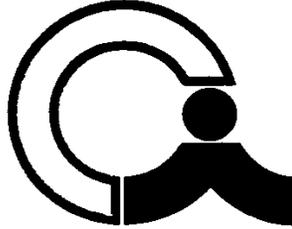


CITY OF INDUSTRY

CITY COUNCIL
SPECIAL MEETING AGENDA

JUNE 23, 2016
9:00 AM



Mayor Mark Radecki
Mayor Pro Tem Cory Moss
Council Member Abraham Cruz
Council Member Roy Haber, III
Council Member Newell Ruggles

Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California 91744

Addressing the City Council:

- ▶ **Agenda Items:** *Members of the public may address the City Council on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the City Council is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the City Council.*
- ▶ **Public Comments (Agenda Items Only):** *During public comments, if you wish to address the City Council during this Special Meeting, under Government Code Section 54954.3(a), you may only address the City Council concerning any item that has been described in the notice for the Special Meeting.*

Americans with Disabilities Act:

- ▶ *In compliance with the ADA, if you need special assistance to participate in any City meeting (including assisted listening devices), please contact the City Clerk's Office (626) 333-2211. Notification of at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

Agendas and other writings:

- ▶ *In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 9:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.*
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1. Call to Order
2. Flag Salute
3. Roll Call
4. Public Comments

5. **ACTION ITEM**

5.1 Consideration of a Custody Agreement between the City of Industry and U.S. Bank National Association

RECOMMENDED ACTION: Approve the Custody Agreement.

6. Adjournment. Next regular meeting: Thursday, July 14, 2016 at 9:00 a.m.

CITY COUNCIL

ITEM NO. 5.1

HANDOUT ITEM

CUSTODY AGREEMENT

This AGREEMENT made as of _____, by and between, U. S. BANK NATIONAL ASSOCIATION, organized under the laws of the United States of America, ("Custodian") and City of Industry, a public body corporate and politic, duly organized and existing under the laws of the State of California, ("Customer").

In consideration of the premises, undertaking and covenants herein, the parties agree as follows:

1. Appointment and Acceptance. Customer hereby appoints Custodian as its agent to provide custody and other services in connection with securities, cash and other property delivered from time to time to Custodian hereunder by, or at the direction of, Customer, and income, distributions and payments received by Custodian with respect thereto (collectively the "Assets"); and Custodian hereby agrees to act in such capacity, and perform such services, and hold the Assets in a custody account established in the name of Customer (the "Account"), upon the terms and conditions set forth below. For purposes of this Agreement, all references contained herein to actions, instructions and responsibilities (other than the obligations set forth in Sections 12 and 14 below) of Customer shall include, apply to and be binding upon the Customer's agents, including any investment manager or advisor, appointed and authorized by Customer to direct Custodian or otherwise take actions on behalf of Customer in connection with Custodian's services and responsibilities hereunder. Customer shall provide written notice to Custodian of the identity of all such appointed agents and the scope of their authority to act hereunder. Customer shall be responsible for providing to each such agent a copy of this Agreement and all written policies and procedures of Custodian governing its performance of services hereunder that Customer shall receive from time to time.

2. Asset Delivery, Transfer, Custody and Safekeeping.

2.1. Customer will from time to time deliver (or cause to be delivered) Assets to Custodian, which Custodian shall receive and accept for the Account upon appropriate instructions from the Customer. All transactions involving Assets shall be recorded in the Account.

2.2. Upon receipt of appropriate instructions, Custodian will release and return Assets to Customer, Customer's Depository (as that term is defined in Section 3.3 below) account or accounts, or otherwise deliver Assets to such location or third party, as such instructions may indicate, provided that, in connection therewith it is the sole responsibility of Customer to provide any transfer documentation as may be required by the Depository or third party recipient. Custodian shall have no power or authority to assign, hypothecate, pledge or otherwise dispose of any Assets, except as provided herein or pursuant to appropriate instructions.

2.3. Custodian shall furnish Customer, as part of the services for which Custodian charges its basic fee, set forth as Exhibit A, attached hereto, and incorporated herein by reference, with monthly Account statements reflecting all Asset transactions in the Account during the reporting period and ending Asset holdings.

2.4. Custodian shall forward to Customer all information it receives with respect to any of the Assets concerning redemption rights that are exercisable at Customer's option, tender or exchange offers, class action lawsuits and other special matters, shall follow Customer's written instructions with respect thereto as consistent with Custodian's governing policies and procedures and in the absence of such instructions Custodian shall take no action. Unless otherwise instructed in writing by Customer, Custodian shall forward to Customer all proxy material it receives with respect to securities included among the Assets. Proxies so forwarded shall be executed by the registered holder of the securities, if registered in the name of the Custodian or its nominee, but without indicating the manner in which such proxies are to be voted.

2.5. Absent specific investment directions to the contrary from Customer, Custodian is hereby authorized and directed by Customer to hold all cash and all checks and drafts (when collected funds are received) in a First American Funds money market fund. Customer acknowledges receipt of the current prospectus for the applicable, designated money market fund to be held in this Account. Customer also understands and acknowledges the following information about the First American Funds: The First American family of funds (the "First American Funds") are offered through the funds' distributor identified

in the current prospectuses for the funds. U.S. Bank National Association (“U.S. Bank”) or an affiliate of U.S. Bank serves as the funds’ investment advisor, custodian, distributor, administrator and other service provider as disclosed in the prospectuses for the funds. Compensation paid to U.S. Bank and its affiliates by the First American Funds as well as other fees and expenses of the funds are detailed in the prospectuses. Mutual funds, including the First American Funds, are not guaranteed by, or deposits of, any bank including U.S. Bank, nor are such funds insured by the FDIC or any other agency. Investments in mutual funds involve risks, including the possible loss of principal. This authorization and direction shall continue in effect with respect to the designated fund should the fund be merged with or into another money market fund.

2.6. Customer hereby authorizes and approves Custodian’s performance of its services and duties hereunder consistent with the terms and conditions of the Custodian’s duly adopted policies and procedures, as established and modified from time to time, related to the subject matter hereof.

2.7. If any of the Assets received and held by Custodian hereunder shall be “plan assets” with respect to any “employee benefit plan” (as those terms are defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), the Custodian shall not be deemed to be, and shall not exercise any discretionary powers or control over such “plan” or “plan assets” so as to be fiduciary with respect to the plan. Furthermore, Customer shall notify Custodian in writing whenever any Assets do constitute such “plan asset,” and thereafter, all subcontracts, agreements or other arrangements between Custodian and any subsidiary or affiliate thereof for services or products paid for from any assets of the said plan and utilized in the performance of Custodian’s duties hereunder shall be subject to the advance approval of Customer.

3. Powers of Custodian. In the performance of its duties hereunder, Custodian shall have the following powers:

3.1. To register any of the Assets in the name of Customer or in the Custodian’s name or in the name of a nominee of Custodian or in the name of the Custodian’s agent bank or to hold any of the Assets in unregistered form or in such form as will pass title by delivery, provided that such Assets shall at all times be recorded in Customer’s Account hereunder as one of the Assets. In consideration of Custodian’s registration of any securities or other property in the name of Custodian or its nominee or agent, Customer agrees to pay on demand to Custodian or to Custodian’s nominee or agent the amount of any loss or liability for Stockholders’ assessments, or otherwise, claimed or asserted against Custodian or Custodian’s nominee or agent by reason of such registration.

3.2. To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any or all other instruments that may be necessary or appropriate to carry out the duties described and powers granted herein.

3.3. To maintain qualifying Assets in any registered clearing agency or in a Federal Reserve Bank (collectively a “Depository”), as Custodian may select, and to permit such deposited Assets to be registered in the name of Custodian or Custodian’s agent or nominee on the records of such Federal Reserve Bank or such registered clearing agency or the nominee of either, and to employ and use securities depositories, clearing agencies, clearance systems, sub-custodians or agents located outside the United States in connection with transactions involving foreign securities.

3.4. To employ or consult with experts, advisors and legal counsel (who may be employed also by Customer), with the prior consent of the City, and to rely on information and advice received from such agents, experts, advisors, and legal counsel.

3.5. To perform any and all other ministerial acts deemed by Custodian necessary or appropriate to the proper discharge of its duties hereunder.

4. Purchases. Upon availability of sufficient funds and receipt of appropriate instructions from Customer, Custodian shall pay for and receive Assets purchased for the Account, payment for which is to be made in the amount specified in such instructions and only upon receipt by Custodian of the Assets in satisfactory form for transfer.

5. Sales. Upon receipt of appropriate instructions from Customer, Custodian will delivery Assets held by it as Custodian hereunder and sold by or for Customer against payment to Custodian of the amount specified in such instructions in accordance with the then current securities industry practices and in form

satisfactory to Custodian. Customer acknowledges that the current securities industry practice is delivery of physical securities against later payment on delivery date. Custodian agrees to use its best efforts to obtain payment therefore during the same business day, but Customer confirms its sole assumption of all risks of payment for such deliveries. Custodian may accept checks, whether certified or not, in payment for securities delivered on Customer's instruction, and Customer assumes sole responsibility for the risks of collectability of such checks.

6. Settlements.

6.1. Custodian shall provide Customer with settlement of all purchases and sales of Assets in accordance with Custodian's then prevailing settlement policies provided that (a) appropriate instructions for purchases and sales are received by Custodian in accordance with Custodian's then current published instruction deadline schedule, and (b) Custodian has all other information, funds and/or Assets necessary to complete the transaction.

6.2. The Custodian shall not be liable or responsible for or on account of any act or omission of any broker or other agent designated by Customer to purchase or sell securities for the Account of Customer.

7. Corporate Actions. In connection with any mandatory conversion of Asset securities pursuant to their terms, reorganization, recapitalization, redemption in kind, consolidation, or other exchange transaction that does not require or permit approval by the owner of the affected Assets, Custodian will tender or exchange securities held for other securities, for other securities and cash, or for cash alone.

8. Collections. Custodian shall collect all income, principal and other distributions due and payable on securities held either by Custodian or a Depository but shall be under no obligation or duty to take action to effect collection of any amount if the Assets upon which such payment is due are in default, or if payment is refused after due demand and presentation. Custodian shall have no responsibility to notify Customer in the event of such default or refusal to pay, but if Custodian receives notice of default or refusal to pay from an issuer or transfer agent, Custodian shall so advise Customer. Collections of monies in foreign currency, to the extent possible, are to be converted into United States dollars at customary rates through customary banking channels, including Custodian's own banking facilities, and in accordance with Custodian's prevailing policies for foreign funds repatriation. All risk and expense incident to such foreign collection and conversion is the responsibility of the Account and Custodian shall have no responsibility for fluctuations in exchange rates affecting such collections or conversion.

9. No Discretionary Authority; Standard of Care. Customer and Custodian acknowledge that, except to the extent set forth in any separate instrument signed by the parties with respect to this Agreement, Custodian's duties hereunder do not include any discretionary authority, control or responsibility with respect to the management or disposition of any Asset; that Custodian has no authority or responsibility to render investment advice with respect to any Asset; and that Custodian is not a fiduciary with respect to Customer. In addition, it is agreed that:

9.1. Custodian shall have no duty to make any evaluation or to advise anyone of the suitability or propriety of action or proposed action of Customer in any particular transaction involving an Asset or the suitability or propriety of retaining any particular investment as an Asset. The Custodian shall have no duty or authority to review, question, approve or make inquiries as to any investment instructions given pursuant hereto. The Custodian shall be under no duty or obligation to review the securities or other property held in the Account with respect to prudence or diversification.

9.2. Custodian shall not be liable for any loss or diminution of Assets by reason of investment experience or for its actions taken in reliance upon an instruction from Customer.

9.3. Custodian shall have no duty or responsibility to monitor or otherwise investigate the actions or omissions of Customer.

9.4. Custodian shall only be responsible for the performance of such duties as are expressly set forth herein or in instructions of Customer which are not contrary to the provisions of this Agreement. Custodian shall exercise reasonable care in the performance of its services hereunder.

Custodian shall not be responsible or liable for any failure or delay in performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by instructions, actions or omissions of

Customer or by circumstances beyond Custodian's reasonable control, including, without limitation, loss, or malfunctions of utility, transportation, computer (hardware and software) or communication service.

10. Books, Records and Accounts.

10.1. Custodian will make and maintain proper books of account and complete records of all Assets and transactions in the Account maintained by Custodian hereunder on behalf of Customer. Custodian will preserve for the periods prescribed by applicable federal statute or regulation all records required to be maintained.

10.2. Custodian shall make available, at all times, through electronic or other means, all books, records and accounts retained by Custodian in connection with its duties hereunder on behalf of Customer. On at least four (4) business days' notice, Custodian will make available to and permit inspection during Custodian's regular business hours by Customer's auditors of all books, records, and accounts retained by Custodian (or, to the extent practicable, its agents) in connection with its duties hereunder on behalf of Customer.

11. Instructions and Directions.

11.1. Custodian shall be deemed to have received appropriate "instructions" or "directions" upon receipt of written instructions or directions (a) signed or given by any person(s) whose name(s) and signature(s) are listed on the most recent certificate delivered by Customer to Custodian which lists those persons authorized to give orders, corrections and instructions in the name of and on behalf of the Customer or (b) signed or given by any other person(s) duly authorized by Customer to give instructions or directions to Custodian hereunder or whom Custodian reasonably believes to be so authorized.

11.2. Appropriate instructions or directions shall include instructions or directions sent to Custodian or its agent by letter, memorandum, telegram, cable, telex, telecopy facsimile, video (CRT) terminal or other "on-line" system, or similar means of communication.

11.3. In the event that Custodian is instructed to deliver Assets to any party other than Customer or Customer's agent, appropriate instructions shall include, and Customer shall supply, customary transfer documentation as required by such party, and, to the extent that such documentation has not been supplied, Custodian shall not be deemed to have received appropriate instructions.

12. Compensation; Security.

12.1. Customer shall pay to Custodian fees for its services under this Agreement and shall reimburse Custodian for costs incurred by it hereunder as set forth in Custodian's then current applicable fee schedule or such other fee arrangement as Custodian and Customer may otherwise agree in writing.

12.2. If any advance of funds is made by Custodian on behalf of Customer to purchase, or to make payment on or against delivery of securities or there shall arise for whatever reason an overdraft in Customer's account, or if Customer is for any other reason indebted to Custodian, including, but not limited to, any advance of immediately available funds to Customer with respect to payments to be received by Custodian in next-day funds (which Customer acknowledges Customer is liable to repay if Custodian does not receive final payment), Customer agrees to repay Custodian on demand the amount of the advance, overdraft or other indebtedness, reserve requirements and accrued interest at a rate per annum (based on a 360-day year for the actual number of days involved) equal to the Federal Funds effective rate in effect from time to time.

12.3. In the event of an advance of funds by Custodian, or if any overdraft is created by Account transactions, Custodian may directly charge the Account and receive such payment therefrom. In the event that a compensation payment due Custodian is past due by more than thirty (30) days, such amount may also be charged to the Account and Custodian may receive such payment therefrom. To secure such payments obligations, Customer does hereby grant to Custodian a security interest in all Assets held in the Account from time to time.

13. (Reserved).

14. Indemnification. Customer hereby agrees to indemnify Custodian and its controlling person, officers, directors, employees and agents (each an "Indemnified Party") and hold each Indemnified Party

harmless from and against any cost, losses, claims, liabilities, fines, penalties, damages and expenses (including reasonable attorneys' and accountants' fees (collectively, a "Claim") arising out of (i) Customer's actions or omissions or (ii) Custodian's action taken or omitted hereunder in reliance upon Customer's instructions, or upon any information, order, indenture, stock certificate, power of attorney, assignment, affidavit or other instrument delivered hereunder to Custodian, reasonably believed by Custodian to be genuine or bearing the signature of a person or persons authorized by Customer to sign, countersign or execute the same; provided, that Customer shall not indemnify an Indemnified Party for any Claim arising from the Indemnified Party's willful misfeasance, bad faith or negligence in the performance of its duties, or reckless disregard of its duties under this Agreement.

15. Termination.

15.1. This Agreement will remain in effect until terminated by either party giving written notice thirty (30) days in advance of the termination date.

15.2. Upon termination of this Agreement, Custodian shall follow such reasonable Customer instructions concerning the transfer of Assets' custody and records; provided, that (a) Custodian shall have no liability for shipping and insurance costs associated therewith; (b) Custodian shall not be required to make any such delivery or payment until full payment shall have been made by Customer of all liabilities constituting a charge on or against Custodian and until full payment shall have been made to Custodian of all its compensation, costs, including special termination costs, if any, and expenses hereunder; and (c) Custodian shall have been reimbursed for any advances of monies or securities made hereunder to Customer. If any Assets remain in the Account, Custodian may designate Customer as successor Custodian hereunder and deliver the same directly to Customer.

15.3. Upon termination of this Agreement, all obligations of the parties to each other hereunder shall cease, except that all indemnification provisions herein shall survive with respect to any Claims arising from events prior to such termination.

16. Binding Obligations. Customer and Custodian each hereby represent that this Agreement constitutes its legal, valid and binding obligation enforceable in accordance with the terms hereof; subject, as to enforcement of remedies, to applicable bankruptcy and insolvency laws, and to general principles of equity.

17. General Provisions.

17.1. Notice. Except as provided in paragraph 11 above, any notice or other communication under this Agreement shall be in writing and shall be considered given when delivered by certified mail, return receipt requested, to the parties at the addresses set forth on the execution page hereof (or at such other address as a party may specify by notice to other). Notice shall be effective upon receipt if by mail, or on the date of personal delivery (by private messenger, courier service or otherwise) or telex or facsimile, whichever occurs first, to the addressed indicated below. The below addresses and individuals may be changed at any time by an instrument in writing executed by the party giving same and given to the other party, in accordance with the procedure set forth above.

17.2. No Tax Responsibility. Unless expressly indicated otherwise below in this section and notwithstanding any other terms or conditions contained herein, Custodian shall not be responsible for, and Customer does hereby waive all duties or functions of Custodian (imposed by law or otherwise) relating to, the withholding and government deposit of any and all taxes, or amounts with respect thereto, that may be incurred or payable in connection with the Account established hereunder, income or gain realized on Assets held therein or transactions undertaken with respect thereto. Except as required by law in such manner that cannot be delegated to or assumed by Customer, Custodian shall have no responsibility to undertake any federal, state, or local tax reporting in connection with Assets, the Account or transactions therein. (Check only one below.)

Custodian shall have no duty to provide tax information.

Custodian shall provide tax information as reasonably requested by Customer, including Form 1099.

17.3. Complete Agreement; Modification. This Agreement contains a complete statement of all the arrangements between the parties with respect to its subject matter, supersedes all existing agreement(s) between them concerning the subject (including Depository Agreement dated as of July 1, 2015), and cannot be amended or modified in any manner except by a written agreement executed by both parties. Notwithstanding the foregoing, if at any time Custodian is holding assets or property of Customer pursuant to any other custodial, pledge or other agency agreement with Customer (or which Customer has acknowledged in instructions to Custodian) and one or more third parties that involves Custodian's duties or obligations to a third party (which may be affiliates to Custodian) with respect to Assets, the terms and requirements of the other agreement(s) concerning such Assets shall supersede and control the provisions and duties set forth herein.

17.4. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed in California.

17.5. Assignment. No party may assign any of its rights hereunder without the consent of the other, which consent shall not be unreasonably withheld. The foregoing consent requirement does not apply if either party shall merge or consolidate with or sell substantially all of its assets to another corporation, provided that such other corporation shall assume without qualification or limitation all obligations of that party hereunder either by operation of law or by contract.

17.6. Severability. If any provision of this Agreement is invalid or unenforceable, the balance of the Agreement shall remain in effect, and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

17.7. No Third Party Rights. In performing its services hereunder, Custodian is acting solely on behalf of Customer. No agency, contractual or service relationship shall be deemed to be established hereby between Custodian and any other persons.

17.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument.

17.9 Authority. Each person executing this Agreement hereby represents and warrants (i) their authority to do so, and (ii) that such authority has been duly and validly conferred.

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

CITY OF INDUSTRY:

U.S. BANK NATIONAL ASSOCIATION:

By: _____

By: _____

Paul Philips, City Manager

Julia Hommel, Vice President

Customer Address:

15625 East Stafford Street #100
City of Industry, CA 91744
Attn: Paul Philips, City Manager

Custodian Address:

U.S. Bank National Association
Attn: Julia Hommel
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071

ATTEST:

Cecelia Dunlap, Deputy City Clerk

APPROVED AS TO FORM:

Exhibit A



U.S. Bank Customer Confidential

Schedule of Fees for Services as
Custodian
REQUIRED
For
City of Industry 2015 Depository/Custodial Account

CTS04050	Custodian Annual fee for the standard custodian services associated with the administration of the account. Administration fees are payable in advance.	\$1,200.00
CTS10100	Investment Trades - SEI Charge per trade to buy or sell investments, excluding automated sweep transactions. **Automatic sweeping of cash into money market funds is not considered a "trade" for the purposes of this fee. However, applicable fees are disclosed in the "Automatic Money Market Investments" authorization letter or the fund prospectus provided	\$15.00
CTS10880	Disbursement / Draw - SEI Charge per item disbursed. Includes the wire or check fee.	\$25.00
CTS16156B	Legal Expenses Includes fees and expenses of legal counsel as well as the rendering of a standard legal opinion if required.	\$575.00
	Direct Out of Pocket Expenses Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees.	At Cost
	Extraordinary Services Extraordinary Services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the services and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect.	

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to you directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.