts.

#### Section 4.05. Special Tax Fund.

(A) Establishment of Special Tax Fund. There is hereby established as a separate fund to be held by the City Finance Director, the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, Special Tax Fund, to the credit of which the City on behalf of the District shall deposit, as soon as practicable following receipt and no later than seven (7) days prior to the Interest Payment Date when Special Tax Revenues shall be required, all Special Tax Revenues received by the City on behalf of the District and any amounts required by Section 4.06(B) to be deposited therein; provided that any proceeds of Special Tax Prepayments shall be transferred by the Finance Director to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to Section 4.04(A). Moneys in the Special Tax Fund shall be held in trust by the City for the benefit of the City and the Owners of the Bonds, shall be disbursed as provided below and, pending disbursement, shall be subject to a lien in favor of the Owners of the Bonds and the City.

(B) Disbursements. From time to time as needed to pay the obligations of the District, but no later than five (5) Business Days before each Interest Payment Date, the City shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Reserve Fund and the Special Tax Prepayments Account to the Bond Fund pursuant to Sections 4.03(D), (F) and (G), and 4.04(B)(ii), such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on the next Interest Payment Date, and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement. In any Bond Year, to the extent that the transfers required by clause (i) of the preceding sentence have been made with respect to the July 1 Interest Payment Date occurring in such Bond Year and the July 1 immediately following such Bond Year, and the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement, all other amounts then on deposit in, or deposited to, the Special Tax Fund in such Bond Year shall be transferred by the Finance Director to the Administrative Expense Fund.

(C) Investment. Moneys in the Special Tax Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from such investment and deposit shall be retained in the Special Tax Fund to be used for the purposes thereof.

#### Section 4.06. Administrative Expense Fund.

(A) Establishment of Administrative Expense Fund. There is hereby established as a separate fund to be held by the City designated as the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, Administrative Expense Fund to the credit of which deposits shall be made as required by Section 4.05(B). Moneys in the Administrative Expense Fund shall be held in trust by the City Finance Director for the benefit of the City, and shall be disbursed as provided below.

(B) Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn and paid to the City or its order upon receipt by the City Finance Director of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense or a Costs of Issuance, and the nature of such Administrative Expense or Costs of Issuance. Amounts deposited to the Administrative Expense Fund shall be separately identified at all times, and shall be expended for purposes of the Administrative Expense Fund prior to the use of amounts transferred to the Administrative Expense Fund from the Special Tax Fund pursuant to Section 4.05(B).

Annually, on the last day of each Fiscal Year commencing with the last day of the Fiscal Year 2013-2014, the Finance Director shall withdraw any amounts then remaining in the Administrative Expense Fund including interest earnings that have not been allocated to pay Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, and transfer such amounts to the Special Tax Fund.

(C) Investment. Moneys in the Administrative Expense Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the City in the Administrative Expense Fund to be used for the purposes thereof.

#### Section 4.07. Excess Investment Earnings Fund.

(A) Establishment. A special fund is hereby created and designated the "Excess Investment Earnings Fund" (the "Excess Investment Earnings Fund") which is to be held by the Fiscal Agent and in which there shall be established two separate sub-accounts designated the "Rebate Fund" and the "Alternative Penalty Fund." Absent an opinion of a nationally-recognized Bond Counsel ("Bond Counsel") that the exclusion from gross income for federal income tax purposes of interest on the applicable Bonds will not be adversely affected, the City shall cause to be deposited in each such sub-account of the Excess Investment Earnings Fund such amounts as are required to be deposited therein pursuant to this Section 4.07. All money at any time deposited in a Rebate Fund or an Alternative Penalty Fund shall be held by the Fiscal Agent in trust, for payment to the United States Treasury. All amounts on deposit in the Excess Investment Earnings Fund shall be governed by this Section 4.07. unless and to the extent that the City delivers to the Fiscal Agent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected if such requirements are not satisfied.

(B) Rebate Fund. The following requirements shall be satisfied with respect to the Rebate Fund:

(1) Annual Computation. Within 55 days of the end of each Bond Year, the City shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code of Section 1.148.2 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable in the Tax Bond (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1 1/2% Penalty") has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-8(b) of the Rebate Regulations (the "Rebatable Arbitrage"). The City shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(2) Annual Transfer. Within 55 days of the end of each Bond Year, upon the written direction of the City, an amount shall be deposited to the Rebate Fund by the Fiscal Agent from any funds legally available for such purpose (as specified by the City in the aforesaid written direction), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with (1) of this Subsection (B). In the event that immediately following the transfer required by the previous sentence, the amount on deposit to the credit of the applicable Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the City, the Fiscal Agent shall withdraw the excess from the Rebate Fund and then credit the excess to the Bond Fund.

(3) Payment to the Treasury. The Fiscal Agent shall pay, as directed by the City, to the United States Treasury, out of amounts in the Rebate Fund,

(a) Not later than 60 days after the end of (A) the fifth Bond Year, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

(b) Not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (3) shall be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 on or before the date of which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the City and provided to the Fiscal Agent or shall be made in such other manner as the City shall direct.

(C) Alternative Penalty Fund.

(1) Six-Month Computation. If the 1 1/2% Penalty has been elected, within 85 days of each particular Six-Month Period, the City on behalf of the District shall determine or cause to be determined whether the 1 1/2% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. The City shall obtain expert advice in making such determination.

(2) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, upon the written direction of the City on behalf of the District, the Fiscal Agent shall deposit moneys in the Alternative Penalty Fund from any legally available source of funds (as specified by the City on behalf of the District in the aforesaid written direction), if and to the extent required, so that the balance in the Alternative Penalty Fund equals the amount of 1 1/2% Penalty due and payable to the United States Treasury determined as provided in Subsection (B)(3) above. In the event that immediately following the transfer provided in the previous sentence, the amount then on deposit to the credit of the Alternative Penalty Fund exceeds the amount required to be on deposit therein to make the payments required by Subsection (B)(1) above, the Fiscal Agent, at the written direction of the City on behalf of the District, shall withdraw the excess from the Alternative Penalty Fund and credit the excess to the Bond Fund.

(3) Payment to the Treasury. The Fiscal Agent shall pay, as directed in writing by the City on behalf of the District, to the United States Treasury, out of amounts in an Alternative Penalty Fund, not later than 90 days after the close of each Six-Month Period the 1 1/2% Penalty, if applicable and payable, computed in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from the Alternative Penalty Fund, the amount in such account is not sufficient to make such payment when such payment is due, the City on behalf of the District shall calculate the amount of such deficiency and direct the Fiscal Agent to deposit an amount received from any legally available source of funds equal to such deficiency into the Alternative Penalty Fund prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (C)(3) shall be made to the Internal Revenue Service, Philadelphia, Pennsylvania 119255 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T which shall be prepared by the City on behalf of the District and provided to the Fiscal Agent or shall be made in such other manner as directed by the City on behalf of the District.

The Fiscal Agent shall not be responsible for calculating the amounts of rebatable arbitrage or for the adequacy or correctness or any rebate report or rebate calculations. The Fiscal Agent shall be deemed conclusively to have complied with the provisions of this Agreement regarding calculation and payment of rebatable arbitrage if it follows the directions of the City as provided herein and it shall have no independent duty to review or such calculations or enforce compliance with such rebate requirements.

#### Section 4.08 Escrow Fund

(A) Moneys deposited in the Escrow Fund shall be held by the Escrow Bank under the Escrow Agreement to be used for deposit and application as provided under the Escrow Agreement for the purpose of refunding and defeasing the outstanding 2003 Bonds.

**ARTICLE V  
OTHER COVENANTS OF THE CITY, ON BEHALF OF THE DISTRICT**

So, long as any of the Bonds are Outstanding and unpaid, the City on behalf of the District makes the following covenants with the Bondowners under the provisions of the Act (to be performed by the City or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Tax Revenues or any moneys deposited in the funds and accounts created under this Agreement and legally available therefor.

Section 5.01. Punctual Payment. The City on behalf of the District will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.

Section 5.02. Limited Obligation. The Bonds are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund, the Reserve Fund and the Special Tax Fund created hereunder.

Section 5.03. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

Section 5.04. Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Agreement.

Section 5.05. Books and Records. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Fund and the Special Tax Fund and to the Special Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund, the Improvement Fund, the Reserve Fund and the Costs of Issuance Fund. Such books of record and accounts shall at all times during business hours upon reasonable prior notice be subject to the inspection of the City on behalf of the District and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 5.06. Protection of Security and Rights of Owners. The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

Section 5.07. Compliance with Law. The City will comply with all applicable provisions of the Act and law in completing the construction and acquisition of the Project.

Section 5.08. Collection of Special Tax Revenues. The City shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

On or within five (5) Business Days of each June 1, the Fiscal Agent shall provide the City with a notice stating the amount then on deposit in the Bond Fund, the Reserve Fund, and informing the City that the Special Taxes may need to be levied pursuant to the Ordinance as necessary to provide for Annual Debt Service and Administrative Expenses and replenishment (if necessary) of the Reserve Fund so that the balances therein equal the Reserve Requirement. The receipt of or failure to receive such notice by the City shall in no way affect the obligations of the City under the following two paragraphs, and the Fiscal Agent shall not be responsible for any inability or failure to provide such notice. Upon receipt of such notice, the City shall communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

The City shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 2<sup>nd</sup> that the Bonds are Outstanding, or otherwise such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the City shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

The City shall fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on any Outstanding Bonds of the District becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any obligation under Section 5.13) during such year, taking into account the balances in such funds and in the Special Tax Fund. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings pursuant to the Resolution of Formation.

The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Notwithstanding the foregoing, the City may in its discretion cause the collection of any Special Taxes by direct, first class mail billing to the then owner of each parcel so owned in lieu of billing for such Special Taxes in the same manner as general taxes as aforesaid. Such direct mail billing shall be made not later than November 1 of the Fiscal Year and shall direct the owner of the property affected to pay the Special Taxes directly to the City in two equal installments, the first of which shall be due and delinquent if not paid on December 10 and the second of which may be paid with the first and which, in any event, shall be due and delinquent if not paid on April

10 of the Fiscal Year. Any such Special Taxes so billed shall have the same priority and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Section 5.09. Covenant to Foreclose. Pursuant to Section 53356.1 of the Act, the City on behalf of the District hereby covenants with and for the benefit of the owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following two paragraphs. The City shall notify the City Attorney of any such delinquency of which it is aware, and the City Attorney shall commence, or cause to be commenced, such proceedings.

On or about July 1st of each Fiscal Year, the City shall compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City, and:

(A) Individual Delinquencies. If the City determines that any single parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes in the aggregate amount of \$5,000 or more, then the City shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the City within 90 days of such determination.

(B) Aggregate Delinquencies. If the City determines that (i) the total amount of delinquent Special Tax for the prior Fiscal Year for the entire District, (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, or (ii) there are ten (10) or fewer owners of real property within the District, determined by reference to the latest available secured property tax roll of the County, the City shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and shall commence foreclosure proceedings within 90 days of such determination against each parcel of land in the District with a Special Tax delinquency.

The City may waive delinquency penalties and redemption penalties if it determines that (i) the waivers shall apply only to parcels delinquent at the time of the determination, (ii) the waivers shall only be available with respect to parcels for which all past due and currently due Special Taxes and all other costs are paid in full within a limited period of time specified in the determination, (iii) the waivers shall be available only with respect to parcels sold or otherwise transferred to new owners unrelated to the owner responsible for the delinquency, and (iv) the waivers are in the best interest of the Bond Owners. A purchase of a Bond by an Owner constitutes consent to the provisions.

Section 5.10. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.

Section 5.11. Private Activity Bond Limitations. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Section 5.12. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 5.13. Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

If necessary, the City may use amounts in the Reserve Fund, amounts on deposit in the Administrative Expense Fund, and any other funds available to the District, including amounts advanced by the City, in its sole discretion, to be repaid by the District as soon as practicable from amounts described in the preceding clauses, to satisfy its obligations under this Section 5.13. The City shall take note of any investment of monies hereunder in excess of the yield on the Bonds, and shall take such actions as are necessary to ensure compliance with this Section 5.13, such as increasing the portion of the Special Tax levy for Administration Expenses as appropriate to have funds available in the Administrative Expense Fund to satisfy any rebate liability under this Section 5.13.

Section 5.14. No Arbitrage. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Section 5.15. Yield of the Bonds. In determining the yield of the Bonds to comply with Section 5.13 and 5.14 hereof, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments for redemption of the Bonds, without regard to whether or not prepayments are received or Bonds redeemed.

Section 5.16. Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Section 5.17. Continuing Disclosure to Owners. In addition to its obligations under Section 9.07, the City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered a default hereunder; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations thereunder, including seeking mandate or specific performance by court order.

**ARTICLE VI  
INVESTMENTS, DISPOSITION OF INVESTMENT PROCEEDS, LIABILITY  
OF THE CITY**

Section 6.01. Deposit and Investment of Moneys in Funds. Moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest, to the extent reason a practicable, any such moneys in investments contained in paragraph (4) of the definition of Permitted Investments which by their terms mature prior to the date on which such moneys are required to be paid out hereunder, and otherwise hold such amounts uninvested. The City Finance Director shall make note of any investment of funds hereunder in excess of the yield on the Bonds, so that appropriate actions can be taken to assure compliance with Section 5.13.

Moneys in any fund or account created or established by this Agreement and held by the City shall be invested by the Finance Director in any Permitted Investment, which in any event by their terms mature prior to the date on which such moneys are required to be paid out hereunder; provided that amounts on deposit in the Administrative Expense Fund may be invested in any lawful investment the City may make. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in this Agreement any moneys are required to be transferred by the City to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

The Fiscal Agent and its affiliates or the City may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent nor the City shall incur any liability for losses arising from any investments made pursuant to this Section. The Fiscal Agent shall not be required to determine the legality of any investments.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the subaccounts within the Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent shall not be liable for verification of the application of such sections of the Code.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the City hereunder, provided that the Fiscal Agent or the City, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

The Fiscal Agent or the City, as applicable, shall sell or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the City shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance

herewith. The Fiscal Agent or an affiliate may act as principal or agent for the purchase or disposition of any investment security and shall be entitled to the customary fee thereof.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the City with cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder.

Section 6.02. Limited Obligation. The City's obligations hereunder are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Special Tax Fund, the Bond Fund (including the Special Tax Prepayments Account therein) and the Reserve Fund created hereunder.

Section 6.03. Liability of City. The City shall not incur any responsibility in respect of the Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Agreement. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The City shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed.

Whenever in the administration of its duties under this Agreement the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent, an Independent Financial

Consultant, an Appraiser or a Tax Consultant, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the City or the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 6.04. Employment of Agents by City. In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

## ARTICLE VII THE FISCAL AGENT

Section 7.01. Appointment of Fiscal Agent. The City of Norco, is hereby appointed Fiscal Agent and paying agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent.

Section 7.02. Liability of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent shall not be liable for any error of judgment made in good faith unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners pursuant to this Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

Section 7.03. Information. The Fiscal Agent shall provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the City shall reasonably request, including but not limited to monthly statements reporting funds held and transactions by the Fiscal Agent.

Section 7.04. Notice to Fiscal Agent. The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed in good faith by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder' such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by an Officer's Certificate, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 7.05. Compensation, Indemnification. The City shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any costs, expenses, claims or liabilities whatsoever, including without limitation fees and expenses of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The obligation of the City under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement and payment of the Bonds and discharge of this Agreement, but any monetary obligation of the City arising under this Section shall be limited solely to amounts on deposit in the Administrative Expense Fund.

**ARTICLE VIII  
MODIFICATION OR AMENDMENT OF THIS AGREEMENT**

Section 8.01. Amendments Permitted. This Agreement and the rights and obligations of the City on behalf of the District and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City on behalf of District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City on behalf of the District of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or this Agreement), or (iii) reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

This Agreement and the rights and obligations of the City on behalf of the District and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the Consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City on behalf of the District in this Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City on behalf of the District;

(B) to make modifications not adversely affecting any outstanding series of Bonds of the City on behalf of the District in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the City on behalf of the District and the Fiscal Agent may deem necessary or desirable and not inconsistent with this Agreement, and which shall not adversely affect the rights of the Owners of the Bonds in any material respect; and

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from gross federal income taxation of interest on the Bonds.

Section 8.02. Owners' Meetings. The City on behalf of the District may at any time call a meeting of the Owners. In such event the City on behalf of the District is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.03. Procedure for Amendment with Written Consent of Owners. The City and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 8.01, to take effect when and as provided in this Section. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 8.03 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 8.04. Disqualified Bonds. Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII.

Section 8.05. Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective pursuant to this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the City on behalf of the District and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments. The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then

Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.07. Amendatory Endorsement of Bonds. The provisions of this Article VIII shall not prevent any Owner from accepting any Amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

## ARTICLE IX MISCELLANEOUS

Section 9.01. Benefits of Agreement Limited to Parties. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the City, the Fiscal Agent and the Owners, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement containing and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Fiscal Agent.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Agreement or any Supplemental Agreement either the City or the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the City or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Agreement. The City shall have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in Sections 4.04 and 4.05 is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the City shall determine as confirmed by Bond Counsel or an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in Sections 4.04 and 4.05, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the City shall have taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in this Agreement and all other obligations of the City under this Agreement with respect to such Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligation of the City to pay or cause to be paid to the Owners of the Bonds not so Surrendered and paid all sums due thereon, all amounts owing to the Fiscal Agent pursuant to Section 7.05, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes, shall continue in any event.

Upon compliance by the City with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, shall be paid over to the City and any Special Taxes thereafter received by the City shall not be remitted to the Fiscal Agent but shall be retained by the City to be used for any purpose permitted under the Act.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Fiscal Agent in good faith and in accordance therewith.

Section 9.05. Waiver of Personal Liability. No member, officer, official, agent or employee of the City or the District shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, official, agent or employee from the performance of any official duty provided by law.

Section 9.06. Notices to and Demands on City and Fiscal Agent. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the City may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the City with the Fiscal Agent) as follows:

City of Norco  
2860 Clark Avenue  
Norco, CA 92860  
Attention: City Manager

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the City to or on the Fiscal Agent may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Fiscal Agent with the City) as follows (provided that any such notice shall not be effective until actually received by the Fiscal Agent):

City of Norco  
2860 Clark Avenue  
Norco, CA 92860  
Attention: City Manager

Section 9.07. Reporting Requirements. The following requirements shall apply to the Bonds, in addition to those requirements under Section 5.17:

(A) Annual Reporting. Not later than December 31 of each calendar year, beginning with the December 31 first succeeding the date of the Bonds, and in each calendar year thereafter until the December 31 following the final maturity of the Bonds, the City shall cause that information required by the rules and regulation of CDIAC information to be supplied to CDIAC and to the other entities specified in Section 5.17(A) that information required to be provided by CDIAC. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(B) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal and interest on the Bonds, the Fiscal Agent shall notify the City of such failure or withdrawal in writing. The City shall notify CDIAC and the Original Purchasers of such failure or withdrawal within 10 days of such failure or withdrawal.

(C) Amendment. The reporting requirements of this Section 9.07 shall be amended from time to time, without action by the City or the Fiscal Agent, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the City's obligations under the Continuing Disclosure Agreement.

(D) No Liability. None of the City and its officers, agents and employees, City or the Fiscal Agent shall be liable for any inadvertent error in reporting the information required by this Section 9.07.

The City shall provide copies of any of such reports to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the City to produce such information and pay any postage or other delivery cost to provide the same, as determined by the City. The term "Bondowner" for purposes of this Section 9.07 shall include any beneficial owner of the Bonds.

Section 9.08. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The City hereby declares that it would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 9.09. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when the payments of such principal, interest and premium have become payable, if such moneys was held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the City as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of the principal of, and interest and any premium on, such Bonds. The Fiscal Agent shall hold such funds uninvested.

Section 9.10. Applicable Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Section 9.11. Conflict with Act. In the event of a conflict between any provision of this Agreement with any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of this Agreement.

Section 9.12. Conclusive Evidence of Regularity. Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

Section 9.13. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 9.14. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the City caused this Fiscal Agent Agreement to be executed all as of this 1st day of August, 2013.

**CITY OF NORCO, for and on behalf of  
City of Norco Community Facilities  
District No. 93-1**

**By:** \_\_\_\_\_

**Its: City Manager**

**ATTEST:**

**By:**  
**Authorized Officer**

**CITY NATIONAL BANK**

**By:** \_\_\_\_\_

**Its:** \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
CITY OF NORCO  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
2013 SPECIAL TAX REFUNDING BONDS**

**INTEREST RATE**

**MATURITY DATE**

**BOND DATE**

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

The City of Norco (the "City") for and on behalf of City of Norco Community Facilities District No. 93-1 (the "District"), for value received, hereby promises to pay solely from the Special Tax Revenues (as hereinafter defined) to be collected in the District or amounts in the funds and accounts held under the Agreement (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Bond Date set forth above, or from the most recent interest payment date to which interest has been paid or duly provided for, semiannually on July 1 and January 1, commencing January 1, 2014, at the interest rate set forth above, until the principal amount hereof is paid or made available for payment. The principal of this Bond is payable to the registered owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office (as defined in the Agreement referred to below) of U.S. Bank National Association (the "Fiscal Agent"). Interest on this Bond shall be paid by check of the Fiscal Agent mailed on each interest payment date to the registered owner hereof as of the close of business on the 15th day of the month preceding the month in which the interest payment date occurs (the "Record Date") at such registered owner's address as it appears on the registration books maintained by the Fiscal Agent, or (i) if the Bonds are in book-entry-only form, or (ii) otherwise upon written request filed with the Fiscal Agent prior to any Record Date by a registered owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the depository for the Bonds or to an account in the United States designated by such registered owner in such written request, respectively.

The creation of the Bonds and the terms and conditions thereof are provided for by resolution adopted by the City Council of the City \_\_\_\_\_, 2013 (the "Resolution"), and the Fiscal Agent Agreement, dated as of August 1, 2013, between the City on behalf of the District and City National Bank (the "Agreement") and this reference incorporates the Resolution and the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Resolution is adopted and the Agreement is entered into under and this Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

Pursuant to the Mello-Roos Act, the Agreement and the Resolution, the principal of and interest on this Bond are payable solely from the annual special tax authorized under the Mello-Roos Act to be collected within the District (the "Special Tax") interest earnings and certain funds held under the Agreement (the "Special Tax Revenues").

Interest on this Bond shall be payable from the interest payment date next preceding the date of authentication hereof, unless (i) it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or (ii) such date of authentication is after a Record Date but on or prior to an interest payment date, in which event interest will be payable from such interest payment date, or (iii) such date of authentication is prior to the first Record Date, in which event interest will be payable from the Bond Date set forth above; provided however, that if at the time of authentication of this Bond, interest is in default hereon, this Bond

shall bear interest from the interest payment date to which interest has previously been paid or made available for payment hereon.

Any tax for the payment hereof shall be limited to the Special Tax, except to the extent that provision for payment has been made by the City, as may be permitted by law. The Bonds do not constitute obligations of the City for which said City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described hereinabove.

The Bonds are subject to redemption prior to their stated maturity on any date, as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

(i) *Optional Redemption.* The Bonds maturing shall be subject to optional redemption from any source of available funds, including Prepayments of the Special Tax by property owners, prior to maturity, in whole, or in part among maturities as shall be specified by an Officer's Certificate of the City and by lot within a maturity, on any Interest Payment Date, at the redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption.

(ii) *Mandatory Sinking Payment Redemption.* The Bonds are subject to mandatory sinking payment redemption in part on March 1 in each year as indicated below at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following table:

Sinking Fund Redemption Date ( <u>July 1</u> )	<u>Principal Amount</u>
2014	
2015	
2016	
2017	
2018	
2019	
2020 (maturity)	

The amounts in the foregoing tables shall be reduced, as a result of any prior partial redemption of the Bonds pursuant to the Agreement, as specified in writing by the Finance Director to the Fiscal Agent, in inverse order of the sinking fund payment date.

The Bonds are subject to mandatory redemption on any interest payment date, in part, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from amounts transferred from the Special Tax Prepayment Account to the Bond Fund pursuant to the Agreement.

In the event of a redemption of less than all of the Bonds, the Bonds shall be redeemed by lot within a maturity, and among maturities in the manner specified in the Agreement.

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Agreement.

This Bond shall be registered in the name of the owner hereof, as to both principal and interest.

Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Fiscal Agent shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption, or (iii) between a Record Date and the succeeding interest payment date. Exchanges may only be made for Bonds in authorized denominations, as provided in the Agreement.

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein.

The Bonds are not general obligations of the City, but are limited obligations payable solely from the revenues and funds pledged therefor under the Agreement. Neither the faith and credit of the City or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

**IN WITNESS WHEREOF**, the City of Norco on behalf of the District has caused this Bond to be dated the Bond Date set forth above.

**CITY OF NORCO**

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

**FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the Fiscal Agent Agreement which has been authenticated on \_\_\_\_\_.

**CITY OF NORCO**

By \_\_\_\_\_  
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Certificate, shall be construed as though then were written out in full according to applicable laws or Tax Regulations:

- TEN COM - as tenants in common UNIF GIFT MIN ACT \_\_\_\_\_ Custodian (Cust) under Uniform Gifts to Minor
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right survivorship and not as tenants in common
- COMM PROP - as community property

**ADDITIONAL ABBREVIATIONS MAY ALSO BE USED  
THOUGH NOT IN THE LIST ABOVE**

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_

\_\_\_\_\_  
(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the registration books of the Fiscal Agent with full power of substitution in the premises.

Dated:

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution.

\_\_\_\_\_  
NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

§  
CITY OF NORCO  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
2013 SPECIAL TAX REFUNDING BONDS

**REFUNDED BONDS ESCROW AGREEMENT**

Refunded Bonds Escrow Agreement (the "Agreement"), dated as of August 1, 2013 is hereby entered into by and between (i) the City of Norco (the "City") and (ii) U.S. Bank National Association, as escrow bank ("the "Escrow Bank").

WITNESSETH

WHEREAS, the City has previously issued its \$2,300,000 City of Norco Community Facilities District No. 93-1 Special Tax Bonds (the "1995"); and

WHEREAS, the City has previously issued its \$2,180,000 City of Norco Community Facilities District No. 93-1 2003 Refunding Bonds (the "2003 Bonds" or "Refunded Bonds"); the proceeds of which provided for the refunding of the 1995 Bonds; and

WHEREAS, for the purpose of refunding the outstanding portion of the Refunded Bonds, the Agency is issuing its \$ \_\_\_\_\_ City of Norco Community Facilities District No. 93-1, 2013 Special Tax Refunding Bonds (the "Bonds"); and

WHEREAS, a portion of the proceeds of the sale of the Bonds is to be deposited and held pursuant to this Agreement; and

WHEREAS, such proceeds are to be held in cash; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

**SECTION 1. Appointment of Escrow Bank.** The City hereby appoints the Escrow Bank as escrow bank for all purposes of this Agreement and in accordance with the terms and provisions of this Agreement, and the Escrow Bank accepts such appointment. All capitalized terms used here shall be as defined in the Fiscal Agent Agreement securing the City of Norco Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds.

**SECTION 2. Certificates and Moneys Received.** The City hereby establishes with the Escrow Bank the Refunded Bonds Escrow Fund, as described in Section 3 hereof (the "Escrow Fund"). The Escrow Bank acknowledges receipt of federal funds derived from the proceeds of the Bonds in the amount of \$ \_\_\_\_\_ which the Escrow Bank is hereby directed by the City to hold (together with \$ \_\_\_\_\_ transferred from the Funds and Account with respect to the Refunded Bonds) in cash.

The Escrow Bank shall not be liable for losses on any investment made by it pursuant to and in compliance with such written instructions.

**SECTION 3. Establishment of Refunded Bonds Escrow Fund.** (a) There is hereby created and established a special, segregated and irrevocable trust fund, designated as the Refunded Bonds Escrow Fund, to be held by the Escrow Bank, separate and apart from all other funds of the

Agency and the Escrow Bank.

(a) Concurrently with the execution of this Agreement, the Escrow Bank shall deposit the cash hereto in the Refunded Bonds Escrow Fund. The Escrow Bank shall deposit all proceeds (whether principal or interest) derived from the cash.

SECTION 4. Escrow Funds Constitute Trust Funds. The cash in the Refunded Bonds Escrow Fund shall constitute an irrevocable deposit of said cash in trust solely for the purposes provided in this Agreement.

SECTION 5. Use and Application of Trust Funds.

(a) The Escrow Bank shall withdraw amounts from the Refunded Bonds Escrow Fund for the sole purpose of making payments on the Refunded Bonds at the times and in such amounts as described in Exhibit "A" attached hereto.

(b) The liability of the Escrow Bank to make the payments required by this Section 5 shall be limited to the moneys in the Refunded Bonds Escrow Fund.

(c) In the event the money held by the Escrow Bank shall be insufficient to make the payments described in Section 5, the Escrow Bank shall give prompt notice of such insufficiency to the City, and the City shall cure such insufficiency. The Escrow Bank shall have no liability for such insufficiency.

SECTION 6. No Power To Invest and Dispose. Except as otherwise expressly provided above and pursuant to written direction of the City, the Escrow Bank shall have no power or duty to invest any moneys held hereunder. The City shall have no right to withdraw monies in the Refunded Bonds Escrow Fund.

SECTION 7. Redemption of Outstanding Bonds. The City hereby elects, and notifies the Escrow Bank of its election, to redeem Refunded Bonds as described in Exhibit A. The Escrow Bank in its capacity as Fiscal Agent for the Refunded Bonds shall give notice, in the name of the City, of the redemption of such outstanding Refunded Bonds in the form and in the manner specified and required by the Refunded Bonds Fiscal Agent Agreement.

SECTION 8. Transfer of Excess Moneys. All amounts, if any, remaining on deposit in the Refunded Bonds Escrow Fund after the payments required by Section 3 and 8 hereof have been made shall be remitted by the Escrow Bank to the City as its absolute property and free from trust.

SECTION 9. Books and Records. The Escrow Bank agrees to maintain customary books and records for the Refunded Bonds Escrow Fund and to account separately for deposits therein, investment thereof, earnings thereon and losses (if any) with respect thereto. The Escrow Bank agrees to provide the City with statements on or before the fifteenth day of the month of August, 2013.

SECTION 10. Escrow Bank's Fees and Expenses. The City shall pay the Escrow Bank compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, legal fees and other costs and expenses relating hereto.

SECTION 11. Responsibility of Escrow Bank. The Escrow Bank shall not be responsible for the sufficiency of the moneys deposited with it hereunder for the purposes contemplated by this Agreement or for the sufficiency or accuracy of the form, execution or validity of the outstanding Refunded Bonds, or any documents deposited hereunder or attached hereto nor shall it be liable in any respect on account of the identity, authority or rights of the persons executing or delivering, or purporting to execute or deliver, any such bonds, documents or papers. It may rely upon any paper, document or other writing believed by it in good faith to be authentic in making any delivery or money or property hereunder.

The Escrow Bank shall not be responsible for any of the recitals or representations contained herein.

Whenever in the administration of this Agreement the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively provided and established by a certificate of an authorized representative of the City and such certificate shall, in the absence of gross negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

(a) Any bank, association or trust company into which the Escrow Bank may be merged or with which it may be consolidated or to whom all or substantially all of the corporate trust business shall be sold or transferred shall become the Escrow Bank without action of the City.

(b) The Escrow Bank may consult with counsel of its own choice (which may be counsel to the City) and the Opinion of such counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted in good faith in accordance with such opinion of counsel.

(c) The Escrow Bank shall not be liable for any losses arising from any investment made pursuant to this Agreement.

SECTION 12. Indemnity. To the extent permitted by law, the City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the City or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Refunded Bonds Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Agreement; provided, however, that the City shall not be required to indemnify the Escrow Bank against the Escrow Bank's own gross negligence or willful misconduct or the gross negligence or willful misconduct of the Escrow Bank's respective

successors, assigns, agents and employees or the material breach by the Escrow Bank of the terms of this Agreement. In no event shall the City or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement, and the resignation or removal of the Escrow Bank.

SECTION 13. Termination of Agreement. This Agreement shall terminate when all moneys together with any income and interest thereon, in the Refunded Bonds Escrow Fund have been transferred and applied in accordance with the terms hereof.

SECTION 14. Limitation on Liability. The Escrow Bank shall have no liability under, or duty to inquire into the terms and provisions of the Agreement, and it is agreed that its duties are purely ministerial in nature, and that the Escrow Bank shall incur no liability whatsoever except for willful misconduct or gross negligence so long as it has acted in good faith. The Escrow Bank shall not be bound by any modification, amendment, termination, cancellation, rescission or supersession of this Agreement unless the same shall be in writing and signed by the City and the Escrow Bank.

SECTION 15. Resignation of Escrow Bank. The Escrow Bank may at any time resign hereunder by giving written notice of its resignation to the other parties hereto, at their address set forth in Section 16, at least 30 days prior to the date specified for such resignation to take effect, and upon the effective date of such resignation, the moneys hereunder shall be delivered by it to such person as may be designated in writing by the City whereupon all the Escrow Bank's obligations hereunder shall, nevertheless, cease and terminate. If no such person shall have been designated by such date, all obligations of the Escrow Bank hereunder shall nevertheless cease and terminate. The Escrow Bank's sole responsibility thereafter shall be to keep safely all moneys then held by it and to deliver the same to a person designated by the City or in accordance with the directions of a final order or judgment of a court of competent jurisdiction.

SECTION 16. Notices. Notices, requests, and other communications required under this Agreement shall be in writing and considered validly served when delivered by first class mail, or facsimile followed by delivery of the original by first class mail. Either party may change its notice information by written notice delivered as provided herein to the other party by first class mail.

Agency Address

City of Norco  
2870 Clark Avenue  
Norco, CA 91760  
(951) 270-5650  
(951) 270-5622 (Fax)

Escrow Bank Address

U.S. Bank, National Association  
633 West Fifth Street, 24<sup>th</sup> Floor  
Los Angeles, California 90071  
(213) 615-6023  
(213) 615-6197 (Fax)

SECTION 17. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 18. Applicable Law. This Agreement shall be governed by the applicable law of the State of California.

SECTION 19. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 20. Section Headings Not Controlling. The headings of the several sections of this Agreement have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of, any provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers this 1<sup>st</sup> day of August, 2013.

CITY OF NORCO

By: \_\_\_\_\_  
Andy Okoro, City Manager

U.S. BANK NATIONAL, ASSOCIATION

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT "A"**

## **Continuing Disclosure Agreement**

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of August 1, 2013, is executed and delivered by the City of Norco Community Facilities District No. 93-1 (the "District") and Willdan Financial Services, as dissemination agent (the "Dissemination Agent") in connection with the issuance of the \$ \_\_\_\_\_ Community Facilities District No. 93-1 2013 Special Tax Refunding Bonds, (the "Bonds"). The Bonds are being issued pursuant to provisions of a Fiscal Agent Agreement, dated as of August 1, 2013 (the "Fiscal Agent Agreement"), by and between the City of Norco on behalf of the District and City National Bank. The District and the Dissemination Agent covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the Beneficial Owners of the Bonds.

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

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

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

"Disclosure Representative" shall mean the City Manager of the City or his or her designee, or such other officer or employee as the City shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the Fiscal Agent a written acceptance of such designation.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than April 1 of each year, commencing April 1, 2014, provide to the MSRB and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District of such failure to receive the Annual Report. The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following (unless otherwise stated, such information shall be as of the end of the most recent Fiscal Year and shall be with respect to Improvement Area No. 1 of the District):

(i) The audited financial statements of the City, prepared in accordance with generally accepted accounting principles in effect from time to time. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) Total assessed valuation (per the Riverside County Assessor’s records) of all parcels currently subject to the Special Tax showing the total assessed valuation for all land and the total assessed valuation for all improvements and distinguishing between the assessed value of developed property and final map property for the then current Fiscal Year.

(iii) The actual amount of the Special Tax levy and the maximum amount that can be levied pursuant to the rate and method of apportionment relating to Improvement Area No. 1 of the District for the then current Fiscal Year.

(iv) With respect to delinquencies:

- (a) delinquency information with respect to the April 10 tax payment date (including, without limitation, the parcel number of each delinquent parcel, the identity of the property owner and the amount then delinquent) for each parcel delinquent in the payment of \$2,500 or more in Special Tax or any parcels under common ownership that are responsible for \$5,000 or more of Special Tax; and
- (b) the total dollar amount of delinquencies with respect to the December 10 tax payment date and, in the event that such total delinquencies with respect to the April 10 tax payment date exceed 5% of the Special Tax for the previous year, a list of all delinquent parcels, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

(v) A land ownership summary listing property owners responsible for more than five percent (5%) of the annual Special Tax levy, as shown on the Riverside County Assessor's last equalized tax roll prior to the September 30 next preceding the Annual Report date.

(vi) The principal amount of the Bonds outstanding and the balances in the Reserve Account (along with a statement of the Reserve Requirement) as of the September 30 next preceding the Annual Report date.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet Website or filed with the SEC.

#### SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this section, upon the occurrence of any of the following events (in each case to the extent applicable) with respect to the Bonds, the District shall give, or cause to be given by so notifying the Dissemination Agent in writing and instructing the Dissemination Agent to give, notice of the occurrence of such event, in each case, pursuant to Section 5(c) hereof:

1. principal or interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to the rights of the Bondholders, if material;
4. optional, contingent or unscheduled calls, if material, and tender offers;
5. defeasances;
6. rating changes;

7. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of the credit or liquidity providers or their failure to perform;
11. release, substitution or sale of property securing repayment of the Bonds, if material;
12. bankruptcy, insolvency, receivership or similar proceedings of the Authority, which shall occur as described below;
13. appointment of a successor or additional Fiscal Agent or the change of name of a Fiscal Agent, if material, or;
14. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

For these purposes, any event described in item 12 of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(b) Upon receipt of notice from the District and instruction by the District to report the occurrence of any Listed Event, the Dissemination Agent shall provide notice thereof to the MSRB in accordance with Section 5(c) hereof. In the event the Dissemination Agent shall obtain actual knowledge of the occurrence of any of the Listed Events, the Dissemination Agent shall, immediately after obtaining such knowledge, contact the Disclosure Representative, inform such person of the event, and request that the District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(c). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Event shall mean actual knowledge by the Dissemination Agent. The Dissemination Agent shall have no responsibility to determine the materiality, if applicable, of any of the Listed Events.

(c) The District, or the Dissemination Agent, if the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, shall file a notice of such occurrence with the MSRB in a timely manner not more than ten business days after the occurrence of the event.

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty days' written notice to the District. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the District. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the District) provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder, and any provision of this Disclosure Agreement may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District.

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

SECTION 10. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this

Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 11. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Fiscal Agent (at the written request of any holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent funds in an amount satisfactory to the Fiscal Agent have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Fiscal Agent whatsoever, including, without limitation, fees and expenses of its attorneys), or any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. Article VII of the Fiscal Agent Agreement pertaining to the Fiscal Agent is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Fiscal Agent Agreement and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Fiscal Agent thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders, or any other party. The Dissemination Agent shall have no liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Disclosure Agreement. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the District: City of Norco Community Facilities District No. 93-1  
City of Norco  
2870 Clark Avenue  
Norco, California 92860  
Attn: City Manager  
Phone: (951) 270-5650

To the Dissemination Agent Willdan Financial Services  
27368 Via Industria, Suite 110  
Temecula, California 92590  
Attn: Disclosure Group  
Phone: (951) 587-3541

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

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Fiscal Agent, the Dissemination Agent, and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

CITY OF NORCO  
COMMUNITY FACILITIES DISTRICT NO. 93-1

By \_\_\_\_\_  
City Manager of the City of Norco

WILLDAN FINANCIAL SERVICES, as  
Dissemination Agent

By \_\_\_\_\_  
Authorized Representative

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Obligated Party: City of Norco Community Facilities District No. 93-1  
Name of Bond Issue: City of Norco Community Facilities District No. 93-1 2013 Special  
Tax Refunding Bonds  
Date of Issuance: August 1, 2013

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of August 1, 2013, with respect to the Bonds. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

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

WILLDAN FINANCIAL SERVICES,  
on behalf of the District

cc: District



## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, Deputy City Manager/Director of Finance 

DATE: July 17, 2013

SUBJECT: Update on the Silverlakes Equestrian & Sports Park Project

**SUMMARY:** At its March 20, 2013 regular meeting, the City Council received an update from Balboa Management Group, LLC on the status of the Silverlakes Equestrian & Sports Park project (the "Silverlakes Project"). At that time, the Council asked for quarterly updates to be given with the new fiscal year. This item has been agendaized to provide that update. Representatives from Balboa Management Group, LLC ("Balboa") will be in attendance to provide a status report on project funding and construction schedules.

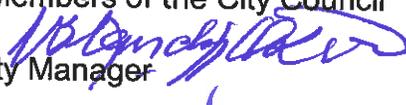
**BACKGROUND/ANALYSIS:** On July 6, 2011, the City Council approved agreements with Balboa for the development of the Silverlakes Project on 122 acres of City property, located at the northeast border of the City on Hamner Avenue. The project is to be developed as a recreation facility under a long-term ground lease in accordance with the deed restriction that exists on the property. The Silverlakes Project is being implemented through four documents: A Ground Lease, a Shared Use Agreement, A Development Agreement and a Funding, Construction & Acquisition Agreement. The Ground Lease was amended on January 18, 2012 and on March 7, 2012. The Funding, Construction and Acquisition Agreement was amended on June 6, 2012.

On April 17, 2012, based on provisions in the agreements, the City received \$396,480 from Balboa representing the first six months of rent and six months of security deposit. Monthly rent payments of \$33,040 began on July 1, 2012 and have continued through June 2013.

The Funding, Construction and Acquisition Agreement provides for the City to make a loan from existing bond proceeds in the amount not exceeding \$6 million to Balboa for onsite improvements on the Silverlakes Property. Under the terms of the Funding, Construction and Acquisition Agreement, Balboa is responsible for paying back the loan at 5.9% interest. Monthly repayment on the loan, including accrued interest, commences thirty (30) days from the date on which the City Council takes a final action to accept dedication of the facilities constructed. To date, approximately \$5.6 million of the allocated \$6 million loan has been made available to Balboa for the payment of grading, earthwork and preliminary water and sewer infrastructure facilities and catch basins on the property.

To ensure timely monthly repayment of the loan to the City, the Funding, Construction and Acquisition Agreement requires Balboa to provide to the City an irrevocable Letter of Credit (LOC) in the amount of \$350,000. The required LOC was provided to the City on June 11, 2012. The letter of credit automatically renews and has renewed for the 2013-2014 fiscal year.

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council  
FROM: Andy Okoro, Deputy City Manager   
DATE: July 17, 2013  
SUBJECT: Power Outage Discussion  
RECOMMENDATION: Receive and file

**SUMMARY:** On June 19, 2013, City Council placed a discussion item on the agenda regarding power outage response and disaster preparedness.

**BACKGROUND/ANALYSIS:** On June 19, 2013, the City Council approved a motion to agendize a discussion on the topic of responding to incidents involving power outages and disaster preparedness. This topic came to light after a community member discussed concerns regarding a power outage that occurred on June 14, 2013, as a result of a traffic collision.

***Sheriff Report:***

On June 14, 2013, about 9:14 pm, deputies were dispatched to the 2000 block of Dapplegray, reference a traffic collision. Upon arrival, deputies confirmed power lines were down and local power was out as a result of the collision. Deputies immediately notified California Department of Forestry (CDF) and Southern California Edison (SCE). While assessing the incident, deputies were unaware of any roadway hazards or immediate law enforcement concerns. During the investigation, the assigned deputy responded to Riverside Community Hospital (RCH) and concluded his investigation with the driver of the vehicle involved in the collision.

As a result of the deputy notifying SCE, the lack of roadway hazards, and the deputy not being aware of the extent of the power outage, he did not notify his supervisor as required by station protocol. Therefore, notifications were not made to City officials and the circumstances involving the traffic collision were not evaluated to determine if a press release would have been prepared based on Department protocol.

1 It would be expected that SCE would notify media outlets regarding power restoration efforts.

2 Although power outages occur as a result of various events, some relatively common, such as traffic collisions, scheduled repairs, electrical issues; and some infrequent, such as major disasters, each are evaluated independently for law enforcement response. Many considerations include prioritizing the power outage response compared with the event of occurrence, evaluating resources needed to safely and effectively serve the community, and coordinating needs with the appropriate agencies (SCE, CDF, Public Works, multi-jurisdictional, etc.).

---

1 Standard Operating Procedure indicates that non-criminal incidents of interest to the public may result in a Press Release.

2 SCE Emergency Communication Information for Local Governments Field Guide, March 8, 2013.

***Fire Department Report:***

Fire received the original call from 620 Vaughan, Norco via the 911 system reporting arcing power lines. County Fire sent a single fire engine (Engine 47 from Hillside). Upon arrive, they found the cause for the arcing was a vehicle that struck a power pole guide wire. Additional units were started to assist E47 with the extraction of the victims. While E47 was at the scene they were met by a resident who identified himself as a "lineman" with Southern California Edison and stated that he had made contact with SCE and that there was a crew in route. Fire dispatch confirmed with SCE that they were aware of the incident and that they were in route to the incident. Edison arrived on scene and were asked if they needed any additional assistance from Fire and they advised no. The Fire Department has an agreement with Edison that when ANY outage occurs that is more than 12 hours, or expected to last more than 12 hours— The County Office Emergency Services (OES) will be notified. This notification did not occur.

***Public Works Report:***

Public Works Field Operations received notification of this outage via the Supervisory Control And Data Acquisition (SCADA) system. When Edison service is lost at a monitored site, the SCADA system automatically alerts the assigned staff member via cell phone text message. Public Works Field Operations staff then remotely accessed the SCADA system via a VPN connection from his home computer and acknowledged the alarm(s) and did a general system analysis to confirm site status and general system condition. Because of the wide spread nature of the immediate outage, other Public Works Field Operations staff members were contacted via cell phone and were informed of the outage, and advised that staff would continue to monitor the sites as well as try to obtain information from Edison via SCE.com and/or the '800' information number. Once the affected sites were identified, as per typical procedure the Public Works Director was notified of the outage.

Once Public Works Field Operations staff was able to ascertain the location and extent of Edison's damage, they went into "monitor and wait" mode. All further information regarding this outage was obtained through email notifications forwarded by the Public Works Director and also updates regarding the outage posted on SCE.com.

If this outage had been during daylight hours, or had continued to affect City sites into the morning demand, or had affected a site that could not be off for an extended period, Public Works Field Operations staff would have notified the SCE crews onsite that the City would be connecting generators at its service site(s). Even though there are transfer switches onsite to isolate the incoming power system, that communication is made for the safety of the SCE crew members each time the City moves to onsite power generation.

Public Works Field Operations had limited response during this incident. The power outage affected pumps at our wells; however, it was restored before the early morning demand. Therefore, the City had sufficient water retained in reservoirs and was able to ride out the power loss using only reservoir capacity. Once power was restored, the system parameters were set to refill the affected sites without overly taxing other parts of our system. Neither RSO nor SCE requested any assistance. Following this event, Public

Power Outage Discussion

Page 3

July 17, 2013

Works Field Operations staff has established a direct notification protocol with SCE to ensure City staff is contacted for all power outages regardless of whether they are planned or occur as an emergency.

**FINANCIAL IMPACT: None**

**CITY OF NORCO  
STAFF REPORT**

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Dominic C. Milano, City Engineer 

DATE: July 17, 2013

SUBJECT: **Public Hearing:** A Hearing Ordering the Continuation of Landscape Maintenance Districts and Confirming a Diagram and Assessment and Providing for an Annual Assessment Levy for Districts No. 1 - Beazer, Tract 28765; No. 2 – Western Pacific, Tract 25779; No. 3 – Centex, Tract 28626; No. 4 – Norco Ridge Ranch, Tracts 29588 and 29589; and No. 5 – Hawk’s Crest, Tract 30230

**Resolution No. 2013-\_\_\_**, (Beazer); **Resolution No. 2013-\_\_\_**, (Western Pacific); **Resolution No. 2013-\_\_\_**, (Centex); **Resolution No. 2013-\_\_\_**, (Norco Ridge Ranch); **Resolution No. 2013-\_\_\_**, (Hawk’s Crest), Ordering the Continuation of a Landscaping Maintenance District and Confirming a Diagram and Assessment and Providing for Annual Assessment Levy.

RECOMMENDATION: That the City Council opens the Public Hearing and if no more than 50 percent of the property owners within the District protest, it would be appropriate to adopt **Resolution No. 2013-50**, (Beazer); **Resolution No. 2013-51**, (Western Pacific); **Resolution No. 2013-52**, (Centex); **Resolution No. 2013-53**, (Norco Ridge Ranch); **Resolution No. 2013-54**, (Hawk’s Crest), Ordering the Continuation of a Landscaping Maintenance District and Confirming a Diagram and Assessment and Providing for Annual Assessment Levy.

SUMMARY: The “Landscaping and Lighting Act of 1972” requires an Engineer’s Report for the existing Landscape Maintenance Districts (LMDs) be reviewed and approved annually to continue assessments for the districts. The formation of the five districts allow for an annual increase not to exceed the Consumer Price Index (CPI). The CPI ending March 31, 2013 adjustment per parcel assessment in all districts is 1.3%.

**PUBLIC HEARING:** Ordering the Continuation of Landscape Maintenance District No. 1 - Beazer, Tract 28765; No. 2 - Western Pacific, Tract 25779; No. 3 - Centex, Tract 28626; No. 4 - Norco Ridge Ranch, Tracts 29588 and 29589; and No. 5 - Hawk's Crest, Tract 30230

Page 2

July 17, 2013

The Engineer's Reports this year have been slightly modified to add to Part B (Estimate of Cost) the estimated fund balance for Fiscal Year ending June 30, 2013 and the cash flow funding needs. Each district requires a 6 month cash flow reserve to sustain the District from the beginning of the fiscal year (July 1) until the City receives from the County of Riverside, its first assessment payment, 6 months later. The fund balance necessary for cash flow is not considered surplus and is allowed to be maintained in the fund. If the City does not have this reserve, the general fund reserves must "carry" the District. In addition the "needs" includes those Districts that have trail fencing (Districts 2 thru 5) a line item establishing a dollar amount to reconstruct the majority of the trail fencing in each District. The "estimated unfunded needs" is the difference between the "fund balance" and the "needs".

**BACKGROUND/ANALYSIS:** The following information applies to each Landscape Maintenance District as designated:

**LMD No. 1** - On February 3, 1999, City Council adopted Landscape Maintenance District No. 1 for Tract 28765 (Beazer Homes) comprised of 67 lots. The District was formed to maintain landscaping along the River Road frontage of the tract. The estimated cost to maintain the District is proposed to be increased from \$9,239.00 the 2012/13 level to \$9,730.00. With the application of previous year's surpluses and a CPI increase (\$1.68 per parcel), the net assessment will be \$8,789.00. The per parcel assessment for Fiscal Year 2013/14 is proposed to increase from \$129.50 to \$131.18.

**LMD No. 2** - On January 27, 2000, City Council adopted Landscape Maintenance District No. 2 for Tract No. 25779 (Western Pacific) comprised of 219 lots. The District was formed to maintain landscaping along the Norco Hills Road and Hidden Valley Parkway frontages of the tract as well as selected interior slopes, wetland, equestrian trail, and parkway maintenance. The estimate of cost to maintain the District is proposed to decrease from \$124,792.00 to \$112,045.00. The maintenance level is proposed to be reduced to below the assessment amount to be collected (\$131,812.00). In previous years, a surplus in the fund was used to balance the budget with the assessment collected. This surplus has been exhausted a number of years ago with the City loaning the District \$50,900.00 to meet expenses. This City General Fund Loan has been reduced to \$28,229.00. The estimated "surplus" of assessment to be collected the next fiscal year will be used to further reduce the General Fund Loan. With the application of the CPI, the per parcel assessment is proposed to increase from \$594.16 to \$601.88.

**LMD No. 3** - On June 6, 2001, City Council adopted Landscape Maintenance District No. 3 for Tract 28626 (Centex) comprised of 82 lots. The District was formed to maintain landscaping along Norco Hills Road and certain designated slopes within the

**PUBLIC HEARING:** Ordering the Continuation of Landscape Maintenance District No. 1 - Beazer, Tract 28765; No. 2 – Western Pacific, Tract 25779; No. 3 – Centex, Tract 28626; No. 4 – Norco Ridge Ranch, Tracts 29588 and 29589; and No. 5 – Hawk's Crest, Tract 30230

Page 3

July 17, 2013

District as well as all equestrian trails in the development. The proposed estimate of costs to maintain the District will increase from \$79,621.00 to \$79,737.00. With the application of previous year's surpluses and the CPI increase (\$11.67 per parcel), the total net assessment is \$73,536.36. The per parcel assessment for Fiscal Year 2013/14 is proposed to increase from \$897.31 to \$908.98.

**LMD No. 4** – On October 2, 2002, City Council adopted Landscape Maintenance District No. 4 for Tracts 29588 and 29589 (Norco Ridge Ranch) comprised of 557 single-family lots, of which 25 lots are not receiving benefits, and five other non-assessable lots, for a total of 537 assessable lots. The District was formed to maintain landscaping within certain slopes, irrigated and non-irrigated, fuel modification areas, parkway landscaping, equestrian trails, natural open space and wetlands area. The proposed maintenance budget for Fiscal Year 2013-14 is \$439,094.00 with a proposed trail replacement project of \$75,000 bringing the total budget to \$514,094.00. Fiscal Year 2012-13 budget was \$483,837.00 which did not include the Phase II Drainage Improvement Project of \$218,680.00. The reduction in the maintenance budget from \$483,837.00 to \$439,094.00 was due mostly to water usage saving of \$45,000.00. In order to fund the District as proposed with the Capital Trail Fence Replacement Project, and not use any reserves, the per lot levy must be raised to the maximum of \$958.40 per parcel which includes the 1.3% CPI. This levy generates a total district assessment of \$514,660.80, which is approximately equal to the budget. The per parcel levy for the upcoming Fiscal Year 2013-14 is thus proposed to increase from Fiscal Year 2012-13 of \$881.04 to \$958.40. The Phase II Drainage Improvements Project was completed at a cost of \$214,750.00 affecting 84 locations (83 homes) slightly below the contract amount of \$218,680.00. At the end of this Fiscal Year 2012/13, it is estimated that the Fund Balance will be approximately \$227,404.00.

**LMD No. 5** – On January 7, 2004 City Council adopted Landscape District No. 5 for Tract 30230 (Hawks Crest) comprised of 50 lots. The District was formed to maintain certain exterior slopes, parkway landscaping, equestrian trails and the two park lots. The estimate of cost to maintain the District will decrease from \$46,438.00 to \$46,321.00. The assessment is proposed to increase by the March 2013 CPI of 1.3% (\$11.89 per parcel) from the previous year's level of \$896.60 per parcel to \$926.42 per parcel. With the addition previous years surplus, a balanced budget is achieved. The maximum allowed per parcel assessment of \$1,006.40 exceeds the levy necessary to balance expenses and is thus not applied. The unfunded needs in this District is \$5,148.00.

As stipulated in the "Landscaping and Lighting Act of 1972," the continuation of an existing maintenance district assessment has to be reviewed and approved each fiscal year. The attached resolutions provide for the proper continuation of the Districts as well

**PUBLIC HEARING:** Ordering the Continuation of Landscape Maintenance District No. 1 - Beazer, Tract 28765; No. 2 – Western Pacific, Tract 25779; No. 3 – Centex, Tract 28626; No. 4 – Norco Ridge Ranch, Tracts 29588 and 29589; and No. 5 – Hawk's Crest, Tract 30230

Page 4

July 17, 2013

as the assessments. The proposed CPI increases in Landscape Maintenance Districts will not require a majority protest vote of the property owners since the increase in assessments was allowed for in the formation of the Districts.

Included for your information are the Preliminary Engineer's Reports including the District boundaries, the items of work included in each maintenance district, as well as costs and the per parcel assessments for each District.

It would be appropriate for City Council to open the public hearing, giving opportunity for those wishing to speak on the matter. If, at the conclusion of the public hearing, no more than 50 percent of the property owner's protest, it would then be appropriate for City Council to adopt the attached resolutions affirming the Engineer's Reports and ordering assessment levies on each property within the Districts for ensuing fiscal year.

**FINANCIAL IMPACT:** None.

Attachments:   Engineer's Report (5)  
                      Resolutions (5)

## **RESOLUTION NO. 2013-50**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA ORDERING THE CONTINUATION OF A LANDSCAPING MAINTENANCE DISTRICT AND CONFIRMING A DIAGRAM AND ASSESSMENT AND PROVIDING FOR ANNUAL ASSESSMENT LEVY**

WHEREAS, the City Council of the City of Norco, California, has initiated proceedings for the continuation of a Landscape Maintenance District and the annual levy of said assessments for said District pursuant to the terms and provisions of the "Landscaping and Street Lighting Act of 1972," being Division 15, Part 2 of the Streets and Highways Code of the State of California, in a district known and designated as:

#### **CITY OF NORCO LANDSCAPING MAINTENANCE DISTRICT NO. 1 (BEAZER, TRACT 28765)**

(hereinafter referred to as the "District"); and

WHEREAS, the City Council has ordered the preparation of a report and the City Engineer has prepared and filed with this City Council a report pursuant to law for its consideration and subsequently thereto this City Council did adopt its Resolution of Intent to levy and collect assessments for the next ensuing fiscal year relating to the above-referenced District, and further did proceed to give notice of the time and place for a Public Hearing on all matters relating thereto; and,

WHEREAS, at this time this City Council has heard all testimony and evidence, has tabulated all protests received, and desires to proceed with the annual levy of assessments.

NOW, THEREFORE, BE IT RESOLVED as follows:

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

SECTION 2: That upon conclusion of the Public Hearing, protests submitted in opposition to continuation of the District filed, and not withdrawn, did not represent property owners more than 50 percent of the area of assessable land within the District, and all protests are overruled and denied.

SECTION 3: That this City Council hereby confirms the diagram and assessment as submitted and orders the annual levy of the assessment for the fiscal year and in the amounts as set forth in the Engineer's Report and as referred to in the Resolution of Intent as previously adopted relating to said annual assessment levy.

SECTION 4: That the diagram and assessment as set forth and contained in said Report are hereby confirmed and adopted by this City Council.

SECTION 5: That the adoption of this Resolution constitutes the levy of the assessment for the fiscal year.

SECTION 6: That the estimates of costs, the assessment diagram, the assessments and all other matters, as set forth in the Engineer's Report, pursuant to said "Landscaping and Street Lighting Act of 1972", as submitted, are hereby approved, adopted by this City Council and hereby confirmed.

SECTION 7: That the maintenance works and/or improvements are contemplated by the Resolution of Intent shall be performed pursuant to law and the County Auditor shall enter on the County Assessment Roll the amount of the assessment and said assessment shall then be collected at the same time and in the same manner that County taxes are collected. After collection by said County, the net amount of the assessment shall be paid to the City Treasurer of said City.

SECTION 8: That the City Treasurer has previously established a special fund known as the CITY OF NORCO LANDSCAPING MAINTENANCE DISTRICT NO. 1, (BEAZER, TRACT NO. 28765) into which the City Treasurer shall place all monies collected by the Tax Collector pursuant to the provisions of this Resolution and law and including any surplus amounts in those funds established for the existing Districts and said transfer shall be made and accomplished soon as said monies have been made available to said City Treasurer.

SECTION 9: That the City Engineer is hereby ordered and directed to file a certified copy of the diagram and assessment roll with the County Auditor, together with a certified copy of this Resolution upon its adoption.

SECTION 10: That a certified copy of the assessment and diagram shall be filed in the office of the City Engineer, with a duplicate copy on file in the Office of the City Clerk and open for public inspection.

Resolution No. 2013- 50, Beazer  
Page 3  
July 17, 2013

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on July 17, 2013.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

I, BRENDA JACOBS, 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 July 17, 2013, by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand affixed the official seal of the City of Norco, California, held on July 17, 2013.

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

## **RESOLUTION NO. 2013- 51**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO ORDERING THE CONTINUATION OF A LANDSCAPING MAINTENANCE DISTRICT AND CONFIRMING A DIAGRAM AND ASSESSMENT AND PROVIDING FOR ANNUAL ASSESSMENT LEVY**

WHEREAS, The City Council has initiated proceedings for the continuation of a Landscaping Maintenance District and the annual levy of assessments for said District pursuant to the terms and provision of the "Landscaping and Street Lighting Act of 1972," being Part 2 of Division 15 of the Streets and Highways Code of the State of California, in a district known and designated as:

#### **CITY OF NORCO LANDSCAPING MAINTENANCE DISTRICT NO. 2 (WESTERN PACIFIC, TRACT 25779)**

WHEREAS, the City Council has ordered the preparation of a report and the City Engineer has prepared and filed with this City Council a report pursuant to law for its consideration and subsequently thereto this City Council did adopt its Resolution of Intention to levy and collect assessments for the next ensuing fiscal year relating to the above-referenced District, and further did proceed to give notice of the time and place for a Public Hearing on all matters relating thereto; and,

WHEREAS, at this time, this City Council has heard all testimony and evidence, has tabulated all protests received, and desires to proceed with the annual levy of assessments.

NOW, THEREFORE, BE IT RESOLVED as follows:

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

SECTION 2. That upon the conclusion of the Public Hearing, protests submitted in opposition to continuation of the District filed, and not withdrawn, did not represent property owners owning more than fifty percent (50%) of the area of assessable land within the District, and all protests are overruled and denied.

SECTION 3. That this City Council hereby confirms the diagram and assessment as submitted and orders the annual levy of the assessment for the fiscal year and in the amounts as set forth in the Engineer's Report and as referred to in the Resolution of Intention as previously adopted relating to said annual assessment levy.

SECTION 4. That the diagram and assessment as set forth and contained in said Report are hereby confirmed and adopted by this City Council.

SECTION 5. That the adoption of this Resolution constitutes the levy of the assessment for the fiscal year.

SECTION 6. That the estimates of costs, the assessment diagram, the assessments and all other matters, as set forth in Engineer's "Report," pursuant to said "Landscaping and Street Lighting Act of 1972," as submitted, are hereby approved, adopted by this City Council and hereby confirmed.

SECTION 7. That the maintenance works and/or improvements contemplated by the Resolution of Intention shall be performed pursuant to law and the County Auditor shall enter on the County Assessment Roll the amount of the assessment and said assessment shall then be collected at the same time and in the same manner as the County taxes are collected. After collection by said County, the net amount of the assessment shall be paid to the City Treasurer of said City.

SECTION 8. That the City Treasurer has previously established a special fund known as the CITY OF NORCO LANDSCAPING MAINTENANCE DISTRICT NO. 2, (WESTERN PACIFIC, TRACT 25779) into which the City Treasurer shall place all monies collected by the Tax Collector pursuant to the provisions of this Resolution and law and including any surplus amounts in those funds established for the existing Districts and said transfer shall be made and accomplished as soon as said monies have been made available to said City Treasurer.

SECTION 9. That the City Engineer is hereby ordered and directed to file a certified copy of the diagram and assessment roll with the County Auditor, together with a certified copy of this Resolution upon its adoption.

SECTION 10. That a certified copy of the assessment and diagram shall be filed in the office of the City Engineer, with a duplicate copy on file in the Office of the City Clerk and open for public inspection.

Resolution No. 2013- 51  
Page 3  
July 17, 2013

PASSED and ADOPTED by the City Council of the City of Norco at a regular meeting held on July 17, 2013.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

I, Brenda Jacobs, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was regularly introduced and adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on July 17, 2013, 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 July 17, 2013.

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

**RESOLUTION NO. 2013- 52**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA ORDERING THE CONTINUATION OF A LANDSCAPING MAINTENANCE DISTRICT AND CONFIRMING A DIAGRAM AND ASSESSMENT AND PROVIDING FOR ANNUAL ASSESSMENT LEVY**

WHEREAS, the City Council of the City of Norco, California, has initiated proceedings for the continuation of a Landscape Maintenance District and the annual levy of said assessments for said District pursuant to the terms and provisions of the "Landscaping and Street Lighting Act of 1972," being Division 15, Part 2 of the Streets and Highways Code of the State of California, in a district known and designated as:

**CITY OF NORCO  
LANDSCAPING MAINTENANCE DISTRICT NO. 3  
(CENTEX, TRACT 28626)**

(hereinafter referred to as the "District"); and

WHEREAS, the City Council has ordered the preparation of a report and the City Engineer has prepared and filed with this City Council a report pursuant to law for its consideration and subsequently thereto this City Council did adopt its Resolution of Intent to levy and collect assessments for the next ensuing fiscal year relating to the above-referenced District, and further did proceed to give notice of the time and place for a Public Hearing on all matters relating thereto; and,

WHEREAS, at this time this City Council has heard all testimony and evidence, has tabulated all protests received, and desires to proceed with the annual levy of assessments.

NOW, THEREFORE, BE IT RESOLVED as follows:

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

SECTION 2: That upon conclusion of the Public Hearing, protests submitted in opposition to continuation of the District filed, and not withdrawn, did not represent property owners more than 50 percent of the area of assessable land within the District, and all protests are overruled and denied.

SECTION 3: That this City Council hereby confirms the diagram and assessment as submitted and orders the annual levy of the assessment for the fiscal year and in the amounts as set forth in the Engineer's Report and as referred to in the Resolution of Intent as previously adopted relating to said annual assessment levy.

SECTION 4: That the diagram and assessment as set forth and contained in said Report are hereby confirmed and adopted by this City Council.

SECTION 5: That the adoption of this Resolution constitutes the levy of the assessment for the fiscal year.

SECTION 6: That the estimates of costs, the assessment diagram, the assessments and all other matters, as set forth in the Engineer's Report, pursuant to said "Landscaping and Street Lighting Act of 1972", as submitted, are hereby approved, adopted by this City Council and hereby confirmed.

SECTION 7: That the maintenance works and/or improvements are contemplated by the Resolution of Intent shall be performed pursuant to law and the County Auditor shall enter on the County Assessment Roll the amount of the assessment and said assessment shall then be collected at the same time and in the same manner that County taxes are collected. After collection by said County, the net amount of the assessment shall be paid to the City Treasurer of said City.

SECTION 8: That the City Treasurer has previously established a special fund known as the CITY OF NORCO LANDSCAPING MAINTENANCE DISTRICT NO. 3, (CENTEX, TRACT NO. 28626) into which the City Treasurer shall place all monies collected by the Tax Collector pursuant to the provisions of this Resolution and law and including any surplus amounts in those funds established for the existing Districts and said transfer shall be made and accomplished soon as said monies have been made available to said City Treasurer.

SECTION 9: That the City Engineer is hereby ordered and directed to file a certified copy of the diagram and assessment roll with the County Auditor, together with a certified copy of this Resolution upon its adoption.

SECTION 10: That a certified copy of the assessment and diagram shall be filed in the office of the City Engineer, with a duplicate copy on file in the Office of the City Clerk and open for public inspection.

Resolution No. 2013- 52, Centex  
Page 3  
July 17, 2013

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on July 17, 2013.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

I, BRENDA JACOBS, 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 July 17, 2013, by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand affixed the official seal of the City of Norco, California, held on July 17, 2013.

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

**RESOLUTION NO. 2013- 53**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO  
ORDERING THE CONTINUATION OF A LANDSCAPING  
MAINTENANCE DISTRICT AND CONFIRMING A DIAGRAM AND  
ASSESSMENT AND PROVIDING FOR ANNUAL ASSESSMENT LEVY**

WHEREAS, The City Council has initiated proceedings for the continuation of a Landscaping Maintenance District and the annual levy of assessments for said District pursuant to the terms and provision of the "Landscaping and Street Lighting Act of 1972," being Part 2 of Division 15 of the Streets and Highways Code of the State of California, in a district known and designated as:

**CITY OF NORCO  
LANDSCAPING MAINTENANCE DISTRICT NO. 4  
(NORCO RIDGE RANCH, TRACT 29588 AND 29589)**

WHEREAS, the City Council has ordered the preparation of a report and the City Engineer has prepared and filed with this City Council a report pursuant to law for its consideration and subsequently thereto this City Council did adopt its Resolution of Intention to levy and collect assessments for the next ensuing fiscal year relating to the above-referenced District, and further did proceed to give notice of the time and place for a Public Hearing on all matters relating thereto; and,

WHEREAS, at this time, this City Council has heard all testimony and evidence, has tabulated all protests received, and desires to proceed with the annual levy of assessments.

NOW, THEREFORE, BE IT RESOLVED as follows:

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

SECTION 2. That upon the conclusion of the Public Hearing, protests submitted in opposition to continuation of the District filed, and not withdrawn, did not represent property owners owning more than fifty percent (50%) of the area of assessable land within the District, and all protests are overruled and denied.

SECTION 3. That this City Council hereby confirms the diagram and assessment as submitted and orders the annual levy of the assessment for the fiscal year and in the amounts as set forth in the Engineer's Report and as referred to in the Resolution of Intention as previously adopted relating to said annual assessment levy.

SECTION 4. That the diagram and assessment as set forth and contained in said Report are hereby confirmed and adopted by this City Council.

SECTION 5. That the adoption of this Resolution constitutes the levy of the assessment for the fiscal year.

SECTION 6. That the estimates of costs, the assessment diagram, the assessments and all other matters, as set forth in Engineer's "Report," pursuant to said "Landscaping and Street Lighting Act of 1972," as submitted, are hereby approved, adopted by this City Council and hereby confirmed.

SECTION 7. That the maintenance works and/or improvements contemplated by the Resolution of Intention shall be performed pursuant to law and the County Auditor shall enter on the County Assessment Roll the amount of the assessment and said assessment shall then be collected at the same time and in the same manner as the County taxes are collected. After collection by said County, the net amount of the assessment shall be paid to the City Treasurer of said City.

SECTION 8. That the City Treasurer has previously established a special fund known as the CITY OF NORCO LANDSCAPING MAINTENANCE DISTRICT NO. 4, (NORCO RIDGE RANCH, TRACT 29588 AND 29589) into which the City Treasurer shall place all monies collected by the Tax Collector pursuant to the provisions of this Resolution and law and including any surplus amounts in those funds established for the existing Districts and said transfer shall be made and accomplished as soon as said monies have been made available to said City Treasurer.

SECTION 9. That the City Engineer is hereby ordered and directed to file a certified copy of the diagram and assessment roll with the County Auditor, together with a certified copy of this Resolution upon its adoption.

SECTION 10. That a certified copy of the assessment and diagram shall be filed in the office of the City Engineer, with a duplicate copy on file in the Office of the City Clerk and open for public inspection.

Resolution No. 2013- 53 , Norco Ridge Ranch  
Page 3  
July 17, 2013

PASSED and ADOPTED by the City Council of the City of Norco at a regular meeting held on July 17, 2013.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

I, Brenda Jacobs, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was regularly introduced and adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on July 17, 2013, 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 July 17, 2013.

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

## **RESOLUTION NO. 2013- 54**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA ORDERING THE CONTINUATION OF A LANDSCAPING MAINTENANCE DISTRICT AND CONFIRMING A DIAGRAM AND ASSESSMENT AND PROVIDING FOR ANNUAL ASSESSMENT LEVY**

WHEREAS, the City Council of the City of Norco, California, has initiated proceedings for the continuation of a Landscape Maintenance District and the annual levy of said assessments for said District pursuant to the terms and provisions of the "Landscaping and Street Lighting Act of 1972," being Division 15, Part 2 of the Streets and Highways Code of the State of California, in a district known and designated as:

#### **CITY OF NORCO LANDSCAPING MAINTENANCE DISTRICT NO. 5 (HAWKS CREST – KB HOME)**

(hereinafter referred to as the "District"); and

WHEREAS, the City Council has ordered the preparation of a report and the City Engineer has prepared and filed with this City Council a report pursuant to law for its consideration and subsequently thereto this City Council did adopt its Resolution of Intent to levy and collect assessments for the next ensuing fiscal year relating to the above-referenced District, and further did proceed to give notice of the time and place for a Public Hearing on all matters relating thereto; and,

WHEREAS, at this time this City Council has heard all testimony and evidence, has tabulated all protests received, and desires to proceed with the annual levy of assessments.

**NOW, THEREFORE, BE IT RESOLVED** as follows:

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

**SECTION 2:** That upon conclusion of the Public Hearing, protests submitted in opposition to continuation of the District filed, and not withdrawn, did not represent property owners more than 50 percent of the area of assessable land within the District, and all protests are overruled and denied.

**SECTION 3:** That this City Council hereby confirms the diagram and assessment as submitted and orders the annual levy of the assessment for the fiscal year and in the amounts as set forth in the Engineer's Report and as referred to in the Resolution of Intent as previously adopted relating to said annual assessment levy.

SECTION 4: That the diagram and assessment as set forth and contained in said Report are hereby confirmed and adopted by this City Council.

SECTION 5: That the adoption of this Resolution constitutes the levy of the assessment for the fiscal year.

SECTION 6: That the estimates of costs, the assessment diagram, the assessments and all other matters, as set forth in the Engineer's Report, pursuant to said "Landscaping and Street Lighting Act of 1972", as submitted, are hereby approved, adopted by this City Council and hereby confirmed.

SECTION 7: That the maintenance works and/or improvements are contemplated by the Resolution of Intent shall be performed pursuant to law and the County Auditor shall enter on the County Assessment Roll the amount of the assessment and said assessment shall then be collected at the same time and in the same manner that County taxes are collected. After collection by said County, the net amount of the assessment shall be paid to the City Treasurer of said City.

SECTION 8: That the City Treasurer has previously established a special fund known as the CITY OF NORCO LANDSCAPING MAINTENANCE DISTRICT NO. 5, (HAWKS CREST – KB HOME) into which the City Treasurer shall place all monies collected by the Tax Collector pursuant to the provisions of this Resolution and law and including any surplus amounts in those funds established for the existing Districts and said transfer shall be made and accomplished soon as said monies have been made available to said City Treasurer.

SECTION 9: That the City Engineer is hereby ordered and directed to file a certified copy of the diagram and assessment roll with the County Auditor, together with a certified copy of this Resolution upon its adoption.

SECTION 10: That a certified copy of the assessment and diagram shall be filed in the office of the City Engineer, with a duplicate copy on file in the Office of the City Clerk and open for public inspection.

Resolution No. 2013- 54, Hawks Crest – KB Home  
Page 3  
July 17, 2013

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on July 17, 2013.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

I, BRENDA JACOBS, 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 July 17, 2013, by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand affixed the official seal of the City of Norco, California, held on July 17, 2013.

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

**ENGINEER'S REPORT**

**FOR**

**LANDSCAPE MAINTENANCE DISTRICT NO. 1 (BEAZER)**

**FISCAL YEAR 2013-2014**

**PREPARED FOR THE**

**CITY OF NORCO**

**RIVERSIDE COUNTY, CALIFORNIA**

**PREPARED BY:**

**DOMINIC C. MILANO, P.E.**

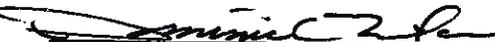
**CITY ENGINEER**

**ENGINEER'S REPORT  
CITY OF NORCO**

**LANDSCAPE MAINTENANCE DISTRICT NO. 1 (BEAZER)  
FISCAL YEAR 2013-2014**

The undersigned respectfully submits the enclosed report as directed by the City Council.

Date: 7/17, 2013

By:   
Dominic C. Milano, P.E.  
R.C.E. No. 27172  
City Engineer

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment Roll and Assessment Diagram thereto attached, was filed with me on \_\_\_\_\_, 2013.

City Clerk, City of Norco  
Riverside County, California

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

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment Roll and Assessment Diagram thereto attached, was approved and confirmed by the City Council of the City of Norco, California, on \_\_\_\_\_, 2013.

City Clerk, City of Norco  
Riverside County, California

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

**FISCAL YEAR 2013-2014  
CITY OF NORCO**

**ENGINEER'S REPORT PREPARED PURSUANT TO THE PROVISIONS OF THE  
LANDSCAPING AND LIGHTING ACT OF 1972 SECTION 22500 THROUGH  
22679 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE**

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, and in accordance with the Resolution of Initiation, being Resolution No. 98-97, adopted by the Council of the City of Norco, State of California, in connection with the proceedings for:

**CITY OF NORCO  
LANDSCAPING MAINTENANCE DISTRICT NO. 1 (BEAZER)**

Hereinafter referred to as the "Assessment District," I, Dominic C. Milano, P.E. authorized representative of the City of Norco, the duly appointed ENGINEER OF WORK, submit herewith the "Report" consisting of four parts as follows:

**PART A**

Plans and specifications for the improvements are as set forth herein and are on file in the Office of the Clerk of the City.

**PART B**

An estimate of cost of the proposed improvements, including incidental costs and expenses in connection therewith, is as set forth herein.

**PART C**

The Diagram of the Assessment District Boundaries showing the exterior boundaries of the Assessment District, the boundaries of any zones within the Assessment District, and the lines and dimensions of each lot or parcel of land within the Assessment District has been submitted to the Clerk of the City. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Riverside for the year when this Report was prepared. The Assessor's maps and records are incorporated by reference herein and made part of this Report. The legal description of the Assessment District is attached hereto.

**PART D**

An assessment of the estimated cost of the improvements on each benefited lot or parcel of land within the Assessment District.

**PART A**

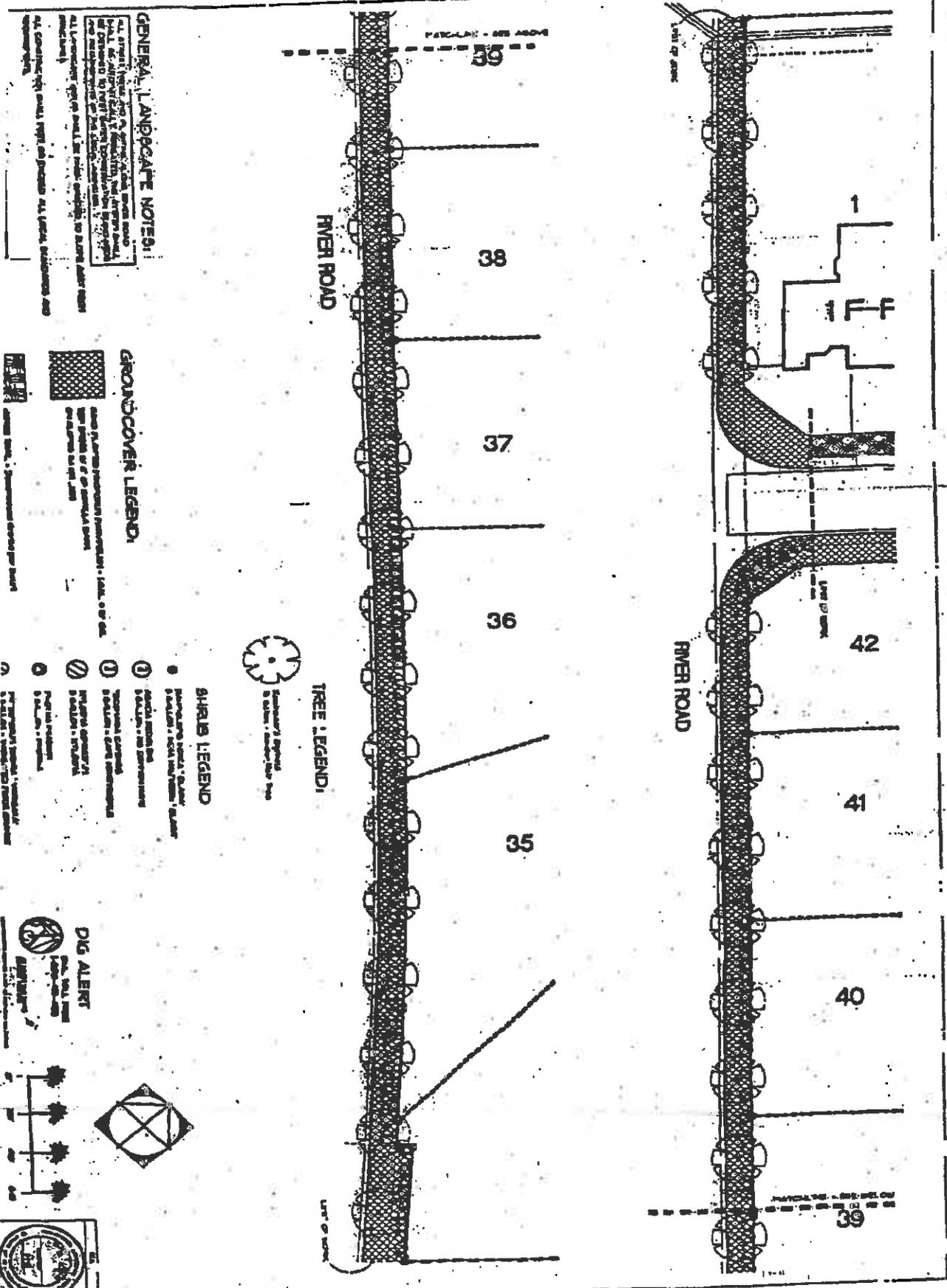
**PLANS AND SPECIFICATIONS**

**DESCRIPTION OF IMPROVEMENTS  
FOR THE CITY OF NORCO  
LANDSCAPE MAINTENANCE DISTRICT NO. 1 (BEAZER)  
FISCAL YEAR 2013-2014**

The improvements are the operation, maintenance, and servicing of landscaping, wetlands, horse trails, hardscaping, and masonry, and appurtenant facilities including but not limited to personnel, electrical energy, utilities such as water, materials, contracting services, and other items necessary for the satisfactory operation of these services, described as follows:

**LANDSCAPING**

Landscaping, planting, shrubbery, trees, irrigation, hardscapes, masonry wall surfaces, fixtures, and appurtenant facilities in the River Road public right-of-way (parkway area), along the frontage and adjacent to the proposed boundary of said Assessment District. A reduced scale plan depicting the improvements is attached hereto.



**GENERAL LANDSCAPE NOTES:**

All street trees to be planted in the street right-of-way. All street trees to be planted in the street right-of-way. All street trees to be planted in the street right-of-way. All street trees to be planted in the street right-of-way. All street trees to be planted in the street right-of-way.

**GROUND COVER LEGEND:**

- Solid Green Groundcover

**SHRUB LEGEND:**

- Shrubs - Solid Green

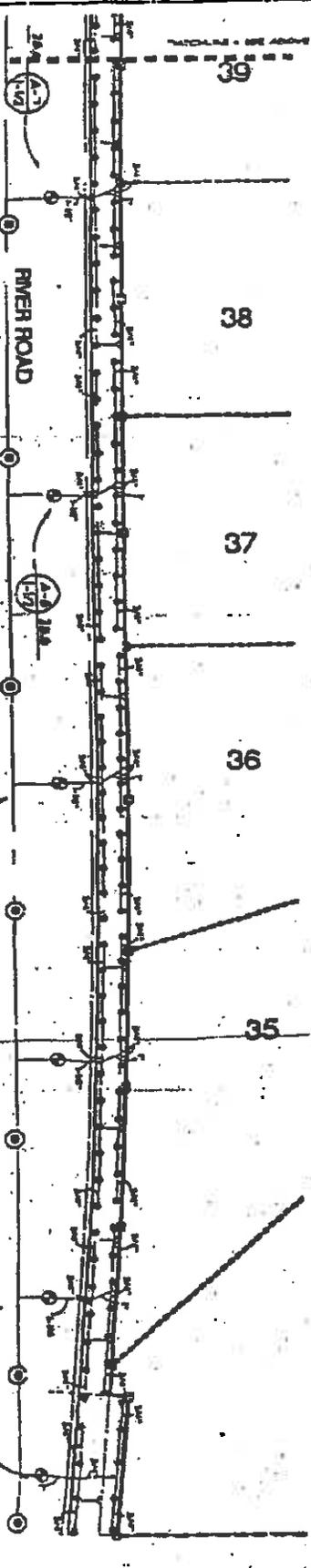
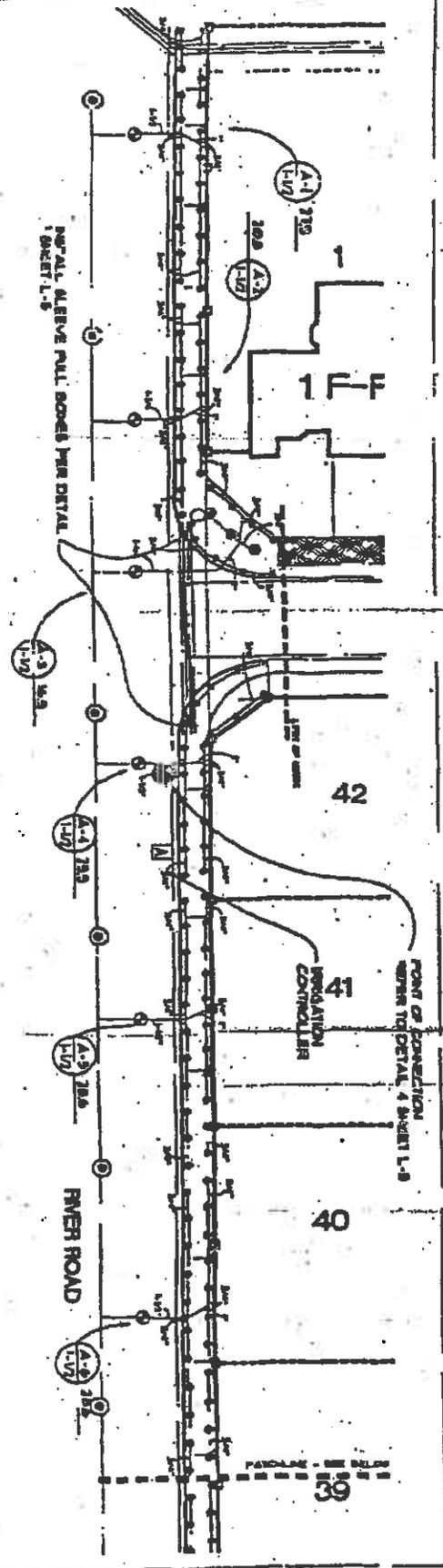
**TREE LEGEND:**

- Street's Special Tree - Solid Green
- Street's Special Tree - Solid Green

**DIG ALERT:**

- Dig Alert - Solid Green
- Dig Alert - Solid Green





### IRRIGATION LEGEND

Symbol	Description
(Circle with dot)	Valve
(Circle with cross)	Check Valve
(Circle with 'X')	Gate Valve
(Circle with 'A')	Automatic Valve
(Circle with 'B')	Backflow Preventer
(Circle with 'C')	Control Valve
(Circle with 'D')	Drain Valve
(Circle with 'E')	Electric Valve
(Circle with 'F')	Flow Control Valve
(Circle with 'G')	Gate Valve
(Circle with 'H')	Hydro-Pneumatic Tank
(Circle with 'I')	Irrigation Controller
(Circle with 'J')	Jet Well
(Circle with 'K')	Keyhole Valve
(Circle with 'L')	Leaf Valve
(Circle with 'M')	Manhole
(Circle with 'N')	Non-Return Valve
(Circle with 'O')	Open Valve
(Circle with 'P')	Pressure Valve
(Circle with 'Q')	Quick-Close Valve
(Circle with 'R')	Refrigerant Valve
(Circle with 'S')	Shut-off Valve
(Circle with 'T')	Throttle Valve
(Circle with 'U')	Underground Valve
(Circle with 'V')	Valve
(Circle with 'W')	Water Meter
(Circle with 'X')	Well
(Circle with 'Y')	Y-Valve
(Circle with 'Z')	Z-Valve

**NOTE:**  
 1. All valves shall be of the type specified in the schedule.  
 2. All valves shall be of the type specified in the schedule.  
 3. All valves shall be of the type specified in the schedule.  
 4. All valves shall be of the type specified in the schedule.  
 5. All valves shall be of the type specified in the schedule.  
 6. All valves shall be of the type specified in the schedule.  
 7. All valves shall be of the type specified in the schedule.  
 8. All valves shall be of the type specified in the schedule.  
 9. All valves shall be of the type specified in the schedule.  
 10. All valves shall be of the type specified in the schedule.

### VALVE 1-11 FLOW = 1339

Valve No.	Flow (GPM)
1	1339
2	1339
3	1339
4	1339
5	1339
6	1339
7	1339
8	1339
9	1339
10	1339
11	1339



**PART B**

**ESTIMATE OF COST**

**LANDSCAPE MAINTENANCE DISTRICT NO. 1  
(BEAZER)  
NORCO, CALIFORNIA  
(FUND NO. 53100)**

The estimated costs for the operation, maintenance and servicing of the facilities, shown below, are the estimated costs of maintenance if the facilities were fully maintained for Fiscal Year 2013-2014. The 1972 Act provides that the total cost of the maintenance and services, together with incidental expenses, may be financed from the assessment proceeds. The incidental expenses may include engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with district proceedings.

*Direct Cost*

Contractual Maintenance (34100)		
1 Landscape Maintenance: includes all pruning, weed and pest control, fertilization, turf care, trash and debris cleanup, irrigation to include maintenance and repair, water cost, electrical cost for controllers, tree trimming up to 15 feet, tree staking, backflow testing, rodent control and plant replacements.	\$ 2,815.00	
2 Hardscape Masonry: including graffiti removal, repair cracks, heaving and breakage.	\$ -	
3 Equestrian Trails: No Trails		N.A.
Utilities (33100)		
Water	\$ 2,294.00	
Electrical	\$ 170.00	
Phone	\$ 218.00	
Annual Tree Replacement (32405)	\$ -	
Subtotal Direct Cost	\$ 5,497.00	\$ 5,497.00
Operating Contingency (10 percent)		\$ 550.00
Replacement Reserve (2.9 percent)		\$ 159.00
Administrative Costs		
Observation: City Staff to Manage District (30105)	\$ 1,124.00	
Engineer's Report (34110)	\$ 1,400.00	
City Overhead/Administration (34135)	\$ 560.00	
Riverside County Admin. Fees (35210)	\$ 150.00	
Incidentals (30405)	\$ 290.00	
Subtotal Administrative Costs	\$ 3,524.00	\$ 3,524.00
Operating Reserve		\$ -
Annual Capital Project		\$ -
<b>TOTAL ANNUAL BUDGET</b>		<b>\$ 9,730.00</b>

The 1972 Act requires that a special fund to set up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. The City may advance funds to the District, if needed, to ensure adequate cash flow, and will be reimbursed for any such advances upon receipt of assessments. Any surplus or deficit remaining on July 1 must be carried over to the next fiscal year. The estimated fund balance for fiscal year ending June 30, 2013 and cash flow funding needs are as follows:

Fund Balance

Estimated Beginning Fund Balance July 1, 2013	\$ 16,867.00
Add Back Assessment for Future Trail Fence Replacement	\$ 0.00
Estimated Current Year Revenue Surplus (Deficit)	\$ (941.00)
Estimated Fund Balance June 30, 2014	\$ 15,926.00

Estimated Fund Balance Needs:

Needed for Future Trail Fence Replacement - 10 Years of 15 Year Useful Life	\$ 0.00
2013-2014 Budgeted Trail Fence Replacement Capital Project	\$ 0.00
6 Months Operating Cash Flow	\$ 4,865.00
Estimated Needs	\$ 4,865.00

Estimated Surplus or (Unfunded Needs): \$ 11,061.00

Total Replacement Cost for Trail Fence (0 Lineal Ft @ \$9.00/LF)	\$ 0.00
Annual Set-Aside for Budgeted Trail Fence Replacement Should be (15 YR Cycle)	\$ 0.00

The total annual levy of assessments hereunder may be increased annually by an amount not to exceed the increase in the consumer price index applicable to the City of Norco. In no case may the increase exceed the actual cost of providing the services rendered within and pursuant to the District.

***PART C***

***ASSESSMENT DIAGRAM***

An Assessment Diagram for the Assessment District is on file in the office of the City Clerk. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Riverside, for the year when this Report was prepared, and are incorporated by reference herein and made a part of this Report. A reduced scale map depicting the assessment diagram is attached hereto. Also attached as Exhibit "A" is the Legal Description of Assessment District.

**EXHIBIT A**

**LEGAL DESCRIPTION  
LANDSCAPE MAINTENANCE DISTRICT NO. 1 (BEAZER)**

That certain real property situated in the City of Norco, County of Riverside, State of California, more particularly described as follows:

Lots 1 through 12 inclusive, and Lots 14 through 68, inclusive, of Tract No. 28765 in the City of Norco, County of Riverside, State of California, as per map recorded in Book 274, Pages 95 through 98, inclusive, of Maps in the Office of the County Recorder of Said County.



**BEAZER TR 23785**

**LEGEND**

-  LOCATION OF IMPROVEMENTS
-  COMMON AREA

**RKA**  
**CONSULTING GROUP**  
383 S. LINCOLN CREEK DRIVE SUITE E WALNUT, CA 91789  
(909) 594-6702 (924) 231-8323 FAX (909) 594-2688  
WWW.RKAGROUP.COM

LANDSCAPE MAINTENANCE DISTRICT  
**ZONE 1**  
CITY OF NORCO

DATE: 6/6/13 SCALE: 1" = 300' DRAWN BY: FAOUN SHEET: 1 OF 1

**PART D**

**ASSESSMENT**

WHEREAS, on February 3, 1999, the City Council of the City of Norco, California, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 (commencing with Section 22500) of Division 15 of the California Streets and Highways Code (the "Act") adopted its Resolution of the City Council of the City of Norco Initiating Proceedings for the Formation for a Maintenance Assessment District and thereafter formed Landscape Maintenance District No. 1 (Beazer) (the "District") as more particularly described in said proceedings; and

WHEREAS, said resolution directed the undersigned to prepare and file a report pursuant to Section 22565, et seq., of said Act;

WHEREAS, at this time, this City Council is desirous to provide for the annual levy of assessments for the territory within the District for the next ensuing fiscal year, to provide for the costs and expenses necessary for continual maintenance of improvements within said District; and

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Act and the order of the City Council of said City, hereby makes the following assessment to cover the portion of the estimated cost of the maintenance of said improvements and the costs and expenses incidental thereto to be paid by said District.

The amount to be paid for the maintenance of said improvement, and the expenses incidental thereto, are as follows:

	(1) As Filed	(2) As Preliminarily Approved	(3) As Finally Approved
Cost of Maintenance	\$ 5,497.00	\$ 5,497.00	\$ 5,497.00
Incidental Expenses	\$ 4,233.00	\$ 4,233.00	\$ 4,233.00
Total Cost	\$ 9,730.00	\$ 9,730.00	\$ 9,730.00
Surplus or (Deficit) from Previous Fiscal Year	\$ 941.00	\$ 941.00	\$ 941.00
NET TO BE ASSESSED FOR FISCAL YEAR 2013-2014	\$ 8,789.00	\$ 8,789.00	\$ 8,789.00

The total annual levy of assessments hereunder may be increased annually by an amount not to exceed the increase in the consumer price index applicable to the City of Norco. The Annual CPI ending March 31, 2013 was 1.3%. In no case may the increase exceed the actual cost of providing the services rendered within and pursuant to the District. The application of this CPI will increase the per parcel assessment from \$129.50 to \$131.18 for a total District levy of \$8,789.06.

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purposes as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance remaining on July 1 must be carried over to the

next fiscal year. The estimated fund balance for fiscal year ending June 30, 2013 is \$16,887.00.

As required by said Act, a diagram is hereto attached showing the exterior boundaries of said District. The lines and dimensions of each lot or parcel of land within the said District as the same existed at the time of the passage of said resolution are as shown on the maps of the County Assessor of the County of Riverside. Reference is hereby made to said maps and said maps shall govern for all details concerning the lines and dimensions of such lots and parcels.

I do hereby assess the net amount to be assessed upon all assessable lots or parcels of land within said District by apportioning that amount among the several lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the maintenance of said improvements, and more particularly set forth in the list hereto attached and by reference made a part hereof.

Said assessment is made upon the several lots or parcels of land within the District in proportion to the estimated benefits to be received by said lots or parcels, respectively, from the maintenance of said improvements. The diagram and the assessor's map are the documents to which reference is hereby made for a more particular description of said property.

Each lot or parcel of land assessed is described in the assessment list by reference to its parcel number as shown on the Assessor's Maps of the County of Riverside for the Fiscal Year 2013-2014 and includes all of such parcel. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of said County.

City of Norco

Dated: \_\_\_\_\_, 2013

\_\_\_\_\_  
Dominic C. Milano, P.E.  
City Engineer

## **EXHIBIT B**

### **METHOD AND FORMULA OF ASSESSMENT SPREAD**

The law requires and the statutes provide that assessments, as levied pursuant to the provisions of the "Landscaping and Lighting Act of 1972," must be based on the benefit that the properties receive from the works of improvement. The statute does not specify the method or formula that should be used in any special assessment district proceedings. The Assessment Engineer is appointed for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation. For these proceedings, the City has based its determination on standard assessment practices utilized by consulting civil engineers with a background of experience in the design of such works of improvement and experience in the completion of assessment district formation projects.

#### **IDENTIFYING THE BENEFIT**

First of all, it is necessary to identify the benefit that the public improvement will render to the properties within the Assessment District. The landscaping, irrigation, and equestrian trails have been designed and will be constructed for the benefit of enhanced aesthetics and neighborhood identity for all properties within the Assessment District.

#### **APPORTIONMENT OF COSTS**

In further making the analysis, it is necessary that the property owners receive a special and direct benefit distinguished from that of the general public. In this case, several factors are being used in the final method and spread and assessment.

The individual parcels of land within the Assessment District are currently developed or have the potential for development to single family residential units. The proposed improvements are designed to enhance the appearance and appeal of the District and all of the parcels within. The improvements will provide a sense of neighborhood identity for the District. As such, each parcel will benefit equally from the proposed improvements.

In conclusion, it is my opinion that the assessments for the referenced Assessment District have been spread in direct accordance with the benefits that each parcel receives from the works of improvements.

**LIST OF ASSESSMENTS  
LANDSCAPE MAINTENANCE DISTRICT NO. 1 (BEAZER)  
FISCAL YEAR 2013-2014**

<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>	<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>
1	\$131.18		45	\$131.18	
2	\$131.18		46	\$131.18	
3	\$131.18		47	\$131.18	
4	\$131.18		48	\$131.18	
5	\$131.18		49	\$131.18	
6	\$131.18		50	\$131.18	
7	\$131.18		51	\$131.18	
8	\$131.18		52	\$131.18	
9	\$131.18		53	\$131.18	
10	\$131.18		54	\$131.18	
11	\$131.18		55	\$131.18	
12	\$131.18		56	\$131.18	
13	\$131.18		57	\$131.18	
14	\$131.18		58	\$131.18	
15	\$131.18		59	\$131.18	
16	\$131.18		60	\$131.18	
17	\$131.18		61	\$131.18	
18	\$131.18		62	\$131.18	
19	\$131.18		63	\$131.18	
20	\$131.18		64	\$131.18	
21	\$131.18		65	\$131.18	
22	\$131.18		66	\$131.18	
23	\$131.18		67	\$131.18	
24	\$131.18		68	\$131.18	
25	\$131.18				
26	\$131.18				
27	\$131.18				
28	\$131.18				
29	\$131.18				
30	\$131.18				
31	\$131.18				
32	\$131.18				
33	\$131.18				
34	\$131.18				
35	\$131.18				
36	\$131.18				
37	\$131.18				
38	\$131.18				
39	\$131.18				
40	\$131.18				
41	\$131.18				
42	\$131.18				
43	\$131.18				
44	\$131.18				

**TOTAL TO BE ASSESSED: \$ 8,789.06**

**ENGINEER'S REPORT**

**FOR**

**LANDSCAPE MAINTENANCE DISTRICT NO. 2  
(WESTERN PACIFIC – TRACT 25779)**

**FISCAL YEAR 2013-2014**

**PREPARED FOR THE**

**CITY OF NORCO**

**RIVERSIDE COUNTY, CALIFORNIA**

**PREPARED BY:**

**DOMINIC C. MILANO, P.E.**

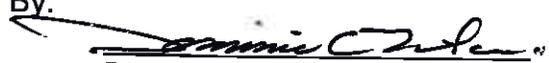
**CITY ENGINEER**

**ENGINEER'S REPORT  
CITY OF NORCO**

**LANDSCAPE MAINTENANCE DISTRICT NO. 2  
(WESTERN PACIFIC – TRACT 25779)  
FISCAL YEAR 2013-2014**

The undersigned respectfully submits the enclosed report as directed by the City Council.

Date: 7/17, 2013

By:   
Dominic C. Milano, P.E.  
R.C.E. No. 27172  
City Engineer

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment Roll and Assessment Diagram thereto attached, was filed with me on \_\_\_\_\_, 2013.

City Clerk, City of Norco  
Riverside County, California

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

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment Roll and Assessment Diagram thereto attached, was approved and confirmed by the City Council of the City of Norco, California, on \_\_\_\_\_, 2013.

City Clerk, City of Norco  
Riverside County, California

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

**FISCAL YEAR 2013-2014  
CITY OF NORCO**

**ENGINEER'S REPORT PREPARED PURSUANT TO THE PROVISIONS OF THE  
LANDSCAPING AND LIGHTING ACT OF 1972 SECTION 22500 THROUGH  
22679 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE**

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, and in accordance with the Resolution of Initiation, being Resolution No. 98-97, adopted by the Council of the City of Norco, State of California, in connection with the proceedings for:

**CITY OF NORCO  
LANDSCAPING MAINTENANCE DISTRICT NO. 2  
(WESTERN PACIFIC – TRACT 25779)**

Hereinafter referred to as the "Assessment District," I, Dominic C. Milano, P.E. authorized representative of the City of Norco, the duly appointed ENGINEER OF WORK, submit herewith the "Report" consisting of four parts as follows:

**PART A**

Plans and specifications for the improvements are as set forth herein and are on file in the Office of the Clerk of the City.

**PART B**

An estimate of cost of the proposed improvements, including incidental costs and expenses in connection therewith, is as set forth herein.

**PART C**

The Diagram of the Assessment District Boundaries showing the exterior boundaries of the Assessment District, the boundaries of any zones within the Assessment District, and the lines and dimensions of each lot or parcel of land within the Assessment District has been submitted to the Clerk of the City. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Riverside for the year when this Report was prepared. The Assessor's maps and records are incorporated by reference herein and made part of this Report. The legal description of the Assessment District is attached hereto.

**PART D**

An assessment of the estimated cost of the improvements on each benefited lot or parcel of land within the Assessment District.

**PART A**

**PLANS AND SPECIFICATIONS**

**DESCRIPTION OF IMPROVEMENTS  
FOR THE CITY OF NORCO  
LANDSCAPE MAINTENANCE DISTRICT NO. 2  
(WESTERN PACIFIC – TRACT 25779)  
FISCAL YEAR 2013-2014**

The improvements are the operation, maintenance, and servicing of landscaping, wetlands, horse trails, hardscaping, and masonry, and appurtenant facilities including but not limited to personnel, electrical energy, utilities such as water, materials, contracting services, and other items necessary for the satisfactory operation of these services, described as follows:

**LANDSCAPING**

Landscaping, planting, shrubbery, trees, irrigation, hardscapes, masonry wall surfaces, fixtures, and appurtenant facilities located within public right-of-way (parkways), easements (slope and trail) and publicly owned parcels within the boundary of the Assessment District except as specifically excluded.

**PART B**  
**ESTIMATE OF COST**  
**LANDSCAPE MAINTENANCE DISTRICT NO. 2 (WESTERN PACIFIC)**  
**NORCO, CALIFORNIA (FUND NO. 53105)**

The estimated costs for the operation, maintenance and servicing of the facilities, shown below, are the estimated costs of maintenance if the facilities were fully maintained for Fiscal Year 2013-2014. The 1972 Act provides that the total cost of the maintenance and services, together with incidental expenses, may be financed from the assessment proceeds. The incidental expenses may include engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with district proceedings.

Contractual Maintenance (34100)		
1 Landscape Maintenance: includes all pruning, weed and pest control, fertilization, turf care, trash and debris cleanup, irrigation to include maintenance and repair, water cost, electrical cost for controllers, tree trimming up to 15 feet, tree staking, backflow testing, rodent control and plant replacement.	\$	33,185.00
2 Slope Maintenance: includes same activities as Item 1 for exterior slopes along Hidden Valley Parkway and Norco Hills Road as well as private slopes adjacent to wetlands area at Lots 77, 78, 89, 90, 91. (Cost included in Item No. 1)		
3 Parkway Maintenance: includes all pruning, weed and pest control, fertilization, ground cover, trash and debris cleanup, irrigation to include maintenance and repair, backflow testing, rodent control and plant replacement. (Cost included in Item No. 1)		
4 Equestrian Trails: includes minor grading, replacement of wooden posts and rails, and addition of decomposed granite for trail surface.	\$	5,000.00
5 Maintenance of Wetland (Lot 71): trash and debris cleanup, plant replacement, pest and rodent control.	\$	1,030.00
6 Park Maintenance (Lot 2): trash and debris cleanup, mowing, fertilization, turf care, pest and rodent control, and observation.	\$	9,525.00
Utilities (33100)		
Water	\$	39,900.00
Electrical	\$	5,633.00
Phone	\$	230.00
Annual Tree Replacement (32405)	\$	-
Subtotal Direct Cost	\$	94,503.00
Operating Contingency (1.5 percent max)		\$ 1,418.00
Replacement Reserve (2.0 percent) (Not funded)		\$ -
Administrative Costs		
Observation: City Staff to Manage District (30100)	\$	5,619.00
Engineer's Report (34110)	\$	2,500.00
City Overhead/Administration (34135)	\$	7,559.00
Riverside County Admin. Fees (35210)	\$	230.00
Incidentals (30405)	\$	216.00
Subtotal Administrative Costs	\$	16,124.00
Operating Reserve		\$ -
Annual Capital Project		\$ -
<b>TOTAL ANNUAL BUDGET</b>		<b>\$ 112,045.00</b>

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. The City may advance funds to the District, if needed, to ensure adequate cash flow, and will be reimbursed for any such advances upon receipt of assessments. Any surplus or deficit remaining on July 1 must be carried over to the next fiscal year. The estimated fund balance for fiscal year ending June 30, 2013 and cash flow funding needs are as follows:

Fund Balance

Estimated Beginning Fund Balance July 1, 2013	\$ (28,229.00)
Add Back Assessment for Future Trail Fence Replacement	\$ 0.00
Estimated Current Year Revenue Surplus	\$ 21,185.00
Estimated Fund Balance June 30, 2014	\$ (7,044.00)

Estimated Fund Balance Needs:

Needed for Future Trail Fence Replacement - 10 Years of 15 Year Useful Life	\$ 91,800.00
2013-2014 Budgeted Trail Fence Replacement Capital Project	\$ 0.00
6 Months Operating Cash Flow	\$ 56,023.00
Estimated Needs	\$ 147,823.00

Estimated Surplus (Unfunded Needs): \$ (154,867.00)

Total Replacement Cost for Trail Fence (15,300 Lineal Ft @ \$9.00/LF)	\$ 137,700.00
Annual Set-Aside for Budgeted Trail Fence Replacement Should be (15 YR Cycle)	\$ 9,180.00

The total annual levy of assessments hereunder may be increased annually by an amount not to exceed the increase in the consumer price index applicable to the City of Norco. In no case may the increase exceed the actual cost of providing the services rendered within and pursuant to the District.

***PART C***

***ASSESSMENT DIAGRAM***

An Assessment Diagram for the Assessment District is on file in the office of the City Clerk. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Riverside, for the year when this Report was prepared, and are incorporated by reference herein and made a part of this Report. A reduced scale map depicting the assessment diagram is attached hereto. Also attached as Exhibit "A" is the Legal Description of Assessment District.

**EXHIBIT A**

**LEGAL DESCRIPTION  
LANDSCAPE MAINTENANCE DISTRICT NO. 2 (WESTERN PACIFIC)**

That certain real property situated in the City of Norco, County of Riverside, State of California, more particularly described as follows:

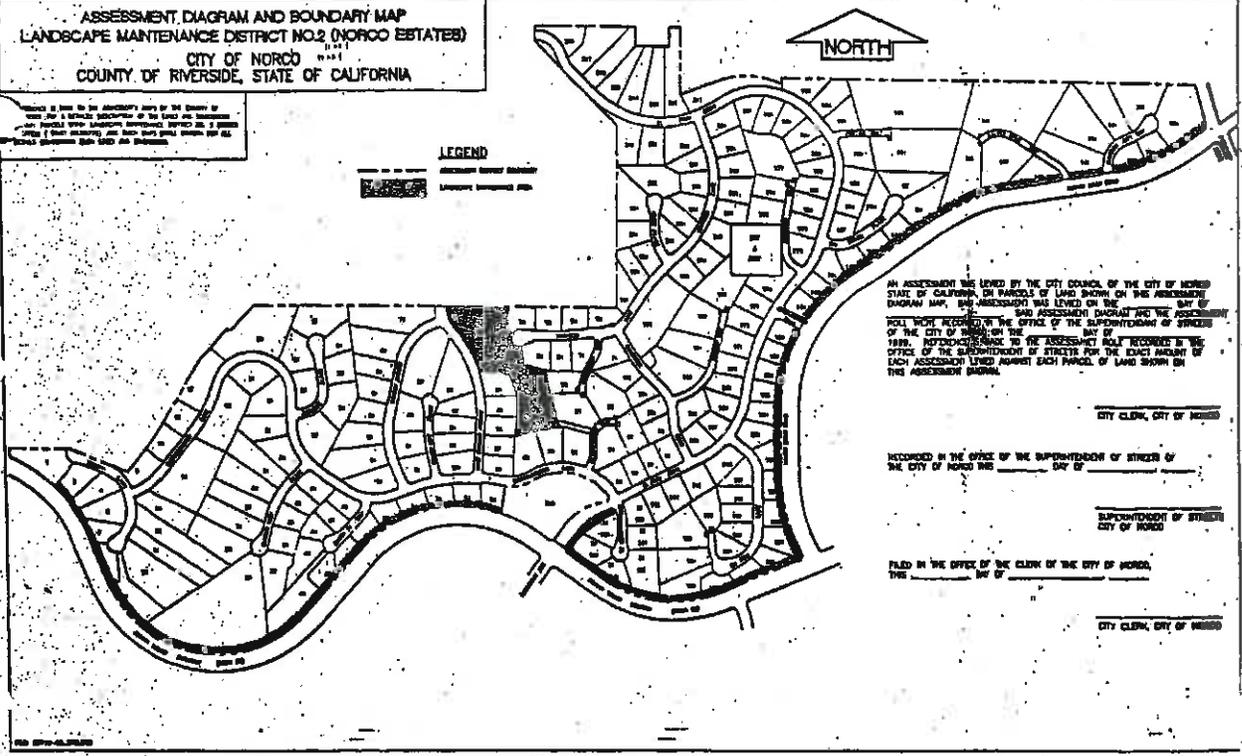
Lots 3 through 70 inclusive, and Lots 72 through 221, exclusive of Lot 219, of Tract No. 25779 in the City of Norco, County of Riverside, State of California, as per map recorded in Book 284, Pages 20 through 30, inclusive, of Maps in the Office of the County Recorder of Said County.

ASSESSMENT DIAGRAM AND BOUNDARY MAP  
 LANDSCAPE MAINTENANCE DISTRICT NO.2 (NORCO ESTATES)  
 CITY OF NORCO  
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Reference is made to the assessment map of the County of Riverside and a further description of the land and boundaries of the parcels shown hereon, contained in the public records of the County of Riverside, State of California, and to the official maps of the County of Riverside, State of California, and to the official maps of the County of Riverside, State of California, and to the official maps of the County of Riverside, State of California.

LEGEND

ASSESSMENT DISTRICT BOUNDARY  
 LANSCAPE MAINTENANCE DISTRICT



AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL OF THE CITY OF NORCO STATE OF CALIFORNIA ON PARCELS OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM MAP. SAID ASSESSMENT WAS LEVIED ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 1999. SAID ASSESSMENT DIAGRAM AND THE ASSESSMENT ROLL HAVE BEEN RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THE CITY OF NORCO ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 1999. REFERENCED BACK TO THE ASSESSMENT ROLL RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS FOR THE EXACT AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM.

\_\_\_\_\_  
 CITY CLERK, CITY OF NORCO

RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THE CITY OF NORCO THIS \_\_\_\_\_ DAY OF \_\_\_\_\_

\_\_\_\_\_  
 SUPERINTENDENT OF STREETS  
 CITY OF NORCO

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF NORCO, THIS \_\_\_\_\_ DAY OF \_\_\_\_\_

\_\_\_\_\_  
 CITY CLERK, CITY OF NORCO

**PART D**

**ASSESSMENT**

WHEREAS, on October 20, 1999, the City Council of the City of Norco, California, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 (commencing with Section 22500) of Division 15 of the California Streets and Highways Code (the "Act") adopted its Resolution of the City Council of the City of Norco Initiating Proceedings for the Formation for a Maintenance Assessment District and thereafter formed Landscape Maintenance District No. 2 (Western Pacific) (the "District") as more particularly described in said proceedings; and

WHEREAS, said resolution directed the undersigned to prepare and file a report pursuant to Section 22565, et seq., of said Act;

WHEREAS, at this time, this City Council is desirous to provide for the annual levy of assessments for the territory within the District for the next ensuing fiscal year, to provide for the costs and expenses necessary for continual maintenance of improvements within said District; and

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Act and the order of the City Council of said City, hereby makes the following assessment to cover the portion of the estimated cost of the maintenance of said improvements and the costs and expenses incidental thereto to be paid by said District.

The amount to be paid for the maintenance of said improvement, and the expenses incidental thereto, are as follows:

	(1) As Filed	(2) As Preliminarily Approved	(3) As Finally Approved
Cost of Maintenance	\$ 94,503.00	\$ 94,503.00	\$ 94,503.00
Incidental Expenses	<u>\$ 17,542.00</u>	<u>\$ 17,542.00</u>	<u>\$ 17,542.00</u>
Total Cost	\$ 110,627.00	\$ 110,627.00	\$ 110,627.00
Payment of G.F. Loan	\$ 21,185.00	\$ 21,185.00	\$ 21,185.00
NET TO BE ASSESSED	\$ 131,812.00	\$ 131,812.00	\$ 131,812.00
FOR FISCAL YEAR 2013-2014			

The total annual levy of assessments hereunder may be increased annually by an amount not to exceed the increase in the consumer price index (CPI) applicable to the City of Norco. In no case may the increase exceed the actual cost of providing the services rendered within and pursuant to the District. The Annual CPI ending March 31, 2013 was 1.3%. The application of this CPI will increase the per parcel assessment from \$594.16 to \$601.88, for a District wide levy of \$131,811.72.

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purposes as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance remaining on July 1 must be carried over to the

next fiscal year. The estimated fund balance for fiscal year ending June 30, 2013 is a deficit of \$28,229.00.

As required by said Act, a diagram is hereto attached showing the exterior boundaries of said District. The lines and dimensions of each lot or parcel of land within the said District as the same existed at the time of the passage of said resolution are as shown on the maps of the County Assessor of the County of Riverside. Reference is hereby made to said maps and said maps shall govern for all details concerning the lines and dimensions of such lots and parcels.

I do hereby assess the net amount to be assessed upon all assessable lots or parcels of land within said District by apportioning that amount among the several lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the maintenance of said improvements, and more particularly set forth in the list hereto attached and by reference made a part hereof.

Said assessment is made upon the several lots or parcels of land within the District in proportion to the estimated benefits to be received by said lots or parcels, respectively, from the maintenance of said improvements. The diagram and the assessor's map are the documents to which reference is hereby made for a more particular description of said property.

Each lot or parcel of land assessed is described in the assessment list by reference to its parcel number as shown on the Assessor's Maps of the County of Riverside for the Fiscal Year 2012-2013 and includes all of such parcel. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of said County.

City of Norco

Dated: \_\_\_\_\_, 2013

\_\_\_\_\_  
Dominic C. Milano, P.E.  
City Engineer

## **EXHIBIT B**

### **METHOD AND FORMULA OF ASSESSMENT SPREAD**

The law requires and the statutes provide that assessments, as levied pursuant to the provisions of the "Landscaping and Lighting Act of 1972," must be based on the benefit that the properties receive from the works of improvement. The statute does not specify the method or formula that should be used in any special assessment district proceedings. The Assessment Engineer is appointed for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation. For these proceedings, the City has based its determination on standard assessment practices utilized by consulting civil engineers with a background of experience in the design of such works of improvement and experience in the completion of assessment district formation projects.

#### **IDENTIFYING THE BENEFIT**

First of all, it is necessary to identify the benefit that the public improvement will render to the properties within the Assessment District. The landscaping, irrigation, and equestrian trails have been designed and will be constructed for the benefit of enhanced aesthetics and neighborhood identity for all properties within the Assessment District.

#### **APPORTIONMENT OF COSTS**

In further making the analysis, it is necessary that the property owners receive a special and direct benefit distinguished from that of the general public. In this case, several factors are being used in the final method and spread and assessment.

The individual parcels of land within the Assessment District are currently developed or have the potential for development to single family residential units. The proposed improvements are designed to enhance the appearance and appeal of the District and all of the parcels within. The improvements will provide a sense of neighborhood identity for the District. As such, each parcel will benefit equally from the proposed improvements.

In conclusion, it is my opinion that the assessments for the referenced Assessment District have been spread in direct accordance with the benefits that each parcel receives from the works of improvements.

**LIST OF ASSESSMENTS  
 LANDSCAPE MAINTENANCE DISTRICT NO. 2 (WESTERN PACIFIC)  
 FISCAL YEAR 2013-2014**

<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>	<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>
3	\$601.88		46	\$601.88	
4	\$601.88		47	\$601.88	
5	\$601.88		48	\$601.88	
6	\$601.88		49	\$601.88	
7	\$601.88		50	\$601.88	
8	\$601.88		51	\$601.88	
9	\$601.88		52	\$601.88	
10	\$601.88		53	\$601.88	
11	\$601.88		54	\$601.88	
12	\$601.88		55	\$601.88	
13	\$601.88		56	\$601.88	
14	\$601.88		57	\$601.88	
15	\$601.88		58	\$601.88	
16	\$601.88		59	\$601.88	
17	\$601.88		60	\$601.88	
18	\$601.88		61	\$601.88	
19	\$601.88		62	\$601.88	
20	\$601.88		63	\$601.88	
21	\$601.88		64	\$601.88	
22	\$601.88		65	\$601.88	
23	\$601.88		66	\$601.88	
24	\$601.88		67	\$601.88	
25	\$601.88		68	\$601.88	
26	\$601.88		69	\$601.88	
27	\$601.88		70	\$601.88	
28	\$601.88		71	\$601.88	
29	\$601.88		72	\$601.88	
30	\$601.88		73	\$601.88	
31	\$601.88		74	\$601.88	
32	\$601.88		75	\$601.88	
33	\$601.88		76	\$601.88	
34	\$601.88		77	\$601.88	
35	\$601.88		78	\$601.88	
36	\$601.88		79	\$601.88	
37	\$601.88		80	\$601.88	
38	\$601.88		81	\$601.88	
39	\$601.88		82	\$601.88	
40	\$601.88		83	\$601.88	
41	\$601.88		84	\$601.88	
42	\$601.88		85	\$601.88	
43	\$601.88		86	\$601.88	
44	\$601.88		87	\$601.88	
45	\$601.88				

**LANDSCAPE MAINTENANCE DISTRICT NO. 2 (WESTERN PACIFIC)  
FISCAL YEAR 2013-2014**

<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>	<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>
88	\$601.88		132	\$601.88	
89	\$601.88		133	\$601.88	
90	\$601.88		134	\$601.88	
91	\$601.88		135	\$601.88	
92	\$601.88		136	\$601.88	
93	\$601.88		137	\$601.88	
94	\$601.88		138	\$601.88	
95	\$601.88		139	\$601.88	
96	\$601.88		140	\$601.88	
97	\$601.88		141	\$601.88	
98	\$601.88		142	\$601.88	
99	\$601.88		143	\$601.88	
100	\$601.88		144	\$601.88	
101	\$601.88		145	\$601.88	
102	\$601.88		146	\$601.88	
103	\$601.88		147	\$601.88	
104	\$601.88		148	\$601.88	
105	\$601.88		149	\$601.88	
106	\$601.88		150	\$601.88	
107	\$601.88		151	\$601.88	
108	\$601.88		152	\$601.88	
109	\$601.88		153	\$601.88	
110	\$601.88		154	\$601.88	
111	\$601.88		155	\$601.88	
112	\$601.88		156	\$601.88	
113	\$601.88		157	\$601.88	
114	\$601.88		158	\$601.88	
115	\$601.88		159	\$601.88	
116	\$601.88		160	\$601.88	
117	\$601.88		161	\$601.88	
119	\$601.88		163	\$601.88	
120	\$601.88		164	\$601.88	
121	\$601.88		165	\$601.88	
122	\$601.88		166	\$601.88	
123	\$601.88		167	\$601.88	
124	\$601.88		168	\$601.88	
125	\$601.88		169	\$601.88	
126	\$601.88		170	\$601.88	
127	\$601.88		171	\$601.88	
128	\$601.88				
129	\$601.88				
130	\$601.88				
131	\$601.88				

**LANDSCAPE MAINTENANCE DISTRICT NO. 2 (WESTERN PACIFIC)  
FISCAL YEAR 2013-2014**

<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>	<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>
172	\$601.88		216	\$601.88	
173	\$601.88		217	\$601.88	
174	\$601.88		218	\$601.88	
175	\$601.88		219	\$601.88	
176	\$601.88		220	\$601.88	
177	\$601.88		221	\$601.88	
178	\$601.88				
179	\$601.88				
180	\$601.88				
181	\$601.88				
182	\$601.88				
183	\$601.88				
184	\$601.88				
185	\$601.88				
186	\$601.88				
187	\$601.88				
188	\$601.88				
189	\$601.88				
190	\$601.88				
191	\$601.88				
192	\$601.88				
193	\$601.88				
194	\$601.88				
195	\$601.88				
196	\$601.88				
197	\$601.88				
198	\$601.88				
199	\$601.88				
200	\$601.88				
201	\$601.88				
202	\$601.88				
203	\$601.88				
204	\$601.88				
206	\$601.88				
207	\$601.88				
208	\$601.88				
209	\$601.88				
210	\$601.88				
211	\$601.88				
212	\$601.88				
213	\$601.88				
214	\$601.88				
215	\$601.88				

**TOTAL TO BE ASSESSED IS \$131,811.72**

**ENGINEER'S REPORT**

**FOR**

**LANDSCAPE MAINTENANCE DISTRICT NO. 3  
(CENTEX- TRACT 28626)**

**FISCAL YEAR 2013-2014**

**PREPARED FOR THE**

**CITY OF NORCO**

**RIVERSIDE COUNTY, CALIFORNIA**

**PREPARED BY:**

**DOMINIC C. MILANO, P.E.**

**CITY ENGINEER**

**ENGINEER'S REPORT  
CITY OF NORCO**

**LANDSCAPE MAINTENANCE DISTRICT NO. 3  
(CENTEX – TRACT 28626)  
FISCAL YEAR 2013-2014**

The undersigned respectfully submits the enclosed report as directed by the City Council.

Date: 7/17, 2013

By:   
Dominic C. Milano, P.E.  
R.C.E. No. 27172  
City Engineer

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment Roll and Assessment Diagram thereto attached, was filed with me on \_\_\_\_\_, 2013.

City Clerk, City of Norco  
Riverside County, California

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

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment Roll and Assessment Diagram thereto attached, was approved and confirmed by the City Council of the City of Norco, California, on \_\_\_\_\_, 2013.

City Clerk, City of Norco  
Riverside County, California

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

**FISCAL YEAR 2013-2014  
CITY OF NORCO**

**ENGINEER'S REPORT PREPARED PURSUANT TO THE PROVISIONS OF THE  
LANDSCAPING AND LIGHTING ACT OF 1972 SECTION 22500 THROUGH  
22679 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE**

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, and in accordance with the Resolution of Initiation, being Resolution No. 98-97, adopted by the Council of the City of Norco, State of California, in connection with the proceedings for:

**CITY OF NORCO  
LANDSCAPING MAINTENANCE DISTRICT NO. 3  
(CENTEX – TRACT 28626)**

Hereinafter referred to as the "Assessment District," I, Dominic C. Milano, P.E. authorized representative of the City of Norco, the duly appointed ENGINEER OF WORK, submit herewith the "Report" consisting of four parts as follows:

**PART A**

Plans and specifications for the improvements are as set forth herein and are on file in the Office of the Clerk of the City.

**PART B**

An estimate of cost of the proposed improvements, including incidental costs and expenses in connection therewith, is as set forth herein.

**PART C**

The Diagram of the Assessment District Boundaries showing the exterior boundaries of the Assessment District, the boundaries of any zones within the Assessment District, and the lines and dimensions of each lot or parcel of land within the Assessment District has been submitted to the Clerk of the City. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Riverside for the year when this Report was prepared. The Assessor's maps and records are incorporated by reference herein and made part of this Report. The legal description of the Assessment District is attached hereto.

**PART D**

An assessment of the estimated cost of the improvements on each benefited lot or parcel of land within the Assessment District.

**PART A**

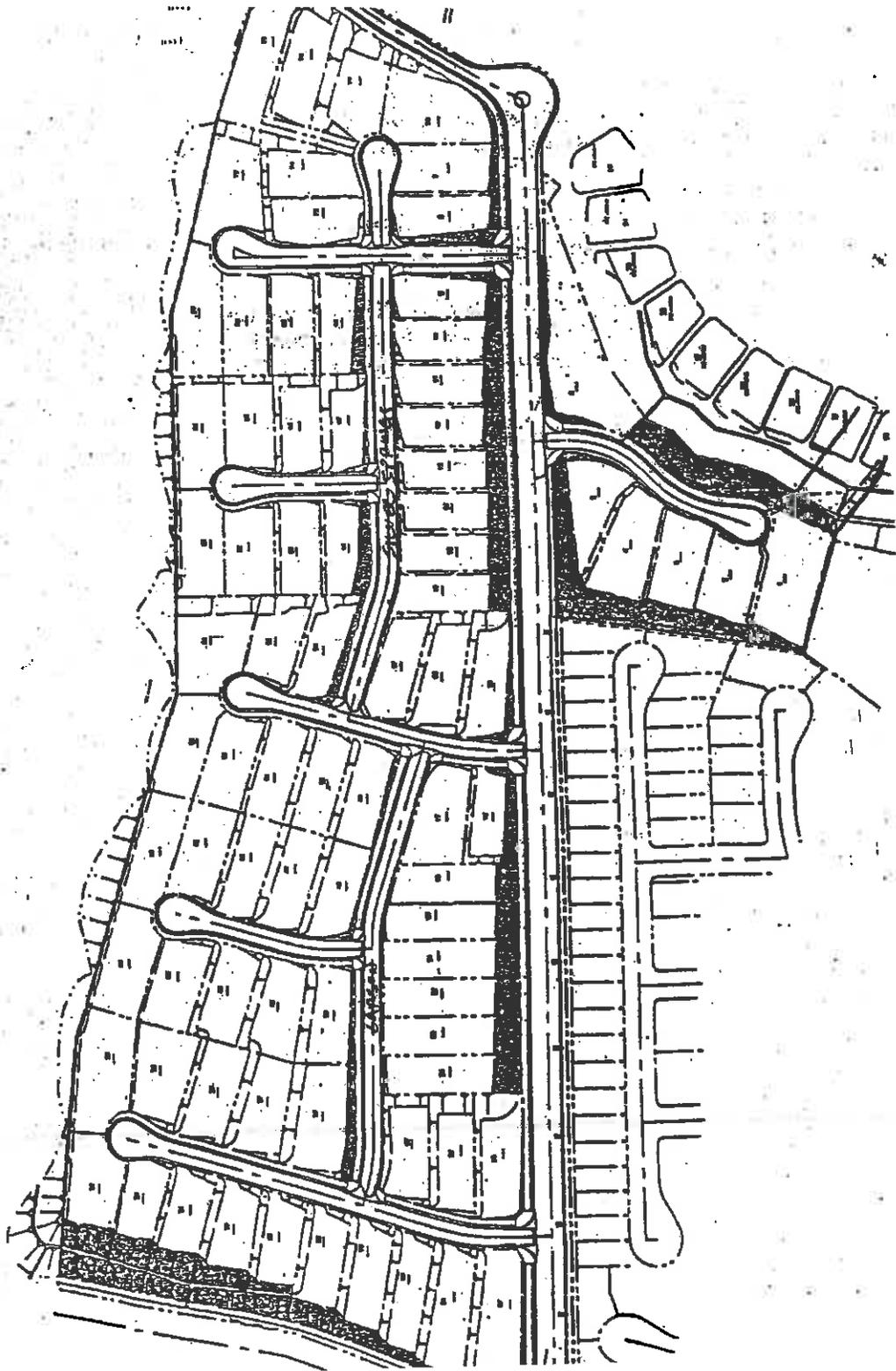
**PLANS AND SPECIFICATIONS**

**DESCRIPTION OF IMPROVEMENTS  
FOR THE CITY OF NORCO  
LANDSCAPE MAINTENANCE DISTRICT NO. 3  
(CENTEX – TRACT 28626)  
FISCAL YEAR 2013-2014**

The improvements are the operation, maintenance, and servicing of landscaping, horse trails, hardscaping, and masonry, and appurtenant facilities including but not limited to personnel, electrical energy, utilities such as water, materials, contracting services, and other items necessary for the satisfactory operation of these services, described as follows:

**LANDSCAPING**

Landscaping, planting, shrubbery, trees, irrigation, hardscapes, masonry wall surfaces, fencing, fixtures, and appurtenant facilities located within public rights-of-way (parkways), easements (slope and trail) and publicly owned parcels within the boundary of the Assessment District except as specifically excluded.



**PART B**

**ESTIMATE OF COST  
LANDSCAPE MAINTENANCE DISTRICT NO. 3 (CENTEX – TRACT 28626)  
NORCO, CALIFORNIA (FUND NO. 53110)**

The estimated costs for the operation, maintenance and servicing of the facilities, shown below, are the estimated costs of maintenance if the facilities were fully maintained for Fiscal Year 2013-2014. The 1972 Act provides that the total cost of the maintenance and services, together with incidental expenses, may be financed from the assessment proceeds. The incidental expenses may include engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with district proceedings.

*Direct Cost*

Contractual Maintenance (34100)		
1 Landscape Maintenance: includes all pruning, weed and pest control, fertilization, turf care, trash and debris cleanup, irrigation to include maintenance and repair, water cost, electrical cost for controllers, tree trimming up to 15 feet, tree staking, backflow testing, rodent control and plant replacement.	\$ 28,219.00	
2 Equestrian Trails: includes minor grading, replacement of wooden posts and rails, and addition of decomposed granite for trail surfaces.	\$ 5,825.00	
3 Slope Maintenance: includes same activities as Item 1 for exterior slopes along Parkview Drive and Norco Hills Road as well as private slopes at Lots 1, 2, 3, and 4.	\$ -	
Utilities (33100)		
Water	\$ 30,450.00	
Electrical	\$ 2,205.00	
Phone	\$ 62.00	
Annual Tree Replacement (32405)	\$ -	
Subtotal Direct Cost	\$ 66,761.00	\$ 66,761.00
Operating Contingency (2.0 percent)		\$ 1,335.00
Replacement Reserve (2.0 percent)		\$0.00
Administrative Costs		
Observation: City Staff to Manage District (30105)	\$ 4,496.00	
Engineer's Report (34110)	\$ 2,000.00	
City Overhead/Administration (34135)	\$ 4,824.00	
Riverside County Admin. Fee (35210)	\$ 230.00	
Incidentals (30405)	\$ 91.00	
Subtotal Administrative Costs	\$ 11,641.00	\$ 11,641.00
Operating Reserve		\$ -
Annual Capital Project		\$ -
<b>TOTAL ANNUAL BUDGET</b>		<b>\$ 79,737.00</b>

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. The City may advance funds to the District, if needed, to ensure adequate cash flow, and will be reimbursed for any such advances upon receipt of assessments. Any surplus or deficit remaining on July 1 must be carried over to the next fiscal year. The estimated fund balance for fiscal year ending June 30, 2013 and cash flow funding needs are as follows:

Fund Balance

Estimated Beginning Fund Balance July 1, 2013	\$ 71,235.00
Add Back Assessment for Future Trail Fence Replacement	\$ 0.00
Estimated Current Year Revenue Surplus (Deficit)	<u>\$ (5,201.00)</u>
Estimated Fund Balance June 30, 2014	\$ 66,034.00

Estimated Fund Balance Needs:

Needed for Future Trail Fence Replacement - 10 Years of 15 Year Useful Life	\$ 27,840.00
2013-2014 Budgeted Trail Fence Replacement Capital Project	\$ 0.00
6 Months Operating Cash Flow	<u>\$ 39,869.00</u>
Estimated Needs	<u>\$ 67,709.00</u>

Estimated Surplus or (Unfunded Needs): \$ 1,675.00

Total Replacement Cost for Trail Fence (4,640 Lineal Ft @ \$9.00/LF)	\$ 41,760.00
Annual Set-Aside for Budgeted Trail Fence Replacement Should be (15 YR Cycle)	\$ 2,784.00

The total annual levy of assessments hereunder may be increased annually by an amount not to exceed the increase in the consumer price index applicable to the City of Norco. In no case may the increase exceed the actual cost of providing the services rendered within and pursuant to the District.

***PART C***

***ASSESSMENT DIAGRAM***

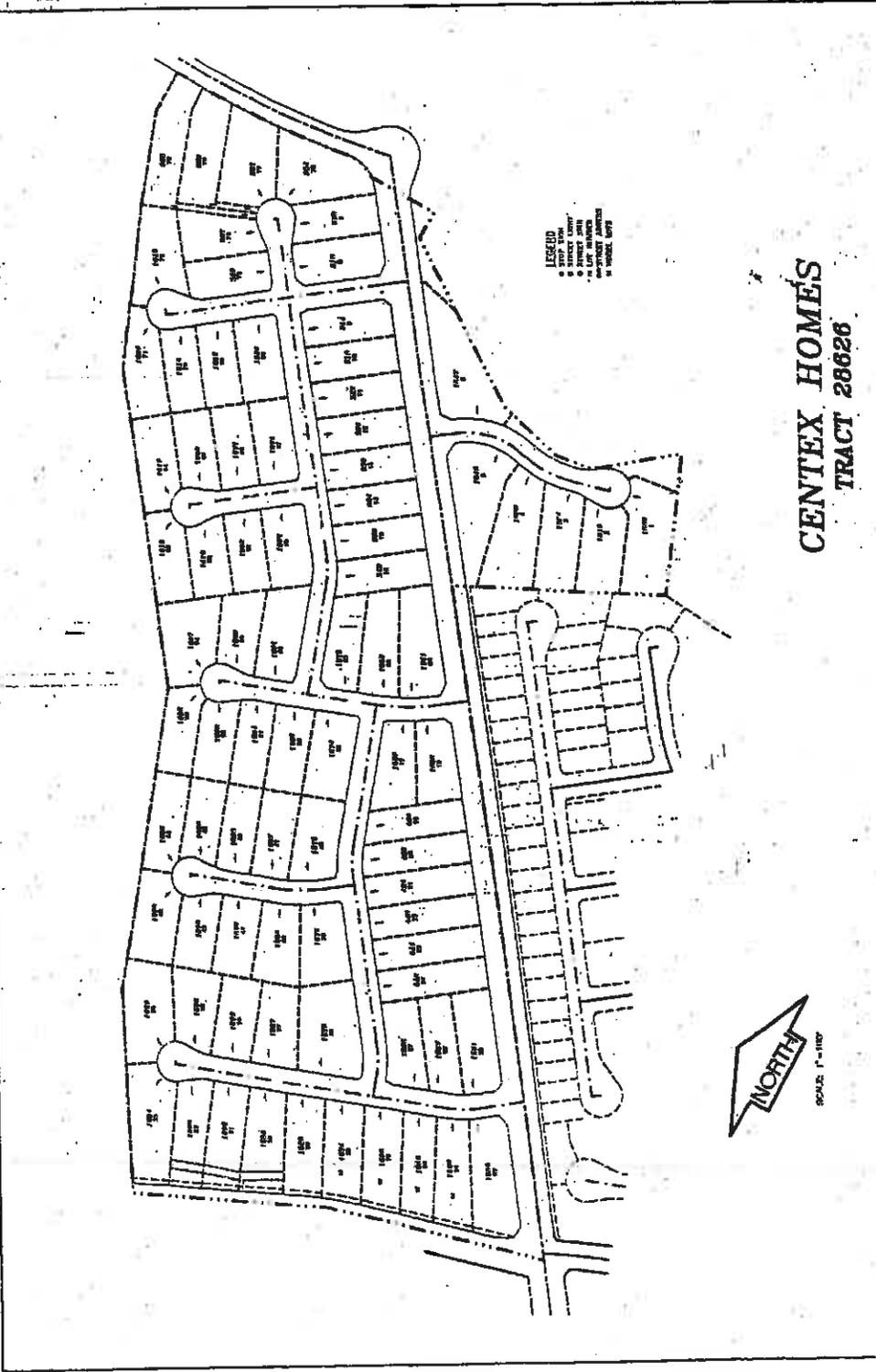
An Assessment Diagram for the Assessment District is on file in the office of the City Clerk. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Riverside, for the year when this Report was prepared, and are incorporated by reference herein and made a part of this Report. A reduced scale map depicting the assessment diagram is attached hereto. Also attached as Exhibit "A" is the Legal Description of Assessment District.

**EXHIBIT A**

**LEGAL DESCRIPTION  
LANDSCAPE MAINTENANCE DISTRICT NO. 3 (CENTEX – TRACT 28626)**

That certain real property situated in the City of Norco, County of Riverside, State of California, more particularly described as follows:

Lots 1 through 82 inclusive, of Tract No. 28626 in the City of Norco, County of Riverside, State of California, as per map recorded in Book 295, Pages 46 through 53, inclusive, of Maps in the Office of the County Recorder of Said County.



LEGEND  
 ● STREET LIGHT  
 ○ STREET LIGHT  
 ○ STREET LIGHT  
 ○ STREET LIGHT  
 ○ STREET LIGHT

**CENTEX HOMES**  
**TRACT 28626**

**NORTH**  
 SCALE: 1" = 100'

**PART D**  
**ASSESSMENT**

WHEREAS, on April 18, 2001, the City Council of the City of Norco, California, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 (commencing with Section 22500) of Division 15 of the California Streets and Highways Code (the "Act") adopted its Resolution of the City Council of the City of Norco Initiating Proceedings for the Formation for a Maintenance Assessment District and thereafter formed Landscape Maintenance District No. 3 (Centex – Tract 28626) (the "District") as more particularly described in said proceedings; and

WHEREAS, said resolution directed the undersigned to prepare and file a report pursuant to Section 22565, et seq., of said Act;

WHEREAS, at this time, this City Council is desirous to provide for the annual levy of assessments for the territory within the District for the next ensuing fiscal year, to provide for the costs and expenses necessary for continual maintenance of improvements within said District; and

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Act and the order of the City Council of said City, hereby makes the following assessment to cover the portion of the estimated cost of the maintenance of said improvements and the costs and expenses incidental thereto to be paid by said District.

The amount to be paid for the maintenance of said improvement, and the expenses incidental thereto, are as follows:

	(1) As Filed	(2) As Preliminarily Approved	(3) As Finally Approved
Cost of Maintenance	\$ 66,761.00	\$ 66,761.00	\$ 66,761.00
Incidental Expenses	<u>\$ 12,976.00</u>	<u>\$ 12,976.00</u>	<u>\$ 12,976.00</u>
Total Cost	\$ 79,737.00	\$ 79,737.00	\$ 79,737.00
Surplus or (Deficit) from			
Previous Fiscal Year	<u>\$ 5,201.00</u>	<u>\$ 5,201.00</u>	<u>\$ 5,201.00</u>
<b>NET TO BE ASSESSED</b>	<b>\$ 74,536.00</b>	<b>\$ 74,536.00</b>	<b>\$ 74,536.00</b>
<b>FOR FISCAL YEAR</b>			
<b>2012-2013</b>			

The total annual levy of assessments hereunder may be increased annually by an amount not to exceed the increase in the consumer price index applicable to the City of Norco. In no case may the increase exceed the actual cost of providing the services rendered within and pursuant to the District. The annual CPI ending March 31, 2013 was 1.3%. The application of this CPI will increase the per parcel assessment from \$897.31 to \$908.98 for a District wide levy of \$74,536.36.

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purposes as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance remaining on July 1 must be carried over

to the next fiscal year. The estimated fund balance for fiscal year ending June 30, 2013 is \$71,235.00.

As required by said Act, a diagram is hereto attached showing the exterior boundaries of said District. The lines and dimensions of each lot or parcel of land within the said District as the same existed at the time of the passage of said resolution are as shown on the maps of the County Assessor of the County of Riverside. Reference is hereby made to said maps and said maps shall govern for all details concerning the lines and dimensions of such lots and parcels.

I do hereby assess the net amount to be assessed upon all assessable lots or parcels of land within said District by apportioning that amount among the several lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the maintenance of said improvements, and more particularly set forth in the list hereto attached and by reference made a part hereof.

Said assessment is made upon the several lots or parcels of land within the District in proportion to the estimated benefits to be received by said lots or parcels, respectively, from the maintenance of said improvements. The diagram and the assessor's map are the documents to which reference is hereby made for a more particular description of said property.

Each lot or parcel of land assessed is described in the assessment list by reference to its parcel number as shown on the Assessor's Maps of the County of Riverside for the Fiscal Year 2012-2013 and includes all of such parcel. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of said County.

City of Norco

Dated: \_\_\_\_\_, 2013

---

Dominic C. Milano, P.E.  
City Engineer

## **EXHIBIT B**

### **METHOD AND FORMULA OF ASSESSMENT SPREAD**

The law requires and the statutes provide that assessments, as levied pursuant to the provisions of the "Landscaping and Lighting Act of 1972," must be based on the benefit that the properties receive from the works of improvement. The statute does not specify the method or formula that should be used in any special assessment district proceedings. The Assessment Engineer is appointed for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation. For these proceedings, the City has based its determination on standard assessment practices utilized by consulting civil engineers with a background of experience in the design of such works of improvement and experience in the completion of assessment district formation projects.

#### **IDENTIFYING THE BENEFIT**

First of all, it is necessary to identify the benefit that the public improvement will render to the properties within the Assessment District. The landscaping, irrigation, and equestrian trails have been designed and will be constructed for the benefit of enhanced aesthetics and neighborhood identity for all properties within the Assessment District.

#### **APPORTIONMENT OF COSTS**

In further making the analysis, it is necessary that the property owners receive a special and direct benefit distinguished from that of the general public. In this case, several factors are being used in the final method and spread and assessment.

The individual parcels of land within the Assessment District are currently developed or have the potential for development to single family residential units. The proposed improvements are designed to enhance the appearance and appeal of the District and all of the parcels within. The improvements will provide a sense of neighborhood identity for the District. As such, each parcel will benefit equally from the proposed improvements.

In conclusion, it is my opinion that the assessments for the referenced Assessment District have been spread in direct accordance with the benefits that each parcel receives from the works of improvements.

**LIST OF ASSESSMENTS  
LANDSCAPE MAINTENANCE DISTRICT NO. 3 (CENTEX – TRACT 28626)  
FISCAL YEAR 2013-2014**

<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>	<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>
1	\$908.98		45	\$908.98	
2	\$908.98		46	\$908.98	
3	\$908.98		47	\$908.98	
4	\$908.98		48	\$908.98	
5	\$908.98		49	\$908.98	
6	\$908.98		50	\$908.98	
7	\$908.98		51	\$908.98	
8	\$908.98		52	\$908.98	
9	\$908.98		53	\$908.98	
10	\$908.98		54	\$908.98	
11	\$908.98		55	\$908.98	
12	\$908.98		56	\$908.98	
13	\$908.98		57	\$908.98	
14	\$908.98		58	\$908.98	
15	\$908.98		59	\$908.98	
16	\$908.98		60	\$908.98	
17	\$908.98		61	\$908.98	
18	\$908.98		62	\$908.98	
19	\$908.98		63	\$908.98	
20	\$908.98		64	\$908.98	
21	\$908.98		65	\$908.98	
22	\$908.98		66	\$908.98	
23	\$908.98		67	\$908.98	
24	\$908.98		68	\$908.98	
25	\$908.98		69	\$908.98	
26	\$908.98		70	\$908.98	
27	\$908.98		71	\$908.98	
28	\$908.98		72	\$908.98	
29	\$908.98		73	\$908.98	
30	\$908.98		74	\$908.98	
31	\$908.98		75	\$908.98	
32	\$908.98		76	\$908.98	
33	\$908.98		77	\$908.98	
34	\$908.98		78	\$908.98	
35	\$908.98		79	\$908.98	
36	\$908.98		80	\$908.98	
37	\$908.98		81	\$908.98	
38	\$908.98		82	\$908.98	
39	\$908.98				
40	\$908.98				
41	\$908.98				
42	\$908.98				
43	\$908.98				
44	\$908.98				

**TOTAL TO BE ASSESSED: \$ 74,536.36**

**ENGINEER'S REPORT**

**FOR**

**LANDSCAPE MAINTENANCE DISTRICT NO. 4  
(NORCO RIDGE RANCH – TRACTS 29588 AND 29589)**

**FISCAL YEAR 2013-2014**

**PREPARED FOR THE**

**CITY OF NORCO**

**RIVERSIDE COUNTY, CALIFORNIA**

**PREPARED BY:**

**DOMINIC C. MILANO, P.E.**

**CITY ENGINEER**

**ENGINEER'S REPORT  
CITY OF NORCO**

**LANDSCAPE MAINTENANCE DISTRICT NO. 4  
(NORCO RIDGE RANCH – TRACTS 29588 AND 29589)  
FISCAL YEAR 2013-2014**

The undersigned respectfully submits the enclosed report as directed by the City Council.

Date: 7/17, 2013

By:   
Dominic C. Milano, P.E.  
R.C.E. No. 27172  
City Engineer

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment Roll and Assessment Diagram thereto attached, was filed with me on \_\_\_\_\_, 2013.

City Clerk, City of Norco  
Riverside County, California

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

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment Roll and Assessment Diagram thereto attached, was approved and confirmed by the City Council of the City of Norco, California, on \_\_\_\_\_, 2013.

City Clerk, City of Norco  
Riverside County, California

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

**FISCAL YEAR 2013-2014  
CITY OF NORCO**

**ENGINEER'S REPORT PREPARED PURSUANT TO THE PROVISIONS OF THE  
LANDSCAPING AND LIGHTING ACT OF 1972 SECTION 22500 THROUGH  
22679 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE**

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, and in accordance with the Resolution of Initiation, being Resolution No. No. 98-97 adopted by the Council of the City of Norco, State of California, in connection with the proceedings for:

**CITY OF NORCO  
LANDSCAPING MAINTENANCE DISTRICT NO. 4  
(NORCO RIDGE RANCH – TRACTS 29588 AND 29589)**

Hereinafter referred to as the "Assessment District," I, Dominic C. Milano, P.E. authorized representative of the City of Norco, the duly appointed ENGINEER OF WORK, submit herewith the "Report" consisting of five parts as follows:

**PART A – PLANS AND SPECIFICATIONS**

Contains a description of the improvements that are to be maintained or serviced by the District.

**PART B – ESTIMATE OF COST**

Identifies the estimated cost of the services or maintenance to be provided by the District, including incidental costs and expenses in connection herewith.

**PART C – METHOD OF APPORTIONMENT**

Describes the basis on which the costs have been apportioned to each parcel of land within the Assessment District, in proportion to the estimated benefits to be received by such lots and parcels.

**PART D – ASSESSMENT ROLL**

Identifies the maximum assessment to be levied on each benefited lot or parcel of land within the Assessment District.

**PART E – ASSESSMENT DIAGRAM**

The Diagram of the Assessment District Boundaries showing the exterior boundaries of the Assessment District, the boundaries of any zones within the Assessment District, and the lines and dimensions of each lot or parcel of land within the Assessment District has been submitted to the Clerk of the City. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Riverside for the year when this Report was prepared. The Assessor's maps and records are incorporated by reference herein and made part of this Report. The legal description of the Assessment District is attached hereto.

**PART A**

**PLANS AND SPECIFICATIONS**

**DESCRIPTION OF IMPROVEMENTS  
FOR THE CITY OF NORCO  
LANDSCAPE MAINTENANCE DISTRICT NO. 4  
(NORCO RIDGE RANCH TRACTS 29588 AND 29589)  
FISCAL YEAR 2013-2014**

The improvements to be maintained and serviced include landscaping as described herein.

**Landscaping and Appurtenant Improvements:**

Improvements include but are not limited to: landscaping, planting, shrubbery, trees, irrigation systems, hardscapes, fixtures, and appurtenant facilities, in public rights-of-way, parkways, slopes, trails, open space and dedicated easements within the boundaries of said Assessment District. The following are the facilities to be maintained within the District:

**Slopes, Parkways and Trails**

1. Slope landscaping-non-irrigated (3.78 acres)
2. Slope landscaping-irrigated (13.17 acres)
3. Fuel modification areas (17.66 acres)
4. Parkway landscaping (1.11 acres)
5. Equestrian trails (26.54 acres)

**Open Space and Wetlands Areas**

1. Natural open space – non-irrigated (384.34 acres)
2. Wetlands area – non-irrigated (13.04 acres)

The District will fund costs in connection with the District maintenance and servicing including, but not limited to, labor, electrical energy, water, materials, contracting services, administration, and other expenses necessary for the satisfactory maintenance and operation of these improvements.

Maintenance means the furnishing of services and materials for the ordinary and usual operation, maintenance and servicing of the landscaping and appurtenant improvements, including repair, removal or replacement of all or part of any of the landscaping or appurtenant improvements; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste, and the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

Operating and servicing means the furnishing of water for the irrigation of the landscaping, the maintenance of irrigation controllers and appurtenant facilities and the furnishing of telephone services and electric energy, and administration of all aspects of the operation, maintenance and servicing of the improvements.

The plans and specifications for the improvements, showing the general nature, location and the extent of the improvements, are on file in the office of the City Engineer and are by reference herein made a part of this report.

**PART B**

**ESTIMATE OF COST  
LANDSCAPE MAINTENANCE DISTRICT NO. 4  
(NORCO RIDGE RANCH-TRACTS 29588 & 29589)  
NORCO, CALIFORNIA**

The estimated costs for the operation, maintenance and servicing of the facilities, shown below, are the estimated costs of maintenance if the facilities were fully maintained for Fiscal Year 2013-2014. The 1972 Act provides that the total cost of the maintenance and services, together with incidental expenses, may be financed from the assessment proceeds. The incidental expenses may include engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with district proceedings.

**Direct Cost**

Contractual Maintenance (34105)		
1 Landscape Maintenance	\$119,288.00	
Non-Irrigated Slope Landscaping		
Fuel Modification		
Zone B "Irrigated Zone"		
Zone C "Thinning Zone"		
Zone D "Thinning Zone"		
Parkway Landscaping - Park		
2 Natural Open Space	\$ 11,000.00	
3 Wetlands Area	\$ 5,000.00	
4 Equestrian Trails	\$ 71,667.00	
Utilities (33100)		
Water	\$ 90,000.00	
Electrical	\$ 52,500.00	
Phone	\$ 659.00	
Annual Tree Replacement (32405)	\$ 5,000.00	
Subtotal Direct Cost	\$ 355,114.00	\$ 355,114.00
Operating Contingency (5 percent)		\$ 17,757.00
Operating Reserve For Trail Maintenance*		\$ 25,000.00
Capital Project: Trail Fence Replacement		\$ 75,000.00
Administrative Costs		
Observation: City Staff to Manage District (30105)	\$ 7,867.00	
Engineer's Report (34110)	\$ 3,600.00	
City Overhead/Administration (34135)	\$ 29,244.00	
Riverside County Admin. Fees (35210)	\$ 382.00	
Incidentals (30405)	\$ 130.00	
Subtotal Administrative Costs	\$ 41,223.00	\$ 41,223.00
Operating Reserve		\$ -
Annual Capital Project		\$ -
<b>TOTAL ANNUAL BUDGET</b>		<b>\$ 514,094.00</b>

\*The "Operating Reserve for Trail Maintenance" is a yearly line item in the budget (Estimate Of Cost) set-up to build a fund balance for capital improvements projects within the equestrian trail. The trail improvements include but are not limited to the construction of drainage improvements, to protect the trail from erosion, replacements of trail fencing and catastrophic trail failure.

The 1972 Act requires that a special fund to set up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. The City may advance funds to the District, if needed, to ensure adequate cash flow, and will be reimbursed for any such advances upon receipt of assessments. Any surplus or deficit remaining on July 1 must be carried over to the next fiscal year. For fiscal year ending June 30, 2013 the fund balance and cash flow funding needs are as follows:

Fund Balance

Estimated Beginning Fund Balance July 1, 2013	\$ 227,404.00
Add Back Assessment for Future Trail Fence Replacement	\$ 25,000.00
Estimated Current Year Revenue Surplus *	<u>\$ 567.00</u>
Estimated Fund Balance June 30, 2014	<u>\$ 252,980.00</u>

Estimated Fund Balance Needs:

Needed for Future Trail Fence Replacement - 10 Years of 15 Year Useful Life	\$ 505,440.00
2013-2014 Budgeted Trail Fence Replacement Capital Project	\$ (75,000.00)
6 Months Operating Cash Flow	<u>\$ 244,547.00</u>
Estimated Needs	<u>\$ 674,987.00</u>

Estimated Surplus or (Unfunded Needs): \$ (422,007.00)

Total Replacement Cost for Trail Fence (84,240 Lineal Ft @ \$9.00/LF)	\$ 758,160.00
Annual Set-Aside for Budgeted Trail Fence Replacement Should be (15 YR Cycle)	\$ 50,544.00

The City Council at a previous assessment public hearing authorized the construction of drainage improvements generally along driveways to intercept water runoff at locations causing moderate to severe erosion. In Fiscal Year 2011-12, Phase I of the project, was completed at those areas where runoff caused severe erosion. For Fiscal Year 2012-13, Phase II of the project, runoff where moderate erosion is occurring, was undertaken. This project affected 84 locations (83 homes) at a cost of \$214,750 (contract amount \$218,680). The life expectancy of the now ten year old fencing is twelve to fifteen years. This capital project, which may be broken up into phases, will consist of the replacement of approximately 84,240 lineal feet of trail fencing at a 2013 cost of \$9.00 per lineal foot for a total cost of \$758,160.

The total annual levy of assessments hereunder may be increased annually by an amount not to exceed the increase in the consumer price index applicable to the City of Norco. In no case may the increase exceed the actual cost of providing the services rendered within and pursuant to the District.

## PART C

### METHOD OF APPORTIONMENT

The law requires and the statutes provide that assessments, as levied pursuant to the provisions of the "Landscaping and Lighting Act of 1972," must be based on the benefit that the properties receive from the works of improvement. The statute does not specify the method or formula that should be used in any special assessment district proceedings. The Assessment Engineer is appointed for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation. For these proceedings, the City has based its determination on standard assessment practices utilized by consulting civil engineers with a background of experience in the design of such works of improvement and experience in the completion of assessment district formation projects.

### REASON FOR THE ASSESSMENT

The assessment is proposed to be levied to defray the costs of the operation, servicing and maintenance of landscaping and appurtenant improvements within the public rights-of-way, as previously defined herein in Part A of this Report.

### APPORTIONMENT OF COSTS

In further making the analysis, it is necessary that the property owners receive a special and direct benefit distinguished from that of the general public. In this case, several factors are being used in the final method and spread and assessment.

The individual parcels of land within the Assessment District are currently developed or have the potential for development to single family residential units. The proposed improvements are designed to enhance the appearance and appeal of the District and all of the parcels within. The improvements will provide a sense of neighborhood identity for the District. As such, each parcel will benefit equally from the proposed improvements.

In conclusion, it is my opinion that the assessments for the referenced Assessment District have been spread in direct accordance with the benefits that each parcel receives from the works of improvements.

The amount to be paid for the maintenance of said improvements, and the expenses incidental thereto, are as follows:

	(1) As Filed	(2) As Preliminarily Approved	(3) As Finally Approved
Cost of Maintenance	\$ 455,114.00	\$ 455,114.00	\$ 455,114.00
Capital Project	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00
Incidental Expenses	\$ 58,980.00	\$ 58,980.00	\$ 58,980.00
Total Cost	\$ 514,094.00	\$ 514,094.00	\$ 514,094.00
Surplus to			
Reserve Fund	\$ 567.00	\$ 567.00	\$ 567.00
NET TO BE ASSESSED FOR FISCAL YEAR 2013-2014	\$ 514,661.00	\$ 514,661.00	\$ 514,661.00

The table below provides the assessment apportionment for the various development areas within the Norco Ridge Ranch Specific Plan and shows the maximum annual assessment rate per planned SFR lot. The golf course lots are undeveloped.

<u>Tract Nos.</u>	<u>Planned SFR Lots</u>	<u>Total Assessment Estimate</u>	<u>Maximum** Asmt. Rate per Planned SFR Lot</u>
Tr 29588,-2,-3,-4,-5	293	\$280,811.20	\$958.40/lot
Tr 29589-1,-2,-3	239	\$229,057.60	\$958.40/lot
Tr 29588-1*	25	\$ 0	\$ 0/lot
Other Assessable Lots	<u>5</u>	<u>\$ 4,792.00</u>	\$958.40/lot
	562	\$514,660.80	

\*Lots in Tr 29588-1 included in District but receive no benefit. Subdivision not contiguous with Norco Ridge Ranch.

\*\*The maximum annual maintenance assessment rates may be increased each year by the annual change in the Consumer Price Index (CPI), during the preceding year ending in March, for All Urban Consumers, for the Los Angeles, Riverside and Orange County areas. The annual CPI ending March 31, 2013 was 1.3%, for a maximum assessment of \$958.40/lot.

The actual assessments levied in any fiscal year will be as approved by the City Council and may not exceed the maximum assessment rate without receiving property owner approval for the increase.

***PART D***

***ASSESSMENT ROLL***

The Assessment Roll is a listing of the proposed assessment for Fiscal Year 2012-2013 apportioned to each lot or parcel, as shown on the last equalized roll of the Assessor of the County of Riverside. The Assessment Roll is provided below and is incorporated herein.

The description of each lot or parcel is part of the records of the Assessor of the County of Riverside and these records are, by reference, made part of this Report.

The following list of parcels will be assessed for landscape maintenance:

***PART E***

***ASSESSMENT DIAGRAM***

An Assessment Diagram for the Assessment District is on file in the office of the City Engineer. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Riverside, for the year when this Report was prepared, and are incorporated by reference herein and made part of this Report. A reduced scale map depicting the assessment diagram is attached hereto.

**LIST OF ASSESSMENTS  
LANDSCAPE MAINTENANCE DISTRICT NO. 4  
(NORCO RIDGE RANCH – TRACTS 29588 & 29589)  
FISCAL YEAR 2013-2014**

Parcel No.	As Preliminarily Approved	As Finally Confirmed and Recorded	Parcel No.	As Preliminarily Approved	As Finally Confirmed and Recorded
1236300162	\$958.40		1236600086	\$958.40	
1236300163	\$958.40		1236600097	\$958.40	
1236300203	\$958.40		1236600107	\$958.40	
1236300214	\$958.40		1236600118	\$958.40	
1236300225	\$958.40		1236600128	\$958.40	
1236300236	\$958.40		1236600130	\$958.40	
1236400017	\$958.40		1236600141	\$958.40	
1236400028	\$958.40		1236610012	\$958.40	
1236400039	\$958.40		1236610023	\$958.40	
1236400040	\$958.40		1236610034	\$958.40	
1236400051	\$958.40		1236610045	\$958.40	
1236400105	\$958.40		1236610056	\$958.40	
1236400116	\$958.40		1236610067	\$958.40	
1236400127	\$958.40		1236610078	\$958.40	
1236400138	\$958.40		1236610089	\$958.40	
1236400149	\$958.40		1236610090	\$958.40	
1236400150	\$958.40		1236610100	\$958.40	
1236400161	\$958.40		1236610111	\$958.40	
1236400172	\$958.40		1236700010	\$958.40	
1236400183	\$958.40		1236700021	\$958.40	
1236400194	\$958.40		1236700032	\$958.40	
1236400204	\$958.40		1236700043	\$958.40	
1236400215	\$958.40		1236700054	\$958.40	
1236500018	\$958.40		1236700065	\$958.40	
1236500028	\$958.40		1236700076	\$958.40	
1236500030	\$958.40		1236700087	\$958.40	
1236500041	\$958.40		1236700098	\$958.40	
1236500052	\$958.40		1236710013	\$958.40	
1236500063	\$958.40		1236710024	\$958.40	
1236500074	\$958.40		1236710035	\$958.40	
1236500085	\$958.40		1236710046	\$958.40	
1236500096	\$958.40		1236710057	\$958.40	
1236500106	\$958.40		1236710068	\$958.40	
1236500117	\$958.40		1236710079	\$958.40	
1236500128	\$958.40		1236710080	\$958.40	
1236500139	\$958.40		1236710081	\$958.40	
1236500140	\$958.40		1236710101	\$958.40	
1236510011	\$958.40		1236710112	\$958.40	
1236510022	\$958.40		1236710123	\$958.40	
1236510033	\$958.40		1236710134	\$958.40	
1236600019	\$958.40		1236710145	\$958.40	
1236600020	\$958.40		1236710156	\$958.40	
1236600031	\$958.40		1236710167	\$958.40	
1236600042	\$958.40		1236800209	\$0.00	Vacant-directly bill
1236600053	\$958.40		1236800210	\$0.00	Vacant-directly bill
1236600064	\$958.40		1682500031	\$0.00	undeveloped
1236600075	\$958.40		1682500042	\$0.00	undeveloped

**LIST OF ASSESSMENTS  
LANDSCAPE MAINTENANCE DISTRICT NO. 4  
(NORCO RIDGE RANCH -- TRACTS 29588 & 29589)  
FISCAL YEAR 2013-2014**

Parcel No.	As Preliminarily Approved	As Finally Confirmed and Recorded	Parcel No.	As Preliminarily Approved	As Finally Confirmed and Recorded
1682500053	\$0.00	undeveloped	1682700011	\$958.40	
1682500064	\$0.00	undeveloped	1682700022	\$958.40	
1682500075	\$0.00	undeveloped	1682700033	\$958.40	
1682500086	\$0.00	undeveloped	1682700044	\$958.40	
1682500097	\$0.00	undeveloped	1682700055	\$958.40	
1682500107	\$0.00	undeveloped	1682700066	\$958.40	
1682500118	\$0.00	undeveloped	1682700077	\$958.40	
1682500129	\$0.00	undeveloped	1682700088	\$958.40	
1682500130	\$0.00	Golf Course Lot	1682700099	\$958.40	
1682500141	\$0.00	undeveloped	1682700108	\$958.40	
1682500152	\$0.00	undeveloped	1682700110	\$958.40	
1682500163	\$0.00	undeveloped	1682700121	\$958.40	
1682500174	\$0.00	undeveloped	1682700132	\$958.40	
1682500185	\$0.00	Vacant-directly bill	1682700143	\$958.40	
1682500196	\$0.00	undeveloped	1682700154	\$958.40	
1682500206	\$0.00	undeveloped	1682700165	\$958.40	
1682500217	\$0.00	Golf Course Lot	1682710014	\$958.40	
1682500228	\$0.00	undeveloped	1682710025	\$958.40	
1682500239	\$0.00	undeveloped	1682710036	\$958.40	
1682500240	\$0.00	undeveloped	1682710047	\$958.40	
1682500251	\$0.00	Vacant-directly bill	1682710058	\$958.40	
1682500262	\$0.00	undeveloped	1682800012	\$958.40	
1682500273	\$0.00		1682800023	\$958.40	
1682500284	\$0.00		1682800034	\$958.40	
1682500295	\$0.00	undeveloped	1682800045	\$958.40	
1682600010	\$958.40		1682800056	\$958.40	
1682600021	\$958.40		1682800067	\$958.40	
1682600032	\$958.40		1682810015	\$958.40	
1682600043	\$958.40		1682810026	\$958.40	
1682600054	\$958.40		1682810037	\$958.40	
1682600065	\$958.40		1682810048	\$958.40	
1682600076	\$958.40		1682810059	\$958.40	
1682600087	\$958.40		1682810060	\$958.40	
1682600098	\$958.40		1682810071	\$958.40	
1682600108	\$958.40		1682810082	\$958.40	
1682600119	\$958.40		1682820018	\$958.40	
1682600120	\$958.40		1682820029	\$958.40	
1682600131	\$958.40		1682820030	\$958.40	
1682600142	\$958.40		1682820041	\$958.40	
1682600153	\$958.40		1682900013	\$958.40	
1682600164	\$958.40		1682900024	\$958.40	
1682600175	\$958.40		1682900035	\$958.40	
1682600185	\$958.40		1682900046	\$958.40	
1682600197	\$958.40		1682900057	\$958.40	
1682600207	\$958.40		1682900068	\$958.40	
1682600218	\$958.40		1682900079	\$958.40	
1682600229	\$958.40		1682900080	\$958.40	

**LIST OF ASSESSMENTS  
LANDSCAPE MAINTENANCE DISTRICT NO. 4  
(NORCO RIDGE RANCH – TRACTS 29588 & 29589)  
FISCAL YEAR 2013-2014**

Parcel No.	As Preliminarily Approved	As Finally Confirmed and Recorded	Parcel No.	As Preliminarily Approved	As Finally Confirmed and Recorded
1682800091	\$958.40		1683000321	\$958.40	
1682800101	\$958.40		1683000332	\$958.40	
1682800112	\$958.40		1683000343	\$958.40	
1682910016	\$958.40		1683000354	\$958.40	
1682910027	\$958.40		1683000365	\$958.40	
1682910036	\$958.40		1683000376	\$958.40	
1682910049	\$958.40		1683000387	\$958.40	
1682910050	\$958.40		1683000398	\$958.40	
1682910061	\$958.40		1683100014	\$958.40	
1682920019	\$958.40		1683110017	\$958.40	
1682920020	\$958.40		1683110028	\$958.40	
1682920031	\$958.40		1683110039	\$958.40	
1682920042	\$958.40		1683110040	\$958.40	
1682920053	\$958.40		1683110051	\$958.40	
1682920064	\$958.40		1683110062	\$958.40	
1682920075	\$958.40		1683110073	\$958.40	
1683000013	\$958.40		1683110084	\$958.40	
1683000024	\$958.40		1683110095	\$958.40	
1683000035	\$958.40		1683110105	\$958.40	
1683000046	\$958.40		1683110116	\$958.40	
1683000057	\$958.40		1683110127	\$958.40	
1683000068	\$958.40		1683110138	\$958.40	
1683000079	\$958.40		1683110149	\$958.40	
1683000080	\$958.40		1683110150	\$958.40	
1683000091	\$958.40		1683110161	\$958.40	
1683000101	\$958.40		1683110172	\$958.40	
1683000112	\$958.40		1683110183	\$958.40	
1683000123	\$958.40		1683120010	\$958.40	
1683000134	\$958.40		1683120021	\$958.40	
1683000145	\$958.40		1683120032	\$958.40	
1683000156	\$958.40		1683120043	\$958.40	
1683000167	\$958.40		1683120054	\$958.40	
1683000178	\$958.40		1683120065	\$958.40	
1683000189	\$958.40		1683120076	\$958.40	
1683000190	\$958.40		1683120087	\$958.40	
1683000200	\$958.40		1683120098	\$0.00	
1683000211	\$958.40		1683200015	\$958.40	
1683000222	\$958.40		1683200026	\$958.40	
1683000233	\$958.40		1683200037	\$958.40	
1683000244	\$958.40		1683200048	\$958.40	
1683000255	\$958.40		1683200059	\$958.40	
1683000266	\$958.40		1683200060	\$958.40	
1683000277	\$958.40		1683200071	\$958.40	
1683000288	\$958.40		1683200082	\$958.40	
1683000299	\$958.40		1683200093	\$958.40	
1683000309	\$958.40		1683200103	\$958.40	
1683000310	\$958.40		1683200114	\$958.40	

**LIST OF ASSESSMENTS  
 LANDSCAPE MAINTENANCE DISTRICT NO. 4  
 (NORCO RIDGE RANCH - TRACTS 29588 & 29589)  
 FISCAL YEAR 2013-2014**

Parcel No	As Preliminarily Approved	As Finally Confirmed and Recorded	Parcel No	As Preliminarily Approved	As Finally Confirmed and Recorded
1683200125	\$958.40				
1683200138	\$958.40				
1683200147	\$958.40				
1683200155	\$958.40				
1683200168	\$958.40				
1683200170	\$958.40				
1683210018	\$958.40				
1683210029	\$958.40				
1683210030	\$958.40				
1683210041	\$958.40				
1683210052	\$958.40				
1683210063	\$958.40				
1683210074	\$958.40				
1683210085	\$958.40				
1683210096	\$958.40				
1683210106	\$958.40				
1683210117	\$958.40				
1683210125	\$958.40				
1683210139	\$958.40				
1683500011	\$0.00				
1683500021	\$0.00				
1683500031	\$0.00				
1683500041	\$0.00				
1683500051	\$0.00				
1683500061	\$0.00				
1683500071	\$0.00				
1683500081	\$0.00				
1683500091	\$0.00				
1683500101	\$0.00				
1683500111	\$0.00				
1683500121	\$0.00				
1683500131	\$0.00				
1683500141	\$0.00				
1683500151	\$0.00				
1683500161	\$0.00				
1683500171	\$0.00				
1683500181	\$0.00				
1683500191	\$0.00				
1683500201	\$0.00				
1683500211	\$0.00				
1683500221	\$0.00				
1683500231	\$0.00				
1683500241	\$0.00				
1683500511	\$0.00				

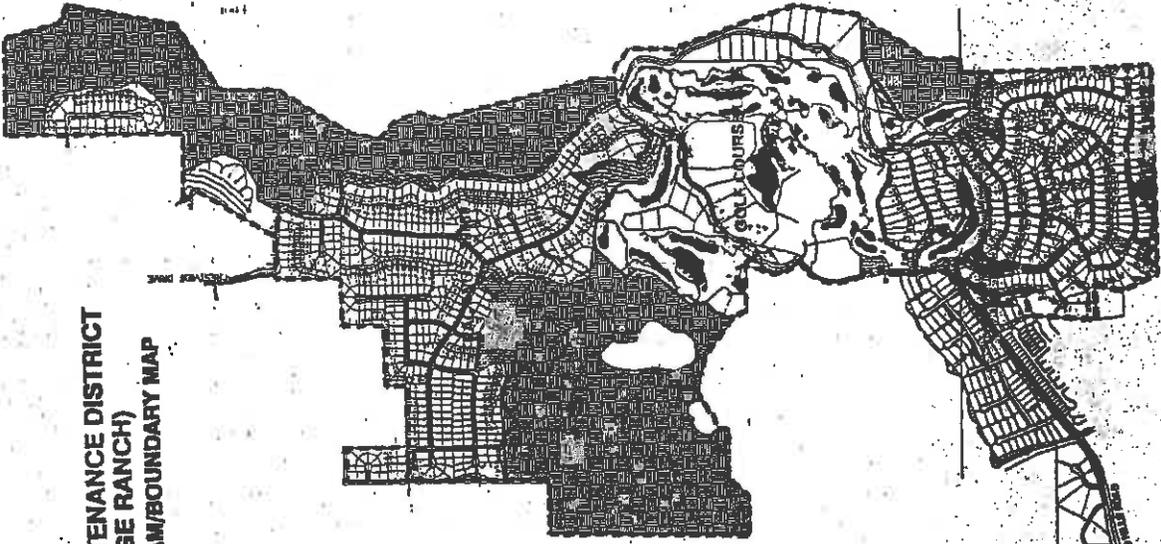
**TOTAL TO BE ASSESSED: \$514,660.00**

**PART E**

**ASSESSMENT DIAGRAM**

An Assessment Diagram for the Assessment District is on file in the office of the City Engineer. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Riverside, for the year when this Report was prepared, and are incorporated by reference herein and made part of this Report. A reduced scale map depicting the assessment diagram is attached hereto.

**LANDSCAPING MAINTENANCE DISTRICT  
(NORCO RIDGE RANCH)  
ASSESSMENT DIAGRAM/BOUNDARY MAP**



**LEGEND**

- 1. Single Lot - [diagonal hatching]
- 2. Single Lot - [cross-hatching]
- 3. Single Lot - [grid pattern]
- 4. Single Lot - [diagonal hatching]
- 5. Single Lot - [diagonal hatching]
- 6. Single Lot - [diagonal hatching]
- 7. Single Lot - [diagonal hatching]
- 8. Single Lot - [diagonal hatching]
- 9. Single Lot - [diagonal hatching]
- 10. Single Lot - [diagonal hatching]
- 11. Single Lot - [diagonal hatching]
- 12. Single Lot - [diagonal hatching]
- 13. Single Lot - [diagonal hatching]
- 14. Single Lot - [diagonal hatching]
- 15. Single Lot - [diagonal hatching]
- 16. Single Lot - [diagonal hatching]
- 17. Single Lot - [diagonal hatching]
- 18. Single Lot - [diagonal hatching]
- 19. Single Lot - [diagonal hatching]
- 20. Single Lot - [diagonal hatching]
- 21. Single Lot - [diagonal hatching]
- 22. Single Lot - [diagonal hatching]
- 23. Single Lot - [diagonal hatching]
- 24. Single Lot - [diagonal hatching]
- 25. Single Lot - [diagonal hatching]
- 26. Single Lot - [diagonal hatching]
- 27. Single Lot - [diagonal hatching]
- 28. Single Lot - [diagonal hatching]
- 29. Single Lot - [diagonal hatching]
- 30. Single Lot - [diagonal hatching]
- 31. Single Lot - [diagonal hatching]
- 32. Single Lot - [diagonal hatching]
- 33. Single Lot - [diagonal hatching]
- 34. Single Lot - [diagonal hatching]
- 35. Single Lot - [diagonal hatching]
- 36. Single Lot - [diagonal hatching]
- 37. Single Lot - [diagonal hatching]
- 38. Single Lot - [diagonal hatching]
- 39. Single Lot - [diagonal hatching]
- 40. Single Lot - [diagonal hatching]
- 41. Single Lot - [diagonal hatching]
- 42. Single Lot - [diagonal hatching]
- 43. Single Lot - [diagonal hatching]
- 44. Single Lot - [diagonal hatching]
- 45. Single Lot - [diagonal hatching]
- 46. Single Lot - [diagonal hatching]
- 47. Single Lot - [diagonal hatching]
- 48. Single Lot - [diagonal hatching]
- 49. Single Lot - [diagonal hatching]
- 50. Single Lot - [diagonal hatching]
- 51. Single Lot - [diagonal hatching]
- 52. Single Lot - [diagonal hatching]
- 53. Single Lot - [diagonal hatching]
- 54. Single Lot - [diagonal hatching]
- 55. Single Lot - [diagonal hatching]
- 56. Single Lot - [diagonal hatching]
- 57. Single Lot - [diagonal hatching]
- 58. Single Lot - [diagonal hatching]
- 59. Single Lot - [diagonal hatching]
- 60. Single Lot - [diagonal hatching]
- 61. Single Lot - [diagonal hatching]
- 62. Single Lot - [diagonal hatching]
- 63. Single Lot - [diagonal hatching]
- 64. Single Lot - [diagonal hatching]
- 65. Single Lot - [diagonal hatching]
- 66. Single Lot - [diagonal hatching]
- 67. Single Lot - [diagonal hatching]
- 68. Single Lot - [diagonal hatching]
- 69. Single Lot - [diagonal hatching]
- 70. Single Lot - [diagonal hatching]
- 71. Single Lot - [diagonal hatching]
- 72. Single Lot - [diagonal hatching]
- 73. Single Lot - [diagonal hatching]
- 74. Single Lot - [diagonal hatching]
- 75. Single Lot - [diagonal hatching]
- 76. Single Lot - [diagonal hatching]
- 77. Single Lot - [diagonal hatching]
- 78. Single Lot - [diagonal hatching]
- 79. Single Lot - [diagonal hatching]
- 80. Single Lot - [diagonal hatching]
- 81. Single Lot - [diagonal hatching]
- 82. Single Lot - [diagonal hatching]
- 83. Single Lot - [diagonal hatching]
- 84. Single Lot - [diagonal hatching]
- 85. Single Lot - [diagonal hatching]
- 86. Single Lot - [diagonal hatching]
- 87. Single Lot - [diagonal hatching]
- 88. Single Lot - [diagonal hatching]
- 89. Single Lot - [diagonal hatching]
- 90. Single Lot - [diagonal hatching]
- 91. Single Lot - [diagonal hatching]
- 92. Single Lot - [diagonal hatching]
- 93. Single Lot - [diagonal hatching]
- 94. Single Lot - [diagonal hatching]
- 95. Single Lot - [diagonal hatching]
- 96. Single Lot - [diagonal hatching]
- 97. Single Lot - [diagonal hatching]
- 98. Single Lot - [diagonal hatching]
- 99. Single Lot - [diagonal hatching]
- 100. Single Lot - [diagonal hatching]



DATE: 10/1/01  
 DRAWN BY: [illegible]  
 CHECKED BY: [illegible]  
 APPROVED BY: [illegible]

**ENGINEER'S REPORT**

**FOR**

**LANDSCAPE MAINTENANCE DISTRICT NO. 5 (HAWK'S CREST)**

**FISCAL YEAR 2013-2014**

**PREPARED FOR THE**

**CITY OF NORCO**

**RIVERSIDE COUNTY, CALIFORNIA**

**PREPARED BY:**

**DOMINIC C. MILANO, P.E.**

**CITY ENGINEER**

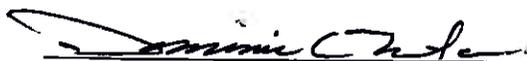
**ENGINEER'S REPORT  
CITY OF NORCO**

**LANDSCAPE MAINTENANCE DISTRICT NO. 5  
(HAWK'S CREST – TRACT 30230)  
FISCAL YEAR 2013-2014**

The undersigned respectfully submits the enclosed report as directed by the City Council.

Date: 7/17, 2013

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



Dominic C. Milano, P.E.  
R.C.E. No. 27172  
City Engineer

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment Roll and Assessment Diagram thereto attached, was filed with me on \_\_\_\_\_, 2013.

City Clerk, City of Norco  
Riverside County, California

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

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment Roll and Assessment Diagram thereto attached, was approved and confirmed by the City Council of the City of Norco, California, on \_\_\_\_\_, 2013.

City Clerk, City of Norco  
Riverside County, California

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

**FISCAL YEAR 2013-2014  
CITY OF NORCO**

**ENGINEER'S REPORT PREPARED PURSUANT TO THE PROVISIONS OF THE  
LANDSCAPING AND LIGHTING ACT OF 1972 SECTION 22500 THROUGH  
22679 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE**

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, and in accordance with the Resolution of Initiation, being Resolution No. 99-76, adopted by the Council of the City of Norco, State of California, in connection with the proceedings for:

**CITY OF NORCO  
LANDSCAPING MAINTENANCE DISTRICT NO. 5  
(HAWK'S CREST- TRACT 30230)**

Hereinafter referred to as the "Assessment District," I, Dominic C. Milano, P.E. authorized representative of the City of Norco, the duly appointed ENGINEER OF WORK, submit herewith the "Report" consisting of four parts as follows:

**PART A**

Plans and specifications for the improvements are as set forth herein and are on file in the Office of the Clerk of the City.

**PART B**

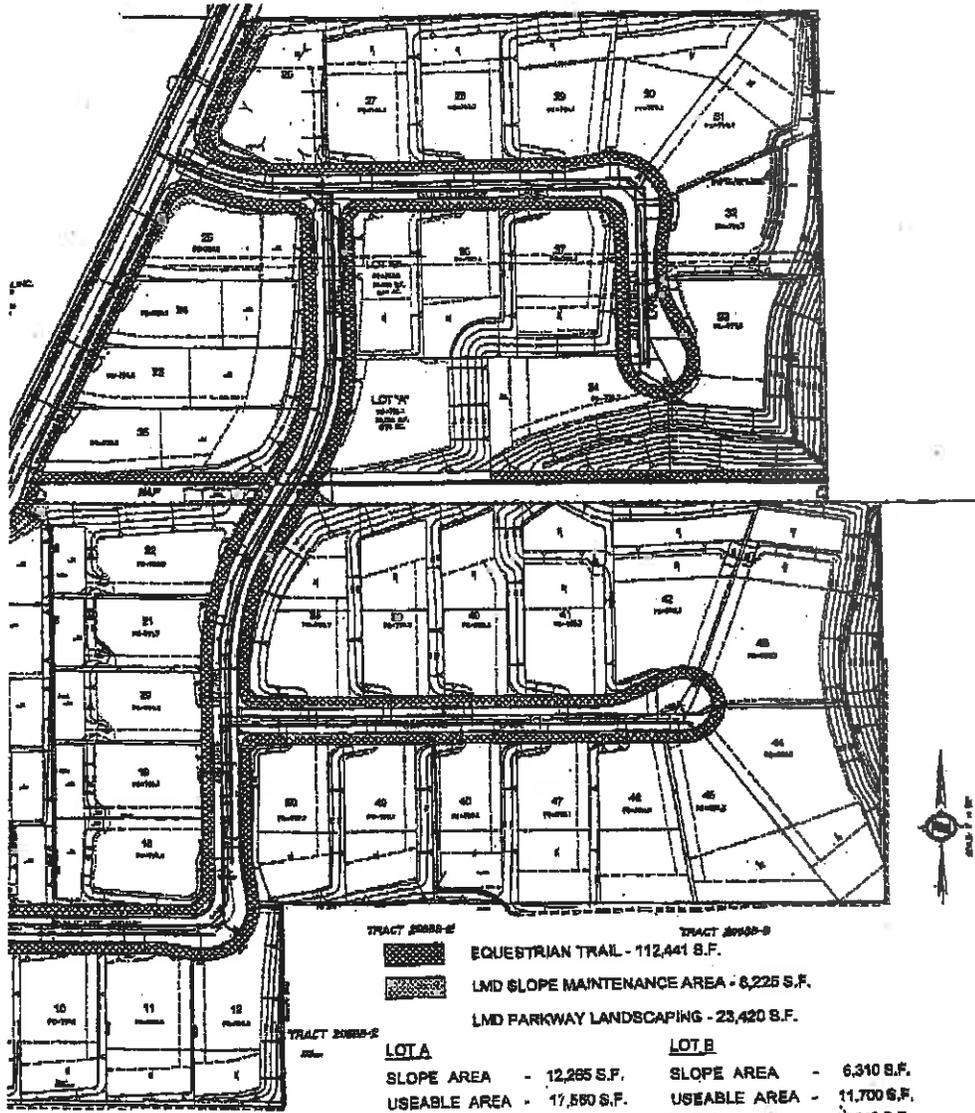
An estimate of cost of the proposed improvements, including incidental costs and expenses in connection therewith, is as set forth herein.

**PART C**

The Diagram of the Assessment District Boundaries showing the exterior boundaries of the Assessment District, the boundaries of any zones within the Assessment District, and the lines and dimensions of each lot or parcel of land within the Assessment District has been submitted to the Clerk of the City. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Riverside for the year when this Report was prepared. The Assessor's maps and records are incorporated by reference herein and made part of this Report. The legal description of the Assessment District is attached hereto.

**PART D**

An assessment of the estimated cost of the improvements on each benefited lot or parcel of land within the Assessment District.



TRACT 20000-2      TRACT 20000-3

 EQUESTRIAN TRAIL - 112,441 S.F.  
 LMD SLOPE MAINTENANCE AREA - 6,225 S.F.  
 LMD PARKWAY LANDSCAPING - 23,420 S.F.

<u>LOT A</u>		<u>LOT B</u>	
SLOPE AREA	- 12,285 S.F.	SLOPE AREA	- 6,310 S.F.
USEABLE AREA	- 17,580 S.F.	USEABLE AREA	- 11,700 S.F.
EQUESTRIAN TRAIL	- 3,230 S.F.	TOTAL AREA	- 18,010 S.F.
TOTAL AREA	- 33,095 S.F.		

T 20400-4

LA2003P/Cash/07/09/04.dwg

**PART A**

**PLANS AND SPECIFICATIONS**

**DESCRIPTION OF IMPROVEMENTS  
FOR THE CITY OF NORCO  
LANDSCAPE MAINTENANCE DISTRICT NO. 5  
(HAWK'S CREST – TRACT 30230)  
FISCAL YEAR 2013-2014**

The improvements are the operation, maintenance, and servicing of landscaping, horse trails, hardscaping, and masonry, and appurtenant facilities including but not limited to personnel, electrical energy, utilities such as water, materials, contracting services, and other items necessary for the satisfactory operation of these services, described as follows:

**LANDSCAPING**

Landscaping, planting, shrubbery, trees, irrigation, hardscapes, masonry wall surfaces, fencing, fixtures, and appurtenant facilities located within public rights-of-way (parkways), easements (slope and trail) and publicly owned parcels within the boundary of the Assessment District except as specifically excluded.

**PART B**

**ESTIMATE OF COST  
LANDSCAPE MAINTENANCE DISTRICT NO. 5 (KB HOME TRACT 30230)  
NORCO, CALIFORNIA (FUND NO. 53120)**

The estimated costs for the operation, maintenance and servicing of the facilities, shown below, are the estimated costs of maintenance if the facilities were fully maintained for Fiscal Year 2013-2014. The 1972 Act provides that the total cost of the maintenance and services, together with incidental expenses, may be financed from the assessment proceeds. The incidental expenses may include engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with district proceedings.

**Error! Not a valid link.**

The 1972 Act requires that a special fund to set up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. The City may advance funds to the District, if needed, to ensure adequate cash flow, and will be reimbursed for any such advances upon receipt of assessments. Any surplus or deficit remaining on July 1 must be carried over to the next fiscal year. The estimated fund balance for fiscal year ending June 30, 2013 and cash flow needs are as follows:

**Fund Balance**

Estimated Beginning Fund Balance July 1, 2013	\$ 59,053.00
Add Back Assessment for Future Trail Fence Replacement	\$ 0.00
Estimated Current Year Revenue Surplus	\$ 0.00
Estimated Fund Balance June 30, 2014	\$ 59,053.00

**Estimated Fund Balance Needs:**

Needed for Future Trail Fence Replacement - 10 Years of 15 Year Useful Life	\$ 41,040.00
2013-2014 Budgeted Trail Fence Replacement Capital Project	\$ 0.00
6 Months Operating Cash Flow	\$ 23,161.00
Estimated Needs	\$ 64,201.00

Estimated Surplus or (Unfunded Needs): \$ (5,148.00)

Total Replacement Cost for Trail Fence (6,840 Lineal Ft @ \$9.00/LF)	\$ 61,560.00
Annual Set-Aside for Budgeted Trail Fence Replacement Should be (15 YR Cycle)	\$ 4,104.00

The total annual levy of assessments hereunder may be increased annually by an amount not to exceed the increase in the consumer price index applicable to the City of Norco. In no case may the increase exceed the actual cost of providing the services rendered within and pursuant to the District.

***PART C***

***ASSESSMENT DIAGRAM***

An Assessment Diagram for the Assessment District is on file in the office of the City Clerk. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Riverside, for the year when this Report was prepared, and are incorporated by reference herein and made a part of this Report. A reduced scale map depicting the assessment diagram is attached hereto. Also attached as Exhibit "A" is the Legal Description of Assessment District.

**EXHIBIT A**

**LEGAL DESCRIPTION  
LANDSCAPE MAINTENANCE DISTRICT NO. 5 (HAWK'S CREST)**

That certain real property situated in the City of Norco, County of Riverside, State of California, more particularly described as follows:

Lots 1 through 50 inclusive, of Tract No. 30230 in the City of Norco, County of Riverside, State of California, as per map recorded in Book 344, Pages 40 through 45, inclusive, of Maps in the Office of the County Recorder of Said County.



**PART D**  
**ASSESSMENT**

WHEREAS, on November 5, 2003, the City Council of the City of Norco, California, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 (commencing with Section 22500) of Division 15 of the California Streets and Highways Code (the "Act") adopted its Resolution of the City Council of the City of Norco Initiating Proceedings for the Formation for a Maintenance Assessment District and thereafter formed Landscape Maintenance District No. 5 (Hawk's Crest) (the "District") as more particularly described in said proceedings; and

WHEREAS, said resolution directed the undersigned to prepare and file a report pursuant to Section 22565, et seq., of said Act;

WHEREAS, at this time, this City Council is desirous to provide for the annual levy of assessments for the territory within the District for the next ensuing fiscal year, to provide for the costs and expenses necessary for continual maintenance of improvements within said District; and

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Act and the order of the City Council of said City, hereby makes the following assessment to cover the portion of the estimated cost of the maintenance of said improvements and the costs and expenses incidental thereto to be paid by said District.

The amount to be paid for the maintenance of said improvement, and the expenses incidental thereto, are as follows:

	(1) As Filed	(2) As Preliminarily Approved	(3) As Finally Approved
Cost of Maintenance	\$ 31,980.00	\$ 31,980.00	\$ 31,980.00
Incidental Expenses	<u>\$ 14,341.00</u>	<u>\$ 14,341.00</u>	<u>\$ 14,341.00</u>
Total Cost	\$ 46,321.00	\$ 46,321.00	\$ 46,321.00
Surplus or (Deficit) from			
Previous Fiscal Year	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
NET TO BE ASSESSED	\$ 46,321.00	\$ 46,321.00	\$ 46,321.00
FOR FISCAL YEAR			
2012-2013			

The total annual levy of assessments hereunder may be increased annually by an amount not to exceed the increase in the consumer price index applicable to the City of Norco. In no case may the increase exceed the actual cost of providing the services rendered within and pursuant to the District. The annual CPI ending March 31, 2013 was 1.3%. The application of this CPI will increase the per parcel assessment from \$914.53 to \$926.42 for a District wide levy of \$46,321.50.

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purposes as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City

Council deems appropriate. Any balance remaining on July 1 must be carried over to the next fiscal year. The estimated fund balance for fiscal year ending June 30, 2013 is \$59,053.00.

As required by said Act, a diagram is attached showing the exterior boundaries of said District. The lines and dimensions of each lot or parcel of land within the said District as the same existed at the time of the passage of said resolution are as shown on the maps of the County Assessor of the County of Riverside. Reference is hereby made to said maps and said maps shall govern for all details concerning the lines and dimensions of such lots and parcels.

I do hereby assess the net amount to be assessed upon all assessable lots or parcels of land within said District by apportioning that amount among the several lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the maintenance of said improvements, and more particularly set forth in the list hereto attached and by reference made a part hereof.

Said assessment is made upon the several lots or parcels of land within the District in proportion to the estimated benefits to be received by said lots or parcels, respectively, from the maintenance of said improvements. The diagram and the assessor's map are the documents to which reference is hereby made for a more particular description of said property.

Each lot or parcel of land assessed is described in the assessment list by reference to its parcel number as shown on the Assessor's Maps of the County of Riverside for the Fiscal Year 2012-2013 and includes all of such parcel. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of said County.

City of Norco

Dated: \_\_\_\_\_, 2013

\_\_\_\_\_  
Dominic C. Milano, P.E.  
City Engineer

## **EXHIBIT B**

### **METHOD AND FORMULA OF ASSESSMENT SPREAD**

The law requires and the statutes provide that assessments, as levied pursuant to the provisions of the "Landscaping and Lighting Act of 1972," must be based on the benefit that the properties receive from the works of improvement. The statute does not specify the method or formula that should be used in any special assessment district proceedings. The Assessment Engineer is appointed for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation. For these proceedings, the City has based its determination on standard assessment practices utilized by consulting civil engineers with a background of experience in the design of such works of improvement and experience in the completion of assessment district formation projects.

#### **IDENTIFYING THE BENEFIT**

First of all, it is necessary to identify the benefit that the public improvement will render to the properties within the Assessment District. The landscaping, irrigation, and equestrian trails have been designed and will be constructed for the benefit of enhanced aesthetics and neighborhood identity for all properties within the Assessment District.

#### **APPORTIONMENT OF COSTS**

In further making the analysis, it is necessary that the property owners receive a special and direct benefit distinguished from that of the general public. In this case, several factors are being used in the final method and spread and assessment.

The individual parcels of land within the Assessment District are currently developed or have the potential for development to single family residential units. The proposed improvements are designed to enhance the appearance and appeal of the District and all of the parcels within. The improvements will provide a sense of neighborhood identity for the District. As such, each parcel will benefit equally from the proposed improvements.

In conclusion, it is my opinion that the assessments for the referenced Assessment District have been spread in direct accordance with the benefits that each parcel receives from the works of improvements.

**LIST OF ASSESSMENTS  
 LANDSCAPE MAINTENANCE DISTRICT NO. 5 (HAWK'S CREST – TRACT 30230)  
 FISCAL YEAR 2013-2014**

<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>	<u>Lot No.</u>	<u>As Preliminarily Approved</u>	<u>As Finally Confirmed and Recorded</u>
1	\$926.42		45	\$926.42	
2	\$926.42		46	\$926.42	
3	\$926.42		47	\$926.42	
4	\$926.42		48	\$926.42	
5	\$926.42		49	\$926.42	
.6	\$926.42		50	\$926.42	
7	\$926.42				
8	\$926.42				
10	\$926.42				
11	\$926.42				
12	\$926.42				
13	\$926.42				
14	\$926.42				
15	\$926.42				
16	\$926.42				
17	\$926.42				
18	\$926.42				
19	\$926.42				
20	\$926.42				
21	\$926.42				
22	\$926.42				
23	\$926.42				
24	\$926.42				
25	\$926.42				
26	\$926.42				
27	\$926.42				
28	\$926.42				
29	\$926.42				
30	\$926.42				
31	\$926.42				
32	\$926.42				
33	\$926.42				
34	\$926.42				
35	\$926.42				
36	\$926.42				
37	\$926.42				
38	\$926.42				
39	\$926.42				
40	\$926.42				
41	\$926.42				
42	\$926.42				
43	\$926.42				
44	\$926.42				

**TOTAL TO BE ASSESSED: \$ 46,321.00**

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Steve King, Planning Director 

DATE: July 17, 2013

SUBJECT: **Appeal Hearing: Conditional Use Permit 2013-04 (Kent Knopf):** An appeal of Planning Commission approval of a conditional use permit to allow an ambulance service office and staging area, a used RV sales and rentals dealership, and other vehicle sales, to operate in existing buildings of a former Mazda dealership that is no longer in business at 2000 Hamner Avenue in the Auto Mall Specific Plan (APN 126-120-015).

**SUMMARY:** This is an appeal hearing regarding Planning Commission approval of a conditional use permit, approved for one year, to allow accessory auto-related uses to operate in existing buildings at a new vehicle dealership site in the Auto Mall Specific Plan (former Mazda dealer), without a new vehicle dealership being present on-site. The action of the Planning Commission was appealed by the City Council.

**BACKGROUND:** on June 12, 2013, the Planning Commission adopted Resolution 2013-18, approving Conditional Use Permit 2013-04 for a period not to exceed one year, with potential for extension upon approval by the Planning Commission. The Planning Commission in its discussion was concerned with the loss of sales tax generating properties on Hamner Avenue for uses that do not generate sales taxes or do not generate much in the way of spill-over business activity to surrounding businesses. This was the reasoning for placing a one-year time limit so as to keep the property available for a potential new car dealership in the future. At the June 19, 2013 meeting the City Council appealed the action of the Planning Commission to take up the project for its own review and action.

**PROJECT DESCRIPTION:** The proposal approved by the Planning Commission allows accessory auto-related uses (a used RV rentals and sales business, the business office and staging area for an ambulance service business, and other vehicle sales) to operate in the existing buildings of a former Mazda dealership (ref. Exhibit "A" – Location; Exhibit "B" – Site Map). Auto (RV) rentals and used auto sales are uses only allowed either as accessory uses to a new vehicle dealership or by approval of a conditional use permit (CUP) if there is not a new vehicle dealership. The proposed ambulance service company is allowed by CUP based on the underlying C-G zone. The used RV rentals and sales dealer is already in business at the site having been approved to be there for one year with

CUP 2012-12 which expires in October 2013. "Other vehicle sales" has been included as another potential use for which the site can be used if the CUP is approved.

**BACKGROUND:** The Mazda dealership went out of business in 2009. In 2010 the property was sold to a company interested in locating a new electric vehicle dealership at the site. At the same time the owner of an existing used car dealership in the City was working in concert with the previous owner and the new owner to relocate the used car dealership to this site. The City worked out an agreement with the parties involved that a conditional use permit (CUP) for accessory uses would not be required provided a new car dealership would be located there. The used car dealership was allowed to re-locate based on that agreement which included performance standards that needed to be met in order to allow the agreement to stay valid (ref. Exhibit "C" – "Timeline for Evolution Auto").

Most of the performance standards in the agreement were never met including proof that a new electric vehicle retail dealership was operating there (ref. Exhibit "D" – "Timeline for Evolution Auto – Status"). In spite of this, other "accessory uses" continued to locate at the site. In October 2012 the Planning Commission approved Conditional Use Permit 2012-12 that allowed the then-existing ancillary uses to continue to operate at the site without a new vehicle dealership, but only for one-year. At the end of one year the ancillary uses would no longer be allowed without the new car dealership there, or unless the temporary CUP was extended upon approval by the Planning Commission. The project being considered with this request is a new CUP application. If approved the new CUP would replace CUP 2012-12.

**ANALYSIS:** The Auto Mall Specific Plan was approved with a tiered classification of three land use categories based on the suitability of a site to accommodate a new car dealership (ref. Exhibit "A" – Auto Mall Specific Plan Land Use Map). Sites identified as Area "A" were the sites deemed most suitable for the establishment of new car dealerships. Area "B" sites were deemed as appropriate for support service businesses to the new car dealers. In Area B, those auto-related uses only allowed as accessory uses in Area A could be permitted as stand-alone businesses. Area "C" sites consisted of existing development and were deemed as locations for Auto Mall business support services but not limited to auto-related uses. Area "D" was created in 2012 through a specific plan amendment that added more retail uses as permitted uses for properties in the north side of the Auto Mall Specific Plan near Third Street. The amendment that created Area "D" did not affect the property being considered with this application.

The existing one-year CUP that expires in October 2013 was based on an agreement with the different parties involved with this site at that time. One of the parameters in the agreement was to allow these uses to operate so that the owner could build a base of working capital toward the goal of "obtaining a new car franchise" in the future. The intent of the Specific Plan, however, was that accessory services would be allowed in combination with, and as a part of, a new car dealership for the customers of that business

or as “an integral part of the operation.” It was not the intent for Area “A” sites to become small mini-malls of disparate ancillary auto-related uses.

The original agreement (prior to CUP 2012-12) included a “Timeline Performance Standards” to bring the site up to an acceptably-maintained state. Since the agreement it has been an on-going effort on the City’s part to have the site maintained for the ultimate intended use as a new car dealership site and to maintain the appearance so as not to detract from ambience of the Auto Mall itself. The used car dealership and all of the ancillary businesses have vacated the site with the exception of the RV rentals and sales dealer that is still there. The applicant’s intent is to keep the used RV rental and sales business at the site and locate the business office of the ambulance operation as well as the staging area for the ambulances themselves. The ambulance service is a non-emergency operation and typically only transfers patients between facilities. There will always be someone at the ambulance service business but the drivers will work in 10-hour shifts. No one will be living or sleeping at the facility.

The applicant stated in the application that he would be an on-site manager at the office of the ambulance business every day. The ambulance business would be located at the back of the site away from Hamner Avenue. The existing front and south show rooms would be leased out for auto sales, new and used RV rentals and sales, and/or other vehicle sales. The applicant has stated their intent is to clean up the site and maintain it. This would include repairs to the structure to keep it from deteriorating further. The goal is still the attraction of a new car dealership (ref. Exhibit “E” – Application Justification for Approval).

When the existing one-year CUP (CUP 2012-12) was approved staff was concerned that the existing situation at that time did not present itself well to the attraction of a new car dealership. The concern was that a continuation of what had been the trend in a lack of on-going site maintenance would detract from the functionality of the rest of the Auto Mall. The Planning Commission agreed and adopted the resolution with the one-year time limit.

This new application for a CUP has also been conditioned for one year but with the provision that the time-frame can be extended with application to, and approval at the discretion of the Planning Commission. The CUP time-frame will allow the owner/applicant to demonstrate commitment to maintaining the site for the possibility of a new car dealership in the future. Without any action on this new application the existing one-year CUP will expire in October of this year.

Attachment: Planning Commission Resolution 2013-18  
Exhibit “A” – Location Map; Auto Mall Specific Plan Land Use Map  
Exhibit “B” – Site Map  
Exhibit “C” – Timeline for Evolution Auto  
Exhibit “D” – Timeline for Evolution Auto – Status  
Exhibit “E” – Application Justification for Approval

## RESOLUTION 2013-18

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF NORCO, CALIFORNIA GRANTING WITH CONDITIONS A CONDITIONAL USE PERMIT THAT WILL EXPIRE IN ONE YEAR (WITHOUT EXTENSION) TO ALLOW A USED R.V. RENTAL AND SALES DEALER, AN AMBULANCE SERVICE PROVIDER, AND OTHER AUTOMOBILE VEHICLE SALES TO OPERATE IN EXISTING BUILDINGS OF A FORMER NEW CAR DEALERSHIP THAT IS NO LONGER PRESENT ON 2.33 ACRES LOCATED ON THE SOUTHWEST CORNER OF HAMNER AVENUE AND AUTO MALL DRIVE (2000 HAMNER AVENUE) IN THE AUTO MALL SPECIFIC PLAN. CONDITIONAL USE PERMIT 2013-04.**

WHEREAS, KENT KNOPF, initiated an application for a conditional use permit on property generally described as:

All that portion of Lot(s) 3 and 4 in Block 7 of Riverside Orange Heights Tract, as shown by map on file in Book 6 Page(s) 74, of Maps, Records of Riverside County, California;

More generally described as approximately 2.33 acres located on the southwest corner of Hamner Avenue and Four Wheel Drive (APN's 126-120-015, -016); and

WHEREAS, on May 8, 2013 the Planning Commission denied Conditional Use Permit 2013-03 without prejudice, a request for the same approval, with minor changes, as Conditional Use Permit 2013-04; and

WHEREAS, said application for Conditional Use Permit 2013-04 has been duly submitted to said City's Planning Commission for decision at a public hearing for which proper notice was given; and

WHEREAS, at the time set at 7 p.m. on June 12, 2013, within the Council Chambers at 2820 Clark Avenue, Norco, California, 92960, said petition was heard by the Planning Commission for the City of Norco; and

WHEREAS, at said time and place, said Planning Commission heard and considered both oral and written evidence; and

WHEREAS, the City of Norco, acting as the Lead Agency, has determined that the project is exempt from the California Environmental Quality Act (CEQA) and the City of Norco Environmental Guidelines per Class 1.

NOW, THEREFORE, the Planning Commission of the City of Norco does hereby make the following FINDINGS AND DETERMINATION:

I. FINDINGS:

- A. The proposed accessory uses can be allowed without a new vehicle dealership as the primary use at the site through approval of a conditional use permit.
- B. The requested conditional use permit will not adversely affect the General Plan or the public convenience or general welfare of persons residing or working in the neighborhood thereof, by reason that the Norco General Plan and Official Zoning Map have both designated the site as Specific Plan. The nature of the proposed land use is conditionally permitted subject to conditions. The use can be operated in a manner so as to be consistent with surrounding uses, and will therefore not have any significant effects.
- C. The requested use will not adversely affect the adjoining land uses, and the growth and development of the area in which it is located by reason that the adjoining land uses are either fully developed or zoned for compatible uses. The proposed use, when operated in compliance with the conditions of approval, will be compatible with surrounding properties and therefore will not have an adverse effect on adjoining properties.
- D. The size and shape of the site proposed for the use is adequate to allow the full development of the proposed use in a manner not detrimental to the particular area as the proposed development meets all applicable development standards.
- E. The traffic generated by the proposed use will not impose an undue burden upon the streets and highways in the area, based on compliance with conditions of approval.
- F. The proposed uses if established permanently without the presence of a new car dealership may not be consistent with the long-term goals, objectives, and purpose of the specific plan for this site as established in the Auto Mall Specific Plan. The one-year time-limit, with a provision for possible extension upon approval by the Planning Commission, on the Conditional Use Permit should not be detrimental to the City or to full implementation of the intended uses of the Auto Mall.
- G. The City of Norco has been determined to be the lead agency for environmental reporting purposes pursuant to State and local environmental guidelines, and has determined that the project is exempt pursuant to the

California Environmental Quality Act (CEQA) and the City of Norco Environmental Guidelines (Class 1).

II. DETERMINATION:

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Norco, California, in session assembled on June 12, 2013 that the aforesaid application for a conditional use permit is granted, subject to conditions, as provided for in Section 18.45.14 of the Municipal Code of Norco, including, but not limited to the following conditions:

1. This Resolution (2013-18) repeals Planning Commission Resolution 2012-12. Conditional Use Permit 2013-04, upon its affective date, repeals Conditional Use Permit 2012-12 and is valid and legal for a period not to exceed one year from the effective date of this approval, with provision that the Planning Commission at its discretion may approve an extension upon application and payment of application fees by the applicant.
2. Approval is based on Exhibit "B" – Site Map incorporated herein by reference and on file with the Planning Division. Development shall occur as shown unless otherwise noted in these conditions.
3. The uses approved with this one-year conditional use permit are limited to a used R.V. rentals and sales business, an ambulance service provider for offices and the staging of ambulance vehicles, and other automobile vehicle sales. The Planning Commission may approve the addition of other businesses, not included in this list, for location at this site only after submittal of an application, including payment of an application fee, for an amendment to the CUP. The location of any other business entity is not allowed without prior approval of an amendment to the CUP.
4. The recorded owner of the property shall submit to the Planning Division, for record purposes, written evidence of agreement with all conditions of this approval before said permit shall become effective.
5. The project shall be in compliance with all City of Norco Municipal Codes, Ordinances and Resolutions including the Auto Mall Specific Plan. Non-compliance with any provisions of the Norco Municipal Code (NMC) not specifically waived in compliance with City procedures shall constitute cause for revocation and/or termination of the approvals granted under authority of permit.
6. In the event conditions for approval by the Planning Commission, or City Council (as the case may be) require the revision of plans as submitted, the applicant shall submit four copies of the approved plan (revised to incorporate con-

ditions for approval) to the Planning Division for record purposes for approval of any grading and/or building permits.

7. No building permits shall be issued for any tenant improvements without prior approval of a floor plan by the Planning Division to ensure that buildings are not altered in any way that would preclude future use for the primary intended use of the site which is a new car dealership.

8. The applicant shall obtain permits for any tenant improvements to the interior of the units that will be used. Tenant improvements shall comply with building and safety requirements and shall only be for those uses approved with this conditional use permit. No tenant improvements for additional uses shall be allowed for any other accessory uses until those uses have been approved by the Planning Commission through a modification of this CUP.

9. This is not an approval to begin work or to occupy the subject buildings. No work shall be commenced nor shall the units shall be occupied until the City has issued building permits and all other appropriate permits and licenses (i.e., business license, certificate of occupancy, etc.).

10. No occupancy of any building and/or structure shall be permitted which is not in compliance with approved plans and excepting upon specific review and approval of any "as built" modifications by the Planning Director, or designee, as appropriate.

Provided further, that no expansion of use beyond the scope and nature described in this application which would tend to increase the projected scale of operations, shall be permitted except upon application for, and approval of, modification of this application in compliance with all procedures and requirements thereof.

The addition of more accessory uses, other than the approved specific uses listed in Condition #3, is considered an expansion of use and shall not occur without prior approval from the Planning Commission.

11. No signs are authorized by approval of this conditional use permit. Any signs proposed for this project shall be submitted to the Planning Division for review and approval. Once signs are approved, building permits shall be obtained from the Building Division for issuance of a building permit.

12. Regardless of temporary advertising signage that may be allowed pursuant to the Auto Mall Dealers Association agreements, no temporary advertising signs shall be erected without prior approval of a Special Events Sign Permit from the Planning Division.

13. All signs for which a sign permit or a special event sign permit has not been approved, or has been approved but has expired, shall be removed immediately upon approval of this CUP.

14. No service or work on vehicles shall be permitted for any vehicles with the exception of minor engine service and work on vehicles associated with the used RV rental and sales dealership, the ambulance service company, and other automobile vehicle sales. No repair or service of these vehicles shall occur between the existing buildings and Hamner Avenue and between the existing buildings and Auto Mall Drive. Furthermore, no outdoor storage of any vehicles being serviced is permitted. However, a vehicle being serviced may be parked/stored outdoors overnight in the vehicle service/service parking interior courtyard as shown on the approved site plan, but in no case longer than 48 hours.

15. Vehicles needing to be serviced shall not be parked in driveways or drive aisles. All driveways and drive aisles, including drive aisles to the interior courtyard must remain clear and unobstructed at all times.

16. Used R.V.'s for sale and rental R.V.'s shall only be stored/displayed in paved marked parking stalls in the southeastern portion of the lot within 160 feet of the southern property line. There shall be no storage or display of vehicles in landscaped areas.

17. Ambulances shall be stored in the interior courtyard.

18. A clarifier approved by the Director of Public Works shall be installed and connected to the City sewer system to treat existing floor drains not already connected, and any new floor drains located in the building prior to finalization of any needed Building Permits.

19. It is hereby established that it shall be grounds for revocation of this conditional use permit if the permittee, his agent or assigns, or employee(s) of his establishment, or any other person connected or associated with the permittee or his business establishment, or any person who is exercising managerial authority of the business establishment has:

a. Violated any rule, regulation or condition of approval adopted by the Planning Commission relating to the conditional use permit; or

b. Conducted the operation permitted hereunder in a manner contrary to the peace, health, safety and general welfare of the public or in a manner which either generates or contributes to noise and/or health/sanitation

nuisances, or which results in undesirable activities or creating an increased demand for public services.

20. The applicant shall comply with all requirements from Building and Safety, Planning and all other applicable departments and agencies.

21. All landscaping areas within parkways, along the frontage, and within interior parking areas along the frontages of both Hamner Avenue and Auto Mall Drive shall be re-established pursuant to approved landscaping plans on file with the Planning Division (Site Plan 88-2).

22. All landscaping areas shall be provided with a water-conserving automatic irrigation system. Within 30 days of approval of this CUP an underground irrigation plan shall be submitted to the Planning Division for approval including the refurbishment of any previous irrigation lines to be used. Such plans shall indicate the location and dimensions of all landscaped areas and irrigation lines. All irrigation facilities shall be refurbished or installed within 60 days of approval of this CUP, and shall be maintained in working conditions. All landscaping materials shall be planted within 60 days of approval of this CUP. Trees to be planted shall be minimum 24-inch planter boxes. Shrubs to be planted shall be minimum 5-gallon container plants.

23. It shall be the responsibility of the applicant and property owner to ensure that the use is operated in a clean and maintained condition that maintains the attractiveness of the Auto Mall for existing and future new car dealerships, including all landscaping areas. Failure to do so may be subject to a revocation of this conditional use permit.

24. Building addresses shall be visible from a public street. The primary building address shall be visible from Hamner Avenue.

25. "No Trespassing" after-hours signage shall be posted on the rear of all buildings.

26. Adequate lighting shall be maintained during business hours at night.

27. The owner/operator of the business, regardless of any changes in ownership, shall provide a self-audit of compliance with the conditions of approval to the Planning Commission on a form or in a manner determined by the Planning Division, and inclusive of the payment of any fees as may be set by the City Council. Said report shall demonstrate that the project is in compliance with all the conditions of approval and shall be submitted for review no later than six months from the approval date of this CUP. The owner/operator shall be responsible for all staff and attorney fees that may be incurred in the enforcement of the

terms of the conditions of approval, whether they are annual inspections or compliance hearings.

Irrespective of the self-audit requirement, the City maintains the option to open an investigation of CUP compliance at any time.

28. The owner, manager, or any successor thereto assigned for management of the property in question shall participate fully in the Norco Auto Mall Dealership Association, including maintenance of the freeway sign.

29. The owners, managers, or any successors thereto assigned for management of any of the businesses specifically allowed by Condition #3 shall be full participating members of the Norco Auto Mall Dealership Association, as applicable, including maintenance of the freeway sign.

#

PASSED AND ADOPTED by the Planning Commission at a regular meeting held June 12, 2013.

---

Robert E. Wright, Chair  
Planning Commission  
City of Norco, California

ATTEST:

---

Steve King, Secretary  
Planning Commission  
City of Norco, California

I HEREBY CERTIFY that the foregoing Resolution was duly and regularly passed and adopted by the Planning Commission of the City of Norco at a special meeting thereof held on June 12, 2013 by the following roll call vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

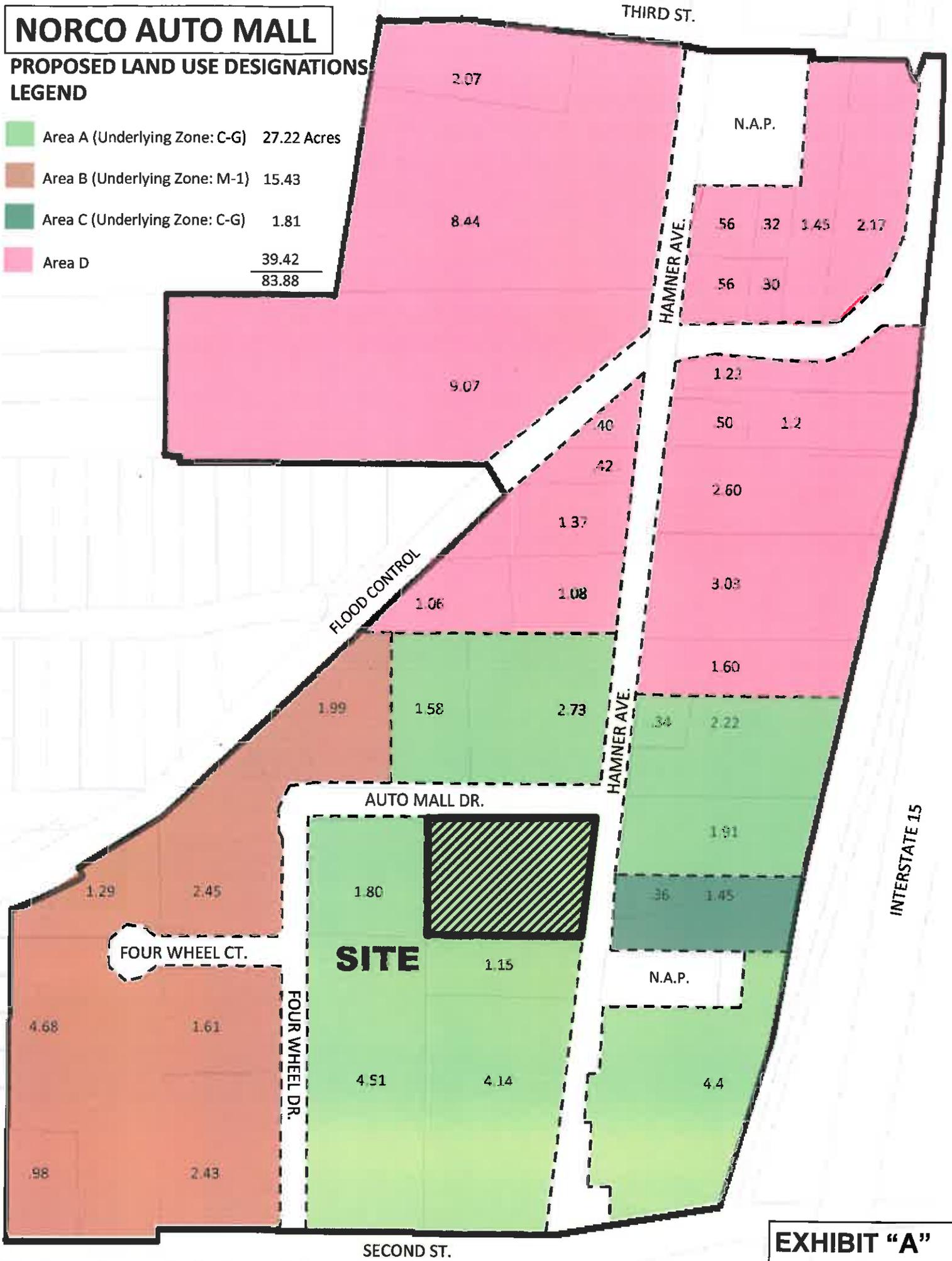
---

Steve King, Secretary  
Planning Commission  
City of Norco, California

# NORCO AUTO MALL

## PROPOSED LAND USE DESIGNATIONS LEGEND

<span style="color: green;">■</span>	Area A (Underlying Zone: C-G)	27.22 Acres
<span style="color: brown;">■</span>	Area B (Underlying Zone: M-1)	15.43
<span style="color: teal;">■</span>	Area C (Underlying Zone: C-G)	1.81
<span style="color: pink;">■</span>	Area D	39.42
		83.88



**EXHIBIT "A"**

## TIME LINE FOR EVOLUTION AUTO

1. Provide copies of signed franchise agreements from CT&T and Land King to City Manager.
2. After City has obtained signed franchise agreements, open facility with AM Motors.
3. Regardless of business legal name, the name to be used on business identification and business license is: "Evolution Auto" (not Evolution Auto Center).
4. Showing of existing CT&T showroom models already on-site to begin immediately with interest cards for when sale models become available.
5. Promotional curriculum for Land King to be made available immediately.
6. Temporary sign: "Evolution Auto" coming soon, CT&T Auto, Land King, AM Motors.
7. Replace face of existing monument sign with permanent signage:  
Example:

<b>EVOLUTION AUTO</b>		
CT&T AUTO	LAND KING	AM MOTORS

8. Land King vehicles for sale on site within 45 days from issuance of business license.
9. CT&T vehicles for sale on site within 30 days of issuance of business license.
10. 60 days from issuance of business license for ancillary services consisting of known brand car rental or car service company to lease out back of facility with separate signage along Four Wheel Drive (not on the main Hamner sign).
11. 60 days to present a plan for City approval for periodic public auctions to increase traffic to the auto mall. The number of auctions shall be limited to the parameters established by Special Event Permits section of the Norco Municipal Code and will not exceed 15 calendar days per year.

## FUTURE

1. Obtain enough working capital to obtain large new car franchise.

## OPERATIONAL REQUIREMENTS

1. Evolution Auto will be a full participant in Auto Mall Association including maintenance of freeway sign.
2. Dealership to be maintained in a clean condition and have the appearance of a new car dealership.
3. Temporary event signage will be in accordance with Auto Mall temporary signage standards.

## PROJECTIONS

- 25 used cars per month
- 10 to 20 CT&T NEV per month
- 10 to 40 Land King EV per month

## TIME LINE FOR EVOLUTION AUTO STATUS

ITEM	TASK	STATUS
1	Provide copies of signed franchise agreements from CT&T and Land King to City Manager.	Not complete.
	A franchise agreement has only been submitted for Land King, not CT&T.	←
2	After City has obtained signed franchise agreements, open facility with AM Motors.	
3	Regardless of business legal name, the name to be used on business identification and business license is: "Evolution Auto" (not Evolution Auto Center).	Not complete.
4	Showing of existing CT&T showroom models already on-site to begin immediately with interest cards for when sale models become available.	Not complete.
5	Promotional curriculum for Land King to be made available immediately.	Not complete.
6	Temporary sign: "Evolution Auto" coming soon, CT&T Auto, Land King, AM Motors.	Not complete.
7	Replace face of existing monument sign with permanent signage (example):	Not complete.
	<b>EVOLUTION AUTO</b>	
	CT&T AUTO      LAND KING      A and M MOTORS	
	Permanent signage has not been completed and a temporary event sign permit is only good for maximum of 60 days.	
8	Land King vehicles for sale on site within 45 days from issuance of business license.	Not complete.
	Land King vehicles were supposed to be for sale on-site by November 21, 2010. City is not aware of any retail sales from either electric vehicle company.	
9	CT&T vehicles for sale on site within 30 days of issuance of business license.	Not complete.
10	60 days from issuance of business license for ancillary services consisting of known brand car rental or car service company to lease out back of facility with separate signage along Four Wheel Drive (not on the main Hamner sign).	Complete.
	This is supposed to be operated out of the back of the facility with signage along Four Wheel Drive. Vehicles periodically are displayed on Hamner.	
11	60 days to present a plan for City approval for periodic public auctions to increase traffic to the auto mall. The number of auctions shall be limited to the parameters established by Special Event Permits section of the Norco Municipal Code and will not exceed 15 calendar days per year.	N/A
<b>FUTURE</b>		
1	Obtain enough working capital to obtain large new car franchise.	Not complete.
<b>OPERATIONAL REQUIREMENTS</b>		
1	Evolution Auto will be a full participant in Auto Mall Association including maintenance of freeway sign.	?
2	Dealership to be maintained in a clean condition and have the appearance of a new car dealership.	Not being done.
3	Temporary event signage will be in accordance with Auto Mall temporary signage standards.	Not being done.
	The site has had ongoing issues with illegal temporary signs and overhead streamers being put up without necessary approvals.	

/sk-81959

EXHIBIT "D"



## CONDITIONAL USE PERMIT JUSTIFICATION FOR APPROVAL

ANSWER THE FOLLOWING QUESTIONS IN THE SPACES PROVIDED BELOW.  
ATTACH ADDITIONAL PAGES IF NECESSARY.

1. Explain how the requested conditional use permit will not adversely affect the general plan or the public convenience or the general welfare of persons residing or working in the neighborhood thereof.

OUR OWNERSHIP AND OPERATION OF THE PROPERTY ARE PERMITTED USES BY THE CITY IN THIS ZONE. OUR USE WILL NOT ADVERSELY AFFECT THE SPECIFIC PLAN AS WE ARE ATTEMPTING TO UPGRADE AND MAINTAIN THE PROPERTY SO THAT A NEW CAR DEALERSHIP WILL WANT TO COME JOIN THE AUTO MALL. LEFT AS IS, THIS PROPERTY WILL DETERIORATE AND BECOME A BOARDED UP, RUN DOWN BUSINESS WHICH DEFINITELY WILL ADVERSELY AFFECT THE CITY OF NORCO.

2. Explain how the requested use will not adversely affect the adjoining land uses and the growth and development of the area in which it is proposed to be located.

OUR USE IS SIMILAR TO THE SURROUNDING BUSINESSES AND WILL ENHANCE THE CITY AND BRING MORE BUYERS TO THE AREA. LEFT VACANT, THE PROPERTY WILL ADVERSELY AFFECT THE CURRENT BUSINESSES AROUND IT GREATLY. OUR BUSINESS AND EMPLOYEES WILL BE PURCHASING FOOD, FUEL AND SUPPLIES IN THE CITY OF NORCO INSTEAD OF CORONA AND ALL THIS WILL ADD TO THE TAX REVNUUE FOR THE CITY, AS WELL AS OUR SALES ON THE PROPERTY.

3. Explain how the size and shape of the site proposed for the use is adequate to allow the full development of the proposed use in a manner not detrimental to the particular area.

WE WILL USE THE PROPEY "AS IS" AND HAVE NO INTENTIONS OF EXPANDING WHAT IS CURRENTLY THERE. WE WILL NOT ALTER THE BUILDING IN ANY WAY WHICH WOULD PROHIBIT FUTURE USE AS A NEW CAR DEALERSHIP.

4. Explain how the traffic generated by the proposed use will not impose an undue burden on streets and highways in the area.

THE TRAFFIC GENERATED WILL NOT INCREASE SUBSTANTIALLY WITH OUR USUAGE BUT WE DO HOPE TO INCREASE TRAFFIC FOR SALES OF VEHICLES.

**CITY OF NORCO  
STAFF REPORT**

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Steve King, Planning Director 

DATE: July 17, 2013

SUBJECT: **Appeal Hearing: Site Plan 2013-10 (Sanders):** Appeal of Planning Commission approval of an accessory building consisting of a 553 square-foot detached workshop at 318 Silver Springs Lane located within the Norco Hills Specific Plan (NHSP, Amendment No.1).

**SUMMARY:** On June 17, 2013 the Planning Commission approved Site Plan 2013-10 as meeting the minimum standards for an accessory building on a 3-1 vote. The dissenting vote was based on the concern that the approved location of the accessory building was in the one location that still could keep this lot an animal-keeping lot and that with the accessory building as approved the lot would no longer be conducive to animal-keeping. The action of the Planning Commission to approve the project was appealed by the City Council.

**BACKGROUND/PROJECT DESCRIPTION:** Site Plan 2013-10 proposes a 553 square-foot detached workshop accessory building at 318 Silver Springs Lane (ref. Exhibit "A" – Location Map). The property is about .46 acres or 20,030 square feet. There is a landscape easement at the rear of the property consisting of 3,878 square feet adjacent to Norco Hills Road resulting in a net useable area of 16,152 square feet (ref. Exhibit "B" – APN Map and Exhibit "D" – Aerial and Site Photos). The landscape easement is part of Landscape Maintenance District 3.

**ANALYSIS:** Accessory buildings 864 square feet or less require site plan approval by the Planning Commission. The site plan, building elevations and floor plan approved by the Planning Commission for the proposed structure are attached (ref. Exhibit "C" – Site Plan, Building Elevations and Floor Plan). The building consists of a 468 square-foot workshop with an 85 square-foot attached porch. The building is proposed to be wood construction and proposed to match the existing house in material and color.

The following is required of accessory buildings in the NHSP Amendment No.1:

- A minimum of 5 feet from property lines and pools and 10 feet from any other structure is required for accessory buildings. **The proposed building meets these requirements.**
- The maximum height of any accessory structure 864 square feet or smaller is 14 feet, or as approved by the Planning Commission. **The structure was approved at 14 feet.**
- The maximum lot coverage of all structures is 40% of the total lot area. The maximum lot coverage for accessory building is 15% of the total lot area. **The subject property is approximately 20,030 square feet. The lot coverage of buildings on the property is**

**about 18%, which takes into account the existing and proposed structure. The accessory building coverage is about 3%.**

The accessory building ordinance for properties in the NHSP does not require an open animal area since not all properties in the NHSP were graded to safely keep large animals to the same extent that the A-1 zone allows. With Amendment No. 1, however, the lots were created and mass-graded to match the animal-keeping standards of the A-1-20 zone. As such, the required open animal area would apply. All issues not covered by the Specific Plan Residential District development standards default to the A-1 zone standards.

- **A contiguous open animal area must be shown on the site plan which must be rectangular in shape with a minimum of 24 feet on any side. The total open area must be equal to the allowed number of animal units multiplied by 576 square feet. Based on the size of the property (20,030 square feet), a total of 5 animal units would be allowed which would require an open area of at least 2,880 square feet. An open area consisting of at least 2,880 square feet is being shown on the site plan behind the existing patio attached to the back of the house (highlighted on Exhibit "C").**

It should be noted that the landscape easement at the rear of this property cannot be used for anything other than landscaping. No grading, structures or animal-keeping is allowed in this easement. If you exclude the 3,878 square-foot easement, the usable land is 16,152 square feet. Based on A-1 standards the allowed number of animal units would be 3, which would require an open area of 1,728 square feet. Either way the project can meet the required open area.

The project meets the minimum requirements for an accessory building of 864 square feet or less. The requirements for minimum setbacks, height limit and lot coverage are adhered to, and the required open area of 2,880 is maintained. The concern that was expressed at the Planning Commission regarding the "open area" as shown was that even while it met the minimum requirement, it would not be conducive to animal-keeping. The designated open area is a grass lawn located between a patio cover and a pool deck, and it also includes part of a concrete driveway. The concern was that this would never be an animal-keeping area and that the only open dirt area that could be conducive to animal keeping is the location where the accessory building was approved. The conclusion of these concerns was that the accessory building as approved would render this lot as a non-animal-keeping lot into the future, where in its current condition it still does have some potential for animal keeping. The one opposing vote to the Planning Commission approval was based on these concerns and that was the reason for the action being appealed to City Council.

Attachments:            Planning Commission Resolution 2013-17  
                                 Exhibit "A" – Location Map  
                                 Exhibit "B" – APN MAP  
                                 Exhibit "C" – Site Plan, Building Elevations and Floor Plan  
                                 Exhibit "D" – Aerial Photo and Site Photos

**RESOLUTION 2013-17**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF NORCO GRANTING WITH CONDITIONS, SITE PLAN APPROVAL TO ALLOW AN ACCESSORY BUILDING CONSISTING OF A 553 SQUARE-FOOT (468 SQAURE-FOOT WORKSHOP WITH ATTACHED 85 SQUARE-FOOT PORCH) WORKSHOP AT 318 SILVER SPRINGS LANE LOCATED WITHIN THE NORCO HILLS SPECIFIC PLAN (NHSP), AMENDMENT NO. 1. SITE PLAN 2013-10.**

WHEREAS, CRAIG SANDERS submitted an application for a site plan review to the City of Norco, California under the provisions of Chapter 18.40, Title 18 of the Norco Municipal Code, on property located at 318 Silver Springs Lane (APN 123-461-002).

WHEREAS, at the time set; at 7 p.m. on June 12, 2013 within the Council Chambers at 2820 Clark Avenue, Norco, California, 92860, said petition was heard by the Planning Commission for the City of Norco; and

WHEREAS, at said time and place set, said Planning Commission considered the aforesaid site plan and received both oral and written testimony pertaining to said application; and

WHEREAS, the City of Norco, acting as the Lead Agency, has determined that the proposed project is categorically exempt from environmental assessment.

NOW, THEREFORE, the Planning Commission of the City of Norco does hereby make the following FINDINGS AND DETERMINATION:

I. FINDINGS:

A. The proposal does comply with all applicable requirements of the NHSP, Norco Municipal Zoning Ordinance and the General Plan.

B. The overall site and architectural design is consistent with the intent and purpose of the Norco General Plan and Norco Municipal Zoning Ordinance and the NHSP.

C. The proposal is reasonably compatible with the area immediately surrounding the site.

D. The proposal is not detrimental and will be desirable to the overall public convenience or general welfare of the persons residing or working in the neighborhood.

DRAFT

E. The City of Norco, acting as lead agency, has determined that the project is categorically exempt from environmental assessment per Section 3.13, Class 3 of the City of Norco Environmental Guidelines.

**DETERMINATION:**

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Norco, California, in session assembled June 12, 2013 that the application for Site Plan 2013-10 is approved, subject to the conditions provided in Section 18.40.10 of the Municipal Code of Norco, and including, but not limited to the following conditions:

1. Approval is based on Exhibit "C" – Site Plan, Building Elevations and Floor Plan dated June 6, 2013 and incorporated herein by reference and on file with the Planning Division. Development shall occur as shown unless otherwise noted in these conditions.
2. The recorded owner of the property shall submit to the Planning Division for record purposes, written evidence of agreement with all conditions of this approval before said permit shall become effective.
3. The project shall be in compliance with all City of Norco Municipal Codes, Ordinances and Resolutions. Non-compliance with any provisions of the Norco Municipal Code (NMC) not specifically waived in compliance with City procedures shall constitute cause for revocation and/or termination of the approvals granted under authority of permit.
4. In the event conditions for approval by the Planning Commission or City Council (as the case may be) require the revision of plans as submitted, the applicant shall submit four copies of the approved plan (revised to incorporate conditions for approval) to the Planning Division for record purposes for approval of any grading and/or building permits.
5. No occupancy and/or use of any building and/or structure shall be permitted which is not in compliance with approved plans and excepting upon specific review and approval of any "as built" modifications by the Planning Director as appropriate. Provided further, that no expansion of use beyond the scope and nature described in this application which would tend to increase the projected scale of operations shall be permitted except upon application for, and approval of, modification of this application in compliance with all procedures and requirements thereof.
6. The applicant shall obtain building permits and pay all applicable fees before beginning construction of the building on the subject property.

**DRAFT**

7. The applicant shall comply with all requirements from the Planning, Engineering, and Building Divisions; and the Fire and Sheriff's Departments; and all other applicable departments and agencies.
8. A home occupation business shall not be permitted from the subject building.
9. The subject building shall complement the existing house in color.
10. Building permits for this accessory building are issued within the confines of this permit/site plan approval. Any violation of a condition resulting in a revocation of this permit/site plan approval may result in an order to remove the accessory building at the owner's expense.

PASSED AND ADOPTED by the Planning Commission at a regular meeting held on June 12, 2013.

---

Robert E. Wright, Chairman

**DRAFT**

Planning Commission  
City of Norco, California

ATTEST:

---

Steve King, Secretary  
Planning Commission  
City of Norco, California

I HEREBY CERTIFY that the foregoing Resolution was duly and regularly passed and adopted by the Planning Commission of the City of Norco at a regular adjourned meeting thereof held June 12, 2013 by the following roll call vote:

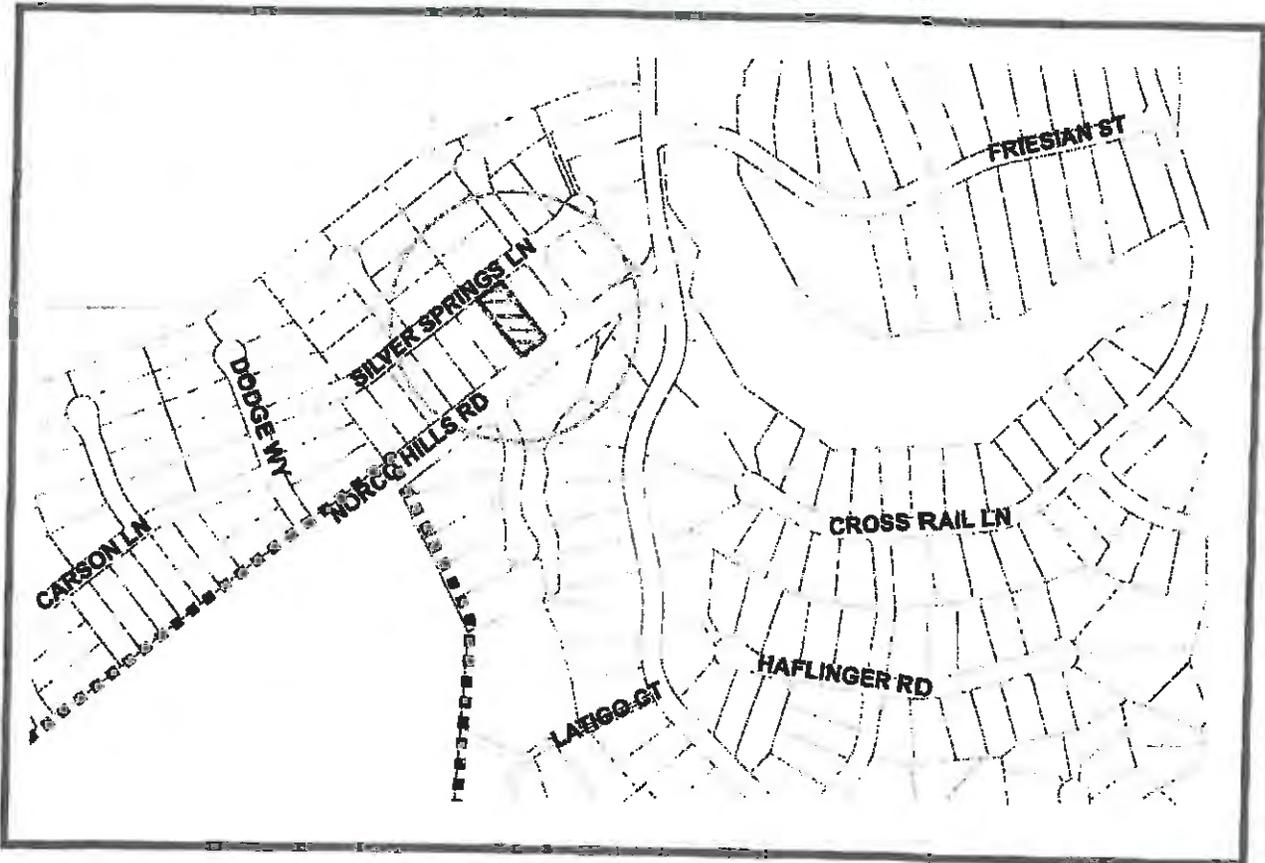
AYES:           WRIGHT, HENDERSON, LEONARD  
NOES:           HEDGES  
ABSENT:       JAFFARIAN  
ABSTAIN:       NONE

---

Steve King, Secretary  
Planning Commission  
City of Norco, California

/cmm

# LOCATION MAP



Not to Scale



**PROJECT:** Site Plan 2013-10  
**APPLICANT:** Craig Sanders  
**LOCATION:** 318 Silver Springs Lane

Exhibit "A"

# ASSESSOR'S PARCEL MAP

FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY FOR  
ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCEL  
LOCAL LOT-SPLITS OR OBTAINING SITE ORDINANCES.

REV. 11/1/03, R. VII  
CITY OF NORCO, CALIFORNIA

I.N.A. 013-002  
015-007

125-48

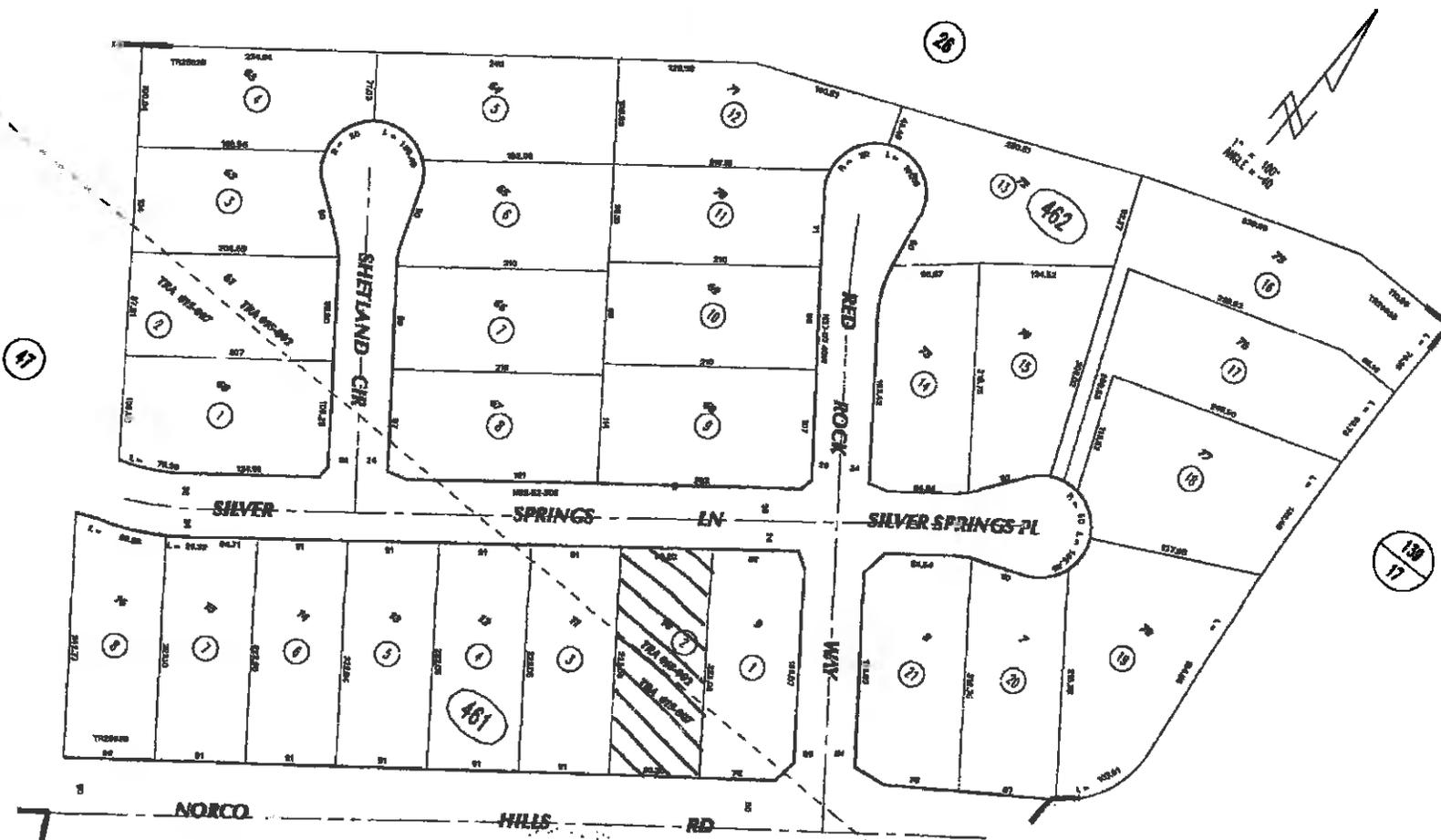
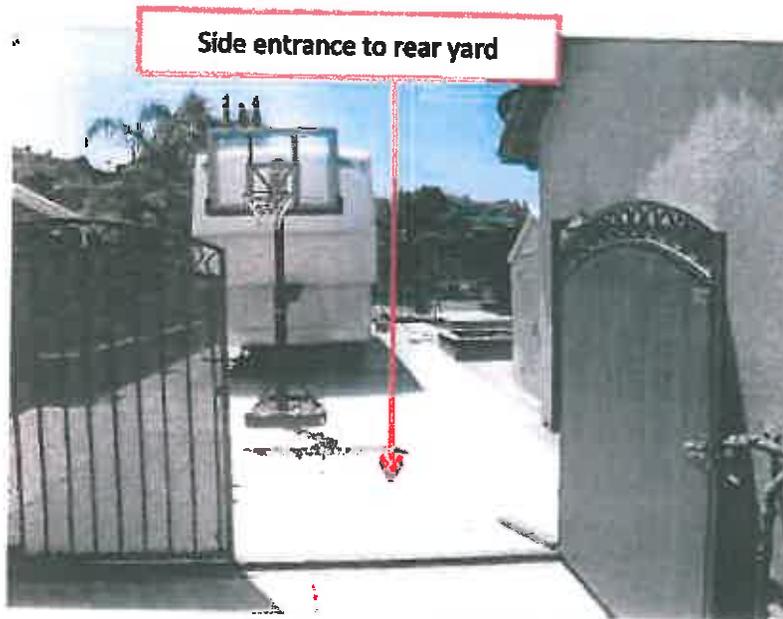


Exhibit "R"

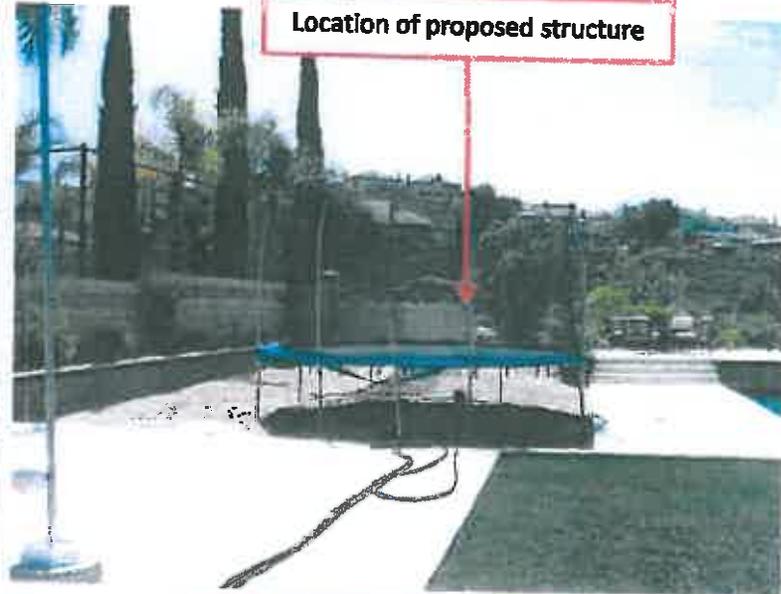


**EXHIBIT** D  
1 of 2

318 Silver Springs Lane



Side entrance to rear yard



Location of proposed structure



Proposed open animal area



Landscape easement at rear of property