

# CITY OF INDUSTRY

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CITY COUNCIL  
REGULAR MEETING AGENDA

JULY 28, 2016  
9:00 AM



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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

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## **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 (Non-Agenda Items):** Anyone wishing to address the City Council on an item not on the Agenda may do so during the "Public Comments" period. In order to conduct a timely meeting, there will be a three-minute time limit per person for the Public Comments portion of the Agenda. State law prohibits the City Council from taking action on a specific item unless it appears on the posted 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 by the City Clerk and prior to the individual being heard by the City Council.

## **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

- 4.1 Presentation to Lieutenant John Gannon of the Los Angeles County Sheriff's Department

5. **CONSENT CALENDAR**

All matters listed under the Consent Calendar are considered to be routine and will be enacted by one vote. There will be no separate discussion of these items unless members of the City Council, the public, or staff request specific items be removed from the Consent Calendar for separate action.

- 5.1 Consideration of the Register of Demands

*RECOMMENDED ACTION: Approve the Register of Demands and authorize the appropriate City Official to pay the bills.*

- 5.2 Consideration of the minutes of the January 25, 2016 special meeting

*RECOMMENDED ACTION: Approve as submitted.*

6. **PUBLIC HEARING**

- 6.1 Public Hearing to rescind Resolution No. CC 2015-09, and update the mandatory water conservation measures for the City of Industry Waterworks System

Consideration of Resolution No. CC 2016-48 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY RESCINDING RESOLUTION NO. CC 2015-09, ADOPTING UPDATED WATER CONSERVATION MEASURES TO COMPLY WITH THE STATE WATER RESOURCES CONTROL BOARD'S WATER CONSERVATION REQUIREMENTS, AND NOTICE OF EXEMPTION REGARDING SAME

*RECOMMENDED ACTION: Adopt Resolution No. CC 2016-48.*

7. **ACTION ITEMS**

- 7.1 Consideration of a Right-of-Way Agreement between the City of Industry and Level-3 Communications to locate certain facilities in City Right-of-Ways

*RECOMMENDED ACTION: Approve the Right-of-Way Agreement.*

- 7.2 Discussion and direction regarding an additional sponsorship request from The Gabriel Foundation, for the 2016 Industry Hills Charity Pro Rodeo

*RECOMMENDED ACTION: Discuss and provide direction to Staff.*

- 7.3 Consideration of Resolution No. CC 2016-49 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, AUTHORIZING AND DIRECTING THE SALE OF NOT TO EXCEED \$36,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF INDUSTRY SENIOR SALES TAX REVENUE REFUNDING BONDS, SERIES 2016 (TAXABLE), APPROVING FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, INDENTURE, CONTINUING DISCLOSURE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, OFFICIAL STATEMENT; AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH

*RECOMMENDED ACTION: Adopt Resolution No. CC 2016-49.*

- 7.4 Consideration of Resolution No. CC 2016-50 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, REQUESTING THAT THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF LOS ANGELES APPROVE THE WITHDRAWAL OF THE CITY'S ANNEXATION APPLICATION FOR THE RIGHT OF WAY LOCATED ON THE SOUTH SIDE OF VALLEY BOULEVARD BETWEEN MORNINGSIDE DRIVE AND 460 FEET EAST OF FAURE AVENUE

*RECOMMENDED ACTION: Adopt Resolution No. CC 2016-50.*

- 7.5 Consideration of Resolution No. CC 2016-51 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

*RECOMMENDED ACTION: Adopt Resolution No. CC 2016-51.*

- 7.6 Presentation and discussion on the Expo Center Master Plan

*RECOMMENDED ACTION: Discuss and provide direction to Staff.*

- 7.7 Discussion and direction on the conceptual housing development on Faure Avenue

*RECOMMENDED ACTION: Discuss and provide direction to Staff.*

8. **CITY COUNCIL COMMITTEE REPORTS**

9. **AB 1234 REPORTS**

10. **CITY COUNCIL COMMUNICATIONS**

11. **CLOSED SESSION**

- 11.1 Conference with real property negotiators pursuant to Government Code Section 54956.8

Property: 17201-17301 Gale Avenue, City of Industry  
City Negotiators: Paul J. Philips, City Manager and  
James M. Casso, City Attorney  
Negotiating Parties: City of Industry, Successor Agency to the Industry  
Urban-Development Agency, and R.Y. Properties,  
Inc.  
Under Negotiation: Price and Terms of Payment

- 11.2 Conference with real property negotiators pursuant to Government Code Section 54956.8

Property: 15130 Nelson Avenue, City of Industry  
City Negotiators: Paul J. Philips, City Manager and  
James M. Casso, City Attorney  
Negotiating Parties: City of Industry and Art Weiss Industrial Properties  
Under Negotiation: Price and Terms of Payment

- 11.3 Conference with real property negotiators pursuant to Government Code Section 54956.8

Property: 1123-11360 Hatcher Avenue, City of Industry  
City Negotiators: Paul J. Philips, City Manager and  
James M. Casso, City Attorney  
Negotiating Parties: City of Industry and Art Weiss Industrial Properties  
Under Negotiation: Price and Terms of Payment

12. Adjournment. Next regular meeting: Thursday, August 11, 2016 at 9:00 a.m.

*CITY COUNCIL*

ITEM NO. 5.1

**CITY OF INDUSTRY  
AUTHORIZATION FOR PAYMENT OF BILLS  
CITY COUNCIL MEETING OF JULY 28, 2016**

**FUND RECAP:**

<u>FUND</u>	<u>DESCRIPTION</u>	<u>DISBURSEMENTS</u>
100	GENERAL FUND	3,826,732.57
103	PROP A FUND	4,317,942.15
105	AQMD GRANT FUND	470.64
120	CAPITAL IMPROVEMENT FUND	419,416.90
140	CITY DEBT SERVICE	2,500.00
161	IPUC - ELECTRIC	333,867.80
TOTAL ALL FUNDS		8,900,930.06

**BANK RECAP:**

<u>BANK</u>	<u>NAME</u>	<u>DISBURSEMENTS</u>
BOFA	BANK OF AMERICA - CKING ACCOUNTS	979,974.06
PROP A	PROP A - CKING ACCOUNT	4,317,942.15
REF	REFUSE - CKING ACCOUNT	680,647.21
WFBK	WELLS FARGO - CKING ACCOUNT	2,922,366.64
TOTAL ALL BANKS		8,900,930.06

**CITY OF INDUSTRY  
BANK OF AMERICA  
July 28, 2016**

Check	Date		Payee Name	Check Amount
<b>CITYELEC.CHK - City Electric</b>				
1384	07/13/2016		CITY OF INDUSTRY	\$43,665.16
	Invoice	Date	Description	Amount
	07/13/16	07/13/2016	TRANSFER FUNDS-ELECTRIC	\$43,665.16
<b>CITYGEN.CHK - City General</b>				
WT1000	07/14/2016		STATE BOARD OF EQUALIZATION	\$34.00
	Invoice	Date	Description	Amount
	FUELTX-QT2-16	07/14/2016	IH FUEL PUMP TAXES-SECOND QTR 2016	\$34.00
24315	07/20/2016		VOIDED- PAPER JAM	\$0.00
24316	07/20/2016		VOIDED- PAPER JAM	\$0.00
24317	07/12/2016		U.S. BANK	\$866,274.90
	Invoice	Date	Description	Amount
	07/12/16	07/12/2016	PFA-2010 REFUNDING LEASE	\$866,274.90
24318	07/13/2016		CIVIC RECREATIONAL INDUSTRIAL	\$70,000.00
	Invoice	Date	Description	Amount
	07/13/16	07/13/2016	TRANSFER FUNDS-CRIA A/P	\$70,000.00
24319	07/20/2016		VOIDED- PAPER JAM	\$0.00
<b>Checks</b>				<b>Status</b>
				<b>Count</b>
				<b>Transaction Amount</b>
<b>Total</b>				<b>7</b>
				<b>\$979,974.06</b>

CITY OF INDUSTRY

PROP A

July 28, 2016

Check      Date      Payee Name      Check Amount

PROPA.CHK - Prop A Checking

11648	07/20/2016			ACE CONSTRUCTION AUTHORITY	\$4,317,942.15
	Invoice	Date	Description	Amount	
	ACE-207-15	06/09/2016	BETTERMENT AGRMT-FULLERTON RD GRADE	\$15,604.66	
	ACE-204-15	06/09/2016	BETTERMENT AGRMT-FAIRWAY DR GRADE	\$4,302,337.49	

Check	Status	Count	Transaction Amount
	Total	1	\$4,317,942.15

**CITY OF INDUSTRY  
WELLS FARGO REFUSE  
July 28, 2016**

Check#	Date	Payee Name		Check Amount
<b>REFUSE - Refuse Account</b>				
WT202	07/11/2016	CITY OF INDUSTRY DISPOSAL CO.		\$680,647.21
	Invoice	Date	Description	Amount
	2577518	07/11/2016	REFUSE SVC 6/23-6/30/16	\$680,647.21

Check	Status	Count	Transaction Amount
	Total	1	\$680,647.21

**CITY OF INDUSTRY**  
**WELLS FARGO VOIDED CHECK**  
**July 28, 2016**

Check	Date		Payee Name	Check Amount
<b>CITY.WF.CHK - City General Wells Fargo</b>				
64270	07/14/2016		CASSO & SPARKS, LLP	(\$76,861.70)
	Invoice	Date	Description	Amount
	20158	06/27/2016	VOIDED CHECK	(\$76,861.70)

Check	Status	Count	Transaction Amount
	Total	1	(\$76,861.70)

**CITY OF INDUSTRY  
WELLS FARGO BANK  
July 28, 2016**

Check	Date		Payee Name	Check Amount
<b>CITY.WF.CHK - City General Wells Fargo</b>				
<b>64344</b>	07/08/2016		<b>CASSO &amp; SPARKS, LLP</b>	<b>\$76,861.70</b>
	Invoice	Date	Description	Amount
	20158-A	06/27/2016	COI-LEGAL SVC FOR JAN 2016	\$76,861.70
<b>64345</b>	07/08/2016		<b>RADECKI, KEVIN</b>	<b>\$191,559.51</b>
	Invoice	Date	Description	Amount
	07/05/16	07/05/2016	FINAL SETTLEMENT AGREEMENT	\$191,559.51
<b>64346</b>	07/14/2016		<b>CNC ENGINEERING</b>	<b>\$296,608.45</b>
	Invoice	Date	Description	Amount
	44918	06/30/2016	VALLEY BLVD PCC PAVEMENT RECONSTRUCTION	\$13,623.92
	44919	06/30/2016	CLARK AVE WIDENING	\$9,772.67
	44920	06/30/2016	GENERAL ENGINEERING-CIP	\$76,199.74
	44921	06/30/2016	GENERAL ENGINEERING-MAINT OF CITY	\$79,276.90
	44922	06/30/2016	TONNER CYN PROPERTY	\$9,007.35
	44923	06/30/2016	PUENTE VALLEY OPERABLE UNIT	\$3,294.48
	44924	06/30/2016	CITY ELECTRICAL FACILITES	\$4,468.70
	44925	06/30/2016	TRES HERMANOS ENGINEERING/IMPROVEMENTS	\$1,013.36
	44926	06/30/2016	HOMESTEAD MUSEUM MAINT	\$693.77
	44927	06/30/2016	SAFETY UPGRADE AT VARIOUS RR CROSSINGS	\$1,608.02
	44928	06/30/2016	OPERATION/MAINT OF METRO PARKING LOT SOLAR	\$3,832.96
	44929	06/30/2016	EL ENCANTO HEALTH CARE FACILITY MAINT	\$156.88
	44930	06/30/2016	TRAFFIC SIGNAL AT DON JULIAN/SIXTH AVE	\$2,080.25
	44931	06/30/2016	SANITATION DISTRICT FACILITY	\$162.71
	44932	06/30/2016	SAN JOSE AVE RECONSTRUCTION	\$156.88
	44933	06/30/2016	1135 HATCHER AVE BLDG DEMOLITION	\$316.68
	44934	06/30/2016	INDUSTRY HILLS MISC MAINT/ENGINEERING	\$235.32
	44935	06/30/2016	PACIFIC PALMS LAUNDRY BLDG ISSUES	\$319.59
	44936	06/30/2016	INDUSTRY HILLS FUEL TANK-DIESEL DISPENSING	\$1,098.16
	44937	06/30/2016	PROPERTY MGMT FOR CITY OWNED PROPERTIES	\$3,807.72
	44938	06/30/2016	AZUSA AVE BRIDGE REPAINTING	\$2,299.67

**CITY OF INDUSTRY  
WELLS FARGO BANK  
July 28, 2016**

Check	Date	Payee Name	Check Amount	
<b>CITY.WF.CHK - City General Wells Fargo</b>				
44939	06/30/2016	FISCAL YEAR BUDGET	\$13,903.18	
44940	06/30/2016	VARIOUS ASSIGNMENTS-SA TO THE IUDA	\$3,533.52	
44941	06/30/2016	NELSON AVE/PUENTE AVE INTERSECTION	\$790.23	
44942	06/30/2016	REPAIRS TO STORM WATER PUMP STATIONS	\$567.10	
44943	06/30/2016	BICYCLE MASTER PLAN	\$696.69	
44944	06/30/2016	MAINT OF YARD AT 1123 HATCHER	\$2,054.02	
44945	06/30/2016	ARENTH AVE RECONSTRUCTION	\$10,430.14	
44946	06/30/2016	TARGET SPEED SURVEY	\$5,386.39	
44947	06/30/2016	CIVIC FINANCIAL CENTER PARKING LOT	\$4,395.56	
44948	06/30/2016	RESURFACING OF UNRUH AVE	\$313.76	
44949	06/30/2016	CARTEGRAPH IMPLEMENTATION/MGMT	\$15,878.01	
44951	06/30/2016	SNOW CREEK STORM DRAIN CONNECTION	\$941.28	
44952	06/30/2016	FULLERTON RD GRADE SEPARATION	\$5,096.49	
44953	06/30/2016	ALAMEDA CORRIDOR EAST RELATED PROJECTS	\$980.50	
44954	06/30/2016	FAIRWAY DR GRADE SEPARATION	\$15,943.20	
44955	06/30/2016	NOGALES GRADE SEPARATION	\$1,703.16	
44956	06/30/2016	MISC GRADE SEPARATION STUDIES	\$569.49	
<b>64347</b>	07/11/2016	<b>STATE WATER RESOURCES</b>	<b>\$586.00</b>	
	Invoice	Date	Description	Amount
	APP ID #474575	07/06/2016	NOI FEE-VALLEY BLVD RECONSTRUCTION	\$586.00
<b>64348</b>	07/12/2016	<b>MUTUAL OF OMAHA</b>	<b>\$6,599.65</b>	
	Invoice	Date	Description	Amount
	7686227	07/11/2016	BINDER PAYMENT: LIFE, LTD, & VTL INSURANCE	\$6,599.65
<b>64349</b>	07/15/2016	<b>FRONTIER</b>	<b>\$2,355.15</b>	
	Invoice	Date	Description	Amount
	2016-00001622	06/25/2016	06/25-07/24/16 SVC - ELECTRIC MODEM	\$50.36
	2016-00001623	06/25/2016	06/25-07/24/16 SVC - ELECTRIC MODEM	\$61.82
	2016-00001624	06/28/2016	06/28-07/27/16 SVC - EM-179 S. GRAND	\$36.69

**CITY OF INDUSTRY  
WELLS FARGO BANK  
July 28, 2016**

Check	Date	Payee Name	Check Amount	
<b>CITY.WF.CHK - City General Wells Fargo</b>				
	2016-00001625	06/28/2016 06/28-07/27/16 SVC - ELECTRIC MODEM	\$50.36	
	2016-00001626	06/28/2016 06/28-07/27/16 SVC - EM-21912 GARCIA LN-ALARM	\$61.82	
	2017-00000003	07/01/2016 07/01-07/31/16 SVC - CITY HALL FAXES	\$533.75	
	2017-00000004	07/01/2016 07/01-07/31/16 - VARIOUS SITES	\$313.61	
	HATCHER-JUL16	07/01/2016 07/01-07/31/16 SVC - HATCHER	\$50.77	
	2017-00000005	07/01/2016 07/01-07/31/16 SVC - TRES HERMANOS	\$49.74	
	2017-00000006	07/01/2016 07/01-07/31/16 SVC - VARIOUS GENERATOR SITES	\$1,040.94	
	2017-00000007	07/01/2016 07/01-07/31/16 SVC - GENERATOR SITE-TELEMETRY	\$54.00	
	2017-00000008	07/01/2016 07/01-07/31/16 SVC - GENERATOR SITE-TELEMETRY	\$51.29	
<b>64350</b>	07/15/2016	<b>GAS COMPANY, THE</b>	<b>\$30.48</b>	
	Invoice	Date	Description	Amount
	1135HATCHR-JUL16	07/05/2016	06/01-06/30/16 SVC - 1135 HATCHER AVE	\$15.24
	2017-00000009	07/05/2016	06/01-06/30/16 SVC - 710 NOGALES ST	\$15.24
<b>64351</b>	07/15/2016	<b>LA PUENTE VALLEY COUNTY</b>	<b>\$19,649.05</b>	
	Invoice	Date	Description	Amount
	2016-00001629	06/21/2016	04/19-06/21/16 SVC - VALLEY BLVD (IRRI)	\$121.69
	2016-00001630	06/21/2016	04/19-06/21/16 SVC - 15415 DON JULIAN RD (IRRI)	\$1,288.50
	2016-00001631	06/21/2016	04/19-06/21/16 SVC - DON JULIAN RD	\$894.55
	2016-00001632	06/21/2016	04/19-06/21/16 SVC - PARRIOTT & DON JULIAN RD (I)	\$141.01
	2016-00001633	06/21/2016	04/19-06/21/16 SVC - 15651 STAFFORD ST	\$1,389.01
	2016-00001634	06/21/2016	04/19-06/21/16 SVC - ALONG RAILROAD TRACK (I)	\$659.71
	2016-00001635	06/21/2016	04/19-06/21/16 SVC - PROCTOR & EL ENCANTO (I)	\$318.46
	2016-00001636	06/21/2016	04/19-06/21/16 SVC - HACIENDA BLVD (IRRI)	\$67.09
	2016-00001637	06/21/2016	04/19-06/21/16 SVC - 15415 DON JULIAN RD (IRRI)	\$3,170.25
	2016-00001638	06/21/2016	04/19-06/21/16 SVC - 15415 DON JULIAN RD (IRRI)	\$837.16
	2016-00001639	06/21/2016	04/19-06/21/16 SVC - 15414 DON JULIAN RD	\$142.96
	2016-00001640	06/21/2016	04/19-06/21/16 SVC - 201 STAFFORD ST (IRRI)	\$2,484.09
	2016-00001641	06/21/2016	04/19-06/21/16 SVC - STAFFORD ST (IRRI)	\$495.91
	2016-00001642	06/21/2016	04/19-06/21/16 SVC - 220 HACIENDA BLVD (IRRI)	\$406.21

**CITY OF INDUSTRY  
WELLS FARGO BANK  
July 28, 2016**

Check	Date	Payee Name	Check Amount	
<b>CITY.WF.CHK - City General Wells Fargo</b>				
	2016-00001643	06/21/2016 04/19-06/21/16 SVC - 15522 NELSON AVE	\$76.84	
	2016-00001644	06/21/2016 04/19-06/21/16 SVC - NELSON AVE (IRRI)	\$1,281.76	
	2016-00001645	06/21/2016 04/19-06/21/16 SVC - SOTRO ST (IRRI)	\$1,143.31	
	2016-00001646	06/21/2016 04/19-06/21/16 SVC - RAUSCH RD (IRRI)	\$367.39	
	2016-00001647	06/21/2016 04/19-06/21/16 SVC - RAUSCH RD (IRRI)	\$398.59	
	2016-00001648	06/21/2016 04/19-06/21/16 SVC - STAFFORD & OLD VALLEY (I)	\$595.36	
	2016-00001649	06/21/2016 04/19-06/21/16 SVC - 15414 DON JULIAN RD (IRRI)	\$667.51	
	2016-00001650	06/21/2016 04/19-06/21/16 SVC - 15414 DON JULIAN RD	\$432.09	
	2016-00001651	06/21/2016 04/19-06/21/16 SVC - 15625 STAFFORD ST	\$61.24	
	2016-00001652	06/21/2016 04/19-06/21/16 SVC - 15625 STAFFORD ST	\$244.54	
	2016-00001653	06/21/2016 04/19-06/21/16 SVC - 1 AZUSA WAY (IRRI)	\$903.51	
	2016-00001654	06/21/2016 04/19-06/21/16 SVC - 285 HACIENDA BLVD (IRRI)	\$72.94	
	2016-00001655	06/21/2016 04/19-06/21/16 SVC - HACIENDA & STAFFORD ST (I)	\$209.26	
	2016-00001656	06/21/2016 04/19-06/21/16 SVC - HACIENDA & STAFFORD (IRR)	\$289.21	
	2016-00001657	06/21/2016 04/19-06/21/16 SVC - 211 HACIENDA BLVD (IRRI)	\$129.49	
	2016-00001658	06/21/2016 04/19-06/21/16 SVC - HUDSON AVE (IRRI)	\$359.41	
<b>64352</b>	07/15/2016	<b>SAN GABRIEL VALLEY WATER CO.</b>	<b>\$200.52</b>	
	Invoice	Date	Description	Amount
	2016-00001627	06/28/2016	05/26-06/27/16 SVC - IRRIG SALT LAKE/SEVENTH	\$200.52
<b>64353</b>	07/15/2016	<b>SO CALIFORNIA EDISON COMPANY</b>	<b>\$774.32</b>	
	Invoice	Date	Description	Amount
	2016-00001628	06/30/2016	05/27-06/28/16 SVC - VARIOUS SITES	\$638.82
	2017-00000010	07/02/2016	06/01-07/01/16 SVC - 1 VALLEY/AZUSA	\$15.26
	2017-00000011	07/06/2016	06/03-07/05/16 SVC - 208 S. WADDINGHAM WAY CP	\$120.24
<b>64354</b>	07/15/2016	<b>SO CALIFORNIA EDISON COMPANY</b>	<b>\$168.45</b>	
	Invoice	Date	Description	Amount
	7500663146	06/27/2016	03/01-03/31/16 SVC - RELIABILITY SVC	\$168.45

**CITY OF INDUSTRY  
WELLS FARGO BANK  
July 28, 2016**

Check	Date		Payee Name	Check Amount
<b>CITY.WF.CHK - City General Wells Fargo</b>				
64355	07/15/2016		VERIZON WIRELESS - LA	\$114.03
	Invoice	Date	Description	Amount
	9767751363	06/26/2016	05/27-06/26/16 SVC - MOBILE BROADBAND	\$114.03
64356	07/21/2016		CRAFTON ELITE	\$2,600.00
	Invoice	Date	Description	Amount
	7/18/16	07/18/2016	REFUND-PER SETTLEMENT	\$2,600.00
64357	07/19/2016		NOBLE AMERICAS ENERGY	\$121,082.12
	Invoice	Date	Description	Amount
	161960005925240	07/14/2016	WHOLESALE GAS-JUN 2016	\$15.47
	161900005902906	07/08/2016	WHOLESALE USE-JUN 2016	\$121,066.65
64358	07/19/2016		SHELL ENERGY NORTH AMERICA-	\$83,616.00
	Invoice	Date	Description	Amount
	1651406	07/06/2016	WHOLESALE USE-JUN 2016	\$83,616.00
64359	07/20/2016		AT & T	\$9.07
	Invoice	Date	Description	Amount
	2017-00000016	07/01/2016	07/01-07/31/16 SVC - CITY WHITE PAGES	\$9.07
64360	07/20/2016		AT & T	\$225.00
	Invoice	Date	Description	Amount
	8961205368	07/01/2016	07/01-07/31/16 SVC - 600 S BREA CYN-TELECOM	\$225.00
64361	07/20/2016		GAS COMPANY, THE	\$408.28
	Invoice	Date	Description	Amount
	2017-00000017	07/07/2016	06/03-07/05/16 SVC - 1 INDUSTRY HILLS PKWY	\$16.73
	2017-00000018	07/07/2016	06/03-07/05/16 SVC - 2700 CHINO HILLS PKWY	\$43.22
	2017-00000019	07/11/2016	06/06-07/06/16 SVC - 15651 STAFFORD ST	\$27.25
	2017-00000020	07/11/2016	06/07-07/07/16 SVC - 15633 RAUSCH RD	\$147.38

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Check	Date		Payee Name	Check Amount
<b>CITY.WF.CHK - City General Wells Fargo</b>				
	2017-00000021	07/11/2016	06/07-07/07/16 SVC - 15625 STAFFORD ST APT A	\$158.91
	2017-00000022	07/11/2016	06/07-07/07/16 SVC - 15625 STAFFORD ST APT B	\$14.79
<b>64362</b>	07/20/2016		<b>VERIZON WIRELESS - LA</b>	<b>\$987.15</b>
	Invoice	Date	Description	Amount
	9767751362	06/26/2016	05/27-06/26/16 SVC - VARIOUS WIRELESS	\$987.15
<b>64363</b>	07/28/2016		<b>ADVANCED DISCOVERY, INC.</b>	<b>\$1,104.04</b>
	Invoice	Date	Description	Amount
	B184553	06/30/2016	DOCUMENT MGMT SVC-LITIGATION	\$1,104.04
<b>64364</b>	07/28/2016		<b>ALVAKA NETWORKS</b>	<b>\$13,160.17</b>
	Invoice	Date	Description	Amount
	156965	07/01/2016	NETWORK MAINT-AUG 2016	\$6,620.00
	156991	07/01/2016	NETWORK MAINT-AUG 2016	\$6,540.17
<b>64365</b>	07/28/2016		<b>ALVAKA NETWORKS</b>	<b>\$755.00</b>
	Invoice	Date	Description	Amount
	156961	07/01/2016	NETWORK MAINT-HOMESTEAD	\$755.00
<b>64366</b>	07/28/2016		<b>ARAMARK REFRESHMENT SERVICE,</b>	<b>\$43.07</b>
	Invoice	Date	Description	Amount
	8920164	07/05/2016	COFFEE/OFFICE SUPPLIES	\$43.07
<b>64367</b>	07/28/2016		<b>AREA D</b>	<b>\$900.00</b>
	Invoice	Date	Description	Amount
	1511	06/27/2016	DUES FOR 2015-2016	\$900.00
<b>64368</b>	07/28/2016		<b>AVANT-GARDE, INC</b>	<b>\$1,330.00</b>
	Invoice	Date	Description	Amount
	4041	06/20/2016	PROJECT MGMT-CITY BRIDGES	\$1,330.00

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Check	Date		Payee Name	Check Amount
<b>CITY.WF.CHK - City General Wells Fargo</b>				
<b>64369</b>	07/28/2016		<b>B AND T CATTLE</b>	<b>\$14,580.00</b>
	Invoice	Date	Description	Amount
	55	07/05/2016	MAINT SVC-JUL 2016	\$14,580.00
<b>64370</b>	07/28/2016		<b>BOUZA LAW FIRM</b>	<b>\$75,505.50</b>
	Invoice	Date	Description	Amount
	385	05/08/2016	LEGAL SVC-FEB THRU MAY 2016	\$48,581.75
	426	06/30/2016	LEGAL SVC-MAY THRU JUN 2016	\$26,923.75
<b>64371</b>	07/28/2016		<b>BRYAN PRESS</b>	<b>\$309.02</b>
	Invoice	Date	Description	Amount
	0075196	06/30/2016	MAILING LABELS	\$309.02
<b>64372</b>	07/28/2016		<b>CAL NET TECHNOLOGY GROUP</b>	<b>\$8,165.64</b>
	Invoice	Date	Description	Amount
	9481	04/25/2016	LASERFICHE ANNUAL RENEWAL JUN 2016-JUN 2017	\$8,165.64
<b>64373</b>	07/28/2016		<b>CAL-PERS</b>	<b>\$352,043.00</b>
	Invoice	Date	Description	Amount
	100000014790116	07/01/2016	ANNUAL LUMP SUM PREPAYMENT-PLAN ID 15030	\$45.00
	100000014790104	07/01/2016	ANNUAL LUMP SUM PREPAYMENT-PLAN ID 1226	\$351,998.00
<b>64374</b>	07/28/2016		<b>CALIFORNIA CONTRACT CITIES</b>	<b>\$5,090.00</b>
	Invoice	Date	Description	Amount
	1875	07/01/2016	ANNUAL DUES FY 2016-2017	\$5,090.00
<b>64375</b>	07/28/2016		<b>CASSO &amp; SPARKS, LLP</b>	<b>\$59,767.39</b>
	Invoice	Date	Description	Amount
	20164	07/18/2016	COI-LEGAL SVC FOR FEB 2016	\$59,767.39

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Check	Date	Payee Name		Check Amount
<b>CITY.WF.CHK - City General Wells Fargo</b>				
64376	07/28/2016	CITY OF INDUSTRY-MEDICAL		\$9,000.00
	Invoice	Date	Description	Amount
	REG 7/28/16	07/20/2016	TRANSFER FUNDS-MEDICAL	\$9,000.00
64377	07/28/2016	CITY OF INDUSTRY-PAYROLL ACCT		\$100,000.00
	Invoice	Date	Description	Amount
	P/R 7/15/16	07/15/2016	PAYROLL REIMBURSEMENT FOR 7/15/16	\$100,000.00
64378	07/28/2016	CITY OF INDUSTRY-REFUSE		\$4,376.33
	Invoice	Date	Description	Amount
	2576090	07/01/2016	DISP SVC-CITY BUS STOPS	\$4,376.33
64379	07/28/2016	CNC ENGINEERING		\$182,404.76
	Invoice	Date	Description	Amount
	45000	06/30/2016	VALLEY BLVD PCC PAVEMENT RECONSTRUCTION	\$5,557.85
	45001	06/30/2016	CLARK AVE WIDENING	\$2,141.20
	45002	06/30/2016	GENERAL ENGINEERING SVC-CIP	\$23,378.43
	45003	06/30/2016	GENERAL ENGINEERING-MAINT OF CITY	\$18,263.54
	45004	06/30/2016	TONNER CYN PROPERTY	\$1,882.56
	45005	06/30/2016	PUENTE VALLEY OPERABLE UNIT	\$392.20
	45006	06/30/2016	CITY ELECTRICAL FACILITIES	\$488.13
	45007	06/30/2016	HOMESTEAD MUSEUM MAINT	\$470.64
	45008	06/30/2016	EL ENCANTO HEALTH CARE FACILITY	\$1,084.38
	45009	06/30/2016	TRAFFIC SIGNAL AT DON JULIAN AND SIXTH AVE	\$162.71
	45010	06/30/2016	SAN JOSE AVE RECONSTRUCTION	\$156.88
	45011	06/30/2016	HATCHER AVE BLDG DEMOLITION	\$2,497.90
	45012	06/30/2016	PACIFIC PALMS LAUNDRY BLDG	\$156.88
	45013	06/30/2016	PAINT EVALUATION -FENCE ALONG TEMPLE	\$392.20
	45014	06/30/2016	AZUSA AVE BRIDGE REPAINTING	\$196.10
	45015	06/30/2016	FISCAL YEAR BUDGET	\$7,378.93
	45016	06/30/2016	VARIOUS ASSIGMENTS-SA TO THE IUDA	\$1,049.40

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Check	Date	Payee Name	Check Amount
<b>CITY.WF.CHK - City General Wells Fargo</b>			
45017	06/30/2016	AQMD GRANT FOR ELECTRIC CAR CHARGING	\$470.64
45018	06/30/2016	MAINT OF YARD AT 1123 HATCHER	\$2,750.70
45019	06/30/2016	ARENTH AVE RECONSTRUCTION	\$4,492.28
45020	06/30/2016	2015-2016 TARGET SPEED SURVEY	\$313.76
45021	06/30/2016	CARTEGRAPH IMPLEMENTATION/MGMT	\$2,270.79
45023	06/30/2016	STANDARD AGREEMENTS FOR PROF SVC	\$162.71
45024	06/30/2016	FULLERTON RD GRADE SEPARATION	\$1,564.56
45025	06/30/2016	ALAMEDA CORRIDOR EAST RELATED PROJECTS	\$156.88
45026	06/30/2016	FAIRWAY DR GRADE SEPARATION	\$2,316.37
45027	06/30/2016	NOGALES GRADE SEPARATION	\$319.59
45028	06/30/2016	MISC GRADE SEPARATION STUDIES	\$1,087.83
45044	07/14/2016	WALNUT DR SOUTH WIDENING	\$156.88
45045	07/14/2016	VALLEY BLVD PCC PAVEMENT RECONSTRUCTION	\$5,639.20
45046	07/14/2016	CLARK AVE WIDENING	\$2,931.43
45047	07/14/2016	GENERAL ENGINEERING SVC-CIP	\$29,725.72
45048	07/14/2016	GENERAL ENGINEERING-MAINT OF CITY	\$18,350.99
45049	07/14/2016	TONNER CYN PROPERTY	\$3,631.56
45050	07/14/2016	PUENTE VALLEY OPERABLE UNIT	\$627.52
45051	07/14/2016	CITY ELECTRICAL FACILITIES	\$1,349.91
45052	07/14/2016	MAINT OF CITY HALL BLDG	\$156.88
45053	07/14/2016	MAINT OF IMC BLDG	\$506.68
45054	07/14/2016	HOMESTEAD MUSEUM MAINT	\$567.10
45055	07/14/2016	EL ENCANTO HEALTH CARE FACILITY	\$1,687.52
45056	07/14/2016	TRAFFIC SIGNAL AT DON JULIAN AND SIXTH AVE	\$1,423.58
45057	07/14/2016	SAN JOSE AVE RECONSTRUCTION	\$156.88
45058	07/14/2016	HATCHER AVE BLDG DEMOLITION	\$754.19
45059	07/14/2016	PACIFIC PALMS LAUNDRY BLDG	\$156.88
45060	07/14/2016	PAINT EVALUATION -FENCE ALONG TEMPLE	\$1,152.22
45061	07/14/2016	PROPERTY MGMGT FOR CITY OWNED PROPERTIES	\$2,538.48
45062	07/14/2016	AZUSA AVE BRIDGE REPAINTING	\$796.06
45063	07/14/2016	FISCAL YEAR BUDGET	\$9,747.76

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<b>CITY.WF.CHK - City General Wells Fargo</b>			
45065	07/14/2016	VARIOUS ASSIGMENTS-SA TO THE IUDA	\$946.58
45066	07/14/2016	NELSON/PUENTE AVE INTERSECTION	\$137.27
45067	07/14/2016	MAINT OF YARD AT 1123 HATCHER	\$1,043.57
45068	07/14/2016	ARENTH AVE RECONSTRUCTION	\$6,594.26
45069	07/14/2016	CARTEGRAPH IMPLEMENTATION/MGMT	\$2,340.75
45071	07/14/2016	FULLERTON RD GRADE SEPARATION	\$3,958.03
45072	07/14/2016	FAIRWAY DR GRADE SEPARATION	\$1,905.88
45073	07/14/2016	NOGALES GRADE SEPARATION	\$1,201.91
45074	07/14/2016	MISC GRADE SEPARATION STUDIES	\$663.03
<b>64380</b>	07/28/2016	<b>CORELOGIC INFORMATION</b>	<b>\$192.50</b>
Invoice	Date	Description	Amount
81705808	06/30/2016	GEOGRAPHIC PKG-JUN 2016	\$192.50
<b>64381</b>	07/28/2016	<b>COUNTY OF LOS ANGELES</b>	<b>\$48,047.18</b>
Invoice	Date	Description	Amount
2119M	07/13/2016	WEED ABATEMENT-VARIOUS SITES	\$48,047.18
<b>64382</b>	07/28/2016	<b>CSMFO</b>	<b>\$40.00</b>
Invoice	Date	Description	Amount
ORDER ID 169852	07/08/2016	SAN GABRIEL VALLEY CHAPTER MEETING-S.	\$40.00
<b>64383</b>	07/28/2016	<b>DEPARTMENT OF WATER</b>	<b>\$3,590.00</b>
Invoice	Date	Description	Amount
1800102422	05/01/2016	FEE-CHINO RANCH DAM #2025	\$3,590.00
<b>64384</b>	07/28/2016	<b>DEPT OF TRANSPORTATION</b>	<b>\$141,466.29</b>
Invoice	Date	Description	Amount
16008454	06/22/2016	COOP 4959-WESTBOUND SLIP ON-RAMP 57/60 FWY	\$51,213.92
16007786	05/31/2016	COOP 4959-WESTBOUND SLIP ON-RAMP 57/60 FWY	\$90,252.37

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Check	Date		Payee Name	Check Amount
<b>CITY.WF.CHK - City General Wells Fargo</b>				
64385	07/28/2016		EASYLINK SERVICES	\$55.50
	Invoice	Date	Description	Amount
	07634191607	07/02/2016	FAX SVC-JUN 2016	\$55.50
64386	07/28/2016		EGOSCUE LAW GROUP	\$1,650.00
	Invoice	Date	Description	Amount
	11321	07/06/2016	LEGAL SVC-FOLLOW'S CAMP	\$1,650.00
64387	07/28/2016		EXXON MOBIL	\$30.37
	Invoice	Date	Description	Amount
	72006767606	06/27/2016	LATE FEES	\$30.37
64388	07/28/2016		FEDERAL EXPRESS CORP.	\$344.24
	Invoice	Date	Description	Amount
	5-474-10998	07/08/2016	MESSENGER SVC	\$344.24
64389	07/28/2016		FERGUSON ENTERPRISES, INC	\$146.56
	Invoice	Date	Description	Amount
	3481837	06/27/2016	PLUMBING SUPPLIES-1123 HATCHER	\$146.56
64390	07/28/2016		FIRST AMERICAN TITLE INSURANCE	\$3,000.00
	Invoice	Date	Description	Amount
	1603-1603104985	07/11/2016	PRELIM TITLE REPORTS-FULLERTON GRADE	\$3,000.00
64391	07/28/2016		FRAZER, LLP	\$36,800.00
	Invoice	Date	Description	Amount
	144393	06/30/2016	COI-PROF SVC FOR JUN 2016	\$4,605.00
	144245	06/30/2016	COI-ACCTG SVC 6/16-6/30/16	\$32,195.00
64392	07/28/2016		GATEWAY CITIES COUNCIL OF	\$16,962.70
	Invoice	Date	Description	Amount

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Check	Date		Payee Name	Check Amount
<b>CITY.WF.CHK - City General Wells Fargo</b>				
	#HT-TMDL-26	07/07/2016	COST OF SHARING-HARBOR TOXIC POLLUTANTS	\$2,962.70
	FY 2016-2017	06/23/2016	MEMBERSHIP DUES FOR FY 2016-2017	\$14,000.00
<b>64393</b>	07/28/2016		<b>GMS ELEVATOR SERVICES, INC</b>	<b>\$138.00</b>
	Invoice	Date	Description	Amount
	00083577	07/01/2016	MONTHLY ELEVATOR SVC-JUL 2016	\$138.00
<b>64394</b>	07/28/2016		<b>HADDICK'S AUTO BODY</b>	<b>\$2,771.76</b>
	Invoice	Date	Description	Amount
	158389	06/01/2016	CONTAINER STORAGE	\$600.00
	047671	06/03/2016	AUTO MAINT-LIC 10194930	\$993.02
	047676	06/03/2016	AUTO MAINT-LIC 1210025	\$1,056.24
	H-74175	06/25/2016	TOWING SVC-LIC 1210025	\$122.50
<b>64395</b>	07/28/2016		<b>INDUSTRY SECURITY SERVICES</b>	<b>\$39,216.54</b>
	Invoice	Date	Description	Amount
	14-18011	07/01/2016	SECURITY SVC 6/24-6/30/16	\$16,564.19
	14-18026	07/01/2016	VEHICLE FUEL-TRES HERMANOS	\$704.00
	14-18022	07/01/2016	SECURITY SVC-TRES HERMANOS	\$2,187.12
	14-18099	07/08/2016	SECURITY SVC-TRES HERMANOS	\$2,355.44
	14-18088	07/08/2016	SECURITY SVC 07/01-07/07/16	\$17,405.79
<b>64396</b>	07/28/2016		<b>INTERNATIONAL INSTITUTE OF</b>	<b>\$120.00</b>
	Invoice	Date	Description	Amount
	ID#31002	06/22/2016	ANNUAL MEMBERSHIP-C. DUNLAP	\$120.00
<b>64397</b>	07/28/2016		<b>INTERNATIONAL INSTITUTE OF</b>	<b>\$120.00</b>
	Invoice	Date	Description	Amount
	ID#30865	06/22/2016	ANNUAL MEMBERSHIP-D. SCHLICHTING	\$120.00
<b>64398</b>	07/28/2016		<b>JANUS PEST MANAGEMENT</b>	<b>\$580.00</b>

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<b>CITY.WF.CHK - City General Wells Fargo</b>				
	Invoice	Date	Description	Amount
	178787	07/01/2016	PEST SVC-HOMESTEAD	\$580.00
<b>64399</b>	07/28/2016		<b>KLEINFELDER, INC.</b>	<b>\$3,371.25</b>
	Invoice	Date	Description	Amount
	001110536	06/16/2016	GEO SVC-CLARK AVE WIDENING	\$3,371.25
<b>64400</b>	07/28/2016		<b>L A COUNTY AUDITOR-</b>	<b>\$4,923.49</b>
	Invoice	Date	Description	Amount
	FY 2016-2017	06/30/2016	LAFCO OPERATING COSTS FY 16/17	\$4,923.49
<b>64401</b>	07/28/2016		<b>L A COUNTY DEPT OF PUBLIC</b>	<b>\$2,789.17</b>
	Invoice	Date	Description	Amount
	IN160001422	06/30/2016	ACCIDENT-TURNBULL CYN @ VALLEY BLVD	\$390.30
	IN160001388	06/30/2016	ACCIDENT-HACIENDA @ NELSON AVE	\$2,398.87
<b>64402</b>	07/28/2016		<b>L A COUNTY SHERIFF'S</b>	<b>\$690,979.49</b>
	Invoice	Date	Description	Amount
	164865NH	07/07/2016	SHERIFF CONTRACT-JUN 2016	\$690,377.95
	164767NH	06/30/2016	HELICOPTER SVC-MAY 2016	\$601.54
<b>64403</b>	07/28/2016		<b>LEAGUE OF CALIFORNIA CITIES</b>	<b>\$1,092.00</b>
	Invoice	Date	Description	Amount
	3277	06/01/2016	MEMBERSHIP DUES FOR FY 2016-2017	\$1,092.00
<b>64404</b>	07/28/2016		<b>MERRITT'S ACE HARDWARE</b>	<b>\$43.56</b>
	Invoice	Date	Description	Amount
	093061	07/08/2016	MISC SUPPLES-IMC	\$43.56
<b>64405</b>	07/28/2016		<b>MONROE SYSTEMS FOR BUSINESS,</b>	<b>\$200.00</b>
	Invoice	Date	Description	Amount

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<b>CITY.WF.CHK - City General Wells Fargo</b>				
	098094	06/28/2016	MAINT AGREEMENT-BOND TRADER	\$200.00
<b>64406</b>	07/28/2016		<b>PASTPERFECT SOFTWARE, INC.</b>	<b>\$752.00</b>
	Invoice	Date	Description	Amount
	2016PPO-35301	06/27/2016	MUSEUM COLLECTING ON-LINE HOSTING FEE	\$752.00
<b>64407</b>	07/28/2016		<b>PHILIPS, PAUL J.</b>	<b>\$167.98</b>
	Invoice	Date	Description	Amount
	07/01/2016	07/01/2016	REIMBURSE FOR EXPENSES-LUNCH MEETINGS	\$48.33
	07/09/16	07/09/2016	REIMBURSE FOR EXPENSES-LUNCH MEETINGS	\$119.65
<b>64408</b>	07/28/2016		<b>POST ALARM SYSTEMS</b>	<b>\$286.90</b>
	Invoice	Date	Description	Amount
	889094	07/05/2016	MONITORING SVC-HOMESTEAD	\$286.90
<b>64409</b>	07/28/2016		<b>ProcureIT USA, LLC</b>	<b>\$2,155.88</b>
	Invoice	Date	Description	Amount
	PIT18926	07/14/2016	COMPUTER EQUIPMENT	\$2,155.88
<b>64410</b>	07/28/2016		<b>RESERVE ACCOUNT</b>	<b>\$1,000.00</b>
	Invoice	Date	Description	Amount
	07/19/16	07/19/2016	POSTAGE FOR ACCOUNT #15775679	\$1,000.00
<b>64411</b>	07/28/2016		<b>RICOH USA, INC.</b>	<b>\$22.62</b>
	Invoice	Date	Description	Amount
	5043175070	07/03/2016	METER READING-CODE ENFORCEMENT COPIER	\$22.62
<b>64412</b>	07/28/2016		<b>SAN GABRIEL VALLEY FAMILY</b>	<b>\$4,300.00</b>
	Invoice	Date	Description	Amount
	2730	05/31/2016	GRAFFITI REMOVAL-MAY 2016	\$4,300.00

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<b>CITY.WF.CHK - City General Wells Fargo</b>				
<b>64413</b>	07/28/2016		<b>SAN GABRIEL VALLEY NEWSPAPER</b>	<b>\$446.08</b>
	Invoice	Date	Description	Amount
	0010820620	06/30/2016	SUMMARY OF ORDINANCE #794	\$446.08
<b>64414</b>	07/28/2016		<b>SHELL</b>	<b>\$45.00</b>
	Invoice	Date	Description	Amount
	8000073489607	07/06/2016	CAR WASH-CITY VEHICLES	\$45.00
<b>64415</b>	07/28/2016		<b>SHERWIN-WILLIAMS</b>	<b>\$354.80</b>
	Invoice	Date	Description	Amount
	6770-8	06/24/2016	PAINT SUPPLES-GRAFFITI REMOVAL	\$354.80
<b>64416</b>	07/28/2016		<b>SO CAL INDUSTRIES</b>	<b>\$1,118.70</b>
	Invoice	Date	Description	Amount
	230259	06/17/2016	FENCE RENTAL-INDUSTRY HILLS	\$89.93
	231860	06/30/2016	SEPTIC TANK PUMP-TONNER CYN/BREA CYN	\$850.00
	230801	06/22/2016	RR RENTAL-TONNER CYN/GRAND	\$93.87
	231600	06/29/2016	RR RENTAL-TONNER CYN/57FWY	\$84.90
<b>64417</b>	07/28/2016		<b>STAPLES BUSINESS ADVANTAGE</b>	<b>\$911.43</b>
	Invoice	Date	Description	Amount
	8039869737	06/25/2016	OFFICE SUPPLIES	\$628.99
	8039982165	07/02/2016	OFFICE SUPPLIES	\$282.44
<b>64418</b>	07/28/2016		<b>STATE CONTROLLER'S OFFICE</b>	<b>\$194,325.59</b>
	Invoice	Date	Description	Amount
	53147	06/15/2016	REVIEW OF COI ADMIN & INTERNAL ACCTG	\$59,936.89
	FAUD-00000482	06/15/2016	REVIEW OF COI ADMIN & INTERNAL ACCTG	\$134,388.70
<b>64419</b>	07/28/2016		<b>SULLY MILLER CONTRACTING</b>	<b>\$94,634.99</b>
	Invoice	Date	Description	Amount

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Check	Date		Payee Name	Check Amount
<b>CITY.WF.CHK - City General Wells Fargo</b>				
	#4CITY-1422	07/28/2016	CLARK AVE WIDENING	\$99,615.78
<b>64420</b>	07/28/2016		<b>TELEPACIFIC COMMUNICATIONS</b>	<b>\$4,961.83</b>
	Invoice	Date	Description	Amount
	79915679-0	06/30/2016	INTERNET SVC FOR JUL 2016-CITY HALL/METRO	\$4,961.83
<b>64421</b>	07/28/2016		<b>THE GABRIEL FOUNDATION</b>	<b>\$50,000.00</b>
	Invoice	Date	Description	Amount
	07/11/16	07/11/2016	INDUSTRY HILLS CHARITY PRO RODEO	\$50,000.00
<b>64422</b>	07/28/2016		<b>THEE BEST ROOTER &amp; PLUMBING</b>	<b>\$462.51</b>
	Invoice	Date	Description	Amount
	5042	07/10/2016	PLUMBING SVC-EL ENCANTO LAUNDRY ROOM	\$462.51
<b>64423</b>	07/28/2016		<b>TRIMARK ASSOCIATES, INC.</b>	<b>\$1,726.67</b>
	Invoice	Date	Description	Amount
	EB1100I	07/01/2016	MAINT SVC-METRO SOLAR	\$1,726.67
<b>64424</b>	07/28/2016		<b>TYLER TECHNOLOGIES</b>	<b>\$5,761.81</b>
	Invoice	Date	Description	Amount
	050562	06/30/2016	TRAVEL EXPENSE-BUSINESS PROCESS REVIEW	\$1,841.81
	050548	06/30/2016	SERVICE/TRAVEL TIME-BUSINESS PROCESS	\$3,920.00
<b>64425</b>	07/28/2016		<b>U.S. BANK</b>	<b>\$2,500.00</b>
	Invoice	Date	Description	Amount
	4331729	06/24/2016	COI-ADMIN FEES FOR GORBS 2014 TAXABLE	\$1,000.00
	4329436	06/24/2016	COI-ADMIN FEES FOR 2009 GO BONDS	\$1,500.00
<b>64426</b>	07/28/2016		<b>UNDERGROUND SERVICE ALERT OF</b>	<b>\$37.50</b>
	Invoice	Date	Description	Amount
	620160158	07/01/2016	DIG ALERTS	\$37.50

**CITY OF INDUSTRY  
WELLS FARGO BANK  
July 28, 2016**

Check	Date		Payee Name	Check Amount
<b>CITY.WF.CHK - City General Wells Fargo</b>				
64427	07/28/2016		VANGUARD CLEANING SYSTEMS,	\$925.00
	Invoice	Date	Description	Amount
	24707	07/01/2016	JANITORIAL SVC-HOMESTEAD	\$925.00
64428	07/28/2016		WKE, INC	\$691.60
	Invoice	Date	Description	Amount
	12-A	06/06/2016	ENGINEERING PLAN CHECK SVC-VARIOUS SITES	\$691.60

Checks	Status	Count	Transaction Amount
	Total	85	\$2,999,228.34

*CITY COUNCIL*

ITEM NO. 5.2

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CITY COUNCIL SPECIAL MEETING MINUTES  
CITY OF INDUSTRY, CALIFORNIA  
JANUARY 25, 2016  
PAGE 1

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**CALL TO ORDER**

The Special Meeting of the City Council of the City of Industry, California, was called to order by Mayor Mark D. Radecki at 8:47 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

**FLAG SALUTE**

The flag salute was led by Mayor Mark D. Radecki.

**ROLL CALL**

PRESENT: Mark D. Radecki, Mayor  
Cory C. Moss, Mayor Pro Tem  
Abraham N. Cruz, Council Member  
Newell W. Ruggles, Council Member

ABSENT: Roy Haber, Council Member

STAFF PRESENT: Paul J. Philips, City Manager; James M. Casso, City Attorney; Cecelia Dunlap, Deputy City Clerk.

**PUBLIC COMMENTS**

There were no public comments.

**CONSIDERATION OF RESOLUTION NO. CC 2016-05 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY AFFIRMING ITS APPROVAL OF THE PURCHASE AND SALE AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY AND THE CITY FOR 150 HACIENDA BOULEVARD, CITY OF INDUSTRY AND MAKING THE REQUISITE CEQA FINDINGS**

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER CRUZ TO ADOPT RESOLUTION NO. CC 2016-05. MOTION CARRIED 4-0, BY THE FOLLOWING VOTE:

AYES:	COUNCIL MEMBERS:	CRUZ, RUGGLES, MOSS, RADECKI
NOES:	COUNCIL MEMBERS:	NONE
ABSENT:	COUNCIL MEMBERS:	HABER

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CITY COUNCIL SPECIAL MEETING MINUTES  
CITY OF INDUSTRY, CALIFORNIA  
JANUARY 25, 2016  
PAGE 2

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ABSTAIN: COUNCIL MEMBERS: NONE

**CONSIDERATION OF RESOLUTION NO. CC 2016-06 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY AFFIRMING ITS APPROVAL OF THE PURCHASE AND SALE AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY AND THE CITY FOR 220 HACIENDA BOULEVARD, CITY OF INDUSTRY AND MAKING THE REQUISITE CEQA FINDINGS**

MOTION BY MAYOR PRO TEM MOSS, AND SECOND BY COUNCIL MEMBER RUGGLES TO ADOPT RESOLUTION NO. CC 2016-06. MOTION 4-0, BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS: CRUZ, RUGGLES, MOSS, RADECKI  
NOES: COUNCIL MEMBERS: NONE  
ABSENT: COUNCIL MEMBERS: HABER  
ABSTAIN: COUNCIL MEMBERS: NONE

**CONSIDERATION OF RESOLUTION NO. CC 2016-07 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY AFFIRMING ITS APPROVAL OF THE PURCHASE AND SALE AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY AND THE CITY FOR 242 HACIENDA BOULEVARD, CITY OF INDUSTRY AND MAKING THE REQUISITE CEQA FINDINGS**

MOTION BY COUNCIL MEMBER CRUZ, AND SECOND BY COUNCIL MEMBER RUGGLES TO ADOPT RESOLUTION NO. CC 2016-07. MOTION CARRIED 4-0, BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS: CRUZ, RUGGLES, MOSS, RADECKI  
NOES: COUNCIL MEMBERS: NONE  
ABSENT: COUNCIL MEMBERS: HABER  
ABSTAIN: COUNCIL MEMBERS: NONE

**ADJOURNMENT**

There being no further business, the City Council adjourned at 8:50 a.m.

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CITY COUNCIL SPECIAL MEETING MINUTES  
CITY OF INDUSTRY, CALIFORNIA  
JANUARY 25, 2016  
PAGE 3

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MARK D. RADECKI  
MAYOR

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CECELIA DUNLAP  
DEPUTY CITY CLERK

*CITY COUNCIL*

ITEM NO. 6.1

## NOTICE OF A PUBLIC HEARING

**NOTICE IS HEREBY GIVEN** that the City Council of the City of Industry will conduct a public hearing to consider the adoption of a resolution rescinding Resolution No. CC 2015-09, and updating the mandatory water conservation measures for the City of Industry Waterworks System to comply with those imposed by the State Water Resources Control Board Water Conservation Requirements.

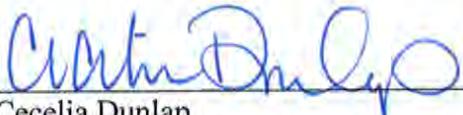
Copies of the full text of the proposed resolution are on file in the office of the City Clerk, City Administrative Offices, 15625 East Stafford Street, City of Industry, California 91744. Please contact Alex Gonzalez, Director of Development Services and Administration, at the City of Industry at (626) 333-2211, or by email at [alex@cityofindustry.org](mailto:alex@cityofindustry.org), if you have any questions.

The time, date and place of the hearing is as follows:

Time:	9:00 a.m.
Date:	July 28, 2016
Place:	City Council Chambers 15651 East Stafford Street City of Industry, CA 91744

Any person wishing to be heard regarding this matter may appear at the above time, date, and place. Written comments may be sent via US Mail or by hand delivery to the City of Industry at the address listed above or via email to the email address listed above. All comments must be received at, or prior to, the date and time of the hearing listed above.

If you challenge any action of the City Council on the adoption of the proposed resolution in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing.

  
Cecelia Dunlap  
Deputy City Clerk, City of Industry

# Memo



To: Alex Gonzalez, Director of Development Services and Administration

From: Greg B. Galindo, General Manager

Date: July 7, 2016

Subject: Updating Water Conservation Measures for the City of Industry Waterworks System

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## *Summary*

At the May 19, 2016 Industry Public Utilities Commission Meeting Staff provided a report on the change in the State Water Resources Control Board (State Water Board) emergency water conservation regulations.

The CIWS and the LPVCWD are considered small water suppliers, thus do not have to self-certify a water conservation standard for their respective systems. Although statewide water supply conditions have improved, the Main San Gabriel Groundwater Basin (Basin) remains at a historic low. As a result of improved statewide water supply conditions, regional water supplier MWD has communicated to its member agencies that they have enough water to meet their needs for the next three years. This is definitely an improvement from last year when MWD was restricting wholesale water deliveries as part of their Supply Allocation Plan. Our local municipal water district and MWD member agency, Upper San Gabriel Valley Water District, has also stated such, but urges all producers in the Basin to collectively aim to reduce use by 20% as compared to 2013-14 usage.

In response to the change in regional water supply conditions, the LPVCWD recently updated its water conservation regulations by changing the restriction on outdoor watering from 2 days per week to 3 days per week. District staff recommends that the City also consider updating its water conservation measures. Below is a summary of the current water conservation measures adopted for the CIWS by Resolution No. CC 2015-09.

## **Current**

1. No ornamental landscape, lawn or other turf area shall be watered more often than two (2) days per week and is prohibited between the hours of 9 a.m. and 6 p.m.
2. No ornamental landscape, lawn or other turf area shall be watered within 48 hours after measurable rainfall.
3. Parks and schools shall be prohibited from watering athletic fields more often than three (3) days per week and between the hours of 9 a.m. and 6 p.m.
4. No watering of ornamental landscapes, lawns, or other turf on public street medians.
5. There shall be no watering of landscapes, lawns, or other turf outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.

6. No water users shall cause or allow the water to run off landscape areas into adjoining streets, sidewalks, or other paved areas. There shall be no use or application of potable water to driveways, sidewalks, patios, parking areas or other paved surfaces.
7. Washing of motor vehicles, trailers, boats and other types of equipment shall be done only with a hand-held nozzle or other device.
8. No potable water shall be used to clean, fill or maintain levels in decorative fountains, ponds, lakes or other similar aesthetic structures unless such water is part of a recirculating system.
9. No restaurant, hotel, cafe, cafeteria or other public place where food is sold, served or offered for sale, shall serve drinking water to any customer unless expressly requested.
10. All water users shall promptly upon discovery, repair all leaks from indoor and outdoor plumbing fixtures.
11. The use of water from fire hydrants shall be limited to, fire fighting and related activities and other uses of water for municipal purposes shall be limited to, activities necessary to maintain the public health, safety, and welfare.
12. Operators of hotels and motels must provide guests with the option of choosing not to have towels and linens laundered daily, and notice of this option must be prominently displayed in each guestroom using clear and easily understood language.

District Staff recommends that the City consider updating its water conservation measures by changing the following restrictions:

### **Recommended Changes**

1. No ornamental landscape, lawn or other turf area shall be watered more often than three (3) days per week and is prohibited between the hours of 9 a.m. and 6 p.m.
3. Parks and schools shall be prohibited from watering athletic fields more often than three (3) days per week and between the hours of 9 a.m. and 6 p.m.
9. Remove restriction No. 9.

These recommended changes mirror what LPVCWD has adopted. District staff recommends the City consider adopting the same changes, in an effort to make public outreach and enforcement consistent and efficient.

To gauge consistency with other water purveyors, District staff surveyed adjacent water purveyors to identify what outdoor watering restrictions they will have in place through the end of the year. We found that Rowland Water District, Suburban Water Systems and San Gabriel Valley Water Company will be restricting outdoor watering to 3 days per week.

### ***Recommended Action***

Rescind Resolution No. CC 2015-09 and update the emergency water conservation measures which shall remain in effect until the newly adopted resolution is amended or rescinded by the City Council. A draft resolution has been prepared and is enclosed for your consideration.

Please note that Resolution maintains the provisions for violations and penalties for the previously adopted water conservation measures.

If you have any questions on the information provided, please feel free to contact me.

Respectfully Submitted,

*Greg B. Galindo*

General Manager

**Enclosure**

- Draft Resolution Updating Water Conservation Measures for the City of Industry Waterworks System

**RESOLUTION NO. CC 2016-48**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY  
RESCINDING RESOLUTION NO. CC 2015-09, ADOPTING UPDATED  
WATER CONSERVATION MEASURES TO COMPLY WITH THE STATE  
WATER RESOURCES CONTROL BOARD'S WATER CONSERVATION  
REQUIREMENTS, AND NOTICE OF EXEMPTION REGARDING SAME**

**WHEREAS**, the City of Industry ("City") provides water service to residents and businesses both within and immediately adjacent to the geographical boundaries of the City (the "Industry Waterworks"); and

**WHEREAS**, the Industry Waterworks system is operated and managed by the La Puente Valley County Water District; and

**WHEREAS**, article X, section 2 of the California Constitution declares that waters of the State are to be put to beneficial use and that waste, unreasonable use, or unreasonable method of use of water be prevented, and that water be conserved for the public welfare; and

**WHEREAS**, conservation of current water supplies and minimization of the effects of water supply shortages that are the result of drought are essential to the public health, safety and welfare; and

**WHEREAS**, the City adopted Resolution No. CC 2015-09 on May 28, 2015 Declaring Emergency Water Shortage Conditions and Adopting Mandatory Conservation Measures consistent with the Governor of California's Executive Order No. B-29-15 issued on April 1, 2015, and with regulations imposed by the State Water Resources Control Board ("SWRCB"); and

**WHEREAS**, on May 9, 2016, Governor Edmund G. Brown Jr. issued Executive Order No. B-37-16 directing actions aimed at using water wisely, reducing water waste, and improving water efficiency, and directed the SWRCB to adjust emergency water conservation regulations for urban water conservation, in response to the changing water supply conditions across the state; and

**WHEREAS**, Statewide precipitation over the past year has been variable with Northern California having received above-average rainfall while much of southern California continues to experience below-average rainfall, inadequate snowfall, and warm temperatures and, consequently, while major Northern California water reservoirs are near or above average water storage for this time of year, many Southern California reservoirs are significantly below average; and

**WHEREAS**, in southern California, imported water supplies from the State Water Project continue to be significantly curtailed and groundwater supplies are limited in nature; and

**WHEREAS**, the Main San Gabriel Groundwater Basin ("Basin"), which the City relies upon as its primary source of water to meet its customers' needs, remains close to its historic low level, which is far below the preferred operating range for the Basin; and

**WHEREAS**, Water Code section 1058.5 grants SWRCB the authority to adopt emergency regulations in certain drought years in order to: “prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion, of water, to promote water recycling or water conservation”; and

**WHEREAS**, on May 18, 2016, the SWRCB adopted new emergency water conservation regulations that will replace the state-developed standards with locally developed water conservations standards based on each agency and urban water supplier’s specific circumstances; and

**WHEREAS**, California Water Code sections 375 *et seq.* empowers any public entity which supplies water at retail or wholesale to adopt and enforce mandatory water conservation measures within its boundaries to reduce the quantity of water used by those within its service area after holding a public hearing and making appropriate findings of necessity for the adoption of said mandatory water conservation measures; and

**WHEREAS**, Water Code section 375, subdivision (c) defines “public entity” to include the City; and

**WHEREAS**, the City is required to comply with State law, including the Emergency Regulations adopted by the SWRCB, codified at Title 23 of the California Code of Regulations and is authorized pursuant thereto to implement these requirements; and

**WHEREAS**, the City must comply with the SWRCB Emergency Regulations by taking actions to restrict certain uses of water within its service area; and

**WHEREAS**, on July 28, 2016, the City held a duly noticed public hearing and made appropriate findings of necessity and desire to comply with the SWRCB Emergency Regulations by taking actions to mandate reduction of water use within its service area.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF INDUSTRY DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:**

**SECTION 1.** The above recitals are true and correct and are incorporated herein by reference.

**SECTION 2.** Upon independent review and consideration of the information contained in the Staff Report, this Resolution and the Notice of Exemption, the City Council hereby finds and determines that the mandatory water conservation measures set forth in this Resolution are categorically exempt from the California Environmental Quality Act (“CEQA”) (Public Resources Code Section 21000 *et seq.*), pursuant to Sections 15307 (Actions Taken by Regulatory Agencies for Protection of Natural Resources), and 15308 (Actions Taken by Regulatory Agencies for Protection of the Environment) of the CEQA Guidelines (Title 14, Chapter 3 of the California Code of Regulations). Based on these findings, the City Council adopts the Notice of Exemption and directs staff to file same as required by law.

**SECTION 3.** The City Council hereby rescinds Resolution No. CC 2015-09.

**SECTION 4. Determination of Need for Water Conservation Measures.** The City Council, in accordance with the foregoing findings, hereby declares that the regulations and restrictions on delivery and consumption of water within its service area as set forth in Section 6 below (Mandatory Water Conservation Measures) are necessary to conserve water supplies for the greatest public benefit with particular regard to domestic use, sanitation, and fire protection.

**SECTION 5. Authorization to Implement Restrictions on Water Consumption:** The City Council hereby authorizes the manager and operator of the Industry Waterworks system, the La Puente Valley County Water District (“District”), to take specific steps to implement the water conservation measures set forth in this Resolution.

**SECTION 6. Mandatory Conservation Measures.** The City Council hereby adopts the following regulations and restrictions on the delivery and consumption of water within the City’s service area:

a. **Outdoor Landscapes:** Unless recycled water is utilized, the following restrictions apply to the irrigation of outdoor landscapes:

i. No ornamental landscape, lawn or other turf area may be watered more often than three (3) days per week (for the purposes of this section, a week is deemed to commence at 12:01 a.m. on Sunday morning and end at midnight on the following Saturday night) and is prohibited between the hours of 9 a.m. and 6 p.m.

ii. No ornamental landscape, lawn or other turf area may be watered on a day with measurable rainfall (0.01 inches of rain or greater) or within 48 hours thereafter.

iii. Parks and schools are prohibited from watering their athletic fields more often than four (4) days per week.

iv. Watering of ornamental landscapes, lawns, or other turf on public street medians is prohibited.

v. Watering of landscapes, lawns, or other turf outside of newly constructed homes and buildings must be done in a manner consistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.

b. **General Restrictions:** The following restrictions apply to all end-users of potable water:

i. No users may cause or allow water to run off landscape areas into adjoining streets, sidewalks, or other paved areas due to incorrectly directed or maintained sprinklers or excessive watering.

ii. The application of potable water to driveways, sidewalks, patios, parking areas or other paved surfaces is prohibited.

iii. Washing of motor vehicles, trailers, boats and other types of equipment must be done only with a hand-held nozzle or other device that causes the water hose to cease dispensing water immediately when not in use (except as to reclaimed wastewater or by a commercial car wash using recycled water)

iv. No potable water may be used to clean, fill or maintain levels in decorative fountains, ponds, lakes or other similar aesthetic structures unless such water is part of a recirculating system.

v. All water users must promptly upon discovery repair all leaks from indoor and outdoor plumbing fixtures.

vi. Operators of hotels and motels must provide guests with the option of choosing not to have towels and linens laundered daily, and notice of this option must be prominently displayed in each guestroom using clear and easily understood language.

vii. The use of water from fire hydrants is limited to fire fighting and related activities and other uses of potable water for municipal purposes is limited to activities necessary to maintain the public health, safety, and welfare.

c. **Exemptions:** The following uses are exempt from the restrictions of this Section 6:

i. Watering of athletic fields is permitted at any time if reasonably necessary for the health and safety of the individuals using the athletic field.

ii. Modified watering schedules approved in advance by the City to accommodate public use.

iii. Maintenance activities requiring potable water use approved in advance by the City.

iv. Ongoing water system improvement projects utilizing construction meters in accordance with City policy or regulations.

v. Watering of plants and other landscape material slated for sale at nurseries/garden centers.

**SECTION 7.** The District is directed to take all steps necessary to advise the customers of the Industry Waterworks system of the mandatory water conservation measures and to enforce them in accordance with applicable law.

**SECTION 8. Duration of Water Emergency:** These water conservation measures will remain in effect until amended or repealed by the City Council.

**SECTION 9. Violation:** Any violation of the water conservation measures set forth in Section 6 may be punished as an infraction as set forth in Section 1.08.070(A) of the City's

Municipal Code. As the manager and operator of the Industry Waterworks system, the District is authorized to implement and enforce the water conservation measures set forth herein. Notwithstanding the penalties set forth in Section 1.08.070.A of the City's Municipal Code, any violation thereof may result in the following warnings, penalties, and restrictions imposed by the District on behalf of the City:

a. **First Violation.** The District may issue a written door-hanger notification and cause it to be personally placed at the customer's address where the violation occurred.

b. **Second Violation.** The District may issue a written door-hanger notification and cause it to be personally placed at the customer's address where the violation occurred, and also send a written letter by United States mail notifying the customer of the repeat violation as well as the penalties that may be imposed for any subsequent violations.

c. **Third Violation.** The District may issue a written door-hanger notification and cause it to be personally placed at the customer's address where the violation occurred, send a written letter by United States mail notifying the customer of the repeat violation, and issue a citation fine in the amount of \$100.00 pursuant to Section 1.08.070(A)(1) of the Industry Municipal Code.

d. **Fourth Violation.** The District may issue a written door-hanger notification and cause it to be personally placed at the customer's address where the violation occurred, send a written letter by United States mail notifying the customer of the repeat violation, and issue a citation fine in the amount of \$200.00 pursuant to Section 1.08.070(A)(2) of the Industry Municipal Code, and install a flow restricting device of two gallons per minute (2 gpm) capacity for services up to one and one-half inch size (1.5"), and comparatively sized restrictors for larger service, on the customer's service where the violation occurred, for a period of not less than seventy-two hours.

e. **Fifth and Subsequent Violations.** The District will provide the same notices and impose the same penalty measures as for a Fourth Violation and may, at the discretion of the General Manager of the District, discontinue water service to that customer at the premises at which the violation occurred.

**SECTION 10. Appeal:** Decisions made by the District under the regulations set forth in this Resolution may be appealed in accordance with the procedures set forth in Chapter 13.03.070 of the City's Municipal Code relating to the Industry Waterworks System.

**SECTION 11. Severability:** The provisions of this Resolution are severable, and if any provision, clause, sentence, word or part thereof is held illegal, invalid, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

**SECTION 12. Effective Date:** This Resolution shall take effect on August 1, 2016.

**SECTION 13.** The City Clerk is directed to certify to the adoption of this Resolution and cause it to be published in accordance with Water Code section 376.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Industry at a regular meeting held on July 28, 2016 by the following vote:

- AYES:                    COUNCIL MEMBERS:
- NOES:                    COUNCIL MEMBERS:
- ABSTAIN:                COUNCIL MEMBERS:
- ABSENT:                 COUNCIL MEMBERS:

\_\_\_\_\_  
Mark D. Radecki, Mayor

ATTEST:

\_\_\_\_\_  
Cecelia Dunlap, Deputy City Clerk

*CITY COUNCIL*

ITEM NO. 7.1



# CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

## MEMORANDUM

To: Honorable Mayor and Members of the City Council

From: Paul J. Philips, City Manager *Paul J. Philips*

Staff: Clement N. Calvillo, City Engineer, CNC Engineering *cc*  
Joshua Nelson, Deputy City Engineer, CNC Engineering *gn*  
Upendra Joshi, Project Engineer, CNC Engineering

Date: July 19, 2016

**SUBJECT: Right-of-Way Agreement with Telecommunication Service Provider,  
Level-3 Communications - JN-6207**

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The City has received an application for an encroachment permit from a telecommunication service provider, Level-3 Communications (Level-3), to locate certain facilities in City Right-of-Way. Level-3 does not have and is not required to have a franchise agreement with the City, but is permitted under State law to use City right-of-ways for their facilities subject to such reasonable and uniformly applied time, place and manner regulations as may be imposed by the City.

As part of the encroachment permit process, the City is requiring Level-3 to enter into a Right-of-Way Agreement in order to establish clear terms and conditions under which such facilities may be placed in the City's Right-of-Way, including Level-3's obligation to remove and relocate their facilities under prescribed circumstances. Level-3 has reviewed and agreed to the proposed Agreement.

Staff recommends that the City Council approve the Right-of-Way Agreement and authorize the Mayor and City Clerk to execute the same. After the City Council approval, any work proposed by Level-3 within the City Right-of-Way will be reviewed and approved by the City Engineer as part of the encroachment permit process.

### Exhibit

- A. Right-of-Way Agreement between the City of Industry and Level 3 Communications, LLC.
-

**EXHIBIT A**

**Right-of-Way Agreement between the City of Industry and Level 3  
Communications, LLC dated July 18, 2016**

[Attached]

## **RIGHT-OF-WAY AGREEMENT**

This Right-of-Way Agreement ("Agreement") is entered into as of July 28, 2016 (the "Effective Date"), between the City of Industry, California, a California a municipal corporation ("CITY"), and Level 3 Communications, LLC, a Delaware Limited Liability Company ("UTILITY"). CITY and UTILITY are individually referred to in this Agreement as a "Party", and collectively as the "Parties."

### **RECITALS**

A. UTILITY is authorized to provide telecommunications services within the state of California ("State") pursuant to a Certificate of Public Convenience and Necessity issued by the Public Utilities Commission of the State of California (Certificate No. 8435500014).

B. UTILITY has the requisite authority to construct, install, remove, replace, upgrade, and maintain facilities that occupy public rights-of-way, at various locations throughout the City, and within the territorial limits of the CITY (the "Territory") and to otherwise provide telecommunications services, and desires to construct, install, and maintain such facilities.

C. The Parties desire to establish the terms and conditions on which UTILITY will access and occupy the CITY's public rights-of-way for purposes of constructing, installing, removing, replacing, upgrading, and maintaining facilities in the CITY's Territory in connection with its provision of telecommunications services.

NOW, THEREFORE, in consideration of the mutual agreements, provisions, and covenants contained in this Agreement, the Parties agree as follows:

### **I. SCOPE OF RIGHTS AND OBLIGATIONS**

A. Installation and Operation of Facilities. Subject to the terms of this Agreement, all applicable CITY laws, ordinances, codes, policies and administrative regulations, including, but not limited to, Chapter 12.08 of the Industry Municipal Code, as they may be amended (collectively "CITY laws"); and the issuance of any applicable permits required by the CITY laws or any other Federal or State laws (including any permits for the making of excavations, fills, or obstructions in any streets or highways in the Territory required by the CITY), UTILITY may, at UTILITY's expense and during the Term:

1. locate, lay, place, attach, install, control, construct, repair, replace, upgrade, and maintain wires, cables, pipes, conduit, and other equipment and services (the "Facilities") on, in, along, across, under, over, or through the streets, alleys, highways, bridges, sidewalks, or other dedicated public vehicular rights-of-way, in the Territory (i) owned or acquired by the CITY from and after the

Effective Date, or (ii) over which the CITY has or acquires jurisdiction or control from and after the Effective Date (the "Rights-of-Way"); and

2. operate and use the Facilities to conduct its business in the Territory.

B. Permitted Uses. This Agreement does not convey any property interest to UTILITY, nor may UTILITY claim under this Agreement any property interest, in the Rights-of-Way. The rights granted to UTILITY and arising under this Agreement are subject and subordinate to the CITY's right to use the Rights-of-Way in the performance of its Public Duties. For purposes of this Agreement, "Public Duties" means the laying, installation, maintenance, protection, replacement, and removal of sanitary sewers, water mains, storm drains, gas mains, overhead and underground electric lines, telephone lines, cable television lines, together with any appurtenances thereof and the right of egress and ingress on, along, across, under, over, and through the Rights-of-Way, and any change of grade, alignment or width of the Rights-of-Way, the installation of curbs, gutters, or landscaping along the Rights-of-Way, and any maintenance, repair, or resurfacing of any Rights-of-Way.

C. No Interference. Except as authorized or permitted by applicable law, in the performance of and exercise of its rights under this Agreement, UTILITY may not materially interfere with the operation of any sanitary sewers, water mains, storm drains, gas mains, overhead and underground electric lines, telephone lines, cable television lines, or facilities relating thereto, located in the Territory and owned or controlled by the CITY or a third party. Except in an emergency, UTILITY shall not obstruct any public street or sidewalk without obtaining such encroachment permits or other approvals as may be required by CITY. Except in an emergency, UTILITY shall conduct construction, maintenance, upgrading, or repair work only during those hours set forth in the City's Municipal Code when construction activities are permitted.

D. Maintenance. UTILITY agrees to maintain its Facilities in good condition at all times during the Term. Subject to Section IV.C., in the event that any Facilities cause damage to the CITY's Rights-of-Way or interfere with the performance of any Public Duties or other uses of the Rights-of-Way as provided in Section I.C above, UTILITY agrees, upon notice from the CITY, to promptly commence and complete all necessary repairs to cure any such damage caused by the Facilities, at its own cost and expense.

E. Removal and Relocation.

1. If UTILITY has attached or connected its Facilities to the facilities of other utilities or parties located in the Rights-of-Way such as light poles or telephone poles or is otherwise sharing such facilities pursuant to any lease, sublease or other agreement, the UTILITY will be bound to relocate or remove its Facilities at the same time

and in the same manner as such utilities or parties at UTILITY's sole cost and expense.

F. Abandonment

1. Nothing in this Agreement may be construed as requiring UTILITY to exercise its rights hereunder. Accordingly, UTILITY may abandon any of its Facilities in its sole discretion at any time upon written notice to the CITY (an "Abandoned Facility"). In the event UTILITY abandons one or more Facilities, UTILITY will, at its sole expense, vacate and remove the Facilities within six (6) months of such abandonment. UTILITY's obligations arising under this Section I.F. are in addition to obligations imposed on UTILITY by applicable CITY laws or other laws relating to the refilling of excavations or removal of obstructions. Notwithstanding the foregoing, with the CITY's written consent, UTILITY will not be required to vacate or remove an Abandoned Facility, and such Abandoned Facility will convey to the CITY as part of such written agreement.
2. If UTILITY fails to vacate or remove an Abandoned Facility (or otherwise obtain consent from the CITY not to vacate or remove the Abandoned Facility) within six (6) months of its notice of abandonment, the CITY will deliver UTILITY written notice of such failure. UTILITY will have an additional three (3) months from and after the date it receives such notice from the CITY to remove the Abandoned Facility. If UTILITY fails to vacate or remove the Abandoned Facility after such three-month period, the CITY may either (i) remove the Abandoned Facility at UTILITY's reasonable expense, which expense UTILITY must remit to the CITY within sixty (60) days of receiving an invoice from the CITY setting forth the nature and scope of such expenses; or (ii) deem the Abandoned Facility to have been abandoned and conveyed to the CITY.

G. Non-Exclusivity. UTILITY acknowledges that the rights granted under this Agreement are not exclusive, and that CITY may grant the same or similar rights and privileges to other authorized persons or companies, provided that such grant of rights or privileges does not materially interfere with UTILITY's Facilities.

II. **TERM**

A. Term. The initial term of this Agreement is for 10 years from the Effective Date (the "Initial Term").



Casso & Sparks, LLP  
13200 Crossroads Parkway North, Suite 345  
City of Industry, CA 91746

If to UTILITY: Level 3 Communications, LLC  
1025 Eldorado Boulevard  
Broomfield, CO 89921  
Attn: Right of Way Department

With a copy to: Level 3 Communications, LLC  
1025 Eldorado Boulevard  
Broomfield, CO 89921  
Attn: Legal Department

Governing Law; Venue. This Agreement will be governed and construed in accordance with the laws of the State of California without regard to the principles of conflicts of laws thereof. All actions and proceedings arising out of or relating to this Agreement will be heard and determined in the municipal, superior, or federal district court in Los Angeles County, California, and the Parties hereby irrevocably submit to the exclusive jurisdiction of such courts in any such action or proceeding. If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, or arising out of or relating to the UTILITY's use and operation of Facilities on City Territory, pursuant to Section I.A.1 of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and all related costs, including costs of expert witnesses and consultants, as well as costs on appeal, in addition to any other relief to which it may be entitled.

C. Indemnification. UTILITY agrees to indemnify and hold harmless CITY from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements (collectively, "Claims"), which the CITY may suffer or incur or to which the CITY may become subject by reason of or arising out of any negligent or willfully wrongful acts or omissions of UTILITY, or its officers, employees, contractors or agents committed with respect to or arising from the installation, operation or use of UTILITY's Facilities under this Agreement.

D. Insurance. UTILITY shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit A attached hereto and incorporated herein by reference.

E. Approval by SCE. Prior to commencement of the installation and operation of the Facilities, UTILITY shall obtain written approval from the owner of any streetlight to which the Facilities will be attached, and shall provide proof of such approval to the CITY.

F. Counterparts; Effectiveness. This Agreement may be executed in two or more consecutive counterparts, each of which will be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered (by facsimile or otherwise) to the other Party.

G. Expenses. Except as otherwise provided under the CITY laws, all costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the Party incurring such expenses.

H. Electricity. UTILITY shall pay for the electricity it consumes in its operations at the rate charged by the servicing utility company.

I. Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid or unenforceable, the Parties agree that such provision will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the validity, legality and enforceability of the remaining provisions of this Agreement will not in any way be affected or impaired thereby. If necessary to effectuate the intent of the Parties, the Parties will negotiate in good faith to amend this Agreement to replace the unenforceable language with enforceable language that reflects such intent as closely as possible.

J. Entire Agreement. This Agreement constitutes the entire agreement between the Parties, and supersedes all other prior written and oral agreements and understandings between the Parties, with respect to the subject matter hereof.

K. Waiver. Unless agreed to in writing by the Parties, the waiver by a Party of any breach, violation, or default of a provision of this Agreement will not operate as a waiver of any subsequent breach, violation, or default of that or of any other provision of this Agreement. No extension of time for the performance of any obligation or act required by a Party hereunder will be deemed to be an extension of time for the performance of any other obligation or act.

L. Headings. Captions and section headings used in this Agreement are for convenience of the Parties only, are not a part of this Agreement, and will be given no substantive or interpretive effect whatsoever.

M. Amendment. This Agreement may only be amended by a written agreement signed by both Parties.

N. Authority. Each individual executing this Agreement on behalf of each respective Party acknowledges and warrants that: (i) it has full authority to execute this Agreement on behalf of such Party, (ii) this Agreement has been duly authorized and approved by such Party, and (iii) this Agreement constitutes a valid and binding obligation of such Party.

*[Signature page follows]*

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement, or caused it to be executed and delivered, as of the Effective Date.

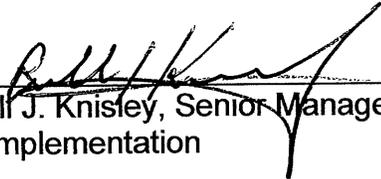
**“CITY”**

**“UTILITY”**

**City of Industry**

**Level 3 Communications, LLC**

By: \_\_\_\_\_  
Paul Philips, City Manager

By:  \_\_\_\_\_  
Russell J. Knisley, Senior Manager,  
Field Implementation

**Attest:**

By: \_\_\_\_\_  
Cecelia Dunlap, Deputy City Clerk

**Approved as to form:**

By: \_\_\_\_\_  
James M. Casso, City Attorney

Attachments:      Exhibit A      Insurance Requirements

## EXHIBIT A INSURANCE REQUIREMENTS

Without limiting UTILITY's indemnification of City, and prior to commencement of the installation of the Facilities, UTILITY shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to the City.

**General liability insurance.** UTILITY shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate, for bodily injury, personal injury, and property damage for all activities of the UTILITY arising out of or in connection with the installation and operation of the Facilities to be performed under this Agreement. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

**Automobile liability insurance.** UTILITY shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000.00 combined single limit for each accident.

**Workers' compensation insurance.** UTILITY shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000.00).

UTILITY shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of the City, its officers, agents, employees and volunteers.

**Proof of insurance.** UTILITY shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsement must be approved by City's Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this contract. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

**Duration of coverage.** UTILITY shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of installation and operation of the Facilities hereunder by UTILITY, its agents, representatives, employees or subconsultants.

**Primary/noncontributing.** With respect to liability arising from the operations of UTILITY covered by this Agreement, coverage provided by UTILITY shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

**City's rights of enforcement.** In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by UTILITY. In the alternative, City may cancel this Agreement.

**Acceptable insurers.** All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

**Waiver of subrogation.** All insurance coverage maintained or procured pursuant to this Agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow UTILITY or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. UTILITY hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

**Enforcement of contract provisions (non estoppel).** UTILITY acknowledges and agrees that any actual or alleged failure on the part of the City to inform UTILITY of non-compliance with any requirement imposes no additional obligations on the City nor does it waive any rights hereunder.

**Requirements not limiting.** Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the UTILITY maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the UTILITY.

Notice of cancellation. UTILITY agrees to oblige its insurers to provide to City a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

**Additional insured status.** General liability policies shall provide or be endorsed to provide that City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess liability policies.

**Prohibition of undisclosed coverage limitations.** None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement that is required in Exhibit A that has not been first submitted to City and approved of in writing.

**Separation of Insureds.** A severability of interests provision must apply for all additional insureds ensuring that UTILITY's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

**Pass Through Clause.** UTILITY agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by UTILITY, provide the same minimum insurance coverage and endorsements required of UTILITY. UTILITY agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. UTILITY agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to City for review.

**City's right to revise specifications.** The City reserves the right at any time during the term of the contract to reasonably change the amounts and types of insurance required by giving the UTILITY ninety (90) days advance written notice of such change.

**Self-insured retentions.** Any self-insured retentions must be declared to and approved by the City. The City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by the City.

**Timely notice of claims.** UTILITY shall give the City prompt and timely notice of claims made or suits instituted that arise out of or result from UTILITY's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

**Additional insurance.** UTILITY shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

*CITY COUNCIL*

ITEM NO. 7.2



## **MEMORANDUM**

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

**FROM:** Paul J. Philips, City Manager *Paul J. Philips*

**DATE:** July 28, 2016

**SUBJECT:** Additional Support Request from the Industry Hills Charity Pro Rodeo

Please find attached correspondence from the Rodeo Committee/The Gabriel Foundation, dated July 8, 2016. This request is for an additional \$55,000.00 to support the upcoming annual Rodeo. Traditionally, the City, as well as the Industry Manufacturers Council, have provided annual support. Internal policies and procedures have changed over the past year requiring that all grant requests be reviewed and ruled on by the City Council.

IT IS RECOMMENDED that the City Council direct staff accordingly.



7.8.16

**STEERING COMMITTEE**

LARRY R HARTMANN, CHAIR  
DOUG KNUDSON, ARENA DIRECTOR  
KEN CALVO, FACILITIES DIRECTOR  
CARL BENNITT  
JOHN BYERS  
ROBERT R DIPRE JR  
DAVID M PEREZ  
VINCE PEREZ  
KEN RAMMELL  
TIM SEAL

**ADMINISTRATION**

ADMINISTRATOR, LEONA HARRIS  
TREASURER, PATRICK W MEDLOCK

**RODEO COMMITTEES**

ACTIVITIES, PAUL SPITZER  
COMMUNITY KIDS DAY,  
ROSIE GARCIA, NANCY RUIZ  
FACILITY SET-UP,  
DAVID M PEREZ  
BILL HARRIS  
FINANCE,  
CORINNE HARTMANN  
VINCE PEREZ  
HOSPITALITY CORRAL,  
MARILYNN MALCOLM  
TINA HUTTON  
MARKETING, PAT ROSENGREN  
PROGRAM BOOK, KAITY ROSENGREN  
RAFFLE, AURORA MORALES  
RODEO PRESENTATIONS,  
LARRY HARTMANN  
RON MCPEAK  
SECURITY,  
SGT TOM WILSON  
DEP KEN LEVVA  
SILENT AUCTION, ANNA LEE FARBER  
SOUVENIRS, BERTHA PEREZ  
VOLUNTEERS,  
TIM SEAL  
WELCOME PARTY, KIM MOORE  
WREANGLER, GARY DUDLEY

Mr. Paul Phillips, City Manager  
City of Industry  
15625 Stafford St Suite 100  
City of Industry CA 91744

The Industry Hills Charity Pro Rodeo provides support for thousands of our disadvantaged children each year through proceeds administered by The Gabriel Foundation. The City of Industry major sponsorship makes this mission possible.

As you know, the City of Industry City Council approved a Rodeo Sponsorship of \$50,000 on 3.24.16. Also, the IMC has sponsored the Rodeo each year with \$55,000, in support of our Community Kids Day, and has for the past 20 years.

As the IMC Sponsorship is not currently available, your consideration of another City of Industry sponsorship of \$55,000 would be not only greatly appreciated but also critical to providing our Community Kids Day Rodeo. Please review the attached information which supports the many benefits of City of Industry sponsorship of Community Kids Day.

In appreciation,

Larry R Hartmann, Rodeo Chairman  
On behalf of the Rodeo Committee and The Gabriel Foundation

cc Ron McPeak, President, The Gabriel Foundation



**INDUSTRY HILLS CHARITY PRO RODEO**

PO Box 7006 • City of Industry, CA 91744-7006

P 626.961.6892 • F 626.961.0691 • industryrodeo@aol.com • www.industryhillsporodeo.org

**INDUSTRY HILLS CHARITY PRO RODEO**

**31st Annual**  
**COMMUNITY KIDS DAY**  
**OCTOBER 7, 2016**

**City of Industry Community Kids Day Sponsorship- - \$55,000.00**

1. Exclusive Sponsor – Community Kids Day at INDUSTRY HILLS CHARITY PRO RODEO  
4,000 – 5,000 CHILDREN FROM 14-16 LOCAL School Districts, Private and Parochial Schools in the surrounding areas attend as invited guests of the Rodeo Committee and Community Kids Day Sponsor.
2. Company acknowledgment on front cover, and full page ad on back cover of 5,000 Kids Day Booklets distributed through the Hacienda La Puente Unified School District Office to (14) to (16) participating local school districts—grades 3 through 5—(*ad designs to be provided by City of Industry*)
3. Full page four color ad in Official Program Book (*camera ready artwork supplied by City of Industry*).  
Distribution: 100,000 homes and businesses--through the San Gabriel Valley Tribune, Pasadena Star News and Whittier Daily News as an Insert, October 1, 2016 edition, and to every family attending the Rodeo
4. Four large banners to be displayed during three days of activities – inside rodeo arena – between grandstand entrance to arena – at gate entrance – at Hospitality Corral (*graphics for banners to be designed and approved by City of Industry*).
5. City of Industry name/logo on electronic Scoreboard with live announcements throughout 3 days of Rodeo action
6. City of Industry name/logo listing on Rodeo's Web page - (*industryhillsporodeo.org*)
7. Special introductions and announcements during Community Kids Day, and throughout two days of Rodeo events.
8. Recognition and exposure in all pre-event publicity and advertising -- (7,000 Brochures & 500 posters) distributed throughout surrounding communities--and advertising in local and National newspapers
9. Exhibit Booth in concession area (10' X 10' canopied booth) to promote Sponsor or product.
10. Admission with guests to Welcome Party Dinner Dance, Friday, October 7<sup>th</sup> – Reserved table for (10)
11. (130) admission tickets to Rodeo performances with Free Parking (Saturday or Sunday)
12. (20) tickets to Rodeo Dance, Saturday, October 8<sup>th</sup> from 8:00 p.m. till Midnight
13. (20) tickets for Barbecue Dinner, Saturday or Sunday, Oct. 8<sup>th</sup> or 9<sup>th</sup>
14. (65) Complimentary passes to "Hospitality Corral"–(*each pass admits holder & three guests*). Enjoy beverages & snacks as guests of the Rodeo Committee in the air conditioned comfort of the Corral while watching the pre-rodeo activities in the Arena via remote to our Big Screen TV. Open Saturday & Sunday for two hours prior to the Grand Entry Parade signaling the start of the Rodeo action.
15. Above Advertising/promotional advantages are for all three days of Rodeo, including Community Kid's Day, Friday, October 7<sup>th</sup>

TOTAL ANTICIPATED ATTENDANCE: 12,000 - 14,000

HELD AT: INDUSTRY HILLS EXPO CENTER -- 16200 TEMPLE AVENUE -- City of Industry, California 91744

March 16, 2015

Mr. Don Sachs, Executive Director  
Industry Manufacturers Council  
255 N. Hacienda Boulevard - Suite 100  
City of Industry, California 91744

Dear Don:

Can you believe it? It's time to start contacting our Major Sponsors again for this year's **30<sup>th</sup> Annual Industry Hills Charity Pro Rodeo**. 2014 proceeds enabled us to contribute more than \$95,000 to the "Special Children in Need" for a total of **more than \$2 million** over the past 29 years.

The IMC's continued dedication to support these programs has been truly appreciated. Without the help of our Sponsors and Contributors, we would not have been able to do this. We look forward to having you as our **Major Sponsor** again this year. The terms of the IMC's Sponsorship are listed on the enclosed Sponsor Rate Sheet. **The cost of this contribution remains the same as last year at \$55,000.00.**

**Our 30th Annual Industry Hills Charity Pro Rodeo will be held October 10<sup>th</sup> and 11<sup>th</sup> at the Industry Hills Expo Center, 16000 Temple Ave., Industry.** We have already signed up some great entertainment again this year for our Rodeo Fans, Sponsors and their Guests.

The **San Gabriel Valley Tribune** has again pledged their support and will be publishing our Official Program Book. It will be included as an insert in the Sunday edition, **October 4th, going to their circulation of over 110,000 families and businesses, as well as, 5,000 copies given out free of charge to every family attending the two days of Rodeo action**

We look forward to having you with us again this year and would appreciate your Sponsorship confirmation by signing the copy of this letter attached, and returning it in the enclosed pre-addressed envelope. An Invoice is included for your convenience, along with an **Advertising Contract covering your three, full page, four color ads.** Sponsor's tickets and an invitation for you and your guests to attend our **Gala Welcome Party Dinner and Dance, to be held on Friday, October 9<sup>th</sup>,** will follow in September.

On behalf of the Board of Directors, committee members, and recipients of your contribution, we thank you for your past support, and look forward to your continued participation.

Sincerely,

Sponsorship Confirmed:

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L. Ronald Cipriani, Rodeo Chairman

---

Don Sachs, Executive Director  
Industry Manufacturers Council

**The Gabriel Foundation  
Schedule of Grants Paid Out**

<u>ORGANIZATIONS</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Industry Sheriffs Youth Activities League	22,000.00	20,000.00	20,000.00	20,000.00
Delhaven Community Center	22,000.00	20,000.00	20,000.00	20,000.00
Y.M.C.A. - swim program	6,500.00	6,000.00	6,000.00	6,000.00
Educational Bridge Foundation	5,000.00	4,000.00	4,000.00	4,000.00
SGV Foundation for Dental Health	2,500.00	2,000.00	2,000.00	2,000.00
Citrus Valley Health Foundation	5,000.00	4,000.00	4,000.00	4,000.00
Friends of the Heart	2,500.00	2,000.00	2,000.00	2,000.00
New Horizons Caregivers Group	3,500.00	3,000.00	3,000.00	3,000.00
East Valley Boys and Girls Club	2,500.00	2,000.00	2,000.00	2,000.00
Delhaven Volunteers	4,725.00	3,440.00	3,440.00	2,892.00
Workman High School	500.00	500.00	500.00	1,000.00
	<u>76,725.00</u>	<u>66,940.00</u>	<u>66,940.00</u>	<u>66,892.00</u>

## The Gabriel Foundation Sponsor Listing - Recap by Year and Type

Sponsor	2015	2014	2013	2012	2011	2010
<b>Major</b>						
Industry Mfg. Council	55,000	55,000	55,000	55,000	55,000	55,000
<b>Total Major</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>
<b>Platinum/Patron</b>						
Majestic Realty Co.	15,000	15,000	15,000	15,000	15,000	15,000
Pacific Palms Resort (form.Sher)	10,000	10,000	10,000	10,000	10,000	10,000
San Gabriel Tribune	in kind					
CNC Engineering	corporate	corporate	corporate	10,000	10,000	10,000
Donlon Builders	chute	rodeo ptr	rodeo ptr	arena	10,000	10,000
<b>Total Patron</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>35,000</b>	<b>45,000</b>	<b>45,000</b>
<b>Corporate</b>						
CNC Engineering	5,000	5,000	5,000	patron	patron	patron
Prolecta Bioscience	5,000	5,000				
Industry Security Systems	5,000					
Richards, Watson & Gershon	contribution	5,000	5,000	5,000	5,000	5,000
Majestic Realty Co.	platinum	platinum	platinum	platinum	platinum	platinum
Pacific Palms Resort (form.Sher)	patron	patron	patron	patron	patron	patron
Donlon Builders	chute	rodeo ptr	rodeo ptr	arena	patron	patron
Griffith Company		5,000	5,000	arena		
CGM Development (Foundation) Chang		rodeo ptr	rodeo ptr	grandstand	grandstand	rodeo ptr
<b>Total Corporate</b>	<b>15,000</b>	<b>20,000</b>	<b>15,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Event</b>						
A.M.P. Tree Services, Inc.	3,000	3,000	chute	arena	arena	arena
Anheiser Busch	3,000	3,000	3,000			
Comerica	3,000	3,000	3,000	3,000	3,000	3,000
CT Realty	3,000	3,000	3,000			
Daum Commercial Real Estate	3,000				arena	arena
Dedeaux properties	3,000					
Essendent	3,000	United	United	United	United	United
Haddick's Towing	3,000	3,000	3,000	3,000	3,000	3,000
NRG Energy Inc	3,000	3,000				
Paramount Can Company	3,000	3,000	3,000	3,000	3,000	chute
Valley Vista Disposal	3,000	3,000	3,000	3,000	3,000	3,000
Western Insurance & Marketing	3,000	2,500	3,000	3,000	3,000	3,000
United Stationers Charitable Trust	Essendent	3,000	3,000	3,000	3,000	chute
Industry Security Service, inc.	corporate	4,000	4,000	3,000	3,000	3,000
Leg Avenue, Inc.	arena	3,000	3,000	3,000	3,000	3,000
Puente Hills Auto (Hitchcock)		arena	rodeo ptr	arena	arena	arena
Buke, Williams & Sorensen, LLP		3,000	3,000	3,000	3,000	3,000
Service Bros Transport		3,000	rodeo ptr			
Walnut Creek Edison (Mission Energy)		3,000	3,000	3,000	3,000	3,000
State Farm Insurance			chute	3,000	3,000	
U.S. Security Associates, Inc.			grandstand			
Superior Super Warehouse				grandstand	rodeo ptr	rodeo ptr
Robert & Sandra Dipre					arena	exp arena
<b>Total Event</b>	<b>36,000</b>	<b>45,500</b>	<b>37,000</b>	<b>33,000</b>	<b>33,000</b>	<b>24,000</b>
<b>Scoreboard</b>						
Wal-Mart Foundation				Kid's Day	Kid's Day	Kid's Day
<b>Total Scoreboard</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Kid's Day</b>						
Wal-Mart Foundation				500	5,500	4,750
Tropicana	Donation	Donation	Donation	Donation	Donation	Donation
Target						
<b>Total Kid's Day</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>5,500</b>	<b>4,750</b>

## The Gabriel Foundation Sponsor Listing - Recap by Year and Type

Sponsor	2015	2014	2013	2012	2011	2010
<b>Chute, Exp Arena and Arena</b>						
<b>Chute</b>						
Historical Resources (Homestead)	2,250	2,250	2,250	2,250	2,250	2,250
Bryan Press	2,000	2,000	2,000	2,000	1,500	1,500
Foothill Transit	2,000	2,000	2,000	exp arena	exp arena	exp arena
Kleinfelder	2,000	2,000	2,000	2,000	2,000	2,000
Leighton & Associates	2,000	2,000	2,000	2,000	2,000	2,000
Placeworks	2,000	2,000				
Quemetco, Inc	2,000	2,000	2,000	2,000	2,000	2,000
Donlon Builders	2,000	rodeo ptr	rodeo ptr	arena	platinum	platinum
Courtyard by Marriot (IMC)	1,000	1,000	1,000	1,000	1,000	in kind
American Medical Response	in kind					
Paramount Can Company	event	event	event	event	event	2,500
A.M.P. Tree Services, Inc.	event	event	2,000	arena	arena	arena
Citizens Business Bank	grandstand	grandstand	grandstand	grandstand	grandstand	2,000
United Stationers Charitable Trust	name change	event	event	event	event	2,000
Van Wagner Communications		2,000	2,000	2,000	2,000	2,000
The Planning Center (Dwayne Mears)			2,000	2,000	2,000	2,000
State Farm Insurance			2,250	event	event	
The Duncan Appraisal Corporation			rodeo ptr	rodeo ptr	2,000	2,000
Moore Stephens Wurth Frazer & Torbet, LLP				arena	arena	arena
Santa Fe Management, Inc.						
<b>Total Chute</b>	<b>17,250</b>	<b>17,250</b>	<b>21,500</b>	<b>15,250</b>	<b>16,750</b>	<b>22,250</b>
<b>Expanded Arena</b>						
Chalmers Corporation (C.E.G.)	1,500	1,500	1,500	1,500	1,500	arena
Rammell & Company	1,500	1,500	1,500	rodeo ptr	rodeo ptr	rodeo ptr
Chick Fil A	in kind					
Foothill Transit	chute	chute	chute	500	500	500
Leo Hoffman Chevrolet/Puente Hills Chev	arena	arena	arena			
Waba Grill		1,500	1,500	1,500		
<b>Total Expanded Arena</b>	<b>3,000</b>	<b>4,500</b>	<b>4,500</b>	<b>3,500</b>	<b>2,000</b>	<b>500</b>
<b>Arena</b>						
Clear Channel Worldwide	1,000	1,000	rodeo ptr	rodeo ptr		
Clearman's North Woods Inn	1,000	1,000	1,000	1,000	1,000	1,000
Edison Internation (S.C.E.)	1,000	1,000	1,000		1,000	1,000
El Tepeyac Cage Inc	1,000	1,000	1,000	rodeo ptr	rodeo ptr	
Frazer LLP	1,000	1,000	1,000			
Hill Brothers Chemical Company	1,000	1,000	1,000	1,000	1,000	1,000
Hitchcock Automotive	1,000	1,000	rodeo ptr	1,000	1,000	1,000
In-N-Out Burger	1,000	1,000	1,000	rodeo ptr	rodeo ptr	rodeo ptr
Ironworkers Local #433	1,000	1,000	1,000	1,000	1,000	
Leg Avenue, Inc.	1,000	event	event	event	event	event
Leo Hoffman/Puente Hills Chevrolet	1,000	1,000	1,000			
Morehouse Foods, Inc.	1,000	1,000	1,000	1,000	1,000	1,000
O'Tasty Foods Inc.	1,000	1,000	1,000	1,000	1,000	
Sam's Club	1,000	1,000	1,500	1,000	1,500	1,000
Square Root Golf and Landscape	1,000	1,000	inkind	1,000	1,000	1,000
So Calif Gas Co	1,000	rodeo ptr	1,000	1,000	1,000	1,000
Daum Commercial Real Estate	event				1,000	1,000
A.M.P. Tree Services, Inc.	chute	chute	chute	1,000	1,000	1,000
Donlon Builders	chute	rodeo ptr	rodeo ptr	1,000	patron	patron
Upper SGV Municipal Water	rodeo ptr					
Tropicana	donation	donation	donation	donation	donation	donation
Opti Color		1,000				
Griffith Company		corporate	corporate	1,000		
AllFast fastening Systems, Inc.		rodeo ptr	rodeo ptr	rodeo ptr	1,000	1,000
CGM Development (Foundation) Chang		rodeo ptr	rodeo ptr	grandstand	grandstand	rodeo ptr
Fonda Don Chon Restuarat			1,000			
Oltmans Construction	rodeo ptr		1,000			
Termple CB LLC			1,000			

## The Gabriel Foundation Sponsor Listing - Recap by Year and Type

Sponsor	2015	2014	2013	2012	2011	2010
Puente Hills Hyundai			rodeo ptr	rodeo ptr	rodeo ptr	1,000
Frazer Frost, LLP				1,000	1,000	1,000
Rose Hills Memorial Park (Skyrose Chapel)				1,000	1,000	1,000
Robert & Sandra Dipre					1,000	1,000
Young's Automotive Center						1,000
Lola Storing						
<b>Total Arena</b>	<b>16,000</b>	<b>15,000</b>	<b>15,500</b>	<b>14,000</b>	<b>16,500</b>	<b>16,000</b>
<b>Total Chute, Exp Arena and Arena</b>	<b>36,250</b>	<b>36,750</b>	<b>41,500</b>	<b>32,750</b>	<b>35,250</b>	<b>38,750</b>
<b>Rodeo Ptr/Exp Grandstand</b>						
Clarion Construction, Inc.	750	750	750	750	750	750
Upper San Gabriel Valley Water district	750	750	750	750	750	750
All Green insulation, Inc.	500	500	500	500		
Ardent Environmental Group, Inc.	500	500	500	500	500	500
Barbara Seal	500					
Capital Protection, Inc.	500	500	500	grandstand	grandstand	grandstand
Cardinal Industrial Finishes	500	500	500			
CBRE (CB Richard Ellis)	500	500	500	500	500	500
Curtis and Leona Harris	500	500	grandstand			
General Sealants	500	500	500	500	grandstand	grandstand
La Puente Valley ROP	500	500	grandstand	grandstand	grandstand	grandstand
Mark Morely, DDS	500					
Marvin Schildkraut	500	500	500	500	500	500
Minuteman Transport, Inc.	500	500	500	500	500	500
Oltmans Construction	500		arena			
Pacheco & Pacheco/Western Hardware Corr	500	500	500	500	500	500
Puente Hills Mall (Glincher)	500	500	500	500	500	500
S. Sanders Company	500	500	500	500	500	500
Sign Depot, Inc.	500	500	500	500	500	500
Superior Profiles, Inc.	500	500	500	500	500	500
Taipai Fubon Commercial Bank	500	500	500	500	grandstand	
Thrifty Horse	500	500	500	500	500	
Weatherite Corp.	500	500	500	500	500	500
B & B Carpet Care	100	100	in kind	250	50	50
Western Milling (formerly O.H. Kruse)	in kind					
Donlon Builders	chute	500	500	arena	patron	patron
Chalmers Corporation	exp arena	500				
Rammell & Company	exp arena	exp arena	exp arena	500	500	500
Clear Channel Worldwide	arena	arena	500	500		
El Tepeyac Cage Inc	arena	arena	arena	500	500	
In-N-Out Burger	arena	arena	arena	500	500	500
Puente Hills Auto (Hitchcock)	arena	arena	500	arena	arena	arena
So Calif Gas Co	arena	500	arena	arena	arena	arena
California Country Club	grandstand	grandstand	grandstand	grandstand	grandstand	500
AllFast fastening Systems, Inc.		500	500	500	arena	arena
CDC Small Business Finance (Dean G Aloe)		500	500	500	500	500
CGM Development (Foundation) Chang		500	500	grandstand	grandstand	500
Charlie Aguirre		500	500	500	500	500
Mazda of Puente Hills		500				
Service Bros Transport		event	500			
Janus Pest Management, Inc.		grandstand	grandstand	grandstand	500	grandstand
CBS Outdoor			500	500		
The Duncan Appraisal Corporation			500	500	chute	chute
Puente Hills Hyundai			500	500	500	arena
D C Moss				500	500	500
Gayton Foods				500		
G & L Food Wgikesaker				500		
Great Commission Church				500		
SBF (Sign & Banner Factory)				500	500	500
Superior Super Warehouse				grandstand	500	500
Vinh-Sanh Trading Corp.				grandstand	grandstand	grandstand

## The Gabriel Foundation Sponsor Listing - Recap by Year and Type

Sponsor	2015	2014	2013	2012	2011	2010
TRC International Corp					500	
Brea Canyon Insulation (Gary Dudley)					500	500
Craig Chyrchel						500
Express Transport Solutions						500
G L Food Wholesales Inc.						500
Kao's Pacific						500
A.E.S. Asbestos Safety						
American West Investment						
Philanthropy Intl						
Pocino Food Co.						
Shepco Inc. (Bob's Big Boy)						
Walker Electric						
Xamay Imports, Inc.(Alma Tequila)						
<b>Total Rodeo Ptr/Exp Gdtsd</b>	<b>12,100</b>	<b>14,100</b>	<b>15,000</b>	<b>16,250</b>	<b>13,050</b>	<b>14,050</b>
<b>Grandstand</b>						
AEI-CASC Consulting	250	250	250	250	250	250
Bennit, Carl and Lora	250	250	250	250	250	300
Briglio & Cheung	250	250	250	250	250	250
Citizens Business Bank	250	250	250	250	250	chute
Coastal Comprehensive Ins Agency, Inc.	250	250	250	250	250	250
Deer Creek Hat Co	250	250				
El Pueblo Burger	250	250		250	250	250
Fratto Chiropractic (Industry Chiro)	250	250	250	250	250	250
Hacienda Village Meats	250	250	250	250		250
Huntington Marketing	250					
Industry Hills Rotary Club	500	250	250	250	250	250
Industry Lift, Inc.	250	250	250	250	250	250
Lock's Plus	250	250	250	250	250	250
Maintex, Inc.	250	250	250	250	250	250
Malcom, Thomas and Marillyn	250	250	250	250	250	250
Maschio, Charles and Frances	250	250	250	250	250	250
Morgan Termite	250	250				
Partree Insurance	250	250	250	250	250	250
Patrick W. Medlock, CPA	250	250	250	250	250	250
Puente Ready Mix	250	250	250	250	250	250
Robert (RH) Peterson Co.	250	250	250	250	250	250
Sachs, Don and Nanci	250	250	250	250	250	250
Stedry, Richard & Rebecca	250	250	250	250	250	250
Teknor Apex Company/Maclin Co.	250	250	250	250	250	
Whittemore, Ron	250	250	250	250	250	250
California Country Club	250	225	225	250	250	rodeo ptr
Bowden Development, Inc.	250	200	200	200	200	250
Joe Gonsalves & Son	200	200	200	200	250	200
Capital Protection, Inc.	rodeo ptr	rodeo ptr	rodeo ptr	250	250	250
Curtins and Leona Harris	rodeo ptr	rodeo ptr	250			
La Puente Valley ROP	rodeo ptr	rodeo ptr	250	250	250	250
General Sealants	rodeo ptr	rodeo ptr	rodeo ptr	rodeo ptr	250	250
Taipai Fubon Commercial Bank	rodeo ptr	rodeo ptr	rodeo ptr	rodeo ptr	250	
Home Town Buffet	in kind					
Dee Galbraith (in memory of)		250	250	250	250	250
Grace in L.A.		250				
Janus Pest Management, Inc.		250	250	250	rodeo ptr	250
Paragon Partners Ltd.		250	250	250	250	250
CGM Development (Foundation) Chang		rodeo ptr	rodeo ptr	250	250	rodeo ptr
C.V. Ice Company, Inc.			250	250	250	250
Coastline Equipment				250		
Craig Chyrchel				200		rodeo ptr
Life Guard				250	250	250
Mary Ann King			250	250	230	250
Michael K. O'Shea DPM Inc.				250	250	250
Superior Super Warehouse				250	rodeo ptr	rodeo ptr
Vinh-Sanh Trading Corp.				250	250	250

## The Gabriel Foundation Sponsor Listing - Recap by Year and Type

Sponsor	2015	2014	2013	2012	2011	2010
U.S. Security Associates, Inc.			250			
D C Moss (Don Moss)				rodeo ptr	rodeo ptr	rodeo ptr
ATI Architects & Engineers					250	250
Bolt Products Inc.					200	250
JG Concrete Const., Inc.					250	250
Loretta Lima Transportation					250	250
All American Traditions, Inc.						250
Mark A. Galvan, O.D.						250
Philantropy International						250
Wells Fargo Bank						350
DLCO Financial						250
Ecology Auto Parts						250
Fonda Don Chon Restaurant Inc						250
Greater El Monte Escrow Corp.						250
Hacienda Republican Women						250
John Escalera						250
Alvaka Networks						
A M Yorba Insurance						
American Legion Auxiliary						
CGM Architects						
Chang, Joseph						
Hacienda Heights Women's Club						
Miramontes Const. Co., Inc.						
Quintin's Mobil						
Savant Constrution, Inc.						
S&S Refrigeration						
<b>Total Grandstand</b>	<b>7,200</b>	<b>7,625</b>	<b>7,875</b>	<b>9,600</b>	<b>9,880</b>	<b>11,850</b>
<b>Sponsorship Summary</b>						
Major	55,000	55,000	55,000	55,000	55,000	55,000
Corporate	15,000	20,000	15,000	5,000	5,000	5,000
Patron	25,000	25,000	25,000	35,000	45,000	45,000
Event	36,000	45,500	37,000	33,000	33,000	24,000
Scoreboard	0	0	0	0	0	0
Kid's Day	0	0	0	500	5,500	4,750
Special	0	0	0	0	0	0
Chute/Arena	36,250	36,750	41,500	32,750	35,250	38,750
Rodeo Partner / Exp Grandstand	12,100	14,100	15,000	16,250	13,050	14,050
Grandstand	7,200	7,625	7,875	9,600	9,880	11,850
<b>Grand Total Sponsorships</b>	<b>186,550</b>	<b>203,975</b>	<b>196,375</b>	<b>187,100</b>	<b>201,680</b>	<b>198,400</b>
As per original year	183,050	202,225	191,125	170,325	181,450	192,100
Subsequent payments received		1,750	5,250	16,775	20,230	6,300
<b>Subtotal</b>	<b>183,050</b>	<b>203,975</b>	<b>196,375</b>	<b>187,100</b>	<b>201,680</b>	<b>198,400</b>
Additional payments expected	3,500					
<b>Expected sponsorship totals expected</b>	<b>186,550</b>	<b>203,975</b>	<b>196,375</b>	<b>187,100</b>	<b>201,680</b>	<b>198,400</b>
	0	0	0	0	0	0



## GRANT APPLICATION

Legal Name of Organization INDUSTRY SHERIFF'S YOUTH ACTIVITIES LEAGUE  
Address 150 N. HUDSON AVENUE  
City CITY OF INDUSTRY State CA Zip 91744  
Authorized Contact Person THOMAS WILSON  
Title SERGEANT Phone [REDACTED]  
Purpose of Organization: PROVIDE SAFE AND CONSTRUCTIVE AFTER SCHOOL ACTIVITIES FOR AT RISK YOUTH IN OUR COMMUNITY  
Year Founded 1991 Total Current Operating Budget 187,000.00  
Primary Source(s) of Funds FUNDRAISERS & GRANTS  
Date Last Audited \_\_\_\_\_ Federal Tax ID 95-4350187  
Purpose of Gabriel Foundation Grant SEE ATTACHED  
\_\_\_\_\_  
\_\_\_\_\_  
Amount Requested 30,000<sup>00</sup> Total Project Cost 187,000<sup>00</sup>  
Geographic Area Served AREA SURROUNDING INDUSTRY SHERIFFS STATION  
Project Time Period 1 YEAR

Your proposal of no more than 5 pages must be attached to this form and returned to the Gabriel Foundation.

The proposal should include: Needs statement, specific objectives, your organization's qualifications, if the project is new or ongoing, constituency served, community and volunteer involvement, evaluation and sources listed. Please include pertinent publications.

Also submit a copy of the most recent IRS letter on your organization's tax-exempt status, or a copy of your application for tax-exempt status, or evidence that your agency is a governmental unit. NOTE: A federal tax or employer ID number of a state tax-exempt certification does not prove federal tax-exempt status.

Any information, photos or other material you provide in your proposal may be used in the Foundation's press releases, reports, research or other published matter unless confidentiality is specifically requested.

PLEASE ENCLOSE A COPY OF YOUR LATEST FORM 990, EXEMPT ORGANIZATION RETURN.

Signature of Contact Person  Date 11-25-15

Post Office Box 7006  
16200 Temple Avenue  
City of Industry, CA 91744  
Telephone 626-961-6892 Fax 626-961-0691

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KENNETH J. RAMMELL  
CPA, Retired

\*Deceased



I.D. NO. 95-4021720

### GRANT APPLICATION

Legal Name of Organization Bridge Educational Foundation

Address 341 La Seda Rd.

City La Puente State CA Zip 91744

Authorized Contact Person Dr. Tami Pearson, Superintendent, LPVROP

Title Member Phone (626) 810-3300

Purpose of Organization: Bridge the gap between state funding and the unfunded

needs of students served by the La Puente Valley Regional Occupational Program.

State funds are not available for student recognition.

Year Founded 1998 Total Current Operating Budget \$24,000

Primary Source(s) of Funds Donations

Date Last Audited November, 2007 Federal Tax ID 95-4749657

Purpose of Gabriel Foundation Grant To encourage disadvantaged students to

realize their educational dreams by recognition of high school students.

Amount Requested \$10,000 Total Project Cost \$20,000

Geographic Area Served Bassett, Hacienda La Puente, Rowland Unified School Districts

Project Time Period January 2016 - June 2016

Your proposal of no more than 5 pages must be attached to this form and returned to the Gabriel Foundation.

The proposal should include: Needs statement, specific objectives, your organization's qualifications, if the project is new or ongoing, constituency served, community and volunteer involvement, evaluation and sources listed. Please include pertinent publications.

Also submit a copy of the most recent IRS letter on your organization's tax-exempt status, r a copy of your application for tax-exempt status, or evidence that your agency is a governmental unit. NOTE: A federal tax or employer ID number of a state tax-exempt certification does not prove federal tax-exempt status.

Any information, photos or other material you provide in your proposal may be used in the Foundation's press releases, reports, research or other published matter unless confidentiality is specifically requested.

PLEASE ENVELOPE A COPY OF YOUR LATEST FORM 990, EXEMPT ORGANIZATION RETURN.

Signature of Contact Person  Date 12/10/15

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16200 Temple Avenue  
City of Industry, CA 91744  
Telephone 626-961-6892 Fax 626-961-0691

\*Deceased

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KENNETH J. RAMMELL  
CPA, Retired



GRANT APPLICATION

Legal Name of Organization East Valley Boys & Girls Club

Address 4100 Baldwin Park Blvd

City Baldwin Park State CA Zip 91706

Authorized Contact Person Charles Karsch

Title Executive Director Phone (626) 338-1854

Purpose of Organization: We are a multiservice agency dedicated to promoting the physical, mental, and moral wellbeing of youth by providing guidance, and educational and recreational activities to youth and their families of this and surrounding communities.

Year Founded 1975 Total Current Operating Budget \$1,438,990

Primary Source(s) of Funds grants, contributions, membership & program fees

Date Last Audited 2014 Federal Tax ID 95-293-5952

Purpose of Gabriel Foundation Grant To fund Project Learn, an educational enhancement strategy designed to engage young people in learning, encourage them to succeed in school and help them become lifelong learners.

Amount Requested \$5,000 Total Project Cost \$30,000

Geographic Area Served Baldwin Park in the East San Gabriel Valley

Project Time Period January 2016-December 2016

Your proposal of no more than 5 pages must be attached to this form and returned to the Gabriel Foundation.

The proposal should include: Needs statement, specific objectives, your organization's qualifications, if the project is new or ongoing, constituency served, community and volunteer involvement, evaluation and sources listed. Please include pertinent publications.

Also submit a copy of the most recent IRS letter on your organization's tax-exempt status, or a copy of your application for tax-exempt status, or evidence that your agency is a governmental unit. NOTE: A federal tax or employer ID number of a state tax-exempt certification does not prove federal tax-exempt status.

Any information, photos or other material you provide in your proposal may be used in the Foundation's press releases, reports, research or other published matter unless confidentiality is specifically requested.

PLEASE ENCLOSE A COPY OF YOUR LATEST FORM 990, EXEMPT ORGANIZATION RETURN.

Signature of Contact Person [Signature] Date 1/11/2016

Post Office Box 7006  
16200 Temple Avenue  
City of Industry, CA 91744  
Telephone 626-961-6892 Fax 626-961-0691

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Attorney-at-Law

DAVID PEREZ

KENNETH J. RAMMELL  
CPA, Retired

\*Deceased



I.D. NO. 95-4021720

GRANT APPLICATION

Legal Name of Organization Young Men's Christian Association of Orange County  
 Address 13821 Newport Ave, Ste 200  
 City Tustin State CA Zip 92780  
 Authorized Contact Person Sarah Steffen  
 Title Grant Manager Phone (714) 508-7639  
 Purpose of Organization: The YMCA puts Christian principals into practice through programs that build healthy spirit, mind and body for all.  
 Year Founded 1888 Total Current Operating Budget \$36,559,296  
 Primary Source(s) of Funds program fees  
 Date Last Audited 5/19/2015 Federal Tax ID 95-1644055  
 Purpose of Gabriel Foundation Grant to allow low-income San Gabriel Valley youth the opportunity to develop their interests and abilities at camp.  
 Amount Requested \$6,500 Total Project Cost \$381,720  
 Geographic Area Served East San Gabriel Valley  
 Project Time Period 2016

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Signature of Contact Person [Signature] Date 1/8/16

Post Office Box 7006  
16200 Temple Avenue  
City of Industry, CA 91744  
Telephone 626-961-6892 Fax 626-961-0691



I.D. NO. 95-4021720

GRANT APPLICATION

**Legal Name of Organization** Citrus Valley Health Foundation

**Address** 1115 South Sunset Avenue

**City** West Covina **State** CA **Zip** 91790

**Authorized Contact Person** Ejiro E. Ubiedi

**Title Grant Writer** **Phone** (626) 814-2421

**Purpose of Organization:** To raise funds through philanthropy and support Queen of the Valley Hospital, Inter-Community Hospital, Foothill Presbyterian Hospital and Citrus Valley Hospice and Home Health.

**Year Founded** 1968 **Total Current Operating Budget** \$2,365,406

**Primary Source(s) of Funds** Donations and Investments

**Date Last Audited** 12/31/2014 **Federal Tax ID** 95-2534063

**Purpose of Gabriel Foundation Grant** To fund the ECHO program which serves needy children in the San Gabriel Valley.

**Amount Requested** \$5,000 **Total Project Cost** \$52,357

**Geographic Area Served** San Gabriel Valley

**Project Time Period** FY 2016

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Signature of Contact Person  Date 12-30-15

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Post Office Box 7006  
16200 Temple Avenue  
City of Industry, CA 91744  
Telephone 626-961-6892 Fax 626-961-0691

**Legal Name of Organization:** New Horizons Caregivers Group

**Address:(Mail)** 3129 Hacienda Blvd, #809, Hacienda Heights, CA 91745

**Authorized Contact Person:** Cathy L. Jamieson **Title:** Executive Director **Phone(s):** [REDACTED]

**Fax:** (626) 333-8113 **Email Address:** [REDACTED]

**Purpose of Organization:** The mission of New Horizons Caregivers Group (NHCG) is to "Eradicate Poverty Through Education". NHCG provides emergency groceries, school supplies, scholarship grants, holiday meals and gifts to help low-income families with at-risk children. NHCG helps low-income parents while educating them about the importance of education for their children as a way to end poverty. NHCG distributes food and school supplies at selected low-income area schools after parent educational classes. This has proven to engage the parents with the school and teachers.

**Yr Founded:** 2003 **Total Current Operating Budget for 2015:** \$159,965

**Primary Source (s) of Funds:** Community Development Commission LA County, Hilda Solis, District 1, Supervisor Knabe, LA County District 4, Kaiser Foundation, Richard Foundation, Grants, Private Donations.

**Date Last Audited:** Certified Financial Statement as of July 31, 2015 **Fed Tax ID#** 75-3132090

**Purpose of Gabriel Foundation Grant:** Matching Funds are needed to match LA Community Development Commission District 1, to provide emergency food bags and school supplies for two elementary schools with high enrollment of At-Risk and Title I Children. The Project is called FIESTA.

New Horizons Caregivers Group, (NHCG), Project FIESTA stands for "Family Incentives Equals Students Taking Action". This year NHCG with the support of the Gabriel Foundation would like to continue helping low-income families from Wing Lang Elementary and Grandview Preparatory Schools. This equates to approximately 1025 family members, mostly children, benefiting from free grocery and school supplies every month.

**Amount Requested:** \$5,000.00 **Total Project Cost:** \$168,115

**Geographic Area Served:** La Puente, California

**Project Time Period:** This funding will cover a portion of the costs for monthly food/school supply distributions from April through Nov, 2016. Summer months are critical to continue providing assistance due to the fact that the children are not in school and do not have access to free breakfasts or lunches.

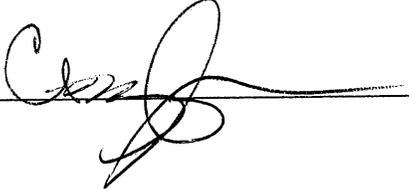
Your proposal of no more than 5 pages must be attached to this form and returned to the Gabriel Foundation.

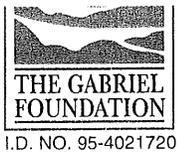
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**Signature of Contact Person:**  **Date:** 12/18/15



GRANT APPLICATION

Legal Name of Organization INDUSTRY SHERIFFS' YOUTH ACTIVITIES LEAGUE

Address 150 N. HUDSON AVENUE

City CITY OF INDUSTRY State CA Zip 91744

Authorized Contact Person THOMAS WILSON

Title SERGEANT Phone [REDACTED]

Purpose of Organization: PROVIDE SAFE AND CONSTRUCTIVE AFTER SCHOOL ACTIVITIES FOR AT RISK YOUTH IN OUR COMMUNITY

Year Founded 1991 Total Current Operating Budget 187,000.00

Primary Source(s) of Funds FUNDRAISERS & GRANTS

Date Last Audited \_\_\_\_\_ Federal Tax ID 95-4350187

Purpose of Gabriel Foundation Grant SEE ATTACHED

Amount Requested 30,000<sup>00</sup> Total Project Cost 187,000<sup>00</sup>

Geographic Area Served AREA SURROUNDING INDUSTRY SHERIFFS STATION

Project Time Period 1 YEAR

Your proposal of no more than 5 pages must be attached to this form and returned to the Gabriel Foundation.

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Signature of Contact Person [Signature] Date 11-25-15

Post Office Box 7006  
16200 Temple Avenue  
City of Industry, CA 91744  
Telephone 626-961-6892 Fax 626-961-0691

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CPA, Retired

\*Deceased



GRANT APPLICATION

Legal Name of Organization Friends of the Heart

Address 1006 E. Cypress St.

City Corvina State CA Zip 91722

Authorized Contact Person Sylvia Padilla

Title CEO/Founder Phone (626) 277-5026

Purpose of Organization: To provide comfort and care for abused children. Deliver age-appropriate duffel bags to children entering a foster home.

Year Founded 2001 Total Current Operating Budget \$ 35,000<sup>00</sup>

Primary Source(s) of Funds Private sponsors, Grants, Community Support

Date Last Audited n/a Federal Tax ID 45-0465133

Purpose of Gabriel Foundation Grant To continue providing duffel bags to the hundreds of kids being placed each year. Also, to continue our Christmas Wish List.

Amount Requested \$5,000 Total Project Cost 39,000

Geographic Area Served Los Angeles, San Gabriel Valley, SB county

Project Time Period One year

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Signature of Contact Person Sylvia Padilla Date 01/02/2016

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16200 Temple Avenue  
City of Industry, CA 91744  
Telephone 626-961-6892 Fax 626-961-0691

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I.D. NO. 95-4021720

### GRANT APPLICATION

Legal Name of Organization San Gabriel Foundation For Dental Health

Address PO Box 99

City Temple City State CA Zip 91780

Authorized Contact Person Kellie Newcombe

Title Executive Director Phone (949) 233-3244

Purpose of Organization: To provide dental care and education to

economically disadvantaged children ages 2-19 throughout  
the San Gabriel valley including our clinic, in schools and community

Year Founded 1997 Total Current Operating Budget \$220,570

Primary Source(s) of Funds Grants, Private Donations, Western University

Date Last Audited 10/1/15 Federal Tax ID 95-4590029

Purpose of Gabriel Foundation Grant To support the salary

and other expenses of the Outreach Program  
Coordinator

Amount Requested 2,500 Total Project Cost \$53,150

Geographic Area Served San Gabriel Valley

Project Time Period Ongoing

Your proposal of no more than 5 pages must be attached to this form and returned to the Gabriel Foundation.

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Signature of Contact Person Kellie Newcombe Date 1/11/16

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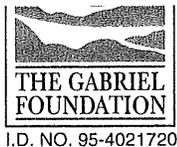
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City of Industry, CA 91744  
Telephone 626-961-6892 Fax 626-961-0691



GRANT APPLICATION

Legal Name of Organization Delhaven Community Center

Address 15135 Fairgrove Ave

City La Puente State CA Zip 91744

Authorized Contact Person Tim Seal

Title Exec Director Phone (626) 917-9789

Purpose of Organization: Private non profit social service Agency servicing at RISK youth, Intellectually challenged adults, and family services

Year Founded 1972 Total Current Operating Budget \$ 1,200,000.00

Primary Source(s) of Funds community, Regional Center, program

Date Last Audited 2014 Federal Tax ID F95-2853049

Purpose of Gabriel Foundation Grant Provide year round camperships for low income families, abused children and intellectually challenged adults

Amount Requested \$25,000 Total Project Cost \_\_\_\_\_

Geographic Area Served SAN GABRIEL VALLEY

Project Time Period Ongoing

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*CITY COUNCIL*

ITEM NO. 7.3



# CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

## MEMORANDUM

TO: Honorable Mayor and Members of the City Council

FROM: Paul J. Philips, City Manager *Paul J. Philips*

STAFF: Susan Paragas, City Controller  
Eric Scriven, City Municipal Advisor

DATE: July 28, 2016

SUBJECT: Consideration of Resolution No. CC 2016-49 – A Resolution of the City Council of the City of Industry, California, Authorizing and Directing the Sale of not to Exceed \$36,000,000 Aggregate Principal Amount of City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable), Approving Forms of and Authorizing the Execution and Delivery of a Bond Purchase Agreement, Indenture of Trust, Continuing Disclosure Agreement, a Preliminary Official Statement, Official Statement; and Authorizing Necessary Actions in Connection Therewith

---

### **BACKGROUND:**

The Bonds referenced by the above resolution (and defined below) are being issued under (i) the powers reserved to the City under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California (the "State"); (ii) the Charter of the City (the "Charter"); (iii) the City of Industry Sales and Use Tax Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code (the "Bond Law"); (iv) and a vote of more than two-thirds of the voters of the City at an election held for that purpose on September 26, 2000 authorizing the issuance of up to \$500 million of bonds (the "Bond Authorization Amount").

On April 13, 2010 the City issued its 2010 Taxable Sales Tax Revenue Bonds (the "Prior Bonds") in the aggregate principal amount of \$45,380,000 of which \$34,570,000 are outstanding. On December 3, 2015, the City issued and delivered its Taxable Senior Sales Tax Revenue Refunding Bonds Issue of 2015A (the "2015A Senior Sales Tax Revenue

Bonds”) in the aggregate principal amount of \$336,570,000 of which \$336,570,000 are outstanding. The Prior Bonds were issued to finance various public capital improvements in the City. The Prior Bonds are presently candidates for refunding on a parity lien basis with the 2015A Senior Sales Tax Revenue Bonds.

## **DISCUSSION:**

Approval of the attached Resolution Number CC 2016-49 will approve, as to form, various documents that provide for the security and source of repayment for the 2016 Senior Bonds. The City will be obligated to pay the principal of and interest and premium (if any) on the 2016 Senior Bonds from a lien upon its Sales Tax Revenue receipts, amounts deposited in the Debt Service Account, debt service reserve account and other accounts established under each Bond’s respective Trust Indenture.

The Resolution, if adopted, would authorize the execution and delivery of the following documents in connection with the 2016 Senior Bonds and approve certain continuing disclosure compliance procedures that would apply to all applicable issues of the City:

**Indenture of Trust** – Pursuant to the Indenture of Trust, U.S. Bank National Association will agree to serve as Trustee for the 2016 Senior Bonds, hold certain funds and accounts thereunder and pay when due the principal of and interest on the 2016 Senior Bonds.

**Bond Purchase Agreement** – Pursuant to the Bond Purchase Agreement between the City and Stifel, Nicolaus & Company, Incorporated, as underwriter, the City will make certain representations and agree to the final pricing terms when the 2016 Senior Bonds are sold. Under the Bond Purchase Agreement, the underwriter will agree to purchase all of the 2016 Bonds from the City at an established price, together with any premium or discount.

**Continuing Disclosure Agreement** – Pursuant to the Continuing Disclosure Agreement by and between the City and a dissemination agent to be named therein, as selected by the Mayor or his designee, or the Mayor Pro Tem, the City will be obligated to provide certain annual financial and operating information and notices of enumerated events to the Electronic Municipal Market Access (“EMMA”) website for purposes of complying with Rule 15c2-12 (“Rule 15c2-12”) of the U.S. Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended.

**Preliminary Official Statement** – The Preliminary and final Official Statements describe the terms of the 2016 Senior Bonds, including the security for repayment of the 2016 Senior Bonds, the prepayment provisions and other material information, statistics, and summaries from the Resolution and Trust Indenture that prospective purchasers of the 2016 Senior Bonds are likely to consider material in making an investment decision. The information, statistics, and summaries included in the Preliminary Official Statement have been provided and/or reviewed by City staff.

## **PROFESSIONAL SERVICES**

Norton Rose Fulbright US LLP is serving as Bond Counsel and Disclosure Counsel in connection with the issuance, sale and delivery of the 2016 Senior Bonds and NHA Advisors LLC is serving as municipal advisor in connection with the issuance, sale and delivery of the Bonds under professional services agreements are on file with the City Manager. These two firms, along with Stifel Nicolaus and Company, Incorporated serving as underwriter, successfully executed the City of Industry Public Facilities Authority's Tax Allocation Refunding Bond transaction in July, 2015 and Senior Sales Tax Revenue Refunding Bond transaction in November, 2015.

## **SCHEDULE**

If City Council approves the resolution, it is expected that the bond structure for the 2016 Senior Bonds will be finalized and the preliminary official statement for the 2016 Senior Bonds will be posted for potential bond investors' review within the next several days. Depending upon bond market conditions, expected pricing of the 2016 Senior Bonds would then occur on or about August 10, 2016 and closing would occur approximately two weeks later (approx. August 24, 2016).

## **FISCAL IMPACT:**

Approving the documents referenced above and the 2016 Senior Bonds will decrease annual debt service, which is payable only from sales tax revenues, by approximately \$700,000 per year over the next 10 years, saving an estimated \$6.7 million through the final maturity of the bonds.

## **RECOMMENDED ACTION:**

City staff RECOMMENDS that the City issue its Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable) in an aggregate principal amount not to exceed \$36,000,000 (the "2016 Senior Bonds") on a negotiated basis to refund all of the outstanding Prior Bonds. Current interest rates are such that a refinancing of the Prior Bonds achieves significant savings.

## **ATTACHMENTS:**

- A. Resolution No. CC 2016-49: Authorizing and Directing Sale of Sale, Execution and Delivery Related to the Refunding of the 2010 Taxable Sales Tax Revenue Bonds
- B. Trust Indenture
- C. Bond Purchase Agreement
- D. Continuing Disclosure Agreement
- E. Preliminary Official Statement

**RESOLUTION NO. CC 2016-49**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA AUTHORIZING AND DIRECTING THE SALE OF NOT TO EXCEED \$36,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF INDUSTRY SENIOR SALES TAX REVENUE REFUNDING BONDS, SERIES 2016 (TAXABLE), APPROVING FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN INDENTURE OF TRUST, A CONTINUING DISCLOSURE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, OFFICIAL STATEMENT; AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, the City of Industry, California (the "City") is a charter city duly organized and existing under the Constitution and laws of the State of California; and

**WHEREAS**, the City acting under the powers reserved to the City under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California and the Charter of the City, has adopted its Ordinance No. 654 on June 22, 2000, which enacted the City of Industry Sales and Use Tax Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code (the "Bond Law"), authorizing the issuance of bonds by the City which are secured by a pledge of and lien on sales and use tax revenues of the City (the "Sales Tax Revenues"), for the purpose of financing public capital improvements and working capital expenditures; and

**WHEREAS**, at a special election held in the City on September 26, 2000, more than 2/3 of the voters of the City approved the issuance of bonds under the Bond Law in the aggregate principal amount of \$500,000,000, in accordance with Section 3.60.060 of the Bond Law and Section 18 of Article XVI of the Constitution of the State of California; and

**WHEREAS**, the City has previously issued its 2005 Taxable Sales Tax Revenue Bonds in the original aggregate principal amount of \$113,420,000 (the "2005 Bonds"), its 2008 Taxable Sales Tax Revenue Bonds in the original aggregate principal amount of \$77,540,000 (the "2008 Bonds") its 2010 Taxable Sales Tax Revenue Bonds in the original aggregate principal amount of \$45,380,000 (the "2010 Bonds") its \$336,570,000 Senior Sales Tax Revenue Refunding Series 2015 (Taxable) (the "2015A Bonds") and, its \$51,460,000 Subordinate Sales Tax Revenues Bonds, Series 2015B (Taxable); and

**WHEREAS**, the 2005 Bonds and the 2008 Bonds were refunded and defeased with the proceeds of the 2015A Bonds; and

**WHEREAS**, the City Council has determined to issue an additional series of bonds under the Bond Law, designated the City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable) (the "2016 Bonds" and, together with the 2015A Bonds, the "Senior Bonds") to refund and defease the 2010 Bonds to be payable from

and secured by a first pledge of and lien on the sales tax revenues which are collected by the State Board of Equalization and transmitted to the City under Section 7204 of the Bradley-Burns Uniform Local Sales and Use Tax Law (the "Sales Tax Revenues"), which, after the issuance of the 2016 Bonds, will be on a parity with the pledge and lien which secures the 2015A Bonds; and

**WHEREAS**, the City has determined to issue the 2016 Bonds in the aggregate principal amount of not to exceed \$36,000,000 and to use the proceeds of the 2016 Bonds to refund and defease all of the outstanding 2010 Bonds;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1. Conditions Precedent.** All conditions, things and acts required by law to exist, to happen and to be performed precedent to and in connection with the issuance of the Bonds, exist, have happened and have been performed in due time, form and manner, in accordance with applicable law, and are now authorized pursuant to applicable law to incur indebtedness in the manner and form provided in this Resolution, as may be supplemented from time to time.

**Section 2. Findings.** The City Council of the City (the "City Council") hereby finds and determines that a negotiated sale of the 2016 Bonds is necessary and appropriate to access the municipal market in an efficient manner to achieve debt service savings.

**Section 3. Issuance of Bonds.** The City Council hereby authorizes the issuance of the 2016 Bonds, in an aggregate principal amount of not to exceed \$36,000,000, on a taxable basis, subject to the terms and conditions set forth in the Bond Purchase Agreement and to the following:

(a) The 2016 Bonds shall not have a true interest cost in excess of four percent (4.0%). For purposes of this paragraph, true interest cost means that nominal annual interest rate which, when compounded semiannually and used to discount all payments of principal and interest payable on the 2016 Bonds to the dated date of such 2016 Bonds results in an amount equal to the principal amount of such 2016 Bonds plus the amount of any premium offered (disregarding for the purposes of the calculation the accrued interest to the date of delivery of the 2016 Bonds); and

(b) The underwriter's discount at which the 2016 Bonds may be sold shall not exceed 1% of the principal amount thereof.

**Section 4. Form of 2016 Bonds.** The form of the 2016 Bonds, in substantially the form attached as Exhibit A to the Indenture described below, is approved and adopted. The Mayor of the City (the "Mayor") is authorized and directed to approve and to execute the 2016 Bonds by manual or facsimile signature, and the Deputy City Clerk is authorized and directed to attest, by manual or facsimile signature, with such changes, additions, amendments or modifications made in accordance with the provisions of Section 10 hereof. The 2016 Bonds shall be issued on a taxable basis.

**Section 5. Indenture.** The form of Indenture (the “Indenture”), by and between the City and U.S. Bank National Association or such other trustee selected by the City Manager named therein (the “Trustee”) in substantially the form filed with the Deputy City Clerk, is approved and adopted. The Mayor, the City Manager, or the Mayor Pro Tem, or any designee thereof (each, an “Authorized Officer”) is hereby authorized and directed to execute on behalf of the City by manual signature the Indenture in substantially such form, with such changes, additions, amendments or modifications (including but not limited to changes, additions, amendments or modifications necessary to obtain ratings on the Bonds), which are approved by the Authorized Officer, such approval to be evidenced conclusively by such execution.

**Section 6. 2016 Bond Purchase Agreement.** The form of Bond Purchase Agreement (the “2016 Bond Purchase Agreement”) between the City and Stifel, Nicolaus & Company, Incorporated, as underwriter for the 2016 Bonds in substantially the form filed with the Deputy City Clerk, is approved and adopted. The Authorized Officer is authorized and directed to execute by manual signature the 2016 Bond Purchase Agreement in substantially such form, with such changes, additions, amendments or modifications, which are approved by the Authorized Officer, such approval to be evidenced conclusively by such execution.

**Section 7. Continuing Disclosure Agreement.** The form of Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) by and between the City and a dissemination agent to be named therein, in substantially the form filed with the Deputy City Clerk, is approved and adopted. The Authorized Officer is authorized and directed to execute by manual signature the Continuing Disclosure Agreement in substantially such form, with such changes, additions, amendments or modifications, which are approved by the Authorized Officer, such approval to be evidenced conclusively by such execution.

**Section 8. Official Statement.** The City Manager is authorized and directed, to cause to be prepared a preliminary official statement for the 2016 Bonds authorized by this Resolution. The form of proposed preliminary official statement (the “Preliminary Official Statement”), in substantially the form presented to the City Council, and filed with the Deputy City Clerk, is approved and adopted with such changes, additions, amendments or modifications as may be made in accordance with the provisions of Section 10 hereof. The City Manager is authorized to cause the distribution of the Preliminary Official Statement, deemed final by the City for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, and the City Manager or the Mayor are authorized to execute a certificate to that effect. The City Manager or the Mayor are authorized and directed to sign final Official Statement for the 2016 Bonds. The City Manager, and his designee, is authorized and directed to cause to be delivered to prospective purchasers of the 2016 Bonds copies of the Preliminary Official Statement and the final Official Statement.

**Section 9. Engagement of Professional Services.** The City Council hereby approves the engagement of Norton Rose Fulbright US LLP for Bond Counsel and Disclosure Counsel services in connection with the issuance, sale and delivery of the

Bonds. The City Council hereby approves the engagement of NHA Advisors for financial advisory services in connection with the issuance, sale and delivery of the 2016 Bonds. The City Council hereby approves the engagement of Stifel, Nicolaus & Company, Incorporated, as underwriter for the 2016 Bonds.

**Section 10. Modification to Documents.** Any City official authorized by this Resolution to execute any document is further authorized, to approve and make such changes, additions, amendments or modifications to the document or documents the official is authorized to execute as may be necessary or advisable. The approval of any change, addition, amendment or modification to any of such documents shall be evidenced conclusively by the execution and delivery of such document.

**Section 11. General Authority.** The Mayor, the City Manager, the Deputy City Clerk and any other official of the City and their duly authorized deputies and agents are authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents including, without limitation, entering into escrow agreements and purchasing municipal bond insurance and reserve fund surety bonds, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the 2016 Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution.

**Section 12. Ratification.** All actions heretofore taken by the officials, employees and agents of the City with respect to the sale and issuance of the 2016 Bonds are hereby approved, confirmed and ratified.

[Remainder of Page Intentionally Left Blank]

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Industry at a regular meeting held on July 28, 2016, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

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Mark D. Radecki, Mayor

**ATTEST:**

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Cecelia Dunlap, Deputy City Clerk

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INDENTURE OF TRUST

By and between

CITY OF INDUSTRY

and

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

Dated as of \_\_\_\_\_ 1, 2016

Relating to

\$ \_\_\_\_\_  
City of Industry  
Senior Sales Tax Revenue Refunding Bonds  
Series 2016 (Taxable)

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of \_\_\_\_\_ 1, 2016 (this "Indenture"), by and between the CITY OF INDUSTRY (the "City"), a charter city and municipal corporation organized and existing under the Constitution and the laws of the State of California (the "State") and U.S. BANK NATIONAL ASSOCIATION, a national banking association, organized and existing under the laws of the United States of America and having a corporate trust office in Los Angeles, California, as trustee for the Bonds (as defined herein) (the "Trustee").

### WITNESSETH:

WHEREAS, the City is a charter city under the Constitution of the State of California and as such has the right and power to make and enforce all laws and regulations in respect to municipal affairs and certain other matters in accordance with and as more particularly provided in Sections 3, 5 and 7 of Article XI of the Constitution of the State of California and Section 200 of the Charter of the City;

WHEREAS, under the foregoing provisions, the City Council of the City has previously adopted its Ordinance No. 654 on June 22, 2000, enacting the City of Industry Sales and Use Tax Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code (the "Bond Law");

WHEREAS, the City is authorized under the Bond Law to issue its bonds which are payable from sales and use taxes levied by the City on taxable sales transactions within the City (the "Sales Tax Revenues"), which are collected by the State Board of Equalization and transmitted to the City periodically under Section 7204 of the Bradley-Burns Uniform Local Sales and Use Tax Law, being Part 1.5 of Division 2 of the Revenue and Taxation Code of the State of California, commencing with Section 7200 of such Code;

WHEREAS, in accordance with Section 3.60.060 of the Bond Law and the requirements of Section 18 of Article XVI of the Constitution of the State of California, the issuance of bonds under the Bond Law, in the aggregate principal amount of \$500,000,000, was approved by more than 2/3 of the voters of the City at an election held on September 26, 2000;

WHEREAS, the City has previously issued its \$45,380,000 Taxable Sales Tax Bonds (the "Refunded Bonds") under the provisions of the Bond Law and an Indenture of Trust, dated as of April 1, 2010 (the "2010 Indenture");

WHEREAS, the City has previously issued its \$336,570,000 City of Industry Senior Sales Tax Revenue Refunding bonds, Series 2015A (Taxable);

WHEREAS, the City has previously issued its \$51,460,000 Subordinate Sales Tax Revenue Bonds Series 2015B (Taxable);

WHEREAS, the City has determined to redeem the Refunded Bonds by issuing an additional series of Sales Tax Revenue Bonds as Bonds hereunder;

WHEREAS, to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof, premium, if any, and interest thereon, the City has authorized the execution and delivery of this Indenture; and

WHEREAS, the City certifies that all acts and proceedings required by law necessary to make the Bonds, when executed by the City, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal limited obligations of the City, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

## ARTICLE I

### DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Section 1.1 **Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

**“Authorized Denomination”** means the denomination of \$5,000 or any integral multiple thereof.

**“Authorized Representative”** means: (a) with respect to the City, its Mayor or City Manager or their respective designee; and (b) with respect to the Trustee, the President, any Vice President, any Assistant Vice President or any Trust Officer of the Trustee, and when used with reference to any act or document also means any other Person authorized to perform such act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee. An Authorized Representative may by written instrument designate any Person to act on his or her behalf.

**“Bond Counsel”** means Norton Rose Fulbright US LLP, or a successor thereto or a firm of attorneys acceptable to the City of nationally recognized standing in matters pertaining to municipal bonds.

**“Bond Law”** means the provisions of the City of Industry Sales Tax Revenue Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code as in effect on the Closing Date or as thereafter amended in accordance with its terms.

**“Bond Year”** means each twelve-month period beginning on January 2 of each year and ending on January 1 of the following year. With respect to the Bonds, the first such Bond Year shall begin on the Closing Date and end on January 1, 2017.

**“Bonds”** means the \$\_\_\_\_\_ aggregate principal amount of City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable).

**“Business Day”** means a day which is not a Saturday, a Sunday or a day on which banks located in the city where the Principal Office of the Trustee is located are required or authorized to remain closed.

**“City”** means the City of Industry, California.

**“Closing Date”** means, with respect to the Bonds, the date on which the Bonds are delivered to the Original Purchaser.

**“Costs of Issuance”** means the costs and expenses incurred in connection with the issuance and sale of the Bonds, including the initial fees and expenses of the Trustee, rating agency fees, fees and expenses of Bond Counsel and Disclosure Counsel, other legal fees and expenses relating to the approval of the Bonds, this Indenture, other related documents and certificates, and matters related thereto, costs of preparing the Bonds and printing the Official Statement, fees of financial consultants, bond insurance premium, if any, surety bond premium, if any, and other fees and expenses set forth in a Written Certificate of the City.

**“Costs of Issuance Fund”** means the trust fund established in Section 3.4 of this Indenture.

**“Defeasance Obligations”** means, subject to the provisions of Section 11.4(i) of this Indenture:

1. Cash
2. Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:
  - U.S. treasury obligations
  - All direct or fully guaranteed obligations
  - Farmers Home Administration
  - General Services Administration
  - Guaranteed Title XI financing
  - Government National Mortgage Association
  - State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the Bonds (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

**“Depository”** means the securities depository acting as Depository pursuant to Section 2.5.

**“Electronic Notice”** means notice given through means of telecopy, facsimile transmission, electronic mail (e-mail), or other similar electronic means of communication confirmed by writing or written transmission.

**“Event of Bankruptcy”** means, with respect to any Person, the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such Person as debtor, other than any involuntary proceeding which has been finally dismissed without entry of an order for relief or similar order as to which all appeal periods have expired.

**“Event of Default”** means any of the events of default specified in Section 7.1.

**“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.

**“Fiscal Year”** means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the City and certified to the Trustee in writing by an Authorized Representative of the City.

**“Indenture”** means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended.

**“Information Services”** means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at [www.emma.msrb.org](http://www.emma.msrb.org); provided, however, in accordance with the then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other organizations providing information with respect to called Bonds as the City may designate in a Written Certificate of the City delivered to the Trustee.

**“Insurance Policy”** means the municipal bond insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

[**“Insurer”** means \_\_\_\_\_, or any successor or assignee thereof, [as issuer of the Insurance Policy and the Reserve Policy].

**“Interest Account”** means the account by that name established with the Trustee with respect to the Bonds pursuant to this Indenture and to be administered as prescribed in Section 5.2.

**“Interest Payment Date”** means January 1 and July 1, commencing July 1, 2017.

**“Maximum Annual Debt Service”** means, with respect to the Outstanding 2015 Senior Bonds, Bonds or Parity Debt, the largest amount of principal (including principal coming due and payable by operation of mandatory sinking fund redemption) and interest coming due with respect to the Outstanding 2015 Senior Bonds, Bonds or Parity Debt during the current or any future Bond Year.

**“Moody’s”** means Moody’s Investors Service, its successors and assigns.

**“Original Purchaser”** means Stifel, Nicolaus & Company, Incorporated or any other original purchaser of Parity Debt issued hereunder.

**“Outstanding”** when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.12) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the City shall have been discharged in accordance with Section 10.2; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

**“Owner”** whenever used herein with respect to a Bond, means the Person in whose name the ownership of such Bond is registered on the Registration Books.

**“Parity Debt”** means any bonds, notes, loans, advances or other indebtedness issued or incurred by the City that are secured by a pledge of and lien on the Sales Tax Revenues on a parity with the 2015 Senior Bonds and the Bonds under Section 3.5.

**“Permitted Investments”** means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Trustee is entitled to conclusively rely on a Written Request of the City directing investment in such Permitted Investment as a certification by the City to the Trustee that such Permitted Investment is a legal investment under the laws of the State), but only to the extent that the same are acquired at Fair Market Value:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing a direct ownership interest in securities described in this clause such as Stripped Treasury Coupons rated the same rating as direct obligations of the United States of America by S&P and Moody’s and held by a custodian for safekeeping on behalf of holders of such securities.

(b) Bonds or notes which are exempt from federal income taxes and for the payment of which cash or obligations described in clause (a) of this definition in an amount sufficient to pay the principal of, premium, if any, and interest on when due have been irrevocably deposited with a trustee or other fiscal depository and which are rated the same rating as direct obligations of the United States of America by S&P and Moody’s.

(c) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Government National Mortgage Association, Farmer’s Home Administration, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association or Federal Housing Administration.

(d) Deposit accounts, certificates of deposit or savings accounts (i) fully insured by the Federal Deposit Insurance Corporation or (ii) with banks whose short term obligations are rated no lower than A-1 by S&P and P-1 by Moody’s including those of the Trustee and its affiliates.

(e) Money-market accounts or other deposit accounts, Federal funds or banker’s acceptances with a maximum term of one year of any bank that has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” by Moody’s and “A-1” or “A” or better by S&P (including the Trustee and its affiliates).

(f) Repurchase obligations with a term not exceeding 30 days pursuant to a written agreement between the Trustee and either a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investor Protection Corporation (“SIPC”) or a federally chartered commercial bank whose long term debt obligations are rated “A” or better by S&P and Moody’s, with respect to any security available for transfer, i.e. Defeasance Obligations; provided, that the securities which are the subject of such repurchase obligation (i) are free and clear of all liens, (ii) in the case of an SIPC dealer, were not acquired pursuant to a repurchase or reverse repurchase agreement, and (iii) are deposited with the Trustee and maintained through weekly market valuations in an amount equal to 104% of the invested funds plus accrued interest. The Trustee must have a valid first perfected security interest in such securities.

(g) Taxable government money market portfolios that have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories of Moody’s, subject to a maximum permissible limit equal to six months of principal and interest on the Bonds including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or sub-custodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(h) Tax-exempt government money market portfolios that have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories by Moody’s consisting of securities which are rated in one of the two highest Rating Categories of S&P and Moody’s subject to a maximum permissible limit equal to six months of principal and interest on the Bonds.

(i) Money market funds registered under the Investment Company Act of 1940, the shares in which are registered under the Securities Act of 1933 and that have a rating by S&P of AA-Am-G or AA-Am and rated in one of the two highest rating categories by Moody’s, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or sub-custodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(j) The Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name

(k) [Subject to the prior written consent of the Insurer,] investment agreements, including guaranteed investment contracts, when collateralized by United States of America guaranteed and direct obligation securities and such collateral is held by a bank, insurance company or other financial institution whose long-term obligations are rated “AA” or higher by Fitch and S&P, respectively, or with a bank, insurance company or other financial institution guaranteed by an entity whose long-term obligations are rated “AA” or higher by Fitch and S&P, respectively, and marked to market on a weekly basis to a minimum of the value of the outstanding balance of the agreement. The following additional requirements shall apply to any investment agreement:

- (i) term must be limited to the final maturity of the Bonds;
- (ii) moneys invested thereunder may be withdrawn without any penalty, premium, or charge on not more than two (2) Business Days' notice; provided, that such notice may be amended or cancelled at any time prior to the withdrawal date;
- (iii) the agreement is not subordinated to any other obligations of the provider;
- (iv) the agreement provides that the City in its sole discretion shall have the right to terminate such agreement if the provider's ratings are downgraded below the requirements set forth in this paragraph (k); and
- (v) the City receives an opinion of counsel that such agreement is an enforceable obligation of the provider.

(l) Any other investments which meet the criteria established by applicable published investment guidelines issued by each rating agency then rating the Bonds.

**“Person”** means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

**“Principal Account”** means the account by that name established with the Trustee with respect to the Bonds pursuant to this Indenture and to be administered as provided in Section 5.2.

**“Principal Office”** means such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the City, initially being Los Angeles, California, except that with respect to presentation of Bonds for payment or for registration of transfer or exchange or maintenance of the Registration Books, such term shall mean the office of the Trustee at which its corporate agency business shall be conducted, initially such office of the Trustee located in St. Paul, Minnesota.

**“Principal Payment Date”** means January 1 of each year, commencing January 1, 2018, so long as any Bonds remain Outstanding hereunder.

**“Qualified Reserve Account Credit Instrument”** means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company, deposited with the Trustee pursuant to this Indenture, provided that all of the following requirements are met: (i) at the time of delivery of such letter of credit or surety bond, the long-term credit rating of such bank is within the two highest rating categories (without regards to modifier) of Moody's or S&P, or the claims paying ability of such insurance company is rated within the three highest rating categories of A.M. Best & Company and S&P; (ii) such letter of credit or surety bond has a term which ends no earlier than the last Interest Payment Date of the series of Bonds to which the Reserve Requirement applies; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to this Indenture; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in this Indenture, including the replenishment of the Interest Account or the Principal Account.

**“Record Date”** means the fifteenth (15th) day of the month (whether or not such day is a Business Day) preceding each Interest Payment Date.

**“Registration Books”** means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.5.

**“Reserve Account”** means the account by that name established with the Trustee as provided in Section 5.2.

**“Reserve Policy”** means the debt service reserve insurance policy issued by the Insurer and deposited into the Reserve Account.]

**“Reserve Requirement”** means, as of the date of any calculation, an amount equal to the Maximum Annual Debt Service on the Bonds then Outstanding. The Reserve Requirement as of the Closing Date is \$\_\_\_\_\_.

**“Sales Tax Revenues”** means all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the State Board of Equalization and transmitted to the City periodically under Section 7204 of the Revenue and Taxation Code of the State of California, constituting the Bradley-Burns Uniform Local Sales and Use Tax Law.

**“S&P”** means Standard & Poor’s Ratings Services, its successors and assigns.

**“Securities Depositories”** means: The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax: (212) 855-1000 or 7320, or such other addresses and/or such other securities depositories as the City may designate in writing to the Trustee.

**“State”** means the State of California.

**“Subordinate Sales Tax Revenues”** means amounts transferred from the Surplus Account under Fifth of Section 5.2 of this Indenture.

**“Supplemental Indenture”** means a Supplemental Indenture of Trust providing for any matter herein authorized, entered into by and between the City and the Trustee pursuant to the provisions of this Indenture.

**“Term Bonds”** means Bonds which are payable on or before their specified maturity dates from sinking fund redemption.

**“Trustee”** means U.S. Bank National Association, or its successor, as Trustee hereunder as provided in Section 8.1, or such other trustee as shall be named, provided such other trustee shall meet the requirements of Article VIII hereof.

**“Working Capital Expenditures”** means any expenditures made by the City to pay current expenses of the City, to establish reserves, to make payments in respect of insurance or to establish insurance reserves, to make investments, and to discharge any obligation or indebtedness of the City, including expenditures for any purpose for which the City may borrow money pursuant to Section 53852 of the Government Code of the State of California; provided, that such expenditures are otherwise authorized to be paid from Sales Tax Revenues.

**“Written Certificate”** and **“Written Request”** of the City means a written certificate or written request signed in the name of the City by its Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If

and to the extent required by Section 1.2, each such certificate or request shall include the statements provided for in Section 1.2.

**“2015 Senior Bonds”** means the \$336,570,000 aggregate principal amount of City of Industry Senior Sales Tax Revenue Refunding bonds, Series 2015A (Taxable).

**“2015 Subordinate Bonds”** means the \$51,460,000 aggregate principal amount of City of Industry Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable).

Section 1.2 **Content of Certificates and Opinions.** Other than those certificates and opinions delivered on the Closing Date and those opinions delivered or approved by Bond Counsel, every certificate of the City or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (a) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the City may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or a financial consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or a financial consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City) upon a certificate or opinion of or representation by an officer of the City, unless such counsel, accountant or financial consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person’s certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the City, or the same counsel, accountant or financial consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, accountants or financial consultants may certify to different matters, respectively.

Section 1.3 **Interpretation.** Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

Headings of articles and sections herein and the table of contents hereto, are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.4 **Indenture Constitutes Contract.** In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract among the City, the Trustee and the Owners of the Bonds. 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.

## ARTICLE II

### THE BONDS

Section 2.1 **Authorization of Bonds.** The City hereby authorizes the issuance of the Bonds hereunder and under the Bond Law. The Bonds shall constitute limited obligations of the City. This Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full and timely payment of the principal of and interest on all such Bonds, subject to the covenants, provisions and conditions herein. For the purpose of providing moneys to redeem the Refunded Bonds, finance Working Capital Expenditures and finance Project Costs, the City hereby authorizes the issuance of series of Bonds hereunder designated the “City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable).” The aggregate principal amount of Bonds which may be issued hereunder and Outstanding shall not exceed \$\_\_\_\_\_.

THE OBLIGATION OF THE CITY TO PAY THE BONDS IS A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM SALES TAX REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE CITY) WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES) OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES).

Section 2.2 **Terms of the Bonds.** The Bonds shall be issued in fully registered form without coupons in Authorized Denominations and the Bonds shall mature on each January 1, in the years and in the amounts and shall bear interest at the rates per annum as follows:

<b>Maturity Date (January 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner. Principal of on any Bond shall be paid upon presentation and surrender thereof at maturity at the Principal Office. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months.

Each Bond shall be initially dated as of the Closing Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before June 15, 2017, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.3 **Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred upon the Registration Books 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 written instrument of transfer, duly executed in a form approved by the Trustee. The Trustee shall not be obligated to make any transfer of Bonds during the period selected by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption. Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds for a like aggregate principal amount or maturity amount, as applicable, in

an Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Section 2.4 **Exchange of Bonds.** The Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount or maturity amount, as applicable, of Bonds of Authorized Denominations and of the same maturity. The City may charge a reasonable sum for each new Bond issued upon any exchange (except in the case of any exchange of temporary Bonds for definitive Bonds and except in the case of the first exchange of any definitive Bond in the form in which it is originally issued) and shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be obligated to make any exchange of Bonds during the period selected by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption.

Section 2.5 **Registration Books/Book-Entry.** The Trustee will keep or cause to be kept, at the Principal Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

The Bonds shall be initially executed and delivered in the form of a single, fully registered Bond for each maturity. Upon initial execution and delivery, the ownership of each such Bond shall be registered in the Bond Register in the name of the Nominee identified below as nominee of the Depository. Except as hereinafter provided, all of the outstanding Bonds shall be registered in the Bond Register in the name of the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to this Section (the "Nominee").

With respect to the Bonds registered in the Bond Register in the name of the Nominee, neither the City nor the Trustee shall have any responsibility or obligation to any broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository (the "Participant") or to any person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the City nor the Trustee shall have any responsibility or obligation (unless the City is at such time the Depository) with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be prepaid in the event the City prepays the Bonds in part, or (iv) the payment to any Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. The City and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of prepayment, if applicable, and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The City shall pay all principal of and interest on the Bonds only to or upon the order of the respective Owner of a Bond, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Bond, as shown in the Bond Register, shall receive a Bond evidencing the obligation of the City to make payments of principal and interest pursuant to this Indenture. Upon delivery by the Depository to the Owners of the Bonds and the City of written notice to the effect that the Depository has

determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Date, the word “Nominee” in this Indenture shall refer to such nominee of the Depository.

To qualify the Bonds for the Depository’s book-entry system, the City is executing and delivering to the Depository a Representation Letter in the form prescribed by Depository. The execution and delivery of the Representation Letter shall not in any other way limit the provisions of this Section or in any other way impose upon the City any obligation whatsoever with respect to persons having interests in the Bonds other than the owners of the Bonds, as shown on the Bond Register. In addition to the execution and delivery of the Representation Letter, the City shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify the Bonds for the Depository’s book-entry program.

If (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the Depository shall no longer so act and gives notice to the City of such determination, then the City will discontinue the book-entry system with the Depository. If the City determines to replace the Depository with another qualified securities depository, the City shall prepare or direct the preparation of a new single, separate, fully registered Bond, per maturity, registered in the name of such successor or substitute qualified securities depository or its nominee. If the City fails to identify another qualified securities depository to replace the Depository then the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or names owners of the Bonds transferring or exchanging Bonds shall designate, in accordance with provisions of Sections 2.3 or 2.4, hereof, and the City shall prepare and deliver Bonds to the Owners thereof for such purpose.

In the event of a reduction in aggregate principal amount of Bonds outstanding or an advance refunding of part of the Bonds outstanding, Depository in its discretion, (a) may request the City to prepare and issue a new Bond or (b) may make an appropriate notation on the Bond indicating the date and amounts of such reduction in principal, but in such event, the Bond Register maintained by the Trustee shall be conclusive as to what amounts are outstanding on the Bond, except in the case of final maturity in which case the Bond must be presented to the Trustee prior to payment.

Notwithstanding any other provisions of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository and acceptable to the City.

The initial Depository under this Article shall be DTC. The initial Nominee shall be Cede & Co., as Nominee of the Depository.

Section 2.6 **Form and Execution of Bonds.** The Bonds shall be issued substantially in the form attached hereto as Exhibit A, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture, and shall otherwise comply with the requirements of this Indenture. The Bonds shall be executed in the name and on behalf of the City with the manual or facsimile signature of its Mayor (or any duly authorized deputy to the Mayor) or the manual or facsimile signature of its City Manager, in each case, attested by the manual or facsimile signature of the Clerk (or any Assistant or Deputy Clerk) of the City. Such Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the City before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding

upon the City as though those who signed and attested the same had continued to be such officers of the City, and also any Bonds may be signed and attested on behalf of the City by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the City although at the nominal date of such Bonds any such Person shall not have been such officer of the City.

Only such Bonds as shall bear thereon a Certificate of Authentication, substantially in the form set forth herein, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.7 **Temporary Bonds.** The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the City, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the City and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds shall be surrendered, for cancellation, at the Principal Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount or maturity amount, as applicable, of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.8 **Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the City, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the City. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to them and indemnity satisfactory to it shall be given, the City, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof upon receipt of the above-mentioned indemnity). The City may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the City and the Trustee. Any Bond issued 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 be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

### ARTICLE III

#### ISSUANCE OF BONDS AND PARITY BONDS; APPLICATION OF PROCEEDS

Section 3.1 **Issuance of the Bonds.** Upon execution and delivery of this Indenture, the City shall issue and deliver the Bonds to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Written Request of the City. The recital contained in the Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of their validity.

Section 3.2 **Application of Proceeds of the Bonds.** Upon the receipt of payment for the Bonds on the Closing Date, the Trustee shall transfer and deposit the net proceeds of the Bonds in the amount of \$\_\_\_\_\_ as follows:

(a) \$\_\_\_\_\_ to the 2010 Trustee for redemption of the Refunded Bonds pursuant to the 2010 Indenture.

(b) \$\_\_\_\_\_ to the Costs of Issuance Fund to pay Costs of Issuance ((\$\_\_\_\_\_ will be wired directly to the Insurer for the premiums for the Insurance Policy and the Reserve Policy]).

The Trustee may establish a temporary fund or account in its records or record and facilitate the above deposits and transfers.

Section 3.3 **(RESERVED).**

Section 3.4 **Costs of Issuance Fund.** There is hereby established a fund to be known as the "Costs of Issuance Fund" which shall be held in trust by the Trustee. Moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the City stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against the Fund. Each such Written Request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Six (6) months following the Closing Date, or upon the earlier Written Request of the City, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Project Fund and the Costs of Issuance Fund shall be closed.

Section 3.5 **Issuance of Parity Debt.** Subject to Section 11.4(v) hereof, the City may issue Parity Debt in such principal amount as it determines, under the Bond Law or under any other law which permits the City to issue its obligations secured in whole or in part by a pledge of and lien on the Sales Tax Revenues, subject to the following conditions precedent:

(a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing.

(b) The issuance of such Parity Debt has been authorized by at least 2/3 of the voters of the City as required by Section 18 of Article XVI of the California Constitution.

(c) The Sales Tax Revenues, as shown in audited financial statements for the most recent Fiscal Year for which audited financial statements are available, are at least equal to 125% of Maximum Annual Debt Service on the 2015 Senior Bonds, the Bonds and Parity Debt that will be Outstanding following the issuance of the Parity Debt.

(d) The Supplemental Indenture or other document authorizing the issuance of such Parity Debt must provide that:

(i) interest on the Parity Debt is payable on January 1 and July 1 in each year of the term of the Parity Debt, except that interest during the first twelve month period may be payable on any January 1 or July 1;

(ii) the principal of the Parity Debt is payable on January 1 in any year in which principal is payable; and

(iii) an amount is deposited in a reserve fund from the proceeds of the sale of the Parity Debt in an amount equal to the lesser of (A) Maximum Annual Debt Service on such Parity Debt, or (B) if interest on the Bonds is excludable from gross income for federal income tax purposes, the maximum permitted under applicable federal tax law; or a Qualified Reserve Account Credit Instrument is issued to fund the reserve fund in such amount.

Any Parity Debt issued by the City will be secured by a pledge of and lien on Sales Tax Revenues on a parity with the pledge and lien that secures the Bonds. However, such Parity Debt, unless issued pursuant to the terms hereof, will not be secured by or payable from amounts held in the Interest Account, the Principal Account, the Redemption Account or the Reserve Account which are established for the Bonds.

Section 3.6 **Issuance of Subordinate Debt.** The City may from time to time issue its bonds, notes or other obligations which are payable from Sales Tax Revenues, in such principal amount as the City may determine, provided that such bonds, notes or other obligations are unsecured or are secured by a pledge of or lien on any Sales Tax Revenues which is subordinate to the pledge and lien which secures the Bonds, the 2015 Senior Bonds and any Parity Debt and provided that the Sales Tax Revenues, as shown in audited financial statements for the most recent Fiscal Year for which audited financial statements are available, are at least equal to 100% of the projected Maximum Annual Debt Service on all Bonds, the 2015 Senior Bonds and Parity Debt the Outstanding, the proposed subordinate obligations and any other subordinate obligations that will be Outstanding following the issuance of the proposed subordinate obligations.

## ARTICLE IV

### REDEMPTION OF BONDS

#### Section 4.1 **Redemption.**

(a) **Optional Redemption.** The Bonds maturing on or after January 1, 2027 are subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after January 1, 2026, in any order determined by the City, and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

Section 4.2 **Manner of Redemption.** Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond so selected. All Bonds redeemed shall be canceled and destroyed by the Trustee.

Section 4.3 **Notice of Redemption.** The City shall be required to give the Trustee written notice or Electronic Notice of its intention to redeem Bonds under Section 4.1(a) at least thirty (30) days prior to the date fixed for such redemption, unless the Trustee shall agree to a shorter period for such notice. The Trustee on behalf of and at the expense of the City will mail (by first class mail, postage prepaid, by Electronic Notice or other means acceptable to the recipient thereof) notice of any redemption at least twenty (20) days but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the City filed with the Trustee at the time the City notifies the Trustee of its intention to redeem Bonds; but such sending of notice will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, will state that such notice may be rescinded and will require that such Bonds be then surrendered at the Principal Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Neither the City nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the City nor the Trustee shall be liable for any inaccuracy in such numbers.

Any notice given pursuant to this paragraph may be rescinded by written notice given to the Trustee by the City at any time on or before the redemption date and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given pursuant to this Section, but in no event later than the date set for redemption.

Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The City and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption.

Section 4.4 **Partial Redemption of Bonds.** If only a portion of any Bond is called for redemption, then upon surrender of such Bond the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Section 4.5 **Effect of Redemption.** From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called such cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

## ARTICLE V

### REVENUES; FUNDS AND ACCOUNTS

Section 5.1 **Security for the Bonds; Equal Security.** For the security of the Bonds, the City hereby grants a first pledge of and lien on, and a security interest in, all of the Sales Tax Revenues on a parity with the pledge, lien and security interest which secures the 2015 Senior Bonds and any Parity Debt. Such pledge, lien and security interest are for the equal security of the Bonds and any Parity Debt without preference or priority for number, date of execution or date of delivery.

In addition, the Bonds (but not any Parity Debt) are secured by a first pledge of and lien on, and a security interest in, all of the moneys on deposit in the Interest Account, the Principal Account, the Reserve Account and the Redemption Account. Except for the Sales Tax Revenues and such other moneys, no funds of the City are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. Nothing herein prevents the City from paying principal of and interest and premium (if any) on the Bonds from any source of legally available funds of the City.

In consideration of the acceptance of the Bonds by those who hold the same from time to time, this Indenture constitutes a contract between the City and the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the City are for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 5.2 **Deposit of Sales Tax Revenues; Transfer of Amounts to Trustee.** There is hereby continued the "Sales Tax Revenues Fund," which shall be held by the Trustee for the benefit of the Owners and the owners of the 2015 Senior Bonds and any Parity Debt. The City shall promptly upon receipt deliver all Sales Tax Revenues to the Trustee for deposit into the Sales Tax Revenues Fund. The Trustee shall transfer money from the Sales Tax Revenues Fund as follows:

(a) On the date that is the 5th Business Day prior to each January 1 or July 1, the Trustee shall transfer amounts necessary to pay the principal of and interest on the Outstanding Bonds and any

Parity Debt coming due on such January 1 or July 1 to the Debt Service Fund established pursuant to this Section 5.2 or to the trustees for any Parity Debt, as applicable, in the amounts necessary to make such payments; provided, however, that if on the date that is five (5) Business Days prior to any July 1 or January 1, there are insufficient amounts on deposit in the Sales Tax Revenues Fund to pay the entire amount of principal or interest coming due on such date for all of the Outstanding Bonds and the outstanding Parity Debt, then amounts in Sales Tax Revenues Fund shall be allocated on a *pro rata* basis based on the relative amounts of principal and/or interest coming due on such date for the Outstanding Bonds and any outstanding Parity Debt.

(b) On the date that amounts on deposit in the Sales Tax Revenues Fund, together with amounts held in the Debt Service Fund established hereunder and the debt service funds established for the 2015 Senior Bonds and any Parity Debt are sufficient to pay the principal of and interest on the Bonds, the 2015 Senior Bonds and any Parity Debt coming due in the then-current Fiscal Year and the Bond Year beginning in that Fiscal Year and to cure any deficiency in the Reserve Account, the reserve account for the 2015 Senior Bonds and the reserve account for any Parity Debt, the Trustee shall transfer amounts necessary to pay the principal of and interest on the Outstanding Bonds, outstanding 2015 Senior Bonds and any outstanding Parity Debt coming due in the then-current Fiscal Year and the Bond Year beginning in the then current Fiscal Year and to cure any deficiency in the Reserve Account, the reserve account for the 2015 Senior Bonds, and the reserve account for any Parity Debt, as applicable, to the Debt Service Fund established pursuant to this Section 5.2 and to the trustees for the 2015 Senior Bonds and any Parity Debt in the amounts necessary to make such payments and cure such deficiencies. All amounts in the Sales Tax Revenues Fund in excess of the amounts required to be transferred pursuant to the prior sentence, and all additional amounts deposited in the Sales Tax Revenues Fund through June 30 of such Fiscal Year after the transfer described in such sentence has been made shall be transferred as soon as practicable after receipt into the Surplus Account.

Notwithstanding anything herein to the contrary, the trustee for the Bonds, the 2015 Senior Bonds and any Parity Debt and the 2015 Subordinate Bonds shall be the same financial institution.

There is hereby established a fund to be known as the “Debt Service Fund” which shall be held by the Trustee in trust for the benefit of the Owners. The Trustee will hold the Debt Service Fund for the uses and purposes set forth herein, so long as any of the Bonds remain Outstanding. The Trustee will deposit Sales Tax Revenues transferred from the Sales Tax Revenues Fund pursuant to subsections (a) and (b) above in the following respective special accounts within the Debt Service Fund, which accounts are hereby established with the Trustee with respect to the Bonds, as soon as practicable after transfer of the Sales Tax Revenues into the Debt Service Fund and in any event no later than the dates set forth below, in the following order of priority:

First *Interest Account.* On or before the 5th Business Day preceding each date on which interest on the Bonds is due and payable, the Trustee will deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on such date or, with respect to amounts transferred pursuant to (b) above, interest coming due and payable on the Outstanding Bonds in the then-current Fiscal Year and in the Bond Year beginning in such Fiscal Year. The Trustee will apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.

Second *Principal Account.* On or before the 5th Business Day preceding each date on which principal of the Bonds is due and payable at maturity or upon mandatory sinking fund redemption, the Trustee will deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on that date on the Outstanding Bonds or, with respect to amounts transferred pursuant to (b) above, principal coming due

and payable on the Outstanding Bonds in the then-current Fiscal Year and in the Bond Year beginning in the such Fiscal Year. The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at the maturity thereof and the principal of the Term Bonds upon the mandatory sinking fund redemption thereof.

Third Reserve Account. The Trustee shall value the balance in the Reserve Account on each July 2. If the amount on deposit in the Reserve Account at any time falls below the Reserve Requirement, the Trustee will deposit an amount sufficient to maintain the amount of the Reserve Requirement on deposit in the Reserve Account. The Trustee will apply amounts in the Reserve Account solely (i) for the purpose of making transfers to the Interest Account and the Principal Account, in that order of priority, on any date on which the principal of or interest on the Bonds is due and payable hereunder, if there is a deficiency at any time in any of such accounts, or (ii) at any time for the retirement of all the Outstanding Bonds at the Written Request of the City. So long as no Event of Default has occurred and is continuing, the Trustee shall withdraw any amount in the Reserve Account in excess of the Reserve Requirement no later than the 5th Business Day preceding each Interest Payment Date and deposit such amount in the Interest Account.

For purposes of determining the value of Permitted Investments credited to the Reserve Account, such Permitted Investments shall be valued at the lesser of the cost thereof (excluding accrued interest, if any) or the maturity value thereof. If the Reserve Requirement is satisfied through the deposit of a Qualified Reserve Account Credit Instrument, the Reserve Account shall be valued at the face amount of such Qualified Reserve Account Credit Instrument.

On the date on which all of the Outstanding Bonds mature or are scheduled to be redeemed, the City may (but is not required to) direct that the Trustee apply amounts in the Reserve Account to pay the principal or redemption price of the Bonds on that date. Any amounts remaining in the Reserve Account following payment or redemption of the Outstanding Bonds in full shall be withdrawn therefrom by the Trustee and paid to the City to be used for any lawful purposes.

[The Reserve Requirement will initially be satisfied through the deposit of the Reserve Policy with the Trustee.]

Fourth Redemption Account. On or before the 5th Business Day preceding any date on which Bonds are subject to redemption (other than mandatory sinking fund redemption of Term Bonds), the City will transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be so redeemed on such date. The Trustee will apply amounts in the Redemption Account solely for the purpose of paying the principal of and premium, if any, on the Bonds upon the redemption thereof, other than mandatory sinking fund redemption of Term Bonds which will be made from amounts in the Principal Account, on the date set for such redemption.

Fifth Surplus Account. As long as the amounts on deposit in the Interest Account, the Principal Account and the Reserve Account are equal to amounts sufficient to pay, as applicable, the principal of and interest on the Outstanding Bonds coming due in the then-current Fiscal Year and the Bond Year beginning in such Fiscal Year and satisfy the Reserve Requirement and no Event of Default under Section 7.1(a) or 7.1(b) has occurred and is continuing, then on June 30 of each year, commencing June 30, 2017, the Trustee shall transfer any amounts on deposit in the Surplus Account following the deposits required by First, Second, Third, and Fourth above and otherwise pursuant to the transfer required by the last sentence of Section 5.2(b) to the trustee for the 2015 Subordinate Bonds, and amounts transferred in accordance with this Section shall constitute "Subordinate Sales Tax Revenues" and shall be released from the pledge and lien which secures the Bonds.

The Trustee shall also deposit any other amounts that it receives from the City into the accounts described above as directed by the City.

Section 5.3 **Qualified Reserve Account Credit Instrument.** The City may at any time tender to the Trustee a Qualified Reserve Account Credit Instrument. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as required to receive payments thereunder if and to the extent required to make any payment when and as required hereunder. Upon the expiration of any Qualified Reserve Account Credit Instrument, the City will either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the amount of the Reserve Requirement, to be derived from the first available Sales Tax Revenues. Amounts released to the City from the Reserve Account shall be used for any lawful purpose.

Section 5.4 **Investment of Moneys.** Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Indenture shall be invested by the City solely in Permitted Investments, or, if such fund or account is held by the Trustee solely in Permitted Investments, as directed in writing by the City two (2) Business Days prior to the making of such investment. Such investment instructions shall certify that the investment is a Permitted Investment. Permitted Investments may be purchased at such prices as the City shall determine. All Permitted Investments shall be acquired subject to any restrictive instructions given to the Trustee pursuant to a Written Request of the City. Moneys in any funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture. Absent timely written direction from the City, the Trustee shall invest any funds held by it in Permitted Investments described in clause (i) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the City specifying a specific fund described in clause (i) of the definition of Permitted Investments. The Trustee shall not be liable for any losses from investments made by the Trustee in accordance with this Indenture.

Moneys in the Reserve Account shall be invested by the Trustee in (i) Permitted Investments which will by their terms mature on or before the date of the final maturity of the Bonds or five (5) years from the date of investment, whichever is earlier or (ii) an investment agreement which permits withdrawals or deposits without penalty at such time as such moneys will be needed or to replenish the Reserve Account.

All interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture shall be deposited in the Debt Service Fund, unless otherwise provided herein. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investments equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investments shall be credited to the fund from which such accrued interest was paid.

Permitted Investments acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund or account shall be valued at the lesser of cost or market value exclusive of accrued interest, if any.

The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee therefor. Upon the Written Request of the City, or as required for the purposes of the provisions of this Indenture, the Trustee shall sell or present for

redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited.

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 Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

## ARTICLE VI

### PARTICULAR COVENANTS

Section 6.1 **Punctual Payment.** The City will punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and this Indenture from Sales Tax Revenues. The City will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures. Nothing herein contained prevents the City from making advances of other legally available funds to make any payment referred to herein.

Section 6.2 **Budget and Appropriation.** So long as any Bonds remain Outstanding hereunder, the City shall adopt all necessary budgets and make all necessary appropriations for the payment of principal of and interest and premium (if any) on the Bonds from the Sales Tax Revenues. If any payment of principal of and interest and premium (if any) on the Bonds requires the adoption by the City of a supplemental budget or appropriation, the City shall promptly adopt the same. The covenants on the part of the City contained in this Section 6.2 constitute duties imposed by law and it is the duty of each and every public official of the City to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Section 6.2.

Section 6.3 **Compliance with Parity Debt Documents.** The City will faithfully observe and perform all of the conditions, covenants and requirements of the 2016 Indenture and the respective documents authorizing the issuance of any other Parity Debt. The City shall not take any action, or omit to take any action within its control, which constitutes or which with the passage of time if not cured would constitute an event of default under and within the meaning of the 2016 Indenture and the respective documents authorizing the issuance of any other Parity Debt.

Section 6.4 **Payment of Claims.** The City will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the City or upon the Sales Tax Revenues or any part thereof, or upon any funds held by the Trustee hereunder, or which might impair the security of the Bonds. Nothing herein requires the City to make any such payment so long as the City in good faith contests the validity of such claims.

Section 6.5 **Books and Accounts; Financial Statements; Additional Information.** The City shall 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 are made of all transactions relating to the Sales Tax Revenues. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect), the Insurer and the Owners of not less than 10% in aggregate principal amount of the Bonds then

Outstanding, or their representatives authorized in writing. The City shall cause to be prepared annually, within nine months after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Sales Tax Revenues and all disbursements thereof as of the end of such Fiscal Year. The City shall furnish a copy of such statements, upon reasonable request, to the Trustee and any Owner. The Trustee has no duty to review any such financial statement.

Section 6.6 **Protection of Security and Rights of Owners.** The City shall preserve and protect the security of the Bonds and the rights of the Owners. The City shall not repeal the sales and use tax providing Sales Tax Revenues. From and after the date of issuance of the Bonds, the City shall not contest the validity or enforceability of the Bonds or this Indenture.

Section 6.7 **Continuing Disclosure.** The City shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate which has been executed and delivered by the City on the Closing Date. Notwithstanding any other provision hereof, failure of the City to comply with such Continuing Disclosure Certificate does not constitute an Event of Default hereunder; provided, however, that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section 6.7.

Section 6.8 **Additional Debt.** The City shall not incur any obligation with a lien on the Sales Tax Revenues that is superior to the lien of the Bonds, the 2015 Senior Bonds and any Parity Debt. Except as permitted pursuant to this Indenture, the City shall not incur any obligation that is secured by a lien on Sales Tax Revenues that is on a parity with, or subordinate to, the lien of the Bonds, the 2015 Senior Bonds and any Parity Debt.

Section 6.9 **Further Assurances.** The City will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

Section 7.1 **Events of Default.** The following events shall be Events of Default hereunder:

- (a) failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise;
- (b) failure to pay any installment of interest on the Bonds when due;
- (c) failure by the City to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such failure has continued for a period of sixty (60) days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the City by the Trustee; provided, however, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 60-day period, such failure will not constitute an Event of Default if the City institutes corrective action within such 60-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time;

- (d) the occurrence of an Event of Bankruptcy with respect to the City; or
- (e) the occurrence and continuation of an event of default under and as defined in the 2016 Indenture or under any Supplemental Indenture authorizing the issuance of Parity Debt.

Section 7.2 **Remedies of Owners.** Whenever any Event of Default has happened and is continuing, the Trustee has the right, at its option and without any further demand upon or notice to the City, to take any one or more of the following actions:

(a) subject to the prior written consent of the Insurer and the provisions of Section 11.4(c), the Trustee may declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the City deposits with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at the respective rates of interest borne by those Bonds, and the reasonable fees and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the City and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment extends to or affects any subsequent default, or impairs or exhausts any right or power consequent thereon;

(b) take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the City under this Indenture; or

(c) as a matter of right, in connection with the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Owners hereunder, the Trustee may cause the appointment of a receiver or receivers of the Sales Tax Revenues and other amounts pledged hereunder, with such powers as the court making such appointment shall confer.

Section 7.3 **Application of Sales Tax Revenues and other Funds After Default.** (1) Upon the occurrence of an Event of Default, all amounts on deposit in, or during the continuance of an Event of Default, all amounts deposited in, the Sales Tax Revenues Fund and the Surplus Account shall be allocated *pro rata* among the Bonds, the 2015 Senior Bonds and any Parity Debt based on the relative amounts of principal of and interest on the Bonds, the 2015 Senior Bonds and any Parity Debt due and payable, and transferred to the applicable trustee.

(2) The amount allocated to the Trustee under (1) above and all sums in the funds and accounts (other than the Sales Tax Revenues Fund and the Surplus Account) established and held by the Trustee hereunder upon the occurrence of an Event of Default, and all other sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order:

(a) First, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in

and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 8.6, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.

(b) Second, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by those Bonds, and in case such moneys are insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

Section 7.4 **Trustee to Represent Owners.** The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, this Indenture, the Bond Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.14 hereof, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee and such Owners under the Bonds, this Indenture, any applicable Supplemental Indenture, the Bond Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Sales Tax Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture, the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.5 **Owners' Direction of Proceedings.** The Owners of a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.14 hereof, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Section 7.6 **Limitation on Owners' Right to Sue.** No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Agreement, the Bond Law or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.14 hereof, shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or said Owners shall have tendered to the Trustee

indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and the tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that not one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the Bond Law or other applicable law, with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.7 **Absolute Obligation of City.** Nothing in this Indenture or in the Bonds contained shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Sales Tax Revenues and other assets herein pledged therefor and received by the City or the Trustee, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.8 **Termination of Proceedings.** In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the City, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the City, the Trustee and the Owners shall continue as though no such proceedings had been taken.

Section 7.9 **Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.10 **No Waiver of Default.** No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

## ARTICLE VIII

### THE TRUSTEE

#### Section 8.1 **Duties and Liabilities of Trustee.**

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of

Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any Co-Trustee shall be bound by the same standard of care, duties and obligations as the Trustee as if such Co-Trustee were the sole Trustee.

(b) The City may remove the Trustee at any time unless an Event of Default, or an event that with the passage of time or giving of notice would constitute an Event of Default, shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 11.14 hereof (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the City, and to the Owners at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction at the expense of the City for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and after payment by the City of all unpaid fees and expenses of the predecessor Trustee, the successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the City shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided for in this subsection, the City shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds and to the Owners at the addresses shown on the Registration Books. If the City fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the City.

(e) Any Trustee appointed under the provisions of this Section 8.01 in succession to the Trustee shall be a trust company, national banking association or bank having trust powers, having a combined capital and surplus of at least seventy-five million dollars (\$75,000,000), and subject to supervision or examination by federal or state agency. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.2 **Merger or Consolidation.** Any bank, national banking association or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association or trust company shall be eligible under subsection (e) of Section 8.1, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.3 **Liability of Trustee.**

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the City, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or of the Bonds or shall incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee makes no representations as to the validity or sufficiency of this Indenture, or of any Bonds or in respect of the security afforded by this Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee; or (iii) the application of any moneys paid to the City or others in accordance with this Indenture except as the application of any moneys paid to the Trustee in its capacity as Trustee. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct and the negligence and willful misconduct of its officers, directors, agents or employees. Absent negligence or willful misconduct, the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds as determined pursuant to Section 11.14 hereof, at the time Outstanding

relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) Absent negligence or willful misconduct, the Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at its Principal Office. Except as otherwise provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

(f) The Trustee shall be under no obligation to institute any suit or take any remedial action under this Indenture, or to enter any appearance in or in any way defend any suit in which it may be made defendant, or to take any steps in the execution of the trust hereby created or in the exercise of any rights or powers hereunder at the request, order, or direction of any Owners of Bonds or otherwise unless it shall be indemnified to its satisfaction against any and all reasonable costs and expenses, outlays and counsel fees and other disbursements, and against all liability not due to its negligence or willful misconduct, provided, however, that if the Trustee intends to rely on this Section 8.3(f) as a basis for non-action it shall so inform the Owners of the Bonds and the City as soon as possible.

(g) The Trustee shall have no duty to expend or risk its own funds in the performance of its duties hereunder.

(h) Subject to the provisions of this Section 8.03, the Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee acts upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 8.4 **Right to Rely on Documents.** The Trustee shall be fully protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be Bond Counsel or other counsel of or to the City, with regard to legal questions, and absent negligence or willful misconduct, 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.

Except as otherwise expressly provided in this Indenture, the Trustee 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 is satisfactorily established, if disputed.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee 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 be deemed to be conclusively proved and established by a Written Certificate of the City, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.5 **Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during business hours, and upon reasonable notice, to the inspection of the City and their agents and representatives duly authorized in writing.

Section 8.6 **Compensation; Indemnification.** The City shall cause to be paid to the Trustee from time to time all reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture. However, the City shall not be liable for “overhead expenses” except as such expenses may be included as a component of the Trustee’s stated annual fees. The City agrees to indemnify and save the Trustee harmless against any costs, claims, expenses, liabilities, including any expenses of its attorneys and advisors, which it may incur in the exercise and performance of its powers and duties hereunder, including, but not limited to, claims of the owners arising from the Trustee’s actions pursuant to Section 10.4 hereof, and under any related documents, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct or the negligence or willful misconduct of, its officers, directors, agents or employees. The duty of the City to indemnify the Trustee hereunder shall survive the termination and discharge of this Indenture. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 8.7 **Right of Trustee to Acquire Bonds.** The Trustee and its officers and directors may acquire and hold, or become the pledgee of, Bonds and otherwise deal with the City in the manner and to the same extent and with like effect as if it were not the Trustee hereunder.

## ARTICLE IX

### MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.1 **Amendments Permitted.**

(a) *Amendment With Owner Consent.* This Indenture and the rights and obligations of the City and of the Owners may be modified or amended by the City and the Trustee upon a Written Request of the City at any time by the execution and delivery of a Supplemental Indenture, with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.13. Any such Supplemental Indenture becomes

effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite Owners. No such modification or amendment may:

(i) extend the maturity of a Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the written consent of the Owner of that Bond;

(ii) permit the creation by the City of any mortgage, pledge or lien upon the Sales Tax Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as expressly permitted by this Indenture), or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification; or

(iii) modify any of the rights or obligations of the Trustee without its written consent.

(b) *Amendment Without Owner Consent.* This Indenture and the rights and obligations of the City and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners of the Bonds, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to provide additional security for the Bonds;

(iii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Indenture, or in any other respect whatsoever as the City deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the City and the Trustee;

(iv) to provide for the issuance of Parity Debt under Section 3.5, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.5; or

(v) to provide for the issuance of a Qualified Reserve Account Credit Instrument hereunder, including but not limited to provisions securing such Qualified Reserve Account Credit Instrument and providing for the repayment of any draws made thereunder.

(c) Notwithstanding anything herein to the contrary, the Trustee may in its discretion, but shall not be obligated to, enter into a Supplemental Indenture which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 9.2 **Effect of Supplemental Indenture.** Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of

any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.3 **Endorsement of Bonds; Preparation of New Bonds.** Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the City so determines shall, bear a notation by endorsement or otherwise in form approved by the City and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the City and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the City and authenticated by the Trustee, and upon demand of the owners of any Bonds then outstanding shall be exchanged at the Office of the Trustee, without cost to any Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Section 9.4 **Amendment of Particular Bonds.** The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner.

## ARTICLE X

### DEFEASANCE

Section 10.1 **Discharge of Bonds; Indenture.** The Bonds or any portion thereof may be paid by the City in any of the following ways, provided that the City also pays or causes to be paid any other sums payable hereunder by the City:

(a) by paying or causing to be paid the principal of and interest and premium, if any, on the Bonds or any portion thereof, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or an escrow agent in irrevocable escrow, in trust (pursuant to an escrow agreement), at or before maturity, money or Defeasance Obligations in the necessary amount (as provided in Section 10.3) to pay or redeem all or any portion of the Bonds then Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, all or any portion of the Bonds then Outstanding.

If the City shall also pay or cause to be paid all other sums payable hereunder by the City including without limitation any compensation or other amounts due and owing the Trustee hereunder, then and in that case, at the election of the City (evidenced by a Written Certificate of the City, filed with the Trustee, signifying the intention of the City to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Sales Tax Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the City under this Indenture shall cease, terminate, become void and be completely discharged and satisfied with respect to the Bonds so paid or defeased. In such event, upon the Written Request of the City, and upon receipt of a Written Certificate of an Authorized Representative of the City and an opinion of Bond Counsel acceptable to the Trustee, each to the effect that all conditions precedent herein provided for relating to the discharge and satisfaction of the obligations of the City have been satisfied, the Trustee shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and shall execute and deliver to the City all such instruments

as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to this Indenture and the applicable Supplemental Indenture, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to the City.

Section 10.2 **Discharge of Liability on Bonds.** Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.3) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the City in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.4.

The City may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the City may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.3 **Deposit of Money or Securities with Trustee.** Subject to Section 11.11 hereof, whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) Lawful money of the United States of America, in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds, premium, if any, and all unpaid interest thereon to the redemption date; or

(b) Cash or non-callable Defeasance Obligations, the principal of, premium, if any, and interest on which when due will provide money sufficient, without reinvestment, to pay the principal of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal and interest become due, as verified in a report of an independent certified public accountant or firm of certified public accountants, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this indenture or by Written Request of the City) to apply such funds to the payment of such principal and interest with respect to such Bonds.

Section 10.4 **Payment of Bonds After Discharge of Indenture.** Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds (other than amounts provided by Treasurer) and remaining unclaimed for two (2) years, after the principal of all of the Bonds has become due and payable, if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trusts created by this Indenture and the applicable Supplemental Indenture, and all liability of the Trustee, as applicable, with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such

moneys to the City as aforesaid, the Trustee shall at the Written Request of the City and at the cost of the City, mail, by first class mail, postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee, as applicable, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof.

## ARTICLE XI

### MISCELLANEOUS

Section 11.1 **Liability of City Limited to Sales Tax Revenues.** Notwithstanding anything in this Indenture or in the Bonds contained, neither the City, nor any member thereof, shall be required to advance any moneys derived from any source other than the Sales Tax Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the City may, but shall not be required to, advance for any of the purposes hereof any funds of the City which may be made available to it for such purposes.

Section 11.2 **Successor Is Deemed Included in All References to Predecessor.** Whenever in this Indenture either the City or the Trustee 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 Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.3 **Limitation of Rights to Parties and Owners.** Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the City, the Trustee, the Insurer and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Trustee, the Insurer and the Owners of the Bonds.

Section 11.4 **Insurance Policy Requirements.** So long as the Insurance Policy is in effect, the following provisions shall govern, notwithstanding anything to the contrary set forth in this Indenture:

(a) **Insurer Consents.** The prior written consent of the Insurer shall be a condition precedent to the deposit of any Qualified Reserve Account Credit Instrument provided in lieu of a cash deposit into the Reserve Account. Notwithstanding anything to the contrary set forth in this Indenture, amounts on deposit in the Account shall be applied solely to the payment of debt service due on the Bonds.

(b) **Insurer as Sole Holder of Bonds.** The Insurer shall be deemed to be the sole Owner of the Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Bonds are entitled to take pursuant to this Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of this Indenture and each Bond, the Trustee and each Owner of the Bonds appoint the Insurer as their agent and attorney-in-fact with respect to the Bonds and agree that the Insurer may at any time during the continuation of any proceeding by or against the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to

vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner of the Bonds delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of the Bonds with respect to the Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(c) Acceleration. The maturity of the Bonds shall not be accelerated without the consent of the Insurer and in the event of the acceleration of the maturity of the Bonds, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest on the Bonds to the date of acceleration (to the extent unpaid by the City) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest on the Bonds accrued to the date of acceleration of the Bonds, the Insurer's obligations under the Insurance Policy with respect the Bonds shall be fully discharged.

(d) Covenant Default Period. Notwithstanding anything to the contrary stated herein, no grace period for a covenant default under this Indenture shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults under this Indenture.

(e) Insurer as Third Party Beneficiary. To the extent that this Indenture confers upon or gives or grants to the Insurer any right, remedy or claim under or by reason of this Indenture, the Insurer is explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

(f) Selection of Bonds for Redemption. Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of the Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of this Indenture which permits the purchase of the Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Bond so purchased is not cancelled upon purchase.

(g) Insurer Consent to Amendments. Any amendment, supplement, modification to, or waiver of, this Indenture, or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of the Owners or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

(h) Insurer's Right to Direct Actions. The rights granted to the Insurer under the Related Documents to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Insurer.

(i) Defeasance Securities. So long as the Insurance Policy is in effect, Defeasance Obligations shall mean only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then-existing criteria

of S&P or any combination thereof, shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves. To accomplish defeasance, the City shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer (“Accountant”) verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date (“Verification”), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer) (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer “Outstanding” under this Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the City, Trustee and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow. Bonds shall be deemed “Outstanding” under this Indenture unless and until they are in fact paid and retired or the above criteria are met.

(j) Amounts Paid by Insurer. Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of this Indenture and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the City in accordance with this Indenture. This Indenture shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(k) Action to Preserve Pledge. Each of the City and Trustee (to the extent directed in writing) covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of Sales Tax Revenues pursuant to applicable law.

(l) Claims Upon the Insurance Policy and Payments by and to Insurer. If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under this Indenture, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on the Bonds paid by the Insurer, whether by virtue of mandatory redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the City on any Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on

and principal of any Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners referred to herein as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the City agrees to pay to the Insurer solely from Sales Tax Revenues, (i) an amount equal to the total of all amounts paid by the Insurer under the Insurance Policy (the “Insurer Advances”); and (ii) an amount equal to the interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the “Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The City hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Sales Tax Revenues and payable from such Sales Tax Revenues on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Bond Payment Date shall promptly be remitted to the Insurer.

(m) Subrogation of Rights. The Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the City to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(n) Reimbursement of Insurer. The City shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under this Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, this Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with this Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Indenture or any other Related Document.

(o) Application of Funds Upon Default. After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the

City or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Reserve Account to the Reserve Requirement.

(p) Payment on the Bonds. The Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City (as such terms are defined in the Insurance Policy), and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with this Indenture, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(q) Notices to the Insurer. [ ]. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”]

(r) Information to be Provided to Insurer. The Insurer shall be provided with the following information by the City or Trustee, as the case may be:

- (1) Annual audited financial statements within 9 months after the end of the Fiscal Year (together with a certification of the City that it is not aware of any default or Event of Default under this Indenture), and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time.
- (2) Notice of any draw upon the Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of the Bonds;
- (3) Notice of any default known to the Trustee or City within five Business Days after knowledge thereof;
- (4) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;
- (5) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
- (6) Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”);
- (7) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;
- (8) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Document; and

- (9) All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents, except to the extent posted with the Information Services.

All information furnished pursuant to the respective continuing disclosure agreements entered into by the City shall be provided to the Insurer, simultaneously with the furnishing of such information pursuant to such agreements.

(s) Additional Information. The Insurer shall have the right to receive such additional information as it may reasonably request.

(t) Insurer's Authority to Discuss. The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the City on any Business Day upon reasonable prior notice.

(u) Failure to Provide Notices. The Trustee shall notify the Insurer of any known failure of the City to provide notices, certificates and other information under this Indenture.

(v) Parity Bonds. Notwithstanding satisfaction of the other conditions to the issuance of Parity Debt set forth in this Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Account is fully funded at the Reserve Requirement (including the proposed issue) upon the issuance of such Parity Debt, in either case unless otherwise permitted by the Insurer.

(w) Amendments. In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Indenture would adversely affect the security for the Bonds or the rights of the Owners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(x) No Contract. No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(y) Interest Rate Agreements. The City shall not enter into any interest rate exchange agreement or other interest rate maintenance agreement secured by and payable from Sales Tax Revenues without the prior written consent of the Insurer.

(z) Investment Agreements. Insurer's prior written consent shall be required for investment agreements under item (k) of the definition of Permitted Investments hereof.]

Section 11.5 [Reserve Policy Requirements. So long as the Reserve Policy is in effect, the following provisions shall govern, notwithstanding anything to the contrary set forth in this Indenture:

(a) The City shall repay solely from Sales Tax Revenues any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any

change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the City had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Reserve Policy Costs") from Sales Tax Revenues shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Reserve Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Reserve Policy Costs shall be secured by a valid lien on all Sales Tax Revenues (subject only to the priority of payment provisions set forth under this Indenture).

All cash and investments in the Reserve Account shall be transferred to the Interest Account and Principal Account for payment of debt service on the Bonds before any drawing may be made on the Reserve Policy or any other Qualified Reserve Account Credit Instrument credited to the Reserve Account in lieu of cash ("Credit Facility"). Payment of any Reserve Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Reserve Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such Qualified Reserve Account Credit Instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the City shall fail to pay any Reserve Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other than (i) acceleration of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

(c) This Indenture shall not be discharged until all Reserve Policy Costs owing to the Insurer shall have been paid in full. The City's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

(d) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) of this Section and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the City with the Trustee to the Interest Account and the Principal Account for the Bonds more often than semi-annually, the Trustee shall give notice to the Insurer of any failure of the City to make timely payment in full of such deposits within two Business Days of the date due.

(e) The City shall include any Reserve Policy Costs then due and owing to the Insurer in the calculation of the test for Parity Debt in Section 3.5 of this Indenture.]

Section 11.6 **Destruction of Bonds.** Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the City of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law, and upon the Written Request of the City deliver a certificate of such destruction to the City.

Section 11.7 **Severability of Invalid Provisions.** If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.8 **Notices.** All notices or communications herein required or permitted to be given to the City or the Trustee shall be in writing and shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by first-class mail, postage prepaid, or by Electronic Notice (provided that the Trustee shall also accept notice as provided in Section 8.04(h)) addressed as follows:

If to the City:	City of Industry 15625 East Stafford Street, Suite 100 City of Industry, California 91774 Attention: City Manager Telephone: (626) 333-2211
If to the Trustee:	U.S. Bank National Association 633 W. Fifth Street 24 <sup>th</sup> Floor Los Angeles, California 90071 Attention: Global Corporate Trust Services Telephone: (213) 615-6024
[If to the Insurer:	See Section 11.4(q).]

Section 11.9 **Waiver of Notice: Requirement of Mailed Notice.** Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.10 **Evidence of Rights of Owners.** Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the City if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument 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.

The ownership of registered Bonds shall be proved by the Registration Books. Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in accordance therewith or reliance thereon.

Section 11.11 **Money Held for Particular Bonds.** The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.4 but without any liability for interest thereon.

Section 11.12 **Funds and Accounts.** Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 11.13 **Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the City, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect

common control with, the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.14 **Determination of Percentage of Owners.** Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Bonds Outstanding (including the Owners of a majority in aggregate principal amount of the Bonds Outstanding), such percentage shall be calculated on the basis of a principal amount of the Outstanding Bonds.

Section 11.15 **Payment on Non-Business Days.** If any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if payment had been made on such non-Business Day.

Section 11.16 **Waiver of Personal Liability.** No member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.17 **No Liability of City.** Notwithstanding anything contained herein, the City shall not be required to risk, expend or advance any of its own funds or otherwise incur any financial liability hereunder or with respect to the Bonds, other than with respect to the Sales Tax Revenues. Any action against the City hereunder shall be limited to a writ of mandamus for specific performance of the covenant of the City set forth in Section 6.1. The City in no event shall be liable for any direct, consequential, indirect or punitive damages for its actions hereunder.

Section 11.18 **Execution in Several Counterparts.** This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.19 **Governing Laws.** This Indenture shall be governed by and construed in accordance with the laws of the State.

**IN WITNESS WHEREOF**, the CITY OF INDUSTRY has caused this Indenture to be signed in its name by its Mayor and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CITY OF INDUSTRY

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

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**  
**FORM OF BOND**

REGISTERED

REGISTERED

R - \_\_\_\_

\$ \_\_\_\_\_

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK (“DTC”), TO THE CITY OF INDUSTRY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA

\$ \_\_\_\_\_  
CITY OF INDUSTRY  
SENIOR SALES TAX REVENUE REFUNDING BONDS  
SERIES 2016 (TAXABLE)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
____%			

REGISTERED OWNER:            CEDE & CO.

PRINCIPAL SUM:            \*\*\* \_\_\_\_\_ DOLLARS\*\*\*

The CITY OF INDUSTRY (the “City”), for value received, hereby promises to pay (but only out of the Sales Tax Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above or registered assigns (the “Owner”), on the Maturity Date stated above, the Principal Sum stated above, in lawful money of the United States of America; and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated after a Record Date (as hereinafter defined) and on or prior to the next succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or before June 15, 2017, in which event it shall bear interest from the Dated Date stated above) until payment of such Principal Sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each January 1 and July 1 (each an “Interest Payment Date”), commencing July 1, 2017. The principal hereof is payable upon presentation and surrender of this Bond at the corporate trust office of U.S. Bank National Association, as trustee (the “Trustee”), in Los Angeles, California (or such other office designated by the Trustee, herein called the “Principal Office” of the Trustee). Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Owner as of the fifteenth (15th) day of the month preceding each Interest Payment Date (the “Record Date”) at the address shown on the registration books maintained by the Trustee or, upon written request filed with the Trustee prior to the fifteenth (15th) day preceding the applicable

Interest Payment Date by an Owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States of America designated by such Owner in such written request.

This Bond is one of a duly authorized issue of bonds of the City designated as the “City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable) (the “Bonds”), in the aggregate principal amount of \$[\_\_\_\_\_], all issued pursuant to the provisions of the City of Industry Sales Tax Revenue Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code as in effect on the Closing Date or as thereafter amended in accordance with its terms (the “Bond Law”), and pursuant to an Indenture of Trust, dated as of \_\_\_\_\_ 1, 2016, by and between the City and the Trustee (the “Indenture”). The Bonds are issued pursuant to the Constitution and laws of the State of California.

THE OBLIGATION OF THE CITY TO PAY THE BONDS IS A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM SALES TAX REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE CITY) WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES) OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES).

Reference is hereby made to the Indenture (copies of which are on file at the office of the Trustee) and all indentures supplemental thereto and to the Bond Law for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the City thereunder. The Owner of this Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Bonds and the interest thereon are payable from Sales Tax Revenues (as that term is defined in the Indenture), and are secured by a pledge and assignment of the Sales Tax Revenues and of amounts held in the funds and accounts established pursuant to the Indenture (including proceeds of the sale of the Bonds), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Bonds are limited obligations of the City and are not a lien or charge upon the funds or property of the City, except to the extent of the aforesaid pledge and assignment.

The Bonds are subject to redemption as provided in the Indenture.

The Bonds are issuable as fully registered Bonds in the minimum denomination of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged, at the Principal Office of the Trustee, for a like aggregate principal amount of Bonds of the same interest rate and of other authorized denominations.

This Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The Trustee shall not be required to register the transfer or exchange of any Bond (i) during the period established by the Trustee for selection of Bonds for redemption, or (ii) selected for redemption. The City and the Trustee

may treat the Owner hereof as the absolute owner hereof for all purposes, and the City and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the City and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture.

It is hereby certified and recited by the City that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Bond Law, and by the Constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Bond Law, or by the Constitution and laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the Trustee's Certificate of Authentication hereon endorsed shall have been signed by the Trustee.

IN WITNESS WHEREOF, the City of Industry has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Mayor and attested to by the manual signature of the Clerk of the City, all as of the Dated Date stated above.

CITY OF INDUSTRY

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

ATTEST:

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

**FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the within mentioned Indenture, which has been authenticated on the date set forth below.

Date of Authentication: \_\_\_\_\_20\_\_

U.S. BANK NATIONAL ASSOCIATION, as Trustee:

By: \_\_\_\_\_  
Authorized Officer

## STATEMENT OF INSURANCE

**ASSIGNMENT**

For value received, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer said Bond on the books of \_\_\_\_\_ as Trustee, with full power of substitution in the premises.

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

Signature Guaranteed:

\_\_\_\_\_  
NOTE: Signature(s) must be guaranteed by an authorized guarantor institution

\_\_\_\_\_  
NOTE: 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

**SCHEDULE I**

**PAYEE**

**AMOUNT**

Total

\$ \_\_\_\_\_  
**CITY OF INDUSTRY**  
**SENIOR SALES TAX REVENUE REFUNDING BONDS**  
**SERIES 2016 (TAXABLE)**

**PURCHASE CONTRACT**

August [12], 2016

City of Industry  
15625 East Strafford Street, Suite 100  
City of Industry, California 91774

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) offers to enter into this Purchase Contract (this “**Purchase Contract**”) with the City of Industry (the “**City**”), which, upon your acceptance hereof, will be binding upon the City and the Underwriter. By execution of this Purchase Contract, the City and the Underwriter acknowledge the terms hereof and recognize that they will be bound by the provisions hereof. This offer is made subject to the written acceptance of this Purchase Contract by the City and delivery of such acceptance to us at or prior to 11:59 P.M., California Time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to the acceptance hereof by the City.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the City for reoffering to the public, and the City hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of [ \$ \_\_\_\_\_ ] in aggregate principal amount of the City’s Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable) (the “**Bonds**”). The Bonds shall bear interest at the rates with the yields to maturity (or yields to the call date) and initial public offering prices, shall mature in the years and shall be subject to redemption as shown on Exhibit A hereto, which is incorporated herein by this reference. The Bonds shall otherwise be as described in the Indenture of Trust, dated as of August 1, 2016 (the “**Indenture**”), by and between the City and U.S. Bank National Association, as trustee (the “**Trustee**”), and the Official Statement (defined below).

The Underwriter shall purchase the Bonds at a price of [ \$ \_\_\_\_\_ ], consisting of the aggregate principal amount of the Bonds in the amount of [ \$ \_\_\_\_\_ ], [ plus/less ] [ net ] original issue [ premium/discount ] of [ \$ \_\_\_\_\_ ], and less an Underwriter’s discount of [ \$ \_\_\_\_\_ ]. The amount wired by the Underwriter to the Trustee for the Closing shall be net of (a) the premium for the Bond Insurance Policy (hereinafter defined) in the amount of [ \$ \_\_\_\_\_ ], which the Underwriter shall pay directly to the Insurer (hereinafter defined) on

behalf of the City and (b) the premium for the Debt Service Reserve Surety Policy (hereinafter defined) in the amount of [ \$ \_\_\_\_\_ ], which the Underwriter shall pay directly to the Insurer on behalf of the City.

In as much as this purchase and sale represents a negotiated transaction, the City acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length, commercial transaction between the City and the Underwriter in which the Underwriter is acting solely as principal and is not acting as a municipal advisor, financial advisor, or fiduciary to the City, (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the City with respect to the transactions contemplated hereby and the discussions, undertakings, and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters), (iii) the Underwriter is acting solely in its capacity as underwriter for its own account, (iv) the only obligations the Underwriter has to the City with respect to the transactions contemplated hereby are expressly set forth in this Purchase Contract; and (v) the City has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

2. **The Bonds.** The Bonds shall be dated as of their date of delivery and shall mature on January 1 in the years shown on Exhibit A hereto. Interest on the Bonds shall accrue from the date of delivery thereof and is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2017. The Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be issued pursuant to and in accordance with (i) the powers reserved to the City under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California; (ii) the Charter of the City (the "**Charter**"); (iii) the City of Industry Sales and Use Tax Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code (the "**Bond Law**"); (iv) a vote of more than two-thirds of the voters of the City at an election held for that purpose on September 26, 2000 authorizing the issuance of up to \$500 million of bonds (the "**Bond Election**"); (v) a resolution adopted by the City Council on [ \_\_\_\_\_ ] [ \_\_\_\_ ], 2016 (the "**Resolution**"); and (vi) the Indenture.

[ \_\_\_\_\_ ] (the "**Insurer**") will issue a financial guaranty insurance policy (the "**Bond Insurance Policy**") guaranteeing the payment of the Bonds.

The Bonds shall be issued and delivered under and in accordance with the provisions of the Indenture. The Bonds shall be in book-entry form, shall bear CUSIP numbers, and shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**").

The proceeds of the sale of the Bonds are expected to be applied to (i) refund all of the City's outstanding 2010 Taxable Sales Tax Revenue Bonds (the "**Prior Bonds**"), (ii) pay the premium for a debt service reserve surety bond issued by the Insurer (the "**Debt Service Reserve Surety Policy**") with respect to the Bonds, (iii) purchase a municipal bond insurance policy for the Bonds, and (iv) pay certain costs of issuance of the Bonds.

The Bonds shall be payable from and secured by all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the State Board of Equalization and transmitted to the City periodically under Section 7204 of the

Revenue and Taxation Code of the State of California, constituting the Bradley-Burns Uniform Local Sales and Use Tax Law (the “**Sales Tax Revenues**”). Following the redemption of the Prior Bonds, the Bonds will be secured on a parity with the City’s outstanding Senior Sales Tax Revenue Refunding Bonds, Series 2015A (Taxable) (the “2015A Bonds”).

3. **Use of Documents.** The City hereby authorizes the Underwriter to use and distribute, in connection with the offering and sale of the Bonds, this Purchase Contract, the Preliminary Official Statement and the Official Statement (each as defined below), the Resolution, the Indenture and all information contained herein and therein and all of the documents, certificates or statements furnished by the City to the Underwriter in connection with the transactions contemplated by this Purchase Contract and ratifies, confirms and approves such use and distribution prior to the date hereof.

4. **Public Offering of the Bonds.** The Underwriter agrees to make a *bona fide* public offering of all the Bonds at the initial public offering prices and yields set forth on Exhibit A hereto and may subsequently change such offering prices and yields without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower and yields higher than the public offering prices and yields stated in Exhibit A.

5. **Official Statement.** The City has caused to be drafted and previously delivered to the Underwriter a Preliminary Official Statement, dated August [2], 2016 (including the cover page, the inside cover page, the appendices thereto, and any supplement or amendment thereof, the “**Preliminary Official Statement**”), relating to the Bonds. The City represents that it deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering prices, interest rates, yields to maturity or call date, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, redemption provisions, and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”) promulgated under the Securities Exchange Act of 1934, as amended (the “**Securities Exchange Act**”). The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds.

The City shall prepare a final Official Statement relating to the Bonds following the execution hereof (the “**Official Statement**”) and the City hereby authorizes the use thereof by the Underwriter in connection with the public offering and sale of the Bonds. The City shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the City’s acceptance of this Purchase Contract (but, in any event, not later than the earlier of seven business days after the execution hereof and two business days before the Closing (as hereinafter defined), and in sufficient time to accompany any confirmation of a sale of Bonds) copies of the Official Statement, which is complete as of the date of its delivery to the Underwriter, in such reasonable quantities as the Underwriter shall request in order to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the “**MSRB**”). The Underwriter hereby agrees to file the Official Statement with the MSRB within one business day after receipt thereof from the City, but by no later than the Closing Date.

The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds,

upon the request of such potential purchaser, a copy of the Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

During the period ending on the 25th day after the End of the Underwriting Period (as defined below) (or such other period as may be agreed to by the City and the Underwriter), the City (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter (which shall not be unreasonably withheld) and (ii) shall notify the Underwriter promptly if any event shall occur of which the City has knowledge, or information comes to the attention of the City, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the City shall prepare and furnish to the Underwriter, at the City's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the City and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the City also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement to the same extent as the City has represented with respect to the Official Statement in this Purchase Contract.

For purposes of this Purchase Contract, the “**End of the Underwriting Period**” is used as defined in the Rule and shall occur on the later of (a) the date of Closing or (b) when the Underwriter no longer retains an unsold balance of the Bonds. Unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the City and the Underwriter, the City may assume that the End of the Underwriting Period is the Closing Date.

6. **Closing.** At 9:00 a.m., California Time, on August [30], 2016, or at such other time or on such other date as shall have been mutually agreed upon by the City and the Underwriter (the “**Closing**”), the City will deliver the Bonds to the Underwriter through the facilities of DTC, and the City will deliver to the Underwriter the documents, opinions and certificates called for herein at the offices of Norton Rose Fulbright US LLP in Los Angeles, California (“**Bond Counsel**” and “**Disclosure Counsel**”), or at such other time and place as the parties may mutually agree upon. The Bonds shall be delivered in book-entry form, duly executed and registered as provided in Section 2 above, and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to an account or accounts within the United States designated by the City.

7. **Representations, Warranties and Agreements of the City.** The City hereby represents, warrants and agrees with the Underwriter that:

A. The City is a charter City duly organized and validly existing under its Charter, the Constitution of the State of California (the “**State**”) and the laws of the State, with the full legal right, power and authority (i) to issue the Bonds pursuant to the Charter, the Bond Law, the Bond Election and the Resolution; (ii) to enter into, execute and deliver this Purchase Contract, the Indenture, the Continuing Disclosure Agreement in the form appended to the Official Statement (the “**Continuing Disclosure Agreement**”) and the Irrevocable Refunding Instructions (the “**Escrow Instructions**”) from the City to U.S. Bank National Association, as trustee for the Prior Bonds; and (iii) to adopt to the Resolution and (iv) to refund the Prior Bonds.

B. (i) At or prior to the Closing, the City will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the City has the legal right, power and authority to enter into this Purchase Contract, the Indenture, the Continuing Disclosure Agreement and the Escrow Instructions, to adopt the Resolution, to issue the Bonds, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the City of the obligations contained in the Bonds, the Indenture, the Continuing Disclosure Agreement, the Escrow Instructions and this Purchase Contract (collectively, the “**City Documents**”) have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) the City Documents and the Bonds constitute valid and legally binding obligations of the City enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency, reorganization, or creditors’ rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against governmental entities in the State; and (v) the City has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract and by the Official Statement.

C. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions which may be necessary to qualify the Bonds for offer and sale under Blue Sky or other securities laws and regulations of states and jurisdictions of the United States, as to which no view is expressed.

D. To the best knowledge of the City, the issuance of the Bonds, and the execution, delivery and performance of the City Documents, and the compliance with the provisions thereof and hereof do not conflict with or constitute on the part of the City a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not

conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the City is a party or by which it is bound or to which it is subject.

E. As of the time of acceptance hereof, no action, suit, hearing or investigation is pending of which notice has been received by the City or, to the best knowledge of the City, threatened: (i) in any way affecting the existence of the City or in any way challenging the respective powers of the several offices or the entitlement of the officials of the City to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Bonds, the application of the proceeds of the sale of the Bonds, or the rights, powers, duties or obligations of the City with respect to the Sales Tax Revenues or other moneys or assets pledged to pay principal of, premium, if any, and interest on, the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the other City Documents or the Resolution or contesting the powers of the City or its authority with respect to the City Documents; or (iii) in which a final adverse decision, ruling or finding could (a) materially adversely affect the operations of the City or the consummation of the transactions contemplated by this Purchase Contract or the Official Statement, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, (c) adversely affect the exemption of the interest paid on the Bonds from California personal income taxation or (d) materially adversely affect the Sales Tax Revenues nor, to the best of the City's knowledge, is there any basis for such action, suit, hearing or investigation.

F. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the City will not issue any bonds, notes or other obligations for borrowed money except for (i) credit extended to the City for purchases in the ordinary course of business and (ii) such borrowings as may be described in or contemplated by the Preliminary Official Statement and the Official Statement or otherwise acknowledged in writing by the Underwriter. [The City expects to issue [\$\_\_\_\_\_] aggregate principal amount of its Subordinate Sales Tax Revenue Bonds, Series 2016[\_] [(Taxable)] (the "**Subordinate Bonds**") concurrently with the issuance of the Bonds. The Subordinate Bonds shall be payable from and secured by Sales Tax Revenues on a basis subordinate to the Bonds.]

G. Any certificates signed by any officer of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter, but not by the person signing the same, as to the statements made therein.

H. In accordance with the requirements of the Rule, the City will enter into the Continuing Disclosure Agreement, upon or prior to the Closing of the sale of the Bonds, in which the City will undertake, for the benefit of the Owners of the Bonds, to provide certain information as set forth therein. The City, for the past five years, has not been in default with respect to any continuing disclosure obligation it has incurred prior to the date hereof in connection with the delivery

or issuance of any debt instruments, bonds, notes or lease-purchase obligations, and has not failed, in the five years preceding the date hereof, to file annual reports or reports of specified events as required by the Rule and its previous continuing disclosure undertakings, except as disclosed in the Preliminary Official Statement.

I. The City will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request in order to qualify the Bonds for offering and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and to continue such qualifications in effect so long as may be required for the distribution of the Bonds (provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consent to service of process under the laws of any jurisdiction, nor shall the City incur any costs under this subsection, any such costs to be paid by the Underwriter).

J. The Preliminary Official Statement did not, as of its date and as of the date hereof, and the Official Statement will not, as of its date and at all times subsequent thereto during the period up to and including the date of Closing, (excluding therefrom information therein relating to DTC, the book-entry system, the Insurer, the Bond Insurance Policy and the Debt Service Reserve Surety Policy, information under the captions “UNDERWRITER” and “BOND INSURANCE”, the prices or yields of the Bonds and information contained in Appendices E and G) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If the Official Statement is supplemented or amended, at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement as so supplemented or amended (excluding therefrom information therein relating to DTC, the book-entry system, the Insurer, the Bond Insurance Policy and the Debt Service Reserve Surety Policy, information under the captions “UNDERWRITER” and “BOND INSURANCE”, the prices or yields of the Bonds and information contained in Appendices E and G) will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading.

K. The financial statements of, and other financial information regarding the City, contained in the Preliminary Official Statement and the Official Statement fairly represent the financial position and operating results of the City as of the dates and for the periods set forth therein. Since the date of the Preliminary Official Statement, there has been no adverse change of a material nature in such financial position, results of operation or condition, financial or otherwise, of the City. Except as otherwise described in the Preliminary Official Statement and the

Official Statement, the City is not a party to any litigation or other proceeding pending of which it has received notice or, to its knowledge, threatened which, if decided adversely to the City, would have a materially adverse effect on the financial condition of the City, the Sales Tax Revenues or the rights, powers, duties or obligations of the City with respect to the Sales Tax Revenues or other moneys or assets pledged to pay principal of, premium, if any, and interest on, the Bonds.

L. The Bonds and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement under the captions “THE BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” and “PLAN OF FINANCE,” the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the captions “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS,” and the Continuing Disclosure Agreement conforms to the description thereof contained in the Official Statement under the caption “CONTINUING DISCLOSURE” and the form set forth as Appendix D to the Official Statement.

M. If the Official Statement is supplemented or amended pursuant to Section 5 of this Purchase Contract, at the time of each supplement or amendment thereto the City agrees to provide the Underwriter upon the Underwriter’s request with a certificate dated the date of any such supplement or amendment stating that the Official Statement as so supplemented or amended (excluding therefrom information therein relating to DTC, the book-entry system, the Insurer, the Bond Insurance Policy and the Debt Service Reserve Surety Policy, information under the captions “UNDERWRITER” and “BOND INSURANCE”, the prices or yields of the Bonds and information contained in Appendices E and G) does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading.

N. Except as described in the Preliminary Official Statement and the Official Statement, the City has not granted a lien on or made a pledge of the Sales Tax Revenues or any other funds pledged under the Indenture.

O. The City is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is outstanding.

8. **Conditions to Closing.** The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties and covenants of the City contained herein and the performance by the City of its obligations hereunder and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the date of Closing. Accordingly, the Underwriter’s obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds are and shall be conditioned upon the performance by the City of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject at the option of Underwriter, to the following further conditions, including the delivery by the City of

such documents and instruments as are enumerated herein, in form and substance satisfactory to the Underwriter:

A. The representations and warranties of the City contained herein shall be true, complete and correct at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct on the date of the Closing; and the City shall be in compliance with each of the agreements made by it in this Purchase Contract;

B. At the time of the Closing, (i) the Official Statement, this Purchase Contract, the other City Documents and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Charter, the Bond Law and the Bond Election which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the City shall perform or have performed all of its obligations required under or specified in the Resolution, this Purchase Contract, the other City Documents or the Official Statement to be performed at or prior to the Closing;

C. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), nor to the best knowledge of the City shall any such decision, ruling or finding be pending or threatened, which has any of the effects described in Section 7.E. hereof, or contesting in any way the completeness or accuracy of the Official Statement;

D. Between the date hereof and the Closing, the market price for the Bonds, or the market for or marketability of the Bonds at the initial offering prices set forth in the Official Statement, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected in the reasonable judgment of the Underwriter (evidenced by a written notice to the City terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation newly introduced in or enacted by the Congress of the United States, or passed by either House of the Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State, or newly introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State, or an order, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of any State authority, which would have the purpose or effect of changing, directly or indirectly, the State

tax consequences of interest on obligations of the general character of the Bonds (as applicable) in the hands of the holders thereof; or

(ii) by or on behalf of the Securities and Exchange Commission (the “**SEC**”), or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that (a) the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended (the “**Securities Act**”), or (b) the Indenture, or instruments of the general character of the Indenture, are not exempt from qualification under the Trust Indenture Act of 1939 (the “**Trust Indenture Act**”);

(2) the declaration of war or engagement in or material escalation of major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue of a determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, underwriters such as, and including, the Underwriter;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, regulation or official statement by the SEC Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information set forth in the Official Statement, or

results in an omission to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or any event occurring or information becoming known, of a material nature, which would require or has resulted in an amendment of or supplement to the Official Statement;

(7) there shall have occurred since the date of this Purchase Contract any materially adverse change in the affairs or financial condition of the City, the Sales Tax Revenues, or the rights, powers, duties or obligations of the City with respect to the Sales Tax Revenues or other moneys or assets pledged to pay principal of, premium, if any, and interest on, the Bonds;

(8) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Contract or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing, including the Securities Act, the Securities Exchange Act and the Trust Indenture Act;

(9) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the Sales Tax Revenues or the rights, powers, duties or obligations of the City with respect to the Sales Tax Revenues or other moneys or assets pledged to pay principal of, premium, if any, and interest on, the Bonds;

(10) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(11) a downgrading or suspension of any rating by Standard & Poor's Financial Services LLC ("**S&P**") or Moody's Investor Service, Inc. ("**Moody's**") of the Bonds or of any underlying rating (without regard to credit enhancement) of the Bonds or the 2015A Bonds, or (ii) there shall have occurred or any notice shall have been given of any intended review, possible downgrade or any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by S&P or Moody's of the Bonds or the 2015A Bonds.

E. At or prior to the date of the Closing, the Underwriter shall receive the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) An approving opinion of Bond Counsel as to the validity of the Bonds, in substantially the form attached to the Official Statement as Appendix C, dated the date of Closing, addressed to the City;

(2) A reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion described in E(1) above to the same extent as if addressed to them;

(3) A supplemental opinion from Bond Counsel, addressed to the Underwriter and the City, to the effect that:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement under the captions “THE BONDS” (excluding any and all information relating to The Depository Trust Company and its book-entry system), “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “CONTINUING DISCLOSURE” and “TAX MATTERS,” excluding any material that may be treated as included under such captions by cross-reference, to the extent they purport to summarize certain provisions of the Bonds, the Resolution, the Indenture, the Continuing Disclosure Agreement and the approving opinion of Bond Counsel, are true and correct in all material respects;

(ii) assuming due authorization, execution and delivery by all the parties thereto, the Continuing Disclosure Agreement, the Escrow Instructions and the Purchase Contract have each been duly authorized, executed and delivered by the City and constitute legal, valid and binding agreements of the City and are enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency, reorganization, or creditors’ rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against governmental entities in the State; and

(iii) the Bonds (excluding for this purpose the Bond Insurance Policy and the Debt Service Reserve Surety Policy, as to which we express no opinion) are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(4) A defeasance opinion of Bond Counsel with respect to the Prior Bonds, addressed to the City;

(5) A certificate signed by the Mayor of the City to the effect that (i) such officer is authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the City herein are true and

correct as of the date of Closing, (iii) the City has taken all actions required to be taken by it in order to authorize the issuance and delivery of the Bonds and has complied with all the terms of the Charter, the Bond Law, the Bond Election, the Resolution, the Indenture and this Purchase Contract to be complied with by the City prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Official Statement and on such basis certifies that the Official Statement (excluding therefrom information therein relating to DTC, the book-entry system, the Insurer, the Bond Insurance Policy, and the Debt Service Reserve Surety Policy, information under the captions "UNDERWRITER" and "BOND INSURANCE", the prices or yields of the Bonds and information contained in Appendices E and G) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract conform to the descriptions thereof contained in the Indenture and the Official Statement and (vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending of which notice has been received by the City or, to his or her knowledge, threatened against the City (a) contesting in any way the completeness or accuracy of the Official Statement, (b) in any way affecting the existence of the City or in any way challenging the respective powers of the several offices or the entitlement of the officials of the City to such offices; (c) seeking to restrain or enjoin the sale, issuance or delivery of the Bonds, the application of the proceeds of the sale of the Bonds, or the rights, powers, duties or obligations of the City with respect to the Sales Tax Revenues or other moneys or assets pledged to pay principal of, premium, if any, and interest on, the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the other City Documents or the Resolution or contesting the powers of the City or its authority with respect to the City Documents; or (d) in which a final adverse decision, ruling or finding could (1) materially adversely affect the operations of the City or the consummation of the transactions contemplated by this Purchase Contract or the Official Statement, (2) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, (3) adversely affect the exemption of the interest paid on the Bonds from California personal income taxation or (4) materially adversely affect the Sales Tax Revenues nor, to the best of the City's knowledge, is there any basis for such action, suit, hearing or investigation.

(6) An opinion of Disclosure Counsel, in the form attached as Exhibit B hereto, dated the Closing date and addressed to the City and the Underwriter;

(7) An opinion of Casso & Sparks, LLP, as City Attorney, in the form attached as Exhibit C hereto, dated the Closing date and addressed to the City and the Underwriter;

(8) An opinion of counsel to the Underwriter in form and substance satisfactory to the Underwriter;

(9) Evidence satisfactory to the Underwriter that the Bonds shall have been rated “AA” by S&P based on the Bond Insurance Policy and “A” by S&P and “A1” by Moody’s without taking the Bond Insurance Policy into account (or such other equivalent rating as such rating agency may give) and that such ratings have not been revoked or downgraded;

(10) A certificate, together with a fully executed copy of the Resolution, of the Clerk of the City to the effect that:

(i) such copy is a true and correct copy of the Resolution; and

(ii) that the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect as of the Closing;

(11) A “deemed final” certificate of the appropriate official of the City with respect to the Preliminary Official Statement in accordance with the Rule;

(12) The Official Statement manually executed by the Mayor or the City Manager;

(13) The Continuing Disclosure Agreement, in substantially the form appended to the Official Statement, signed by the Mayor of the City;

(14) A fully executed copy of each of the City Documents;

(15) A copy of the Charter, certified by the Clerk of the City as being a true and correct copy.

(16) A certificate of the Trustee, dated the date of closing, signed by a duly authorized officer of the Trustee, and in form and substance satisfactory to the Underwriter, to the effect that (i) such entity has all necessary power and authority to enter into and perform its duties under the Indenture; (ii) the Trustee has duly authorized, executed and delivered the Indenture, and, assuming due authorization, execution and delivery by the other parties thereto, the Indenture constitutes the valid and binding agreement of the Trustee enforceable against the Trustee in accordance with its terms, except as enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors’ rights and to the application of equitable principles; (iii) the execution and

delivery of the Indenture and compliance with the provisions thereof have been duly authorized by all necessary corporate action on the part of the Trustee and, to the best knowledge of the Trustee, will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaws or any agreement to which the Trustee is subject or by which it is bound; (iv) the Trustee has complied in all respects with the covenants and agreements contained in the Indenture, as of the date hereof; (v) all approvals, consents and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Indenture have been obtained and are in full force and effect as of the date hereof; (vi) the Indenture was duly executed and delivered by a duly authorized officer of the Trustee; and (vii) no litigation is pending or, to the best knowledge of the Trustee, threatened (either in state or federal courts) against the Trustee in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture;

(17) An opinion of counsel to the Trustee addressed to the City and the Underwriter to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into and perform under the Indenture;

(ii) the Indenture has been duly authorized, executed and delivered by the Trustee and constitutes the valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iii) the execution, delivery and performance of the Indenture will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) all authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Indenture have been obtained; and

(v) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to

their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the application of proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the Bonds or the Indenture; and

(18) [Evidence that the Subordinate Bonds are being issued concurrently with the Bonds;]

(19) The Bond Insurance Policy and the Debt Service Reserve Surety Policy;

(20) A closing certificate from the Insurer in form and substance reasonably acceptable to the Underwriter;

(21) An opinion of Counsel to the Insurer in form and substance reasonably acceptable to the Underwriter;

(22) A copy of a verification report or reports of Grant Thornton LLP as to the sufficiency of moneys deposited into the redemption accounts for the payment of redemption price on the Prior Bonds;

(23) A copy of the Report of Proposed Debt Issuance and the Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission; and

(24) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter may reasonably request in order to evidence compliance (i) by the City with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the City herein contained and of the Official Statement, and (iii) the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City.

If the City shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the City in writing or by telephone or telecopy, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the City hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

If purchase of the Bonds provided for in this Purchase Contract is not consummated because any condition to the Underwriter's obligations hereunder is not satisfied, or if for any reason the City shall fail to or be unable to perform all of its obligations under this Purchase Contract, and this Purchase Contract is terminated by the Underwriter, the City shall

not be liable to the Underwriter for any damages alleged as loss of anticipated profits arising out of the transactions covered by this Purchase Contract and neither the Underwriter nor the City shall be under any further obligation under this Purchase Contract, except as provided by Section 10 hereof.

9. **Conditions to Obligations of the City.** The performance by the City of its respective obligations under this Purchase Contract is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the City and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than themselves.

10. **Expenses.** Subject to the immediately following paragraph, the Underwriter shall be under no obligation to pay, and the City shall pay or cause to be paid, all expenses incident to the performance of its obligations under this Purchase Contract, including but not limited to the following: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel; (ii) the cost of the preparation, printing and delivery of the Bonds; (iii) the fees for Bond ratings, including all expenses related to obtaining the ratings, such as meals, transportation and lodging, if any; (iv) the cost of the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto; (v) the fees and disbursements of the Trustee, the Escrow Agent and the Verification Agent; (vi) the fees and disbursements of counsel retained by the Underwriter; and (vii) all other fees and expenses incident to the issuance and sale of Bonds.

Except as provided above, the Underwriter shall pay (i) the cost of preparation of this Purchase Contract; (ii) all advertising expenses in connection with the public offering of the Bonds; (iii) the fees of the California Debt and Investment Advisory Commission; (iv) any costs associated with qualifying the Bonds for offer and sale under Blue Sky or other securities laws of any state or jurisdiction designated by the Underwriter; (v) the fees charged by DTC, the CUSIP Service Bureau, the MSRB and any securities association; and (vi) all other expenses incurred by it in connection with the public offering of the Bonds. Upon agreement between the City and the Underwriter, any such fees may be reimbursed by the City through the expense portion of the Underwriter's discount.

The City acknowledges that it has had the opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

11. **Notices.** Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the City, to the City of Industry, 15625 E. Stafford Street, Suite 100, City of Industry, California 91744, Attention: City Manager, or if to the Underwriter, to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 37<sup>th</sup> Floor, San Francisco, California 94104, Attention: Scott Sollers.

12. **Parties In Interest; Survival of Representations and Warranties.** This Purchase Contract when accepted by the City in writing as heretofore specified shall constitute the entire agreement between the City and the Underwriter. This Purchase Contract is made solely for the benefit of the City and the Underwriter (including the successors or assigns of the

Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the City in this Purchase Contract shall survive regardless of (a) any investigation of any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Contract.

13. **Execution in Counterparts.** This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same document.

14. **Integration.** This Purchase Contract, including the exhibits hereto, constitutes the entire agreement among the parties and between any of them, relating to the Bonds, and supersedes all prior agreements and understandings, whether oral or written, concerning the purchase, sale, delivery and terms of payment and redemption, of the Bonds.

15. **Applicable Law.** This Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,  
INCORPORATED**

By: \_\_\_\_\_  
Managing Director

The foregoing is hereby agreed to and accepted as  
of the date first above written:

**CITY OF INDUSTRY**

By: \_\_\_\_\_  
Paul Philips, City Manager

Accepted at \_\_\_\_\_ p.m. California Time  
on this \_\_\_ day of \_\_\_\_\_, 2016.

## EXHIBIT A

### MATURITY SCHEDULE

<u>Maturity Date (January 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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### REDEMPTION PROVISIONS

***Optional Redemption of the Bonds.*** The Bonds maturing on or after January 1, 20\_\_, are subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after January 1, 20\_\_, in any order determined by the City, and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

***Mandatory Redemption of the Bonds.*** The Term Bonds maturing on January 1, 20\_\_, are subject to mandatory redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on January 1 in the respective years as set forth in the following table.

<u>Sinking Fund Redemption Date (January 1)</u>	<u>Principal Amount to be Redeemed</u>
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\_\_\_\_\_  
\*Maturity

The Term Bonds maturing on January 1, 20\_\_, are subject to mandatory redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without



**EXHIBIT B**

**FORM OF OPINION OF DISCLOSURE COUNSEL**

[Form of Disclosure Counsel Opinion]

[Closing Date]

City of Industry  
Industry, California  
Stifel, Nicolaus & Company, Incorporated  
San Francisco, California

Re: [\$\_\_\_\_\_] City of Industry Senior Sales Tax Revenue Refunding Bonds, Series  
2016 (Taxable)

Ladies and Gentlemen:

We have acted as disclosure counsel to the City of Industry, California (the “City”) in connection with the issuance by the City of its Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable) (the “Bonds”) in the aggregate principal amount of [\$\_\_\_\_\_]. The Bonds will be issued pursuant to the City of Industry Sales and Use Tax Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code (the “Bond Law”), and an Indenture of Trust, dated as of August 1, 2016 (the “Indenture”), by and between the City and U.S. Bank National Association, as trustee. Terms used but not defined herein which are defined in the Indenture shall have the meanings specified therein, or, if not defined therein, in the Official Statement, dated August [2], 2016 (the “Official Statement”), relating to the Bonds.

In connection with the foregoing, we have examined such Federal laws as we have deemed relevant and necessary as a basis for the advice hereinafter set forth. This letter is limited to matters governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

In our capacity as disclosure counsel, we have rendered certain assistance in connection with the preparation of the Official Statement. Rendering such assistance involved discussions and inquiries concerning certain matters, review of certain documents and proceedings, and participation in meetings and telephone conferences with representatives of the City, the Underwriter and its counsel, the Financial Advisor and others, during which meetings and telephone conferences the contents of the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement), no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance in connection with the preparation of the Official Statement which

cause us to believe that the Official Statement as of its date (excluding therefrom any CUSIP numbers, financial and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to The Depository Trust Company, Cede & Co. and the book-entry system; statements relating to Assured Guaranty Municipal Corp. and its insurance policy and statements contained under the caption "BOND INSURANCE"; and statements contained in Appendices B, E and G thereto, as to all of which we express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

During the period from the date of the Official Statement to the date of this opinion, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Official Statement.

We are furnishing this opinion to you solely for your benefit. This opinion is rendered in connection with the transaction described herein, and may not be relied upon by you for any other purpose. The delivery of this opinion shall not create any attorney-client relationship between our firm and the addressees hereof, other than the City. This opinion shall not extend to, and may not be used, circulated, quoted, referred to, or relied upon by, any other person, firm, corporation or other entity without our prior written consent. Our engagement with respect to this matter terminates upon the delivery of this opinion to you at the time of the closing relating to the Bonds, and we have no obligation to update this opinion.

Respectfully submitted,

**EXHIBIT C**

**FORM OF OPINION OF CASSO & SPARKS, LLP**

[Closing Date]

City of Industry  
15625 E. Stafford Street, Suite 100  
Industry, California 91744

Stifel, Nicolaus & Company, Incorporated  
515 South Figueroa Street, Suite 1800  
Los Angeles, California 90071

U.S. Bank National Association, as trustee  
Global Corporate Trust Services  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071

Assured Guaranty Municipal Corp.  
31 West 52nd Street  
New York, New York 10019

Re: \$[\_\_\_\_\_] City of Industry Senior Sales Tax Revenue Refunding Bonds,  
Series 2016 (Taxable)

Ladies and Gentlemen:

We act as City Attorney of the City of Industry, California (the “City”), and we have acted as such in connection with the issuance of \$[\_\_\_\_\_] City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable) (the “Bonds”). In such capacity, we have examined the original, certified copies, or copies otherwise identified to our satisfaction as being true copies of such resolutions, documents, certificates, and records as we have deemed relevant and necessary (except as we have specifically limited the scope of our investigation herein) as the basis for the opinions set forth herein relying on such examination and pertinent law and subject to the limitations and qualifications hereinafter set forth, we are of the opinion that:

(i) the City has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder to adopt the City Council Resolution, adopted on [July 28], 2016 (the “City Bond Resolution”), and to enter into, execute, deliver and perform its covenants and agreements under the Indenture of Trust, dated as of [August] 1, 2016 (the “Indenture”), between the City and U.S. Bank National Association, as Trustee, the Purchase Contract, dated August [12], 2016 (the “Purchase Contract”), between Stifel, Nicolaus & Company, Incorporated and the City, the Irrevocable Refunding Instructions Relating to \$[33,657,000] City of Industry 2010 Sales Tax Revenue Bonds, dated as of [August] 1,

2016 (the “2010 Refunding Instructions”) from the City to U.S. Bank National Association, as trustee for the City’s 2010 Sales Tax Revenue Bonds, the Continuing Disclosure Agreement, dated August [30], 2016 (the “Continuing Disclosure Agreement”), by and between the Dissemination Agent named therein and the City and the Municipal Bond Insurance Commitment and Municipal Bond Debt Service Reserve Insurance Commitment of [Assured Guaranty Municipal Corp.] to the City (the “Commitments” and, together with the Indenture, the Purchase Contract, the 2010 Refunding Instructions and the Continuing Disclosure Agreement, the “City Legal Documents”);

(ii) the City has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the City has duly authorized the execution and delivery of, and the due performance of its obligations under the City Legal Documents;

(iii) the City Bond Resolution was duly adopted at a meeting of the City Council which was called and held pursuant to law and with all required notices and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of the adoption of the City Bond Resolution and is in full force and effect and has not been modified, amended or rescinded;

(iv) to our current actual knowledge, the adoption of the City Bond Resolution, the execution and delivery by the City of the City Legal Documents and the compliance with the provisions of the City Legal Documents do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or conflict with or constitute on the part of the City a material breach of or default under any agreement or instrument to which the City is a party or by which it is bound;

(v) the City Legal Documents constitute valid, binding and legal obligations of the City and are enforceable against the City according to the respective terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors’ rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) to our current actual knowledge, no litigation is pending with service of process completed, or threatened against the City in any court in any way affecting the titles of the officials of the City, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the execution and delivery of the Indenture, or the collection of Revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the City Bond Resolution, the City Legal Documents, or contesting in any way the completeness or accuracy of the Preliminary Official Statement dated [August 2], 2016 or the Official Statement dated August [12], 2016 relating to the Bonds;

(vii) to our current actual knowledge, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the City of the City Legal Documents; and

(viii) to our current actual knowledge, the City is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, which breach or default would materially adversely affect the City's ability to enter into or perform its obligations under the City Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the City's ability to enter into or perform its obligations under the City Legal Documents.

Capitalized terms used herein but not defined shall have the meanings ascribed to them in the Indenture.

We are furnishing this letter to the addressees hereof with respect to the Bonds at the request of the City, and this letter may not be relied upon for any purpose other than in connection with the issuance of the Bonds. This letter shall not extend to, and may not be used, circulated, quoted, referred to, or relied upon by, any other person, firm, corporation or other entity without our prior written consent.

Very truly yours,

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the City of Industry, California (the “City”) and Digital Assurance Certification LLC, as dissemination agent (the “Dissemination Agent”), in connection with the issuance of the City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of \_\_\_\_ 1, 2016, by and between the City and U.S. Bank National Association, as trustee (the “Trustee”). The City and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters (as defined herein) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

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

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

“Dissemination Agent” shall mean Digital Assurance Certification LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the City, with notice of such selection or change in fiscal year to be provided as set forth herein.

“Holder” shall mean either the registered owners of the Bonds or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Listed Event” 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>.

“Official Statement” shall mean the Official Statement for the Bonds dated \_\_\_\_\_, 2016.

“Participating Underwriter” shall mean any of the original underwriter of the Bonds listed in the

Official Statement required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 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 City shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Fiscal Year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report must be submitted in electronic format, accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; *provided*, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit the audited financial statements as soon as available. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, to the MSRB a notice in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

- (i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and
- (ii) file a report with the City certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following categories or similar categories of information updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Bonds):

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

(b) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information showing (all capitalized terms have the meaning

of such terms in the Official Statement): (i) the total amount of Sales Tax Revenues received by the City for the most recent completed Fiscal Year; (ii) the percent by which annual Sales Tax Revenues have provided coverage for debt service on the Bonds, the 2015 Bonds and Parity Debt (if any) for the most recent completed Fiscal Year; (iii) an update of the information presented in the table in the Official Statement entitled "CITY OF INDUSTRY – Permits and Taxable Transactions" for the most current year of information made available by the California State Board of Equalization; and (iv) an update of the information presented in the table in the Official Statement entitled "CITY OF INDUSTRY – Sales Tax Rates" for the then current fiscal year.

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

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the SEC. If any document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

#### 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 City 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. Bond 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 City, which shall occur as described below;
13. appointment of a successor or additional trustee or the change of name of a trustee, if material, or;
14. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, 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 City 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 City, 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 City.

(b) Upon receipt of notice from the City and instruction by the City 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 City 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, if other than the Trustee, and if the Dissemination Agent is the Trustee, then by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture. The Dissemination Agent shall have no responsibility to determine the materiality, if applicable, of any of the Listed Events.

(c) The City, or the Dissemination Agent, if the Dissemination Agent has been instructed by the City 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 City’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 City shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

**SECTION 7. Dissemination Agent.** The City 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 City pursuant to this Disclosure Agreement. The Dissemination Agent shall receive

compensation for the services provided pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty (30) days written notice to the City. If at any time there is no designated Dissemination Agent appointed by the City, or the Dissemination Agent is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the City shall be the Dissemination Agent and undertake or assume its obligations hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement 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 City 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 City.

SECTION 9. Filings with the MSRB. All 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 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall 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 11. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or the 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 Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance hereunder.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if the Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations on liability afforded to the Trustee thereunder. The Dissemination Agent (if other than the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Trustee and the Dissemination Agent, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding any loss, expense and liabilities due to the

Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriters and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this Disclosure Agreement has been executed on behalf of the City and the Dissemination Agent by their duly authorized representatives as of \_\_\_\_\_, 2016.

THE CITY OF INDUSTRY

By: \_\_\_\_\_  
City Manager

DIGITAL ASSURANCE CERTIFICATION LLC, as  
Dissemination Agent

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Authority: City of Industry

Name of Bond Issues: City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable)

Date of Issuance: \_\_\_\_\_, 2016

NOTICE IS HEREBY GIVEN that the City of Industry (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement, dated \_\_\_\_\_, 2016, by and between the City and Digital Assurance Certification LLC. The City anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

Dated: \_\_\_\_\_, 20\_\_

DIGITAL ASSURANCE CERTIFICATION LLC., as  
Dissemination Agent on behalf of the City

By: \_\_\_\_\_  
Authorized Officer

cc: City of Industry

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2016**

**NEW ISSUE—BOOK-ENTRY ONLY**

**RATINGS**  
**S&P: “\_”**  
**Moody’s: “\_”**  
**See “RATINGS” herein.**

*In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes of the State of California. The City has taken no action to cause, and does not intend, interest on the Bonds to be excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes. See “TAX MATTERS” herein.*

\$ \_\_\_\_\_\*  
**City of Industry**  
**Senior Sales Tax Revenue Refunding Bonds**  
**Series 2016 (Taxable)**

**Dated: Delivery Date**

**Due: January 1, as shown on the inside cover**

The City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable) (the “Bonds”) are limited obligations of the City of Industry (the “City”) payable from and secured by a pledge of Sales Tax Revenues. Sales Tax Revenues consist of all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the California State Board of Equalization and transmitted to the City periodically under Section 7204 of the Revenue and Taxation Code of the State of California, constituting the Bradley-Burns Uniform Local Sales and Use Tax Law. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Bonds are being issued pursuant to an Indenture of Trust, dated as of August 1, 2016 (the “Indenture”), by and between the City and U.S. Bank National Association, as trustee (the “Trustee”), and are being issued by the City to (i) refund all of the outstanding City of Industry, California 2010 Sales Tax Revenue Bonds, (ii) fund a reserve account for the Bonds, and (iii) pay certain costs of issuance of the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Interest on the Bonds is payable semiannually on January 1 and July 1 of each year commencing July 1, 2017. The Bonds will be delivered in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York. Ownership interests in the Bonds will be in denominations of \$5,000 or any integral multiple thereof. Beneficial owners of the Bonds will not receive physical certificates representing their interests in the Bonds, but will receive a credit balance on the books of the nominees for such beneficial owners. The principal and interest with respect to the Bonds will be paid by the Trustee to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

The Bonds are subject to redemption as described herein. See “THE BONDS – Redemption” herein.

**THE OBLIGATION OF THE CITY TO PAY THE BONDS IS A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM SALES TAX REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE STATE OF CALIFORNIA (THE “STATE”), OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE CITY) WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES) OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES).**

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\* Preliminary; subject to change.  
36273596.9

The City has applied for a policy of municipal bond insurance with respect to the Bonds. If bond insurance is purchased, payment of the principal of and interest on any insured Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the issuance of the Bonds. See "BOND INSURANCE" herein.

**This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds.**

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval of validity by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the City. Certain legal matters will be passed on for the City by Norton Rose Fulbright US LLP as Disclosure Counsel and for the City by Casso & Sparks, LLP as City Attorney. Certain legal matters will be passed on for the Underwriter by its counsel, Nixon Peabody LLP, Los Angeles, California. It is anticipated that the Bonds will be available for delivery through the book-entry facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2016.

**Stifel**

Dated: \_\_\_\_\_, 2016

\$ \_\_\_\_\_\*

**CITY OF INDUSTRY**  
**SENIOR SALES TAX REVENUE REFUNDING BONDS**  
**SERIES 2016 (TAXABLE)**

**MATURITY SCHEDULE**

<b>Maturity Date (January 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP* (Base 45656R)</b>
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					

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\* Preliminary, subject to change.

\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of investors. None of the City, the Underwriter, or the Financial Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

36273596.9

No dealer, salesman or any other person has been authorized by the City of Industry, California (the "City") or the underwriter of the Bonds listed on the cover page hereof (the "Underwriter") to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The information set forth herein has been obtained from the City and other sources believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries contained herein of the Indenture (defined herein) or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All statements made herein are made as of the date of this document by the City except statistical information or other statements where some other date is indicated in the text.

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

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

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") website. The City maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

## **FORWARD-LOOKING STATEMENTS**

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the City in any way, regardless of the level of optimism communicated in the information. The City is not obligated to issue any updates or revisions to forward-looking statements in any event.

**CITY OF INDUSTRY**

Mark D. Radecki, *Mayor*  
Cory C. Moss, *Mayor Pro Tem*  
Roy Haber III, *Council Member*  
Newell W. Ruggles, *Council Member*  
Abraham N. Cruz, *Council Member*

**OFFICIALS OF THE CITY OF INDUSTRY**

Paul Philips, *City Manager/City Clerk*  
Phyllis Tucker, *Treasurer*  
Alex Gonzalez, *Director of Development Services and Administration*  
Susan Paragas, *City Controller*

**SPECIAL SERVICES**

**Bond and Disclosure Counsel**  
Norton Rose Fulbright US LLP  
Los Angeles, California

**City Attorney**  
Casso & Sparks, LLP  
West Covina, California

**Municipal Advisor**  
NHA Advisors, LLC  
San Rafael, California

**Trustee and Escrow Agent**  
U.S. Bank National Association  
Los Angeles, California

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**City of Industry**  
**Senior Sales Tax Revenue Refunding Bonds**  
**Series 2016 (Taxable)**

**INTRODUCTION**

*This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

**General**

This Official Statement, which includes the cover page, table of contents and appendices hereto, is provided to furnish information in connection with the sale by the City of Industry, California (the “City”) of its \$ \_\_\_\_\_ aggregate principal amount of Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable) (the “Bonds”). The Bonds are being issued by the City to (i) refund all of the outstanding City of Industry, California 2010 Sales Tax Revenue Bonds (the “Refunded Bonds”), currently outstanding in the aggregate principal amount of \$34,570,000, (ii) fund a reserve fund for the Bonds; and (iii) pay certain costs of issuance of the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

**Authority for Issuance of the Bonds**

The Bonds are being issued under (i) the powers reserved to the City under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California (the “State”); (ii) the Charter of the City (the “Charter”); (iii) the City of Industry Sales and Use Tax Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code (the “Bond Law”); (iv) a vote of more than two-thirds of the voters of the City at an election held for that purpose on September 26, 2000 authorizing the issuance of up to \$500 million of bonds (the “Authorization”); and (v) a resolution adopted by the City Council on \_\_\_\_\_ (the “Resolution”). In addition, the Bonds are being issued pursuant to an Indenture of Trust dated as of August 1, 2016 (the “Indenture”), by and between the City and U.S. Bank National Association, as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” or, if not defined therein, shall have the meanings assigned to such terms in the Indenture.

**The Bonds**

Interest on the Bonds is payable on July 1, 2017, and semiannually thereafter on each January 1 and July 1. The Bonds will be issued in denominations of \$5,000, or any integral multiple thereof (each an “Authorized Denomination”). The Bonds will initially be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the Registered Owner of the Bonds, references to the Bondholders or Registered Owners shall mean Cede & Co. and shall not mean the beneficial owners of

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\* Preliminary; subject to change.

the Bonds. So long as Cede & Co. is the Registered Owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the beneficial owners. See “THE BONDS” herein and APPENDIX E – “BOOK-ENTRY SYSTEM.”

The Bonds are subject to redemption, as described under the caption “THE BONDS — Redemption” herein.

### **Security and Sources of Payment for the Bonds**

The Bonds are limited obligations of the City payable from and secured by a pledge of “Sales Tax Revenues.” Sales Tax Revenues are defined as all sales and use taxes levied by the City on taxable sales transactions within the City collected by the State Board of Equalization (the “Board of Equalization”) and transmitted to the City periodically under Section 7204 of the Bradley-Burns Uniform Local Sales and Use Tax Law, commencing with Section 7200 and following of the California Revenue and Taxation Code (the “Sales Tax Law”). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Sales Tax Revenues” herein.

The City has previously issued the Refunded Bonds and its 2015A Taxable Sales Tax Revenue Bonds (the “2015A Bonds”) under the Bond Law. The Refunded Bonds are currently outstanding in the aggregate principal amount of \$34,570,000. The 2015A Bonds are currently outstanding in the aggregate principal amount of \$336,570,000. The Refunded Bonds will be refunded with proceeds of the Bonds. Following the redemption of the Refunded Bonds, the Bonds will be secured on a parity with only the 2015A Bonds.

The City has previously issued \$51,460,000 aggregate principal amount of Subordinate Sales Tax Revenue Bonds (Taxable) (the “Subordinate Bonds”). The Subordinate Bonds will be payable from Sales Tax Revenues on a subordinate basis to the Bonds and the 2015A Bonds. The City has no remaining authorization to issue additional bonds under the Authorization.

In the event that the City determines to issue additional bonds pursuant to the Bond Law and the authorization to issue such bonds is approved by a vote of more than two-thirds of the voters of the City, then the City would be permitted to issue additional bonds payable from Sales Tax Revenues. Such bonds may be issued on a parity basis with the Bonds and the 2015A Bonds.

### **Reserve Account**

The Indenture establishes a Reserve Account for the Bonds to be held by the Trustee for the benefit of the Owners of the Bonds (the “Reserve Account”). Amounts in the Reserve Account will be used to make payments of principal and interest on the Bonds to the extent amounts in the Interest Account or Principal Account are not sufficient to pay in full the principal or interest due. The Reserve Account shall be funded in an amount equal to the Reserve Requirement. In lieu of making a Reserve Account deposit in cash or in replacement of moneys then on deposit in any Reserve Account, the City may deliver to the Trustee a letter of credit or surety bond, subject to certain requirements of the Indenture, in an amount, equal to the Reserve Requirement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Account” herein.

### **Limited Obligations**

THE OBLIGATION OF THE CITY TO PAY THE BONDS IS A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM SALES TAX REVENUES AND DOES NOT

CONSTITUTE A DEBT OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE CITY) WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES) OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES).

### **Continuing Disclosure**

The City will covenant for the benefit of the Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City and notices of the occurrence of certain enumerated events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”). These covenants are being made in order to assist the Underwriter of the Bonds in complying with Rule 15c2-12 (the “Rule”) of the U.S. Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended. See “CONTINUING DISCLOSURE” herein and APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

### **References**

The descriptions and summaries of the Indenture and various other documents hereinafter referenced do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. See APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

## **THE CITY**

The City is a charter city operating under a charter approved by the voters of the City on June 8, 1976. Located in the County of Los Angeles (the “County”) in the State of California (the “State”), the City consists of approximately 12 square miles and is located 20 miles east of the City of Los Angeles. The City was incorporated on June 18, 1957 and has a City Council/Manager form of government. Since its incorporation, the City has pursued a unique urban concept, namely, that a city may be conceived, developed and operated primarily for manufacturing, distribution and related industrial and commercial activities. See APPENDIX A – “CITY OF INDUSTRY – INFORMATION STATEMENT.”

## **THE BONDS**

### **General Provisions**

The Bonds will be dated their date of delivery and will be issued as fully registered bonds without coupons in Authorized Denominations. Interest on the Bonds is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2017 (each an “Interest Payment Date”) to the Registered Owner thereof as of the close of business on the fifteenth calendar day of the month preceding each Interest Payment Date. Principal of and premium (if any) on the Bonds will be payable on January 1 in each of the years and in the amounts shown on the inside cover page hereof.

The Bonds will initially be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only.

Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the Registered Owner of the Bonds, references to the Bondholders or Registered Owners shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. So long as Cede & Co. is the Registered Owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the beneficial owners. See APPENDIX E – “BOOK-ENTRY SYSTEM.”

## **Redemption**

The Bonds are subject to redemption prior to their stated maturities as described below.

***Optional Redemption of the Bonds.*** The Bonds maturing on or after January 1, 20\_\_ are subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after January 1, 20\_\_, in any order determined by the City, and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

***Manner of Redemption.*** Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond so selected. All Bonds redeemed or purchased shall be canceled and destroyed by the Trustee.

***Notice of Redemption.*** The City shall be required to give the Trustee written notice or Electronic Notice of its intention to redeem Bonds at least thirty (30) days prior to the date fixed for such redemption, unless the Trustee shall agree to a shorter period for such notice. The Trustee on behalf of and at the expense of the City will mail (by first class mail, postage prepaid, by Electronic Notice or other means acceptable to the recipient thereof) notice of any redemption at least twenty (20) days but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the City filed with the Trustee at the time the City notifies the Trustee of its intention to redeem Bonds; but such sending of notice will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, will state that such notice may be rescinded and will require that such Bonds be then surrendered at the Principal Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Any notice of redemption of the Bonds described above may be rescinded by written notice given to the Trustee by the City and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given, but in no event later than the date set for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default..

## **Effect of Redemption**

From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in the notice of redemption.

## **PLAN OF REFUNDING**

### **General**

Proceeds of the Bonds are being used by the City to (i) refund all of the outstanding Refunded Bonds, (ii) fund a Reserve Account for the Bonds and (iii) pay certain costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

### **Refunding of the Refunded Bonds**

A portion of the proceeds of the Bonds will be used to advance refund the Refunded Bonds. Pursuant to the terms of escrow instructions (the “Escrow Instructions”) delivered by the City to U.S. Bank National Association, as trustee for the Refunded Bonds (the “Prior Trustee”), a portion of the proceeds of the Bonds, together with other available moneys (collectively, the “Escrow Deposit”), will be deposited into the redemption account established pursuant to the indenture under which the Refunded Bonds were issued (the “Refunded Bonds Redemption Account”).

Amounts deposited in the Refunded Bonds Redemption Account will be invested in [ ] and will be applied on \_\_\_\_\_ by the Prior Trustee to pay the Refunded Bonds at a price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, plus a redemption premium for each Refunded Bond equal to 1/8 of 1% for each whole year and any remaining fraction of a whole year between the redemption date and the stated maturity date of applicable Refunded Bond (the “Redemption Price”).

\_\_\_\_\_, (the “Verification Agent”), upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to it by the City, relating to the sufficiency of moneys deposited into Refunded Bonds Redemption Account, to provide for the payments to be made on the Refunded Bonds. The report of the Verification Agent will include a statement to the effect that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or date or information coming to its attention, subsequent to the date of its report. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

**ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds of the Bonds, and other available amounts, are expected to be applied as follows:

Sources of Funds	\$
Principal Amount.....	
[Net][Premium][Discount].....	
Other Sources <sup>(1)</sup> .....	
Total Sources.....	\$
Uses of Funds	
Refunded Bonds Redemption Account.....	\$
Costs of Issuance <sup>(2)</sup> .....	
Underwriter's Discount.....	
Total Uses .....	\$

<sup>(1)</sup> Amounts consist of the release of funds held in the debt service fund and debt service reserve fund established for the Refunded Bonds.

<sup>(2)</sup> Includes rating agency fees, Trustee fees, printing costs, Verification Agent fees, Bond Counsel, Disclosure Counsel, and Financial Advisor fees and expenses, bond insurance and reserve surety premiums, if purchased, and other miscellaneous expenses.

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## DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements (with principal and interest shown separately) on the 2015A Bonds and the Bonds. The 2015A Bonds are currently outstanding in the aggregate principal amount of \$336,570,000. The lien of the Refunded Bonds on the Sales Tax Revenues is expected to be defeased upon the delivery of the Bonds and funding of the Refunded Bonds Redemption Account; other than the 2015A Bonds, upon such defeasance there will be no obligations of the City secured by a parity or more senior lien on Sales Tax Revenues than that securing the Bonds. The Subordinate Bonds are secured on a subordinate basis to the Bonds and the 2015A Bonds.

Fiscal Year Ending June 30	Bonds Principal <sup>(1)</sup>	Bonds Interest	2015A Bonds Debt Service <sup>(1)</sup>	Combined Debt Service <sup>(1)</sup>
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<sup>(1)</sup> Includes mandatory sinking fund payments.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **Limited Obligations**

The Bonds are limited obligations of the City payable from and secured by a pledge of Sales Tax Revenues received by the City. The Bonds are secured on a parity with the 2015A Bonds. In addition, the Bonds are secured by a first pledge and lien on amounts in the Interest Account, Principal Account, the Reserve Account and the Redemption Account established under the Indenture.

THE OBLIGATION OF THE CITY TO PAY THE BONDS IS A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM SALES TAX REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE CITY) WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES) OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES).

### **Sales Tax Revenues**

Sales Tax Revenues consist of all sales and use taxes levied by the City on taxable sales transactions within the City collected by the Board of Equalization and transmitted to the City periodically under the Sales Tax Law. In general, the Sales Tax Revenues consist of the City's share of the general sales tax levy on taxable transactions in the City, less amounts payable by the City to the Board of Equalization for costs and expenses for its services in connection with administration of the sales and use tax.

The table below shows the total of annual taxable transactions within the City for 2011 through 2013 and the aggregate amount for the first through third quarter of 2014. Annual data for 2015 is not currently available from the Board of Equalization.

**CITY OF INDUSTRY**  
**Permits and Taxable Transactions**  
(In Thousands)

Type of Business	2011		2012		2013		2014 <sup>(1)</sup>	
	Permits	Taxable Transactions	Permits	Taxable Transactions	Permits	Taxable Transactions	Permits	Taxable Transactions
<b>Retail and Food Services</b>								
Motor Vehicle and Parts Dealers	100	\$ 303,871	106	\$ 373,058	106	\$ 405,136	104	\$ 333,228
Home Furnishings and Appliance Stores	179	302,068	191	301,498	164	282,240	154	199,417
Building Material and Garden Equipment and Supplies	56	88,082	51	95,536	51	106,676	50	79,706
Food and Beverage Stores	45	14,969	53	17,297	52	19,532	49	14,492
Gasoline Stations	16	95,591	16	110,838	16	106,207	15	74,002
Clothing and Clothing Accessories Stores	359	70,435	358	74,459	298	80,079	298	60,439
General Merchandise Stores	156	267,135	155	285,320	137	285,644	119	198,711
Food Services and Drinking Places	160	126,055	166	141,980	174	152,795	186	120,654
Other Retail Group	2,365	88,529	2,352	84,752	2,096	89,387	2,118	72,200
Total Retail and Food Services	3,436	1,356,734	3,448	1,484,737	3,094	1,527,696	3,074	1,152,857
<b>All Other Outlets</b>	1,320	\$1,306,541	1,327	\$1,513,796	1,322	\$1,197,380	1,329	\$ 914,644
<b>Totals All Outlets</b>	4,756	\$2,663,275	4,775	\$2,998,533	4,416	\$2,725,077	4,403	\$2,067,001

<sup>(1)</sup> 2014 data only available for the first through third quarter.

Source: Board of Equalization.

The sales and use tax represents the City's one percent (1.0%) share of the State retail transaction and use tax that is allocated to cities based upon the dollar amount of taxable transactions occurring within their boundaries. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property. The use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State. The sales and use tax is imposed upon the same transactions and items subject to the statewide sales tax and the statewide use tax.

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Currently, taxable transactions in the City are taxed at an aggregate rate of 9.00%, including the 1.00% rate which generates Sales Tax Revenues pledged to the Bonds. The table below shows the breakdown of the overall sales tax rate levied on taxable transactions in the City for the fiscal year 2016-17.

**CITY OF INDUSTRY  
Sales Tax Rates**

	<b>Fiscal Year 2016-17</b>	<b>Total</b>
<b>State Tax</b>		<b>6.25%</b>
State General Fund	3.94%	
Other State Funds	0.25	
State Local Revenue Fund	1.56	
State Local Public Safety Fund	0.50	
 <b>Local Tax</b>		 <b>2.75%</b>
“Sales Tax Revenues” (as used in this Official Statement)	1.00%	
County Transportation Funds	1.75	
 <b>Total:</b>		 <b>9.00%</b>

Source: City of Industry.

Certain transactions are exempt from the sales and use tax and, hence, are not included in the Sales Tax Revenues. Exempt transactions include:

- sales of food products for home consumption;
- sales of prescription medicine;
- sales of newspapers and periodicals; sales of edible livestock and their feed;
- sales of seed and fertilizer used in raising food for human consumption; and
- sales of gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the Board of Equalization’s July 2014 publication entitled “Sales and Use Taxes: Exemptions and Exclusions,” which can be found on the Board of Equalization’s website at <http://www.boe.ca.gov>. The information set forth on such website is not incorporated by reference herein.

## Historical Sales Tax Revenues

The following table sets forth the Sales Tax Revenues received by the City for the last 10 Fiscal Years.

### CITY OF INDUSTRY Historical Sales Tax Revenues

<b>Fiscal Year</b>	<b>Sales Tax Revenues<sup>(1)</sup></b>
2006-07	\$33,537,487
2007-08	33,048,407
2008-09	27,169,412
2009-10	23,486,124
2010-11	24,414,131
2011-12	28,659,966
2012-13	32,592,793
2013-14	40,619,388 <sup>(2)</sup>
2014-15	33,620,881
2015-16	31,166,866 <sup>(3)</sup>

<sup>(1)</sup> Sales and use tax receipts net of the Board of Equalization administrative fees.

<sup>(2)</sup> Amount includes proceeds of a \$8.61 million taxpayer settlement.

<sup>(3)</sup> Unaudited.

Source: City of Industry.

## Debt Service Coverage

The Maximum Annual Debt Service coverage for the Bonds and the 2015A Bonds is \_\_\_\_\_. The Maximum Annual Debt Service coverage is based on Sales Tax Revenues received by the City for the Fiscal Year 2015-2016.

## City Loan of General Fund Monies for the Payment of Debt Service on the 2015 Bonds and the Refunded Bonds

On June 23, 2016, the City made an approximately \$7.7 million loan from its General Fund for the purpose of making deposits in the debt service accounts established for the Refunded Bonds, the 2015A Bonds and the Subordinate Bonds to ensure that an entire year's debt service for the Fiscal Year 2016-17 was on deposit in the respective debt service accounts for the Refunded Bonds, the 2015A Bonds and the Subordinate Bonds pursuant to the requirements of the indentures relating to the Refunded Bonds, 2015A Bonds and the Subordinate Bonds. The necessity for the City to make the loan was due in part to two cash-flow timing issues that the City has determined should most likely not be reoccurring events. The first such issue was that the City was required to fund the Fiscal Year 2015-16 debt service on the Refunded Bonds and the entire Fiscal Year 2016-17 debt service on both the Refunded Bonds and the 2015A Bonds from Sales Tax Revenues received in a single fiscal year. In subsequent fiscal years, Sales Tax Revenues received in the then current fiscal year will be accumulated in an amount equal to the debt service payable in the following fiscal year. The second issue was the timing of the final payment to the City relating to the expiration of the "Triple Flip." The payment was not received by the City until July 20, 2016. Going forward, the amounts received as part of the Triple Flip payments will be included in the monthly payments of Sales Tax Revenues received by the City.

An additional factor contributing to necessity to make the loan was the timing of the June Board of Equalization distribution of Sales Tax Revenues to the City. The City did not receive the distribution of the Sales Tax Revenues until June 24, 2016. In order to ensure that it would meet the deposit requirements relating to debt service provided in the indentures for the Refunded Bonds and the 2015A Bonds, the City determined to make the loan of General Fund monies previously described. While the City believes that in subsequent fiscal years it will receive the June Board of Equalization distribution of Sales Tax Revenues on a date that will allow for adequate time to make the necessary transfers required under the Indenture and indentures for the 2015A Bonds and the Subordinate Bonds, the distribution from the Board of Equalization could be delayed and such Sales Tax Revenues may not be available for deposit in the respective debt service accounts. While City has made a loan of General Fund monies in the past to ensure compliance with the debt service deposit requirements of the indentures relating to the Refunded Bonds, the 2015A Bonds and the Subordinate Bonds, the City is not obligated to make such loans in the future.

## Top Twenty-Five Sales Tax Producers

The following table provides the top twenty-five sales tax producers for the Fiscal Year 2015-16. The aggregate share of Sales Tax Revenues produced by the top twenty-five sales tax producers was 48% of total Sales Tax Revenues received by the City during that period. The top ten sales tax producers represented 29.0% of total Sales Tax Revenues received by the City during that period. Within the tables below, the parties are presented in alphabetical order.

**CITY OF INDUSTRY**  
**Top Twenty-Five Sales Tax Producers**  
**Fiscal Year 2015-16<sup>(1)</sup>**  
**(in Alpha Order)**

1 Through 10

---

Costco  
Diamond Honda  
Frys Electronics  
Newegg  
Puente Hills Chevrolet  
Puente Hills Nissan  
Puente Hills Toyota Scion  
Quinn Power Systems  
Sysco Food Services  
US Air Conditioning Distributors

11 Through 25

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Best Buy	Puente Hills Ford
Cal Lift	Puente Hills Hyundai
Golden State Foods	Puente Hills Subaru
HD Supply	Rush Truck Center
Home Depot	Sam's Club
Lowes	Target
PRL Glass Systems	Walmart
Puente Hills Chrysler	
Puente Hills Chrysler Dodge Jeep Ram	

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<sup>(1)</sup> The Fiscal Year 2015-16 total Sales Tax Revenues were \$31,166,866.

Source: City of Industry.

## Sales Tax Collection Procedures

Collection of the sales and use tax is administered by the Board of Equalization. The Board of Equalization distributes quarterly tax revenues to cities, counties and special districts using the following method: Using the prior year's like quarterly tax allocation as a starting point, the Board of Equalization first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. The Board of Equalization disburses 90 percent to each local jurisdiction in three monthly installments (advances) prior to the final

computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30 percent of the 90 percent distribution, while the third advance represents 40 percent. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

The Board of Equalization receives an administrative fee based on the cost of services provided by the Board of Equalization to the City in administering the sales and use tax; the fee is deducted from revenue generated by the sales and use tax before it is distributed to the City. Additional information relating to historical and comparative trends in the City's taxable sales and other economic data can be found below under APPENDIX A – "CITY OF INDUSTRY – INFORMATION STATEMENT" herein.

### **Pledge of Sales Tax Revenues and Certain Amounts Held Under the Indenture**

Under the Indenture, the City grants a first pledge of and lien on, and a security interest in, all of the Sales Tax Revenues to secure the Bonds on a parity with the pledge, lien and security interest that secures the 2015A Bonds and any Parity Debt that may be issued in the future. Such pledge, lien and security interest are for the equal security of the Bonds, the 2015A Bonds and any Parity Debt without preference or priority for number, date of execution or date of delivery.

In addition, the Bonds (but not the 2015A Bonds or any Parity Debt) are secured by a first pledge of and lien on, and a security interest in, all of the moneys on deposit in the Interest Account, the Principal Account, the Reserve Account and the Redemption Account established under the Indenture.

Except for the Sales Tax Revenues, no funds of the City are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

### **Deposit of Sales Tax Revenues and Transfers of Amounts to Trustee**

Pursuant to the Indenture, there is established the "Sales Tax Revenues Fund," which will be held by the Trustee for the benefit of the Owners and the owners of the Bonds, the 2015A Bonds and any Parity Debt. The City will promptly upon receipt deliver all Sales Tax Revenues to the Trustee for deposit into the Sales Tax Revenues Fund. The Trustee will transfer money from the Sales Tax Revenues Fund as follows:

(a) On the date that is the 5th Business Day prior to each January 1 or July 1, the Trustee will transfer amounts necessary to pay the principal of and interest on the Outstanding Bonds, outstanding 2015A Bonds and any Parity Debt coming due on such January 1 or July 1 to the Debt Service Fund established pursuant to the Indenture or to the trustees for the 2015A Bonds and any Parity Debt, as applicable, in the amounts necessary to make such payments; provided, however, that if on the date that is five (5) Business Days prior to any July 1 or January 1, there are insufficient amounts on deposit in the Sales Tax Revenues Fund to pay the entire amount of principal or interest coming due on such date for all of the Outstanding Bonds, the outstanding 2015A Bonds and any outstanding Parity Debt, then amounts in Sales Tax Revenues Fund shall be allocated on a *pro rata* basis based on the relative amounts of principal and/or interest coming due on such date for the Outstanding Bonds, the outstanding 2015A Bonds and any outstanding Parity Debt.

(b) On the date that amounts on deposit in the Sales Tax Revenues Fund, together with amounts held in the Debt Service Fund established under the Indenture and the debt service funds established for the 2015A Bonds and any Parity Debt are sufficient to pay the principal of and interest on the Bonds, the 2015A Bonds and any Parity Debt coming due in the then-current Fiscal Year and the Bond Year beginning in that Fiscal Year and to cure any deficiency in the Reserve Account, the reserve account for the 2015A Bonds and the reserve account for any Parity Debt, the Trustee will transfer amounts necessary to pay the principal of and interest on the Outstanding Bonds, outstanding 2015A Bonds and any outstanding Parity Debt coming due in the then-current Fiscal Year and the Bond Year beginning in the then current Fiscal Year and to cure any deficiency in the Reserve Account, the reserve account for the 2015A Bonds and the reserve account for any Parity Debt, as applicable, to the Debt Service Fund established pursuant to the Indenture and to the trustees for the 2015A Bonds and any Parity Debt in the amounts necessary to make such payments and cure such deficiencies. All amounts in the Sales Tax Revenues Fund in excess of the amounts required to be transferred pursuant to the prior sentence, and all additional amounts deposited in the Sales Tax Revenues Fund through June 30 of such Fiscal Year after the transfer described in such sentence has been made shall be transferred as soon as practicable after receipt into the Surplus Account.

Notwithstanding anything herein to the contrary, the trustee for the Bonds, the 2015A Bonds and any Parity Debt and the 2015B Subordinate Bonds shall be the same financial institution.

Under the Indenture, there is established a fund to be known as the “Debt Service Fund” which will be held by the Trustee in trust for the benefit of the Owners. The Trustee will hold the Debt Service Fund for the uses and purposes set forth therein, so long as any of the Bonds remain Outstanding. The Trustee will deposit Sales Tax Revenues transferred from the Sales Tax Revenues Fund pursuant to (a) and (b) above in the following respective special accounts within the Debt Service Fund, which accounts are established under the Indenture with the Trustee with respect to the Bonds, as soon as practicable after transfer of the Sales Tax Revenues into the Debt Service Fund and in any event no later than the dates set forth below, in the following order of priority:

First *Interest Account.* On or before the 5th Business Day preceding each date on which interest on the Bonds is due and payable, the Trustee will deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on such date or, with respect to amounts transferred pursuant to (b) above, interest coming due and payable on the Outstanding Bonds in the then-current Fiscal Year and in the Bond Year beginning in the such Fiscal Year. The Trustee will apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.

Second *Principal Account.* On or before the 5th Business Day preceding each date on which principal of the Bonds is due and payable at maturity or upon mandatory sinking fund redemption, the Trustee will deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on that date on the Outstanding Bonds, or, with respect to amounts transferred pursuant to (b) above, principal coming due and payable on the Outstanding Bonds in the then-current Fiscal Year and in the Bond Year beginning in such Fiscal Year. The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at the maturity thereof and the principal of the Term Bonds upon the mandatory sinking fund redemption thereof.

Third *Reserve Account.* The Trustee will value the balance in the Reserve Account on each July 2. If the amount on deposit in the Reserve Account at any time falls below the Reserve Requirement, the Trustee will deposit an amount sufficient to maintain the amount of the Reserve Requirement on

deposit in the Reserve Account. The Trustee will apply amounts in the Reserve Account solely (i) for the purpose of making transfers to the Interest Account and the Principal Account, in that order of priority, on any date on which the principal of or interest on the Bonds is due and payable under the Indenture, if there is a deficiency at any time in any of such accounts, or (ii) at any time for the retirement of all the Outstanding Bonds at the Written Request of the City. So long as no Event of Default has occurred and is continuing, the Trustee shall withdraw any amount in the Reserve Account in excess of the Reserve Requirement no later than the 5th Business Day preceding each Interest Payment Date and deposit such amount in the Interest Account.

Fourth *Redemption Account.* On or before the 5th Business Day preceding any date on which Bonds are subject to redemption (other than mandatory sinking fund redemption of Term Bonds), the City will transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be so redeemed on such date. The Trustee will apply amounts in the Redemption Account solely for the purpose of paying the principal of and premium, if any, on the Bonds upon the redemption thereof, other than mandatory sinking fund redemption of Term Bonds which will be made from amounts in the Principal Account, on the date set for such redemption.

Fifth *Surplus Account.* As long as the amounts on deposit in the Interest Account, the Principal Account and the Reserve Account are equal to amounts sufficient to pay, as applicable, the principal of and interest on the Outstanding Bonds coming due in the then-current Fiscal Year and the Bond Year beginning in such Fiscal Year and satisfy the Reserve Requirement and no Event of Default relating to the payment of principal of and interest on the Bonds has occurred and is continuing, then on June 30 of each year, commencing June 30, 2017 the Trustee shall transfer any amounts on deposit in the Surplus Account following the deposits required by First, Second, Third, and Fourth above and otherwise pursuant to the transfer required by the last sentence of (b) above to the trustee for the 2015B Subordinate Bonds, and such amounts transferred will constitute “Subordinate Sales Tax Revenues” and will be released from the pledge and lien which secures the Bonds.

The trustee for the Bonds, the 2015A Bonds, any Parity Debt and the 2015B Subordinate Bonds is required by the Indenture to be the same financial institution.

## **Reserve Account**

The Indenture establishes a Reserve Account for the Bonds to be held by the Trustee for the benefit of the Owners of the Bonds. Amounts in the Reserve Account will be used to make payments of principal and interest on the Bonds to the extent amounts in the Interest Account or the Principal Account are not sufficient to pay in full the principal or interest due. The Reserve Account shall be funded in an amount as of any date of calculation equal to the Reserve Requirement. In lieu of making a Reserve Account deposit in cash or in replacement of moneys then on deposit in any bond reserve account, the City may deliver to the Trustee an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company (a “Qualified Reserve Account Credit Instrument”), subject to certain requirements of the Indenture, in an amount, equal to the Reserve Requirement. See APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

“Reserve Requirement” means, as of the date of any calculation, an amount equal to the Maximum Annual Debt Service on the Bonds then Outstanding. The Reserve Requirement for the Bonds as of the Closing Date is \$\_\_\_\_\_.

The City may purchase a municipal bond debt service reserve insurance policy (the “Reserve Policy”) to satisfy the Reserve Requirement with respect to the Bonds. If the City decides to purchase the Reserve Policy, it would be in an amount sufficient to satisfy the Reserve Requirement and would be

deposited with the Trustee in the Reserve Account. Such Reserve Policy would be a Qualified Reserve Account Credit Instrument as provided in the Indenture. See APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

### **Issuance of Parity Debt**

Under the Indenture, the City is permitted to issue Parity Debt in such principal amount as it determines, under the Bond Law or under any other law that permits the City to issue its obligations secured in whole or in part by a pledge of and lien on the Sales Tax Revenues, subject to the following conditions precedent:

(a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing.

(b) The issuance of such Parity Debt has been authorized by at least 2/3 of the voters of the City as required by Section 18 of Article XVI of the California Constitution.

(c) The Sales Tax Revenues, as shown in audited financial statements for the most recent Fiscal Year for which audited financial statements are available, are at least equal to 125% of Maximum Annual Debt Service on all Bonds, 2015A Bonds and Parity Debt that will be Outstanding following the issuance of the Parity Debt.

(d) The Supplemental Indenture or other document authorizing the issuance of such Parity Debt provides that:

(i) interest on the Parity Debt is payable on January 1 and July 1 in each year of the term of the Parity Debt, except that interest during the first twelve month period may be payable on any January 1 or July 1;

(ii) the principal of the Parity Debt is payable on January 1 in any year in which principal of the Bonds is payable; and

(iii) an amount is deposited in a reserve fund from the proceeds of the sale of the Parity Debt in an amount equal to the lesser of (A) Maximum Annual Debt Service on such Parity Debt, or (B) if interest on the Bonds is excludable from gross income for federal income tax purposes, the maximum permitted under applicable federal tax law; or a Qualified Reserve Account Credit Instrument is issued to fund the reserve fund in such amount.

Any Parity Debt issued by the City will be secured by a pledge of and lien on Sales Tax Revenues on a parity with the pledge and lien that secures the Bonds. Such Parity Debt, unless issued pursuant to the terms of the Indenture, will not be secured by or payable from amounts held in the Interest Account, the Principal Account, the Redemption Account or the Reserve Account which are established for the Bonds under the Indenture.

### **Issuance of Subordinate Bonds**

The City may from time to time issue its bonds, notes or other obligations which are payable from Sales Tax Revenues, in such principal amount as determined by the City, provided that such bonds, notes or other obligations are unsecured or are secured by a pledge of or lien on any Sales Tax Revenues that is subordinate to the pledge and lien that secures the Bonds and any Parity Debt and provided that the Sales

Tax Revenues, as shown in audited financial statements for the most recent Fiscal Year for which audited financial statements are available, are at least equal to 100% of the projected Maximum Annual Debt Service on all Bonds and Parity Debt then Outstanding, the proposed subordinate obligations and any other subordinate obligations that will be outstanding following the issuance of the proposed subordinate obligations. Concurrently with the issuance of the Bonds, the City intends to issue its the Subordinate Bonds.

### **Certain Covenants of the City**

As long as the Bonds are outstanding, the City will faithfully observe and perform all of the conditions, covenants and requirements contained in the Indenture, including the following:

Punctual Payment. The City will punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and the Indenture from Sales Tax Revenues.

Budget and Appropriation. So long as any Bonds remain Outstanding under the Indenture, the City shall adopt all necessary budgets and make all necessary appropriations for the payment of principal of and interest and premium, if any, on such Bonds from the Sales Tax Revenues. If any payment of principal of and interest and premium, if any, on the Bonds requires the adoption by the City of a supplemental budget or appropriation, the City will promptly adopt the same. The covenants on the part of the City contained in this paragraph constitute duties imposed by law and it is the duty of each and every public official of the City to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this paragraph.

Compliance with Parity Debt Documents. The City will faithfully observe and perform all of the conditions, covenants and requirements of the indenture under which the 2015A Bonds were issued (the “2015A Indenture”) and the respective documents authorizing the issuance of any other Parity Debt. The City will not take any action, or omit to take any action within its control, which constitutes or which with the passage of time if not cured would constitute an event of default under and within the meaning of the 2015A Indenture and the respective documents authorizing the issuance of any other Parity Debt.

Payment of Claims. The City will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the City or upon the Sales Tax Revenues or any part thereof, or upon any funds held by the Trustee hereunder, or which might impair the security of the Bonds. Nothing herein requires the City to make any such payment so long as the City in good faith contests the validity of such claims.

Books and Accounts; Financial Statements; Additional Information. 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 are made of all transactions relating to the Sales Tax Revenues. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect) and the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing. The City will cause to be prepared annually, within nine months after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Sales Tax Revenues and all disbursements thereof as of the end of such Fiscal Year. The City shall furnish a copy of such statements, upon reasonable request, to the Trustee and any Owner. The Trustee has no duty to review any such financial statement.

Protection of Security and Rights of Owners. The City will preserve and protect the security of the Bonds and the rights of the Owners. The City will not repeal the sales and use tax providing Sales Tax Revenues. From and after the date of issuance of the Bonds, the City will not contest the validity or enforceability of the Bonds or the Indenture.

Additional Debt. The City will not incur any obligation with a lien on the Sales Tax Revenues that is superior to the lien of the Bonds, the 2015A Bonds and any Parity Debt. Except as permitted pursuant to the Indenture, the City will not incur any obligation that is secured by lien on Sales Tax Revenues that is on a parity with, or subordinate to, the lien of the Bonds, the 2015A Bonds and any Parity Debt.

## **CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS**

### **Article XIII B of the California Constitution – Limitations on Appropriations**

On November 6, 1979, State voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution (“Article XIII B”). In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111, which is described below. Article XIII B limits the annual appropriations of the State and of any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population, and cost of services rendered by the governmental entity. The “base year” for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity, or (ii) for emergencies, so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations of an entity of local government subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance, and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues, and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

In the June 1990 election, the voters approved Proposition 111 amending the method of calculation of State and local appropriations limits. Proposition 111 made several changes to Article XIII B. First, the term “change in the cost of living” was redefined as the change in the California per capita personal income (“CPCPI”) for the preceding year. Previously, the lower of the CPCPI or the United States Consumer Price Index was used. Second, the appropriations limit for the fiscal year was recomputed by adjusting the 1986-87 limit by the CPCPI for the three subsequent years. Third and lastly,

Proposition 111 excluded appropriations for “qualified capital outlay for fiscal year 1990-91 as defined by the legislature” from proceeds of taxes.

Article XIII B allows voters to approve a temporary waiver of a government’s Article XIII B limit. Such a waiver is often referred to as a “Gann limit waiver.” The length of any such waiver is limited to four years. The Gann limit waiver does not provide any additional revenues to the City or allow the City to finance additional services.

Debt service on the Bonds is subject to the Article XIII B appropriations limitations. The City’s appropriations limit for 2015-16 is \$460,672,587. The City’s appropriations subject to the limit for 2015-16 is projected to be \$87,000,000. The City has never made appropriations that exceeded the limitation on appropriations under Article XIII B. The impact of the appropriations limit on the City’s financial needs in the future is unknown.

### **Articles XIII C and XIII D of the California Constitution – The Right to Vote on Taxes**

On November 5, 1996, State voters approved Proposition 218, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Article XIII C (“Article XIII C”) and Article XIII D (“Article XIII D”) to the California Constitution, which Articles contain a number of provisions affecting the ability of local agencies to levy and collect both existing and future taxes, assessments, fees, and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations. The provisions of Proposition 218, as so interpreted and applied, may affect the ability of the City to meet certain obligations.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes, even if deposited in a general fund such as a general fund of the City, require a two-thirds vote. Article XIII C further provides that any general purpose tax imposed, extended, or increased, without voter approval, after December 31, 1994, may continue to be imposed only if approved by a majority vote in an election, which must be held within two years of November 5, 1996.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees, and charges, regardless of the date such taxes, assessments, fees, and charges were imposed. Article XIII C expands the initiative power to include reducing or repealing assessments, fees, and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIII C to fees imposed after November 6, 1996, and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, fees, or charges. No assurance can be given that the voters within the jurisdiction of the City will not, in the future, approve initiatives which reduce or repeal, or prohibit the future imposition or increase of, local taxes, assessments, fees or charges currently comprising a substantial part of the City’s general fund. “Assessments,” “fees,” and “charges” are not defined in Article XIII C, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as for Article XIII D described below. If not, the scope of the initiative power under Article XIII C potentially could include any general fund local tax, assessment, or fee not received from or imposed by the federal or State government or derived from investment income.

The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for its general fund, and no assurance can be given that the City will be able to impose, extend, or increase taxes in the future to meet increased expenditure needs.

Article XIID also added several new provisions relating to how local agencies may levy and maintain “assessments” for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that the assessment must confer a “special benefit,” as defined in Article XIID, over and above any general benefits conferred, and (iii) a majority protest procedure that involves the mailing of a notice and a ballot to the record owner of each affected parcel, a public hearing, and the tabulation of ballots weighted according to the proportional financial obligation of the affected party. “Assessment” in Article XIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, street lights, and parks.

In addition, Article XIID added several provisions affecting “fees” and “charges,” defined for purposes of Article XIID to mean “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a “property related fee” under Article XIID, there could be future restrictions on the ability of the City to charge its respective enterprise funds for various services provided. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase and, if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for wastewater, water, and refuse collection services, or fees for electrical and gas service, which fees or charges are not treated as “property related” for purposes of Article XIID, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the City, two-thirds voter approval by the electorate residing in the affected area.

The City does not believe that the provisions of Article XIIC or Article XIID will directly impact the Sales Tax Revenues available to the City to pay principal of and interest on the Bonds.

### **Future Initiatives**

Article XIIB, Article XIIC, and Article XIID were each adopted as measures that qualified for the ballot pursuant to the State’s Constitutional initiative process. From time to time other initiative measures could be adopted, affecting the ability of the City to increase or apply revenues and to make or increase appropriations, all of which could adversely impact the amount of Sales Tax Revenues received by the City.

## **RISK FACTORS**

### **Economy of the City and the State**

The Bonds are secured by a pledge of Sales Tax Revenues, which consist of all of the sales and use taxes levied by the City on taxable sales transactions within the City which are collected by the Board of Equalization and transmitted to the City periodically under Section 7204 of the Revenue and Taxation

Code of the State of California, constituting the Bradley-Burns Uniform Local Sales and Use Tax Law. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the City, which is, in turn, dependent upon the level of economic activity in the City and in the State generally. As a result, any substantial deterioration in the level of economic activity within the City or in the State could have a material adverse impact upon the level of Sales Tax Revenues and therefore upon the ability of the City to pay principal of and interest on the Bonds.

### **Limited Obligations**

THE OBLIGATION OF THE CITY TO PAY THE BONDS IS A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM SALES TAX REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE CITY) WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES) OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION (OTHER THAN THE SALES TAX REVENUES).

### **Parity Debt**

Subject to certain restrictions set forth in the Indenture, the City is permitted to issue Parity Debt that constitutes additional charges against its Sales Tax Revenues without the consent of Owners of the Bonds. To the extent that Parity Debt is issued by the City, the Sales Tax Revenues available to pay debt service on the Bonds may be decreased. See “APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

### **Limitations on Remedies; Bankruptcy**

The City may be authorized to file for Chapter 9 municipal bankruptcy under certain circumstances. Should the City file for bankruptcy, there could be adverse effects on the holders of the Bonds.

If the City is in bankruptcy, the parties (including the holders of the Bonds) may be prohibited from taking any action to collect any amount from the City or to enforce any obligation of the City, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Bonds from funds in the Trustee’s possession.

The City as a debtor in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including the Sales Tax Revenues), which lien could have priority over the lien of the Indenture, or to cause the Sales Tax Revenues to be released to it, free and clear of lien of the Indenture, in each case provided that the bankruptcy court determines that the rights of the Trustee and the holders of the Bonds will be adequately protected. The City may also be able, without the consent and over the objection of the Trustee and the holders of the Bonds, to alter the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Bonds, provided that the bankruptcy court determines that the alterations are “fair and equitable.”

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in

payments on the Bonds, or result in losses to the holders of the Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and value of the Bonds.

### **Constitutional Limitations on Appropriations**

California law imposes various taxing, revenue, and appropriations limitations on public agencies such as the City. See “CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS” herein for a discussion of these limitations.

### **California State Legislature or Electorate May Change Items Subject to Sales and Use Tax**

With limited exceptions, the sales and use tax will be imposed upon the same transactions and items subject to the sales tax levied statewide by the State. In the past, the California State Legislature and the State electorate have made changes to the transactions and items subject to the State’s general sales tax and, therefore, the sales and use tax. In 1991, the California State Legislature enacted legislation that expanded the transactions and items subject to the general statewide sales tax to include fuel for aviation and shipping, bottled water, rental equipment, and newspapers and magazines. In 1992, the State electorate approved an initiative that eliminated candy, gum, bottled water, and confectionery items as items subject to the State’s general sales tax. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the sales and use tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues received by the City. For a further description of the Sales Tax Revenues, see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

### **Increases in Sales Tax Rate May Cause Declines in Sales Tax Revenues**

On November 6, 2012, State voters approved Proposition 30, which, among other things, increased the statewide tax rate by one quarter of one percent (increasing the statewide rate from 7.25% to 7.50%) for four years, effective January 1, 2013, through December 31, 2016. Additional future increases, if any, in the State sales tax, the City’s sales and use tax or the sales tax levied in the County could have an adverse effect on consumer spending decisions and consumption, resulting in a reduction of Sales Tax Revenues generated within the City.

### **Increased Internet Use May Reduce Sales Tax Revenues**

The increasing use of the internet to conduct electronic commerce may affect the levels of sales and use tax. Internet sales of physical products by businesses located in the State, and Internet sales of physical products delivered to the State by businesses located outside of the State are generally subject to the sales and use tax. However, under the federal constitution the State may be materially restricted in its ability to cause out of state retailers not going business in the State to collect use tax. In addition, the historic pattern of voluntary payment of use by taxpayers in the State has varied and it may be that some taxpayers in the State fail to pay use tax on Internet transactions through error or deliberate nonreporting and this potentially reduces the amount of the sales and use tax. As a result, the more that Internet use increases, along with a failure to collect sales taxes on such Internet purchases, the more Sales Tax Revenues may be reduced.

### **Economic, Political, Social, and Environmental Conditions**

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic,

political, social, or environmental conditions on a local, state, federal, or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State of federal revenues, fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters.

### **Limited Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the City has committed to provide certain statutorily-required financial and operating information, there can be no assurance that such information will be available to Bondholders on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

### **Limitations on Remedies**

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the State tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

### **Concentration of Sales Tax Producers**

The risk of reduction in Sales Tax Revenues as a result of factors described herein may generally increase where the production of Sales Tax Revenues is concentrated among a relatively few number of taxpayers. The top ten sales tax producers accounted for 29.0% of total Sales Tax Revenues received by the City in Fiscal Year 2015-16. If all or a significant portion of such taxpayers leave the City, and as a result no longer contribute Sales Tax Revenues, there may be a material adverse effect on the City's ability to pay debt service on the Bonds as such payments become due and payable. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS –Top Twenty-Five Sales Tax Producers" herein.

### **Defeasance**

The City is permitted under the Indenture to defease in whole or in part the liens of the Indenture securing some or all of the Bonds through the substitution for that lien an escrow of monies or securities as security for the payment of those Bonds (as to such Bonds, a "defeasance"). As described in "Tax Matters" herein, such a defeasance could constitute for federal income tax purposes a constructive

disposition by each owner of a defeased Bond resulting in a tax realization event in the year of the defeasance, and in the consequent recognition of gain or loss for federal income tax purposes, all without any corresponding current distribution of monies to that owner

## **TAX MATTERS**

***State Tax Exemption.*** In the opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes of the State of California. Except as set forth in the preceding sentence, Bond Counsel will provide no opinion in connection with the issuance or offering of the Bonds with regard to any federal, state or local tax consequence of the ownership or disposition of or the receipt of interest on any Bond. A copy of the form of opinion of Bond Counsel relating to the Bonds is included in Appendix C.

***Federal Income Tax Considerations.*** The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the Bonds. The discussion is based upon the Internal Revenue Code of 1986 (the “Code”), United States Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurance can be given that future changes in the law will not alter the conclusions reached herein.

The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Bond by the owner thereof for federal income tax purposes. Further, the discussion below does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor’s particular circumstances or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax exempt organizations and other entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Bonds, traders in securities that elect to use a mark to market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass through entities, certain hybrid entities and owners of interests therein, persons who acquire Bonds in connection with the performance of services, or persons deemed to sell Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or United States federal tax laws other than United States federal income tax law. The discussion below is limited to certain issues relating to initial investors who will hold the Bonds as “capital assets” within the meaning of section 1221 of the Code, and acquire such Bonds for investment and not as a dealer or for resale. The discussion below addresses certain federal income tax consequences applicable to owners of the Bonds who are United States persons within the meaning of section 7701(a)(30) of the Code (“United States persons”) and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the “Service”) with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

**ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.**

***Interest on the Bonds.*** Bond Counsel has rendered no opinion regarding the exclusion pursuant to section 103(a) of the Code of interest on the Bonds from gross income for federal income tax purposes. The City has taken no action to cause, and does not intend, interest on the Bonds to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. The City intends to treat the Bonds as debt instruments for all federal income tax purposes, including any applicable reporting requirements under the Code. THE CITY EXPECTS THAT THE INTEREST PAID ON A BOND GENERALLY WILL BE INCLUDED IN THE GROSS INCOME OF THE OWNER THEREOF FOR FEDERAL INCOME TAX PURPOSES WHEN RECEIVED OR ACCRUED, DEPENDING UPON THE TAX ACCOUNTING METHOD OF THAT OWNER.

***Disposition of Bonds, Inclusion of Acquisition Discount and Treatment of Market Discount.*** An owner of Bonds will generally recognize gain or loss on the sale or exchange of the Bonds equal to the difference between the sales price (exclusive of the amount paid for accrued interest) and the owner's adjusted tax basis in Bonds. Generally, the owner's adjusted tax basis in the Bonds will be the owner's initial cost, increased by original issue discount (if any) previously included in the owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the owner's holding period for the Bonds.

Under current law, a purchaser of a Bond who did not purchase that Bond in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition (or earlier partial principal payment) of such Bond, to recognize as ordinary income a portion of the gain (or partial principal payment), if any, to the extent of the accrued "market discount." In general, market discount is the amount by which the price paid for such Bond by such a subsequent purchaser is less than the stated redemption price at maturity of that Bond (or, in the case of a Bond bearing original issue discount, is less than the "revised issue price" of that Bond (as defined below) upon such purchase), except that market discount is considered to be zero if it is less than one quarter of one percent of the principal amount times the number of complete remaining years to maturity. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The recharacterization of gain as ordinary income on a subsequent disposition of such Bonds could have a material effect on the market value of such Bonds.

***Stated Interest and Reporting of Interest Payments.*** The stated interest on the Bonds will be included in the gross income, as defined in section 61 of the Code, of the owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the owners thereof. Subject to certain exceptions, the stated interest on the Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099-INT (or other appropriate reporting form) which will reflect the name, address, and taxpayer identification number of the owner. A copy of such Form 1099-INT will be sent to each owner of a Bond for federal income tax purposes.

***Original Issue Discount.*** If the first price at which a substantial amount of the Bonds of any stated maturity is sold (the "Issue Price") is less than the stated redemption price at maturity of those Bonds, the excess of the stated redemption price at maturity of each Bond of that maturity over the Issue Price of that maturity is "original issue discount." If the original issue discount on a Bond is less than the product of one quarter of one percent of its face amount times the number of complete years to its maturity, the original issue discount on that Bond will be treated as zero. Original issue discount on a Bond will be amortized over the life of the Bond using the "constant yield method" provided in the Treasury Regulations. As original issue discount on a Bond would accrue under the constant yield

method, the owner of a Bond issued with original issue discount generally will be required to include such accrued amount in its gross income as interest, regardless of its regular method of accounting. This can result in taxable income to the beneficial owner of such a Bond that exceeds actual cash distributions to that owner in a taxable year. To the extent that a Bond is purchased at a price that exceeds the sum of the Issue Price of that Bond and all original issue discount on that Bond previously includible by any holder in gross income (the “revised issue price” of that Bond), the subsequent inclusion of original issue discount by that purchaser must be reduced to reflect that excess.

The amount of the original issue discount that accrues on the Bonds each taxable year will be reported annually to the Service and to the owners. The portion of the original issue discount included in each owner’s gross income while the owner holds the Bonds will increase the adjusted tax basis of the Bonds in the hands of such owner.

***Amortizable Bond Premium.*** An owner that purchases a Bond for an amount that is greater than its stated redemption price at maturity will be considered to have purchased the Bond with “amortizable bond premium” equal in amount to such excess. The owner may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Bond held by an owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the Service.

***Medicare Contribution Tax.*** Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Owners of the Bonds should consult with their own tax advisor concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of a Bond.

***Defeasance.*** Persons considering the purchase of a Bond should be aware that the bond documents permit the City under certain circumstances to deposit monies or securities with the Trustee, resulting in the release of the lien of the Indenture (a “defeasance”). A defeasance could be a taxable event resulting in the realization of gain or loss by the owner of a defeased Bond for federal income tax purposes, without any corresponding receipt of monies by the owner. Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange; in addition, the defeased instrument may be treated as having been reissued with original issue discount or bond issuance premium with the consequences described above. Owners of Bonds are advised to consult their own tax advisers with respect to the tax consequences resulting from such events.

***Backup Withholding.*** Under section 3406 of the Code, an owner of a Bond who is a United States person may, under certain circumstances, be subject to “backup withholding” of current or accrued interest on a Bond or with respect to proceeds received from a disposition of the Bond. This withholding applies if such owner of a Bond: (i) fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to

properly report interest, dividends, or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain owners of the Bonds. Owners of Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

***Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations.*** Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (subject to change) on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business.

Assuming the interest income of such an owner of the Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the owner provides a statement to the payor certifying, under penalties of perjury, that such owner is not a United States person and providing the name and address of such owner; (ii) such interest is treated as not effectively connected with the owner’s United States trade or business; (iii) interest payments are not made to a person within a foreign country that the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such owner is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank’s trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.

## **FINANCIAL STATEMENTS**

The financial statements of the City for the Fiscal Year ended June 30, 2015, included in APPENDIX B of this Official Statement have been audited by The Pun Group, LLP (the “Auditor”), independent auditors, as stated in their report therein. The Auditor was not requested to consent to the inclusion of its report in APPENDIX B, nor has it undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report. The Auditor has not been engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

## **CERTAIN LEGAL MATTERS**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the City. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX C. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by Norton Rose Fulbright US LLP, as Disclosure Counsel, and for the Underwriter by Nixon Peabody LLP, as Underwriter's Counsel. Payment of fees of Bond Counsel and Disclosure Counsel is contingent upon the issuance of the Bonds.

## **FINANCIAL ADVISOR**

NHA Advisors is serving as Financial Advisor to the City with respect to the Bonds. The Financial Advisor has assisted the City in the matters relating to the planning, structuring, execution and delivery of the Bonds. Because of its limited participation in reviewing this Official Statement, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Financial Advisor will receive compensation from the City contingent upon the sale and delivery of the Bonds.

## **VERIFICATION OF MATHEMATICAL ACCURACY**

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them that were prepared by the City, relating to the sufficiency of monies deposited into the Refunded Bonds Redemption Account to pay, when due, the Redemption Price of the Refunded Bonds.

The report of the Verification Agent will include the statement to the effect that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or date or information coming to its attention, subsequent to the date of its report.

## **ABSENCE OF LITIGATION**

There is no pending litigation, notice of which has been received by the City, or, to the knowledge of the City, threatened litigation seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued or the levy, collection and pledge of Sales Tax Revenues.

The City is a party to various litigation from time to time. See, for example, APPENDIX B – “AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015,” Note 13. The City does not expect any pending litigation, notice of which has been received by the City, to have a material adverse effect on the City's ability to pay debt service on the Bonds.

## **CONTINUING DISCLOSURE**

The City has covenanted for the benefit of the Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than nine (9) months following the end of the City's Fiscal Year (presently June 30) (the “Annual Report”), commencing with the report for the Fiscal Year ended June 30, 2016, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the Dissemination Agent on behalf of the City with the MSRB. The filing of the Annual Report

and notices of enumerated events will be made in accordance with the EMMA system of the MSRB or in another manner approved under the Rule. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events is set forth in the form of Continuing Disclosure Agreement attached hereto as APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” The City has not failed to comply with an undertaking pursuant to the Rule in the past five years, except as provided in the following paragraph.

The City, as an obligated person under the Rule, has undertaken to provide required continuing disclosures with respect to its outstanding general obligation bonds, revenue bonds, and sales tax revenue bonds, as well as certain outstanding lease revenue bonds issued by the City of Industry Public Finance Authority (the “Authority”). The City failed to file on a timely basis its audited financial statements for (i) fiscal years ended June 30, 2010 and June 30, 2012 in connection with certain issues of its outstanding general obligation bonds and (ii) fiscal years ended June 30, 2010 through June 30, 2013 in connection with certain issues of its outstanding sales tax revenue bonds, an outstanding issue of the City’s revenue bonds and certain issues of the City of Industry Public Facilities Authority’s outstanding lease revenue bonds. The City’s audited financials for the past five fiscal years have now been posted on EMMA. In addition, the City failed to file on a timely basis required annual financial and operating data for fiscal years ended June 30, 2010 through June 30, 2014 in connection with certain of its outstanding general obligation, sales tax revenue bonds and revenue bonds and certain issues of the City of Industry Public Facilities Authority’s outstanding lease revenue bonds. Amended filings have been posted on EMMA to address these annual reporting omissions. In the past five years, like many issuers, the City did not file notices of rating changes of the bond insurers. The City has filed notices with EMMA regarding the current ratings of its insured bonds. After making the filings described above in this paragraph, the City is in compliance in all material respects with its continuing disclosure undertakings under the Rule for the last five years.

On March 27, 2014, the City adopted Continuing Disclosure Compliance Procedures to assist the City in complying with its undertakings under the Rule. The City believes that with such Continuing Disclosure Compliance Procedures in-place it will timely comply with its continuing disclosure undertaking entered into in connection with the issuance of the Bonds.

## **RATINGS**

Standard and Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (“S&P”) and Moody’s Investors Service, Inc. (“Moody’s”) have assigned a rating of “\_\_” and “\_\_”, respectively, to the Bonds. This ratings reflect only the views of S&P and Moody’s and do not constitute a recommendation to buy, sell or hold the Bonds. An explanation of this rating and any outlook associated with such rating should be obtained from S&P and Moody’s, as applicable.

The City has furnished to S&P and Moody’s certain information regarding the Bonds and the City, including information not included herein. Generally, rating agencies base their ratings on such information and materials and their own investigations, studies and assumptions. The ratings are subject to revision or withdrawal at any time by such rating agencies and there is no assurance that the ratings will continue for any period of time or that it will not be lowered, suspended or withdrawn. The City undertakes no responsibility to oppose any revision, suspension or withdrawal of any rating. Any reduction, suspension or withdrawal of a rating, or other actions by S&P relating to their ratings, may have an adverse effect on the market price for, or marketability of, the Bonds.

**UNDERWRITER**

Stifel, Nicolaus & Company, Incorporated, as Underwriter of the Bonds (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds at a price of \$\_\_\_\_\_ (representing \$\_\_\_\_\_ aggregate principal amount of Bonds, [less net original issue discount] [plus net original issuance premium] of \$\_\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_\_). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased.

**MISCELLANEOUS**

The references herein to the Indenture are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and for full and complete statements of such provisions reference is made to each document, as the case may be. Copies of the documents mentioned under this heading are available for inspection at the City and following delivery of the Bonds will be on file at the offices of the Trustee in Los Angeles, California. References are made herein to certain other documents and reports which are brief summaries thereof which do not purport to be complete or definitive. Reference is made to such documents and reports for full and complete statements of the content thereof.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Bonds.

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

**CITY OF INDUSTRY, CALIFORNIA**

By \_\_\_\_\_  
Mayor

## APPENDIX A

### CITY OF INDUSTRY – INFORMATION STATEMENT

*The following information regarding the City of Industry (the “City”) and the surrounding area is presented for general information only. The Bonds are payable solely from and are secured by Sales Tax Revenues as described in the Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”*

#### General

The City is a charter city operating under a charter approved by the voters of the City on June 8, 1976. The City was incorporated on June 18, 1957. Located in the County of Los Angeles (the “County”) in the State of California (the “State”), the City consists of approximately 12 square miles and is located 20 miles east of the City of Los Angeles. As of January 1, 2016, the City had a population of 441 people.

The City is governed by a City Council which elects a Mayor from among its members. The City has adopted the Council-Manager form of government under which the City Council may appoint a City Manager who is responsible for supervising the day-to-day operations of the City and allied agencies and carrying out policies set by the Council.

The basic purpose of the City is to provide a center for industry and commerce of all types. The City serves as a substantial employment base for the approximately 2 million people living in the San Gabriel Valley. Approximately 15% of Industry’s area is available for development. The remaining 85% of the available land has been developed at a ratio of approximately 95% industrial and 5% commercial. The industrial area within the City represents nearly 10% of the total industrial acreage in the County.

The City of Industry has a total plan of development. The City has planned the location of future streets, storm drains, sewers and utility lines in presently undeveloped areas. The planned improvements are designed to facilitate industrial development. Development of the City is now about 85% complete.

#### Government

The City is governed by a City Council which elects a Mayor from among its members. The City has adopted the Council-Manager form of government under which the City Council may appoint a City Manager who is responsible for supervising the day-to-day operations of the City and allied agencies and carrying out policies set by the City Council. As of [September 30, 2015], the City had approximately 17 full time employees.

The members of the City Council are listed below.

<b>Name and Office</b>	<b>Expiration of Term</b>
Mark D. Radecki, Mayor	June 2019
Cory C. Moss, Mayor Pro Tem	June 2019
Roy Haber III, Council Member	June 2017
Newell W. Ruggles, Council Member	June 2019
Abraham N. Cruz, Council Member	June 2017

## **Location**

Situated in the eastern section of Los Angeles County in the San Gabriel Valley, the City is located near the center of a vast five-county population concentration in Southern California. The region includes Los Angeles, Ventura, San Bernardino, Orange and Riverside Counties. The City is located in an established industrial area, centered in the core of a 40-mile radius encompassing other major industrial centers in the Los Angeles Basin.

The City of Industry enjoys easy access to the region's freeways, seaports, airports and rail facilities. The City is 22 miles from downtown Los Angeles and is bounded on the north by the San Bernardino (I-10), the south by the Pomona (I-60), the east by the Orange (I-57) and the west by the San Gabriel River (I-605) Freeways, all of which have immediate accessibility to the central Los Angeles/Orange and San Bernardino Counties freeway network.

The City is 40 miles from the seaports of Los Angeles and Long Beach, 45 miles from Los Angeles International Airport, 20 miles from Ontario International Airport, and is served by two transcontinental rail lines including a line to the harbors.

## **Industrial Activity**

Approximately 2,500 industrial manufacturing plants and distribution facilities are located within the City. These facilities employ approximately 65,000 people as of June 2015 and have an annual payroll estimated to be in excess of \$2.6 billion. The vast majority of the workforce in the City live in the neighboring communities of the San Gabriel Valley.

The San Gabriel Valley has a total residential population of over 1,800,000. About one third of these residents are employed in a wide range of occupations. Industries in which employment is provided include: manufacturing, trade service, retail, government, transportation, finance, insurance, real estate, construction and others. A highly diversified source of labor as well as professional management personnel is available to firms that select the City as a location for conducting business.

With only 3.1 percent of the total land area in the San Gabriel Valley, the City is the source of approximately 40 percent of all the basic manufacturing/distribution jobs in the San Gabriel Valley communities.

## Major Employers

The following table sets forth the major employers in the City.

### CITY OF INDUSTRY Top Employers

<u>Employer</u>	<u>Number of Employees</u>
Hacienda La Puente Unified School District <sup>(1)</sup>	2975
LA County Sanitation District <sup>(2)</sup>	1750
SYSCO Food Services of LA	1100
US Postal Service	1100
Leegin Creative Leather Products Inc.	600
Acorn Engineering Company	520
US Air Conditioning Distributors Inc.	508
Fed Ex Ground Package System Inc.	500
Operon Distributors	500
Snak King Corporation	500
Golden State Foods – Manufacturing	425
Pacific Palms Resort	425
Alta Dena Certified Dairy Inc.	420
Closet World	400
Lights of America Inc.	400
Golden State Foods Corporation	391
Fiserv	355
Alcoa Fastening Systems	350

<sup>(1)</sup> Includes employees from schools outside of the City.

<sup>(2)</sup> Includes employees for the full district.

Source: The City

## Commercial Activity

The City is home to many industrial, retail and business centers. The Puente Hills Mall is a 66-acre complex, containing over 600,000 square feet of retail space, and is one of Southern California's largest shopping centers. The Puente Hills Mall has 200 retail outlets. Puente Hills Auto Mall has 12 major dealerships. Puente Hills East Business Center and Crossroads Business Park provides approximately 1.2 million square feet of office and research and development space. The 190 acre Fairway Business Center is a light Industrial complex in a business park environment. The Grand Crossing Industrial Center provides 400 acres of commercial and industrial development space.

## Utilities

Electrical energy is distributed to the City and surrounding areas by Southern California Edison Company, an investor-owned electric utility serving Central and Southern California.

Water is supplied to the City by the following companies: San Gabriel Valley Water Company, Suburban Water Systems, Rowland Water District, La Puente Valley County Water District and Walnut Valley Water District.

The Southern California Gas Company provides natural gas to the City.

### **Meeting and Convention Facilities**

Surrounded by 640 acres of public grounds, the Industry Hills Exhibit-Conference Center and Hotel Resort, known as the “Pacific Palms Hotel and Resort,” offers comprehensive meeting and recreational facilities. This resort has two 18-hole championship golf courses. The facility is designed to support the needs of the firms in the City and others in Southern California that require the use of exhibit and conference facilities. The center has more than 45,000 square feet of flexible function space, including 28 meeting rooms and breakout rooms with 12,000 square feet alone is for the main event venue space called the “Majestic Ballroom.” The center also has several full food service facilities. Atop the facility is the Hotel, offering 294 hotel rooms and/or suites. There is an equestrian center, clubhouse, spa and fitness center.

### **Health Services**

The City accesses medical care available from local community hospitals and clinics and medical research institutes. For example, the City of Hope National Medical Center is in the nearby City of Duarte, which has been designated a Clinical Cancer Research Center; Inter-Community Medical Center, Presbyterian Intercommunity Hospital; and Citrus Valley Health Partners, that includes: Citrus Valley Medical Center, Foothill Presbyterian Hospital, Queen of the Valley Campus, and Hospice of the San Gabriel Valley.

### **Transportation**

Located within the core of a 40 mile radius, encompassing Los Angeles, Orange County and the Inland Empire, the City has numerous resources for transportation. Firms in the City are serviced by both the Union Pacific and Southern Pacific transcontinental railroads, both running westerly to Los Angeles and easterly toward Riverside. Southern Pacific operates a mainline switching yard and major intermodal (piggy-back) facility in the City which cuts delivery and transit times substantially. In addition, a 41-mile rail bypass opens the City directly into both of the West Coast’s largest seaports: Los Angeles Harbor and the Port of Long Beach. In addition, Metrolink, a community rail line which serves nearby communities, has a station in the city. Local and Los Angeles bus service is provided by the Metropolitan Transit Authority and Foothill Transit, while state and nationwide service is available through Greyhound and Continental Trailways.

The City is bordered by four major freeways. The Pomona Freeway (60) also intersects the Long Beach (710), San Gabriel River (605) and Orange (57) Freeways, providing direct access to Orange County markets. The San Bernardino (10) Freeway borders the City on the north. More than 50 major trucking lines are franchised to serve the area. Overnight delivery can be made to all major California cities, as well as Phoenix, Arizona and Las Vegas, Nevada.

Air transportation is available at any of the three leading airports serving the Greater Los Angeles area as well as several local private airports. The City is located 18 miles from Ontario International Airport and approximately 45 miles from both Los Angeles International and John Wayne Airport. The airports have excellent air freight facilities. Private aircraft facilities are also available at Brackett Field in La Verne, 9 miles away, and El Monte Airport, just 8 miles away.

## **Public Safety**

The City's law enforcement is provided by contract with the Los Angeles County Sheriff's Department that maintains a station in the City staffed by over 265 deputies and support personnel. The Industry Sheriff's Station serves as headquarters for patrol, detective and juvenile bureaus, and also serves as the local police headquarters for three contract cities. The Industry Station serves an area of 54 square miles with a population of approximately 180,000.

Helicopter patrol is also provided as a contracted service. The Los Angeles County Sheriff's Department has numerous aircraft. The Civic-Financial Center helipad, located adjacent to the Sheriff's Station, can accommodate the largest of these aircraft and has refueling capabilities.

The City of Industry is part of the Consolidated Fire Protection District administered by the Los Angeles County Fire Department. There are three fire stations located within the City. These stations are equipped with the latest in firefighting equipment, including snorkel devices, and are staffed by experienced and well-trained industrial fire fighters. In addition, local fire officials may call upon the resources of the County Fire Department in the case of emergency. These include firefighting helicopters, resuscitators, rescue units and foam trucks.

The County Fire Department also maintains a fire prevention bureau that aids businessmen in solving potentially dangerous situations.

## **Financial Institutions**

The financial requirements of the business and commercial community are well accommodated by the City of Industry's numerous banks and savings and loan associations. Specialists in every banking field are available and financial services are provided for both large and small businesses.

## **Education**

Education at all levels is to be found in the communities surrounding the City of Industry.

There are five unified school districts in the immediate vicinity of the City of Industry. They are: Walnut Unified School District, Rowland Unified School District, Hacienda-La Puente Unified School District, Bassett Unified School District, and Pomona Unified School District.

There are two community colleges serving the area. Mt. San Antonio College, located in Walnut, offers academic and vocational instruction as does Rio Hondo College in Whittier. Both colleges offer daytime and evening classes.

Located within a 15-mile radius of the City of Industry are several state and private colleges and universities including: California State Polytechnic University in Pomona (6 miles); Whittier College (3 miles); Claremont Colleges (10 miles); La Verne College (9 miles); and Pomona College (10 miles).

## **Recreation and Leisure**

Residents in the communities surrounding the City of Industry are afforded convenient and easy access to numerous recreational areas in Southern California.

The City of Industry has developed its own 6,450-acre Industry Hills Exhibit-Conference Center & Hotel Resort. This area includes two 18-hole championship golf courses and driving range, a 175,000

square foot golf service area which includes clubhouse, retail shop and golf cart facilities, exhibit and conference center, a 292-room hotel, equestrian center, spa and fitness center. The facility is leased to a managing operator and is known as the Pacific Palms Resort.

### **Medical Facilities**

The City of Industry and the surrounding communities are served by a number of medical centers that are complemented by specialists in all phases of medical and dental care. In all, more than 20 hospitals are available, together with some 1,300 doctors and 800 dentists.

### **Historical**

The Workman and Temple Family Homestead Museum is a six-acre site in the City of Industry containing eight structures that document over 100 years of Southern California life and architecture. There is the Workman House, an 1840's adobe which was remodeled in the 1870's, incorporating elements of popular mid-nineteenth century architectural styles; a water tower and pump house dating from circa 1872-1897; a cast stone neoclassical mausoleum, built in 1919; and a Spanish-Colonial Revival residence and its accompanying teepee-like retreat, both constructed in the early 1920's. The facilities are now owned and maintained by the City of Industry.

### **Climate**

The climate of the City is mild through the year with temperatures seldom varying more than 25 degrees between winter and summer. The mean high temperature for the city is 77 degrees. Most rainfall comes during the winter with nearly 85 percent of the annual total occurring from November through March.

Prevailing winds are from the west during the spring, summer and early autumn, with northeasterly winds predominating the remainder of the year.

Air pollution is generally of no greater intensity than throughout other areas of the Los Angeles Basin. The Los Angeles Air Pollution Control District reports that, "because the City of Industry does not have any heavy industry such as steel plants or foundries and does not have heavy concentrations of automotive traffic, concentrations of the emitted or source area contaminants are relatively low in that area."

### **General Fund Financial Summary**

The information contained in the following table of revenues, expenditures and changes in fund balances has been derived from the City's Annual Financial Reports for the fiscal years shown. A copy of the City's Annual Financial Report for the twelve months ended June 30, 2015, is attached as APPENDIX B hereto.

**CITY OF INDUSTRY**  
**General Fund**  
**Summary of Revenues, Expenditures and Changes in Fund Balances**  
**Fiscal Years 2011-12 through 2015-16**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u> <u>(Unaudited)</u>
<b>Revenues</b>					
Taxes	\$ 32,448,959	\$ 38,934,839	\$ 46,899,638	\$ 39,420,470	\$ 36,829,053
Licenses and permits	2,153,176	2,375,346	2,539,226	2,646,610	2,876,790
Fine, forfeitures and penalties	452,252	480,126	415,812	563,890	347,725
Revenues from use of money and property	<u>11,031,455</u>	<u>7,799,425</u>	<u>12,806,242</u>	<u>5,761,481</u>	<u>12,380,995</u>
Total Revenues	\$ 46,085,842	\$ 49,589,736	\$ 62,660,918	\$ 48,442,451	52,434,563
<b>Expenditures</b>					
Legislative	\$ 324,968	\$ 351,063	\$ 357,373	\$ 431,807	\$ 286,044
General administration	3,144,094	4,099,759	5,936,313	3,903,997	2,435,067
Support services	8,345,608	7,789,417	6,557,824	17,747,787	7,952,596
Community development	503,448	655,514	689,857	731,013	806,613
Community services	4,435,215	4,544,184	3,148,503	3,725,258	3,412,391
Public safety	7,741,218	9,681,513	8,729,322	8,311,866	8,585,198
Public works	15,582,528	14,273,519	12,752,783	10,881,576	10,569,068
Capital Projects	<u>5,341,694</u>	<u>6,635</u>	<u>--</u>	<u>2,385,000</u>	<u>10,603,600</u>
Total Expenditures	\$ 45,418,773	\$ 41,401,604	\$ 38,171,975	\$ 48,118,304	\$ 44,650,577
<b>Excess of Revenue Over Expenditures</b>	\$ 667,069	\$ 8,188,132	\$ 24,488,943	\$ 324,149	\$ 7,783,986
<b>Other Financing Sources (Uses)</b>					
Transfers in from other governmental funds	\$ 23,508,061	\$ 97,956,573	\$ 23,873,802	--	\$ 495,007,189 <sup>(1)</sup>
Transfers in from enterprise and fiduciary funds	9,933,424	7,967,707	--	--	1,757,997
Proceeds from sale of capital assets	-	1,000,000	--	--	--
Loss on write off debts due from Successor. Agency	-	(6,486,139)	--	--	(14,421,307)
Proposition A Exchange	(2,025,000)	(1,402,000)	2,906,000	--	--
Transfers out to enterprise and fiduciary funds	(3,420,176)	(3,945,695)	(53,790)	1,069,615	--
Transfers out to other governmental funds	(35,359,569)	(76,928,834)	--	(2,827,500)	(42,768,893)
Litigation Settlement	(5,000,000)	--	(42,500,000)	(136,330)	(225,000)
Other Income	--	--	1,000,000	(1,002,412)	--
Total other financings sources (uses)	<u>(12,363,260)</u>	<u>18,161,612</u>	<u>(20,585,988)</u>	<u>1,069,615</u>	<u>439,349,986</u>
Net changes in fund balance	\$(11,696,191)	\$ 26,349,744	\$ 3,902,955	\$ 94,509,720	447,133,972
FUND BALANCES, beginning of year	\$219,000,959	\$207,304,768	\$233,654,512	\$237,557,467	332,067,187
 FUND BALANCES, end of year	 \$207,304,768	 \$233,654,512	 \$237,557,467	 \$332,067,167	 \$779,201,159

(1) [INSERT FOOTNOTE DESCRIBING TRANSFER]  
Sources: City of Industry Annual Financial Reports.

## **CITY INVESTIGATIONS**

In April 2015, the City received notification that the Los Angeles County district attorney's office had opened an investigation into certain financial transactions between the City and companies controlled by a former mayor of the City, David Perez, and his relatives. The transactions under investigation occurred over the past 20 years and, according to an audit of the finances of the City performed in 2015 by KPMG at the request of the City, resulted in more than \$326 million being paid by the City to companies owned by Mr. Perez and his family. As of the date of this Official Statement, the findings of the investigation and any determinations by the Los Angeles County district attorney have not been made public by the office of the Los Angeles County district attorney.

In May 2015, the State Controller's office announced that it would conduct an investigation into discrepancies in the financial reporting of the City and an analysis of the City's administrative and internal accounting controls. In addition, the State Controller's office announced that it would examine allegations of wrongdoing by City officials and any irregularities in local, state and federal programs administered by the City. The State Controller's review will begin with the fiscal years 2012-13 and 2013-14. As of the date of this Official Statement, the State Controller's investigation of the City was completed and a report issued dated January 28, 2016.

## **DEFINED BENEFIT PENSION PLAN**

### **Plan Description**

The City contributes to the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple-employer defined benefit pension plan. All full-time and certain part-time employees of the City are covered in this plan. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (or other local methods). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Miscellaneous First Tier is a cost-sharing multiple-employer defined benefit plan that is part of the Miscellaneous 2.7% at 55 Risk Pool of the CalPERS, while Second Tier is the part of the Miscellaneous 2.0% at 60 Risk Pool. Starting July 2013, Public Employee Pension Reform Act (PEPRA) miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation.

### **Funding Policy**

Active plan members in the Plan are required to contribute 8% of their annual covered salary. The City makes contributions required of the employees on their behalf. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate of covered payroll for the years ended June 30, 2015, 2014 and 2013 were 18.858%, 17.889% and 15.966%, respectively. The contribution requirements of the plan members

are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

### **Pension Reporting**

Prior to 2015, accounting standards required the City to account for pension cost annually and unfunded liability –which was considered a liability to be reported in future periods- only to be disclosed in the notes to the financial statements and as required supplemental information. In 2015, the City adopted GASB Statement No. 68, “Accounting and Financial Reporting for Pension—an amendment of GASB Statement No. 27” The Statement required cost sharing plan sponsors to record its proportionate share of net pension liability (unfunded liability –plan assets) on the financial statements instead of just disclosing future unfunded liabilities.

For the year ended June 30, 2015, the City’s proportionate share of contribution to CalPERS amounted to \$632,761. The City recognized pension expense of \$286,952 and net pension liabilities of \$4,782,916.

The City’s pension reporting for the year ended June 30, 2015 was determined using of June 30, 2013 actuarial valuations and measurement period of July 1, 2013 to June 30, 2014.

The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases ranging from 3.30% to 14.20%, which vary depending on age, duration of service and type of employment. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of the Plan’s assets was determined using a technique that smooth’s the effect of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and losses.

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015**

*The City's audited financial statements are presented for general information only. The Bonds are payable solely from and are secured by Sales Tax Revenues, as described in the Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."*

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**

[Closing Date]

City of Industry  
14651 East Stafford Street  
City of Industry, California 91744

\$ \_\_\_\_\_  
City of Industry  
Senior Sales Tax Revenue Refunding Bonds  
Series 2016 (Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of by the City of Industry (the “City”) of its aggregate principal amount of City of Industry Senior Sales Tax Revenue Refunding Bonds, Series 2016 (Taxable) (the “Bonds”). The Bonds are being issued by the City under the City of Industry Sales and Use Tax Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal code (the “Bond Law”), and an Indenture of Trust, dated as of August 1, 2016 (the “Indenture”), by and between the City and U.S. Bank National Association, as trustee. Capitalized terms used herein but not defined shall have the meanings ascribed to them in the Indenture.

As Bond Counsel, we have examined applicable provisions of the Bond Law and copies certified to us as being true and complete copies of the proceedings of the City for the authorization and issuance of the Bonds. Our services as Bond Counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection we have also examined such certificates of public officials and officers of the City as we have considered necessary for the purposes of this opinion.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding limited obligations of the City as provided in the Indenture, and are entitled to the benefits of the Indenture. The Bonds are payable from Sales Tax Revenues and the pledge of certain amounts held by the Trustee under the Indenture.
2. The Indenture has been duly and validly authorized, executed and delivered by the City and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the City, enforceable against the City in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the Bonds, of the Sales Tax Revenues and other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for other purposes and on the terms and conditions set forth therein.
3. Under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

The opinions expressed in paragraphs 1 and 2 above are qualified to the extent the enforceability of the Bonds and the Indenture may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. The enforceability of the Bonds and the Indenture is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California.

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

**APPENDIX D**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

## APPENDIX E

### BOOK-ENTRY SYSTEM

*The information in this Appendix E concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s Book-Entry System has been obtained from DTC and the City of Industry (the “City”), U.S. Bank National Association, as trustee (the “Trustee”) and Stifel, Nicolaus & Company, Incorporated takes no responsibility for the completeness or accuracy thereof.*

The City, the Trustee and the Underwriter cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants (each as defined below) or others will distribute any (a) payments of principal or purchase price or interest with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. The City, the Trustee and the Underwriter are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a beneficial owner with respect to the Bonds or an error or delay relating thereto.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The information set forth on this website is not incorporated by reference herein.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

**APPENDIX F**

**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**



*CITY COUNCIL*

ITEM NO. 7.4



# CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

## MEMORANDUM

To: Honorable Mayor and Members of the City Council

From: Paul J. Philips, City Manager *Paul J. Philips*

Staff: Alex Gonzalez, Director of Development Services and Administration *AG*  
Troy Helling, Senior Planner *TH*

Date: July 28, 2016

**SUBJECT: Consideration of Resolution No. CC 2016-50 - A Resolution of the City Council of the City of Industry, California, Requesting that the Local Agency Formation Commission of the County of Los Angeles Approve the Withdrawal of the City's Annexation Application for the Right of Way Located on the south side of Valley Boulevard between Morningside Drive and 460 feet east of Faure Avenue**

---

**BACKGROUND:** In May of 2016, staff from the Los Angeles County Local Formation Commission (LAFCO) contacted City staff regarding a pending application that was filed in 2007 to annex the southern half of Valley Boulevard between Morningside Drive and Faure Avenue. LAFCO staff requested that the City indicate their intention to proceed with the annexation, or to withdraw the annexation application through a letter from the City Manager to LAFCO to close out the application.

The pending annexation request to LAFCO consists of the southern section of Valley Boulevard, from the center line median to the curb line, between Morningside Drive and 460 feet east of Faure Avenue. It was originally intended that the City of Walnut would annex the northern section of Valley Boulevard in this area, and the City of Industry would annex the southern section of Valley Boulevard. However, the City of Walnut withdrew its annexation application several years ago, and the City of Industry has not taken any action on its initial application. The annexation of this right-of-way, or an expansion of the annexation area to cover the entire right-of-way, would not benefit the City of Industry, as the City would incur maintenance and repair costs for this section of right-of-way without any additional financial support from the county.

It is recommended that the City Council approve Resolution No. CC 2016-50 withdrawing the City's annexation application.

---

PJP:AG:TH:mk

**EXHIBIT A**

**Resolution No. CC 2016-50**

[Attached]

## RESOLUTION NO. CC 2016-50

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, REQUESTING THAT THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF LOS ANGELES APPROVE THE WITHDRAWAL OF THE CITY'S ANNEXATION APPLICATION FOR THE RIGHT OF WAY LOCATED ON THE SOUTH SIDE OF VALLEY BOULEVARD BETWEEN MORNINGSIDE DRIVE AND 460 FEET EAST OF FAURE AVENUE**

**WHEREAS**, on or about December 14, 2006, the City Council adopted Resolution No. 2169, requesting that the Local Agency Formation Commission ("LAFCO") of the County of Los Angeles consider the annexation of territory set forth in Exhibit B, attached hereto, and incorporated herein by reference, more commonly known as the right-of-way located on the south side of Valley Boulevard between Morningside Drive and 460 feet east of Faure Avenue; and

**WHEREAS**, it was originally intended that the City of Walnut would annex the northern section of Valley Boulevard in the proposed annexation area, and the City would annex the southern section of Valley Boulevard. However, Walnut withdrew its annexation application several years ago, and the City of Industry has not taken any action on its initial application; and

**WHEREAS**, based on City Staff's analysis, the annexation of this right-of-way, or an expansion of the annexation area to cover the entire right of way, does not benefit the City, as the City would incur maintenance and repair costs for this section of right-of-way without any additional financial support from the County; and

**WHEREAS**, given that the proposed annexation does not benefit the City, and because the annexation would negatively impact the City's maintenance and capital costs, the City Council desires to request that LAFCO permit the withdrawal of the City's annexation application.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF INDUSTRY DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:**

**SECTION 1:** The above recitals are true and correct and are incorporated herein by reference.

**SECTION 2:** That the City desires to withdraw its annexation application for the property set forth in Exhibit B, and hereby requests that LAFCO permit the withdrawal of the application.

**SECTION 3:** That the City Council hereby directs the City Clerk to immediately transmit a copy of this Resolution to LAFCO.

**SECTION 4:** The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

**SECTION 5:** The City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Industry at a regular meeting held on July 28, 2016, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

\_\_\_\_\_  
Mark D. Radecki, Mayor

**ATTEST:**

\_\_\_\_\_  
Cecelia Dunlap, Deputy City Clerk

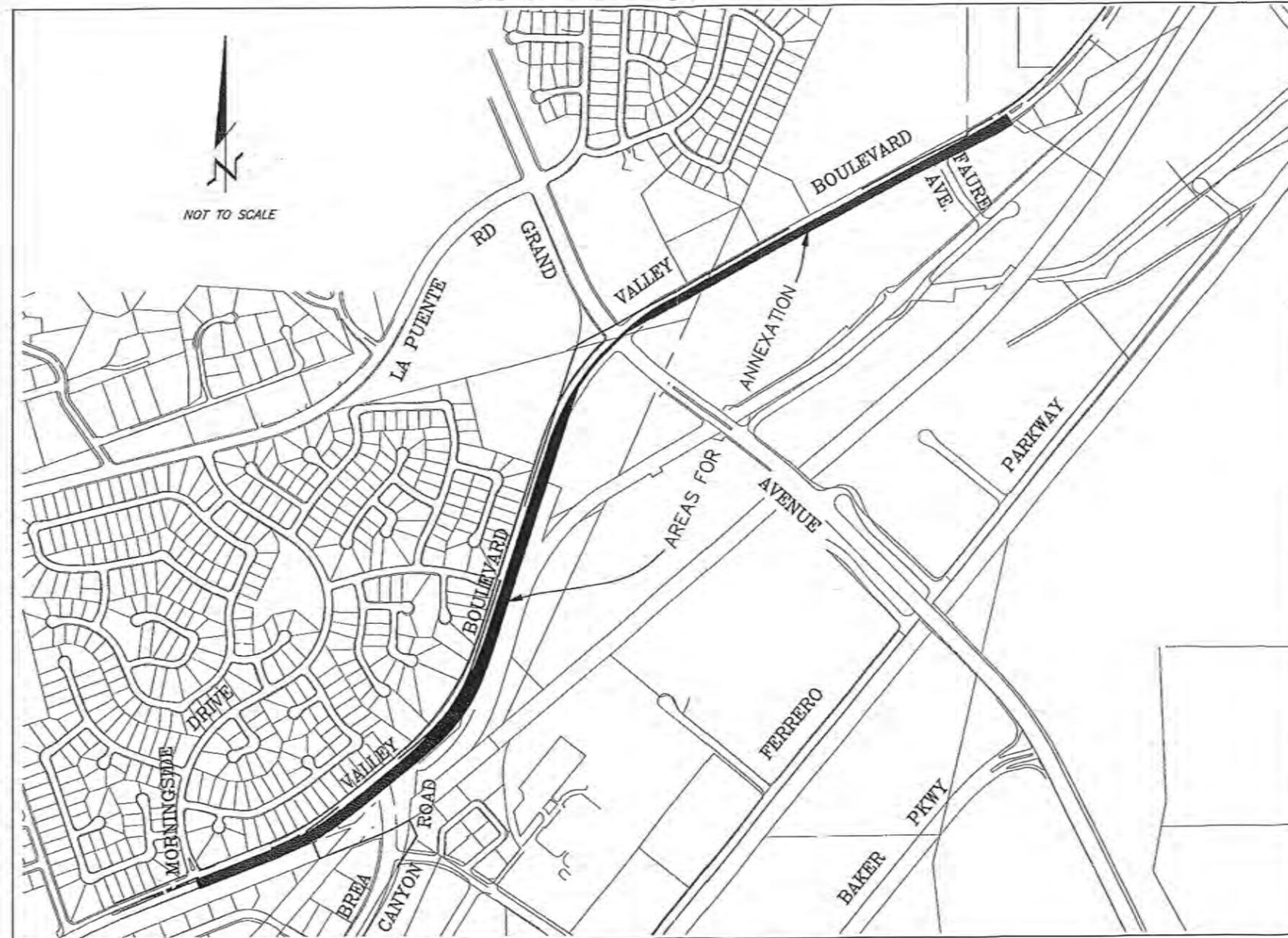
**EXHIBIT B**

**ANNEXATION NO. 2007-04  
VICINITY MAPS**

[Attached]

ANNEXATION No. 2007-04  
TO THE CITY OF INDUSTRY

EXHIBIT "B"



VICINITY MAP

ANNEXATION No. 2007-04  
TO THE CITY OF INDUSTRY

BEING A PORTION OF VALLEY BLVD. (100-FT WIDE) AND  
A PORTION OF LOT 5 IN SECTION 4, TOWNSHIP 2 SOUTH,  
RANGE 9 WEST, SAN BERNARDINO MERIDIAN FROM  
MORNINGSIDE DRIVE TO 460 FEET EAST OF FAURE AVENUE

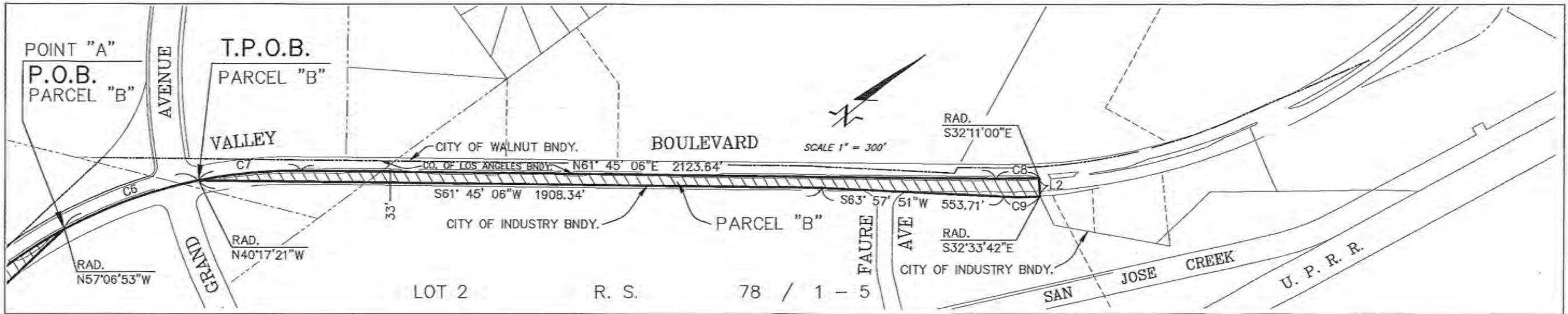
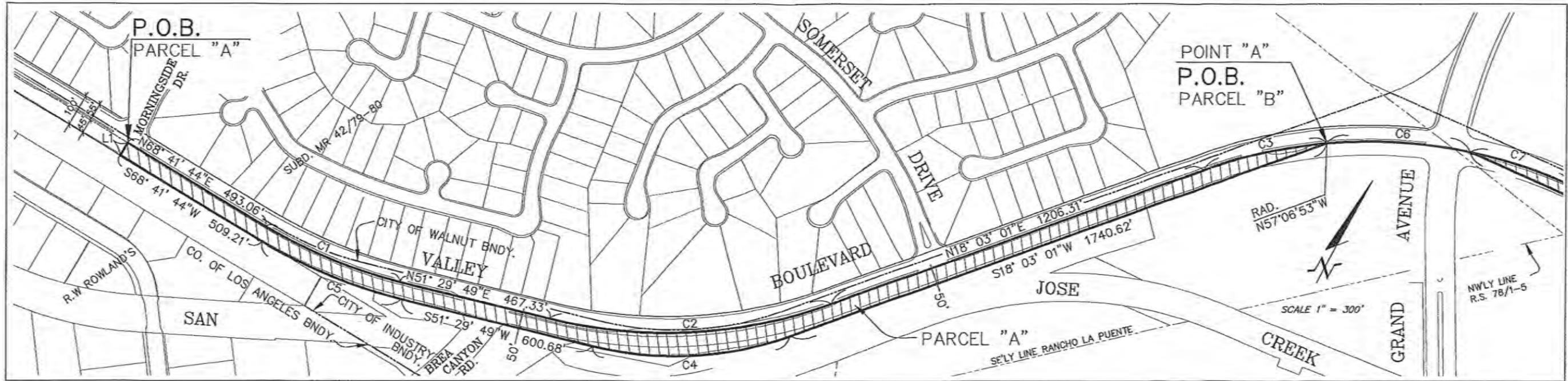
**CNC** 255 N. Hacienda Blvd. Suite 222  
ENGINEERING City of Industry, Ca. 91744  
Phone (626) 333-0336  
Fax (626) 336-7078  
Consulting Civil Engineers - Surveyors

JOB No. MP 99-41986 May 3, 2013

SHEET 1 OF 2

ANNEXATION No. 2007-04  
TO THE CITY OF INDUSTRY

EXHIBIT "B"



Line Table		
Line #	Direction	Length
L1	N21° 18' 16"W	45.00
L2	S32° 11' 00"E	57.04

Curve Table			
Curve #	Radius	Delta	Length
C1	1500.00	17°11'55"	450.26
C2	1500.00	33°26'48"	875.63
C3	1500.00	14°50'06"	388.38
C4	1049.91	33°26'48"	612.89
C5	1550.00	17°11'55"	465.27

Curve Table			
Curve #	Radius	Delta	Length
C6	1500.00	16°49'32"	440.49
C7	1500.00	12°02'27"	315.23
C8	1950.00	3°56'06"	133.92
C9	989.71	6°31'33"	112.73

LEGEND



AREA TO BE ANNEXED

ANNEXATION No. 2007-04  
TO THE CITY OF INDUSTRY  
BEING A PORTION OF VALLEY BLVD. (100-FT WIDE) AND  
A PORTION OF LOT 5 IN SECTION 4, TOWNSHIP 2 SOUTH,  
RANGE 9 WEST, SAN BERNARDINO MERIDIAN FROM  
MORNINGSIDE DRIVE TO 460 FEET EAST OF FAURE AVENUE



255 N. Hacienda Blvd. Suite 222  
City of Industry, Ca. 91744  
Phone (626) 333-0336  
Fax (626) 336-7076

ENGINEERING  
Consulting Civil Engineers - Surveyors

JOB No. MP 99-41986 May 3, 2013

*CITY COUNCIL*

ITEM NO. 7.5



# CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

## MEMORANDUM

To: Honorable Mayor and Members of the City Council

From: Paul J. Philips, City Manager *Paul J. Philips*

Staff: Alex Gonzalez, Director of Development Services and Administration *AG*  
Susan Paragas, City Controller  
Tiffany Bose, RGS, Human Resources Advisor

Date: July 28, 2016

**SUBJECT: Consideration of Resolution No. CC 2016-51 - A Resolution of the City Council of the City of Industry, California, Electing to be Subject to the Public Employees' Medical and Hospital Care Act at an Equal Amount for Employees and Annuitants with Respect to a Recognized Employee Organization**

---

**BACKGROUND:** In June 2016, the City of Industry began a comprehensive review of its existing health plan and found the City to be paying premiums well above the market in terms of cost when compared to surrounding Cities throughout Southern California; particularly cities participating in the CalPERS health benefit plans and the Public Employee's Medical & Hospital Care Act (PEMHCA) that governs the CalPERS health plans. The review also found the existing health plan to be insufficient to meet the needs of the agency's retirees and employees, as it only offered one plan choice that lacked many provisions related to service offerings. On June 23, 2016, the City Council approved contracting for health benefits through CalPERS and directed staff to complete the necessary paperwork for enrollment.

The Public Employees Medical and Hospital Care Act (PEMHCA) is part of the California government code and directs the administration of the CalPERS health program. PEMHCA regulations require that medical insurance contributions for retired annuitants paid for by a contracting agency be equal to the medical insurance contributions paid for its active employees. Additionally, PEMHCA regulations require that a contracting agency file a resolution, adopted by its governing body, with the CalPERS Board of Trustees, establishing any new contribution rate. By today's valuation the current benefit is \$125 per month or \$1,500 annually, per person. The employer contribution shall be adjusted annually by the Board to reflect any change in the medical component of the Consumer Price Index, and shall be rounded to the nearest dollar. Historically, this contribution amount has increased by approximately \$3.00 each year.

In accordance with Article 8 of PEMHCA, the City's contract with CalPERS would provide that the City's contribution towards medical insurance (and the effective date of said contribution) be the same for active employees and retirees when such employees have been vested with 5 years of PERS service credit and file for retirement from the City of Industry within 120 days of separation. CalPERS has agreed to waive the 120 day rule for any currently retired annuitant to allow them into the plan.

Currently, the City contributes the same amounts to cover medical premiums and reimburses costs for active Council members, management and miscellaneous employees, and retired annuitants depending on their years of service and retirement from the City. In order to meet the CalPERS' requirement, the City's medical contribution for all agency employees and retirees must be paid in an equal amount to CalPERS.

On July 14, 2016, the City Council approved Resolution No. CC 2016-44, which complied with PEMCHCA guidelines for City staff, City Council members and current City annuitants.

It is necessary under PEMCHCA to pass a separate resolution for any additional recognized employee organizations, which are currently participating in the City's medical plans. As such, Resolution No. CC 2016-51 is targeted to the appointed members of the City's Non-PERS Planning Commission, which were not identified in Resolution No. CC 2016-44.

Therefore, effective September 1, 2016, the City agrees to make a monthly contribution of the PEMHCA minimum (currently \$125/month) for all active employees, retired annuitants, City Council members, and Planning Commission members. This amount is directly billed to the City on a monthly basis. Any employer contributions that are provided to employees in excess of the PEMHCA minimum will be done outside of CalPERS to make up the difference in the monthly medical premium cost.

Once employees and annuitants are enrolled in a CalPERS health plan, the City will continue to provide an employer contribution to cover the additional cost for monthly healthcare premiums, above the PEMHCA minimum. City staff will return to the City Council at a future date with a resolution to update the benefit plans so that they align with CalPERS requirements and the directives given to City staff regarding benefit plan updates on August 11, 2016.

### ***FISCAL REVIEW***

The cost of this amendment has been provided for in the 2016/2017 budget.

---

PJP:AG:SP:TB:mk

**EXHIBIT A**

**Resolution No. CC 2016-51**

[Attached]

**RESOLUTION NO. CC 2016-51**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION**

**WHEREAS**, a contracting agency meeting the eligibility requirements set forth in Government Code Section 22920, may obtain health benefit plan(s), as defined under Government Code Section 22777, by submitting a resolution to the Board of Administration of the California Public Employees' Retirement System (the "Board"), and upon approval of such resolution by the Board, become subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and

**WHEREAS**, the City of Industry is a contracting agency eligible to be subject to the Act under Government Code Section 22920; and

**WHEREAS**, Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

**WHEREAS**, Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

**WHEREAS**, the City of Industry desires to obtain for its employees and annuitants who are members of the Non-PERS Planning Commission the benefit of the Act and to accept the liabilities and obligations of an employer under the Act;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF INDUSTRY DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:**

**SECTION 1:** The City of Industry elects to be subject to the provisions of the Act; and

**SECTION 2:** That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of the PEMHCA minimum per month, plus administrative fees and Contingency Reserve Fund assessments; and

**SECTION 3:** That the City of Industry has fully complied with any and all applicable provisions of Government Code 7507 in electing the benefits set forth above; and

**SECTION 4:** That the participation of the employees and annuitants of the City of Industry shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a

governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that the City of Industry would not qualify as an agency or an instrumentality of the State or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and

**SECTION 5:** The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances; and

**SECTION 6:** That the executive body appoint and direct, and it does hereby appoint and direct, the City Manager to perform on behalf of the City of Industry all functions required of it under the Act; and

**SECTION 7:** The City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect, and to file with the Board a verified copy of this Resolution.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Industry at a regular meeting held on July 28, 2016, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

\_\_\_\_\_  
Mark D. Radecki, Mayor

**ATTEST:**

\_\_\_\_\_  
Cecelia Dunlap, Deputy City Clerk

*CITY COUNCIL*

ITEM NO. 7.6



# CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

## MEMORANDUM

To: Honorable Mayor and Members of the City Council

From: Paul J. Philips, City Manager *Paul J. Philips*

Staff: Clement N. Calvillo, City Engineer, CNC Engineering *CNC*  
Joshua Nelson, Deputy City Engineer, CNC Engineering *JN*

Date: July 19, 2016

**SUBJECT: Proposed Expo Center Master Plan (MP 01-34)**

---

With the direction of City Staff CNC Engineering consulted with Joe Calabrese Architect to obtain an improvement master plan for the Expo Center. The proposed improvements will be presented for consideration.

Staff recommends the Council discuss and provide direction to staff.

---

PJP/CC/JN:af

*CITY COUNCIL  
JULY 28, 2016  
REGULAR MEETING*

ITEM NO. 7.6

HANDOUT ITEM

# CIVIC - RECREATIONAL - INDUSTRIAL AUTHORITY

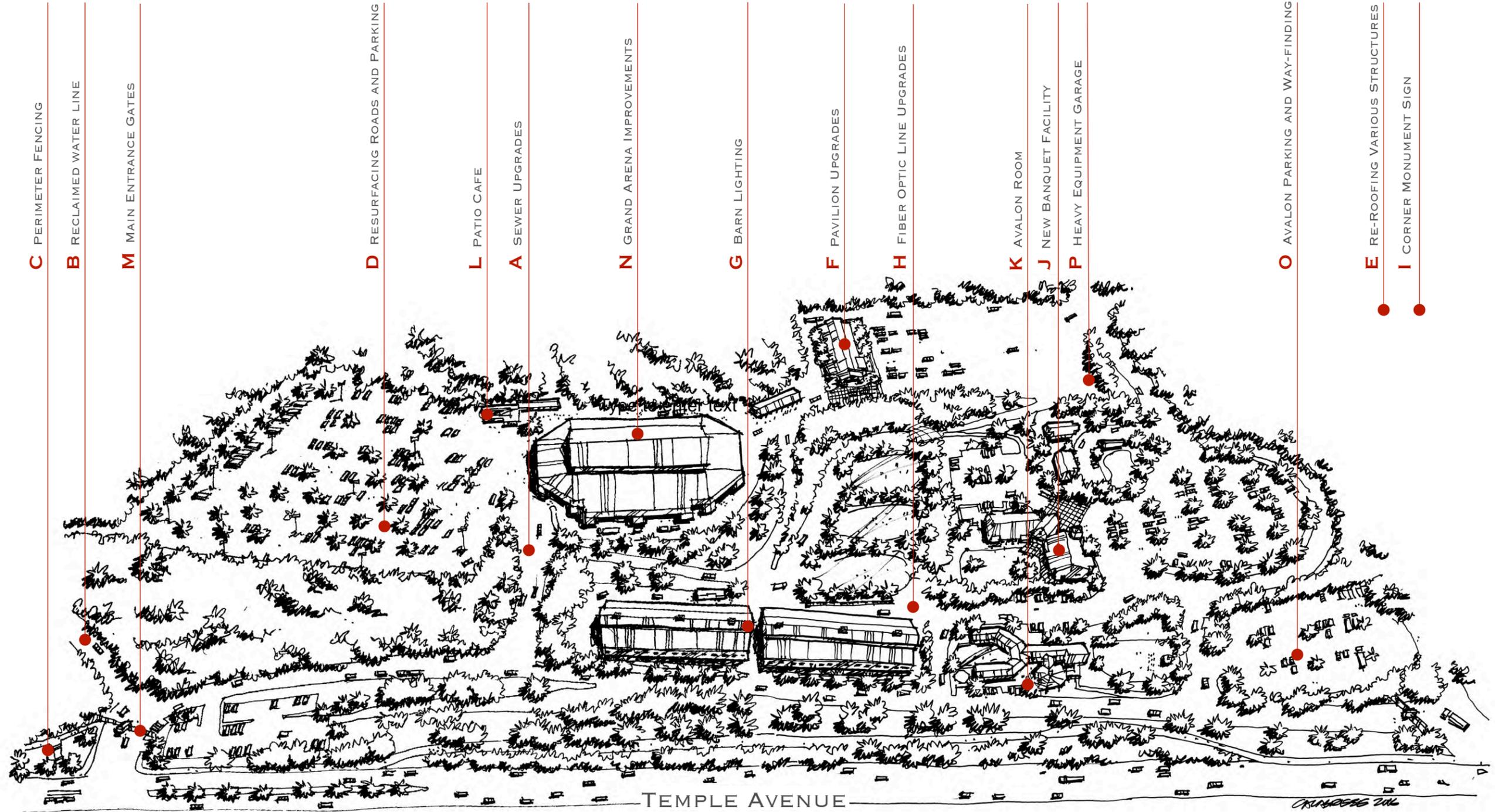
## INDUSTRY HILLS EXPO CENTER IMPROVEMENT PLAN

COVER / INDEX	01
OVERVIEW MAP MASTER PLAN EXHIBIT	02
SEWER UPGRADES <b>A</b>	04
RECLAIMED WATER LINE <b>B</b>	06
PERIMETER FENCING REPAIRS, TRAIL LIGHTING, STEPS <b>C</b>	08
RESURFACING ROADWAYS AND PARKING <b>D</b>	10
RE-ROOFING VARIOUS STRUCTURES <b>E</b>	12
PAVILION UPGRADES <b>F</b>	14
BARN LIGHTING <b>G</b>	16
FIBER OPTIC LINE UPGRADES <b>H</b>	18
CORNER MONUMENT SIGN <b>I</b>	20
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AVALON ROOM PARKING LOT AND WAY-FINDING SIGNAGE <b>O</b>	32
HEAVY EQUIPMENT GARAGE <b>P</b>	34

PROJECT MAP



PROJECTS

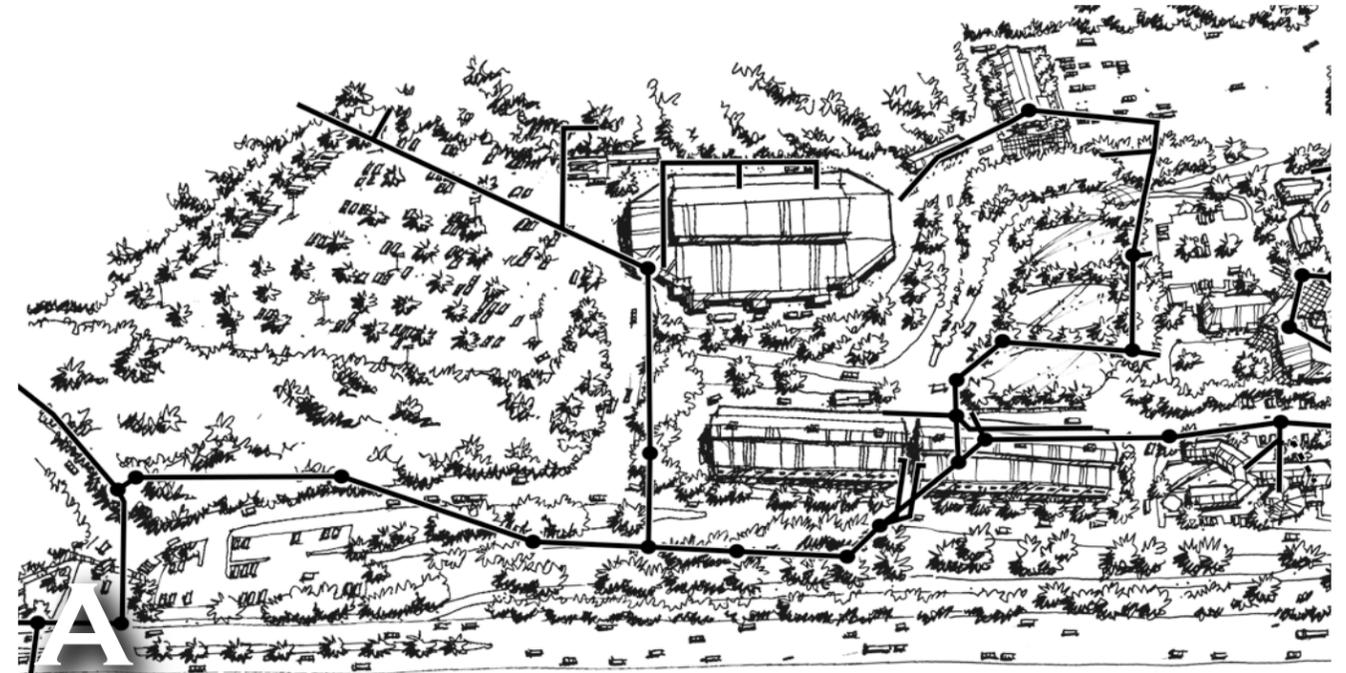




EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

SEWER UPGRADES:

SEWER MAIN REPLACEMENT, REALIGNMENT, EXTENSION, POINT REPAIR, REMOVE ROOT, FIX CRACK BY PVC LINING, ADJUSTMENT & RECONSTRUCT MANHOLES, CLEAR TREES, SEWER LATERALS, GREASE TRAPS AND FACILITIES AT VARIOUS LOCATIONS THROUGHOUT THE COMPLEX.

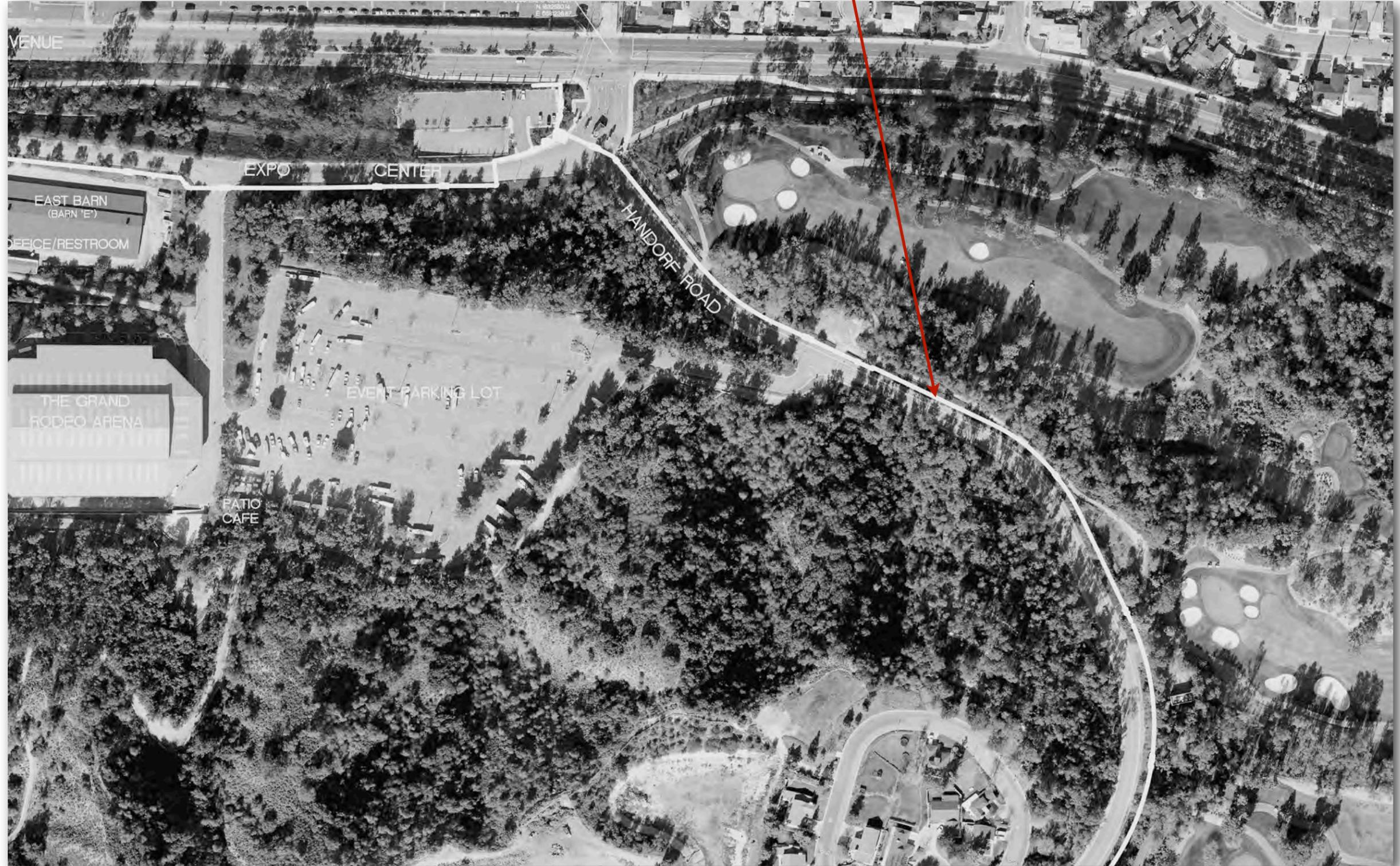
PROJECTED COSTS: \$514,500

PROJECTED COST BASED ON CNC ESTIMATE 5-27-16

**SEWER UPGRADES**

PROPOSED

RECLAIMED WATER LINE



EXISTING PHOTOS



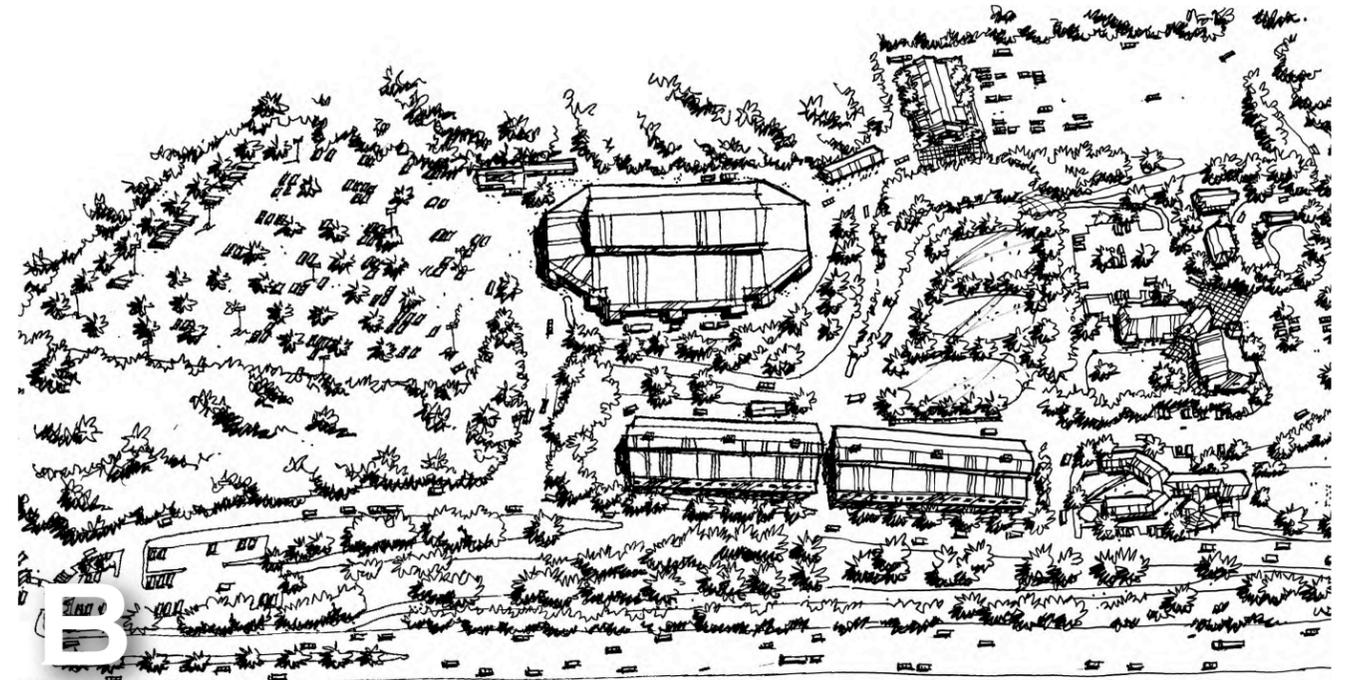
EXISTING SITE



EXAMPLE



SUMMARY



PROJECT NARRATIVE:

RECLAIMED WATER UPGRADES:

AT HANDORF ROAD, ABANDON AND REMOVAL OF WATER LINES, INSTALL VCP MAIN, VALVE ASSEMBLY, BLOW-OFF ASSEMBLY, VALVE BOX AND COVER, REMOVE AND REPLACE CONCRETE PAVEMENT, A.C. PAVEMENT REPAIR, PRESSURE TEST, DISINFECT FLUSH.

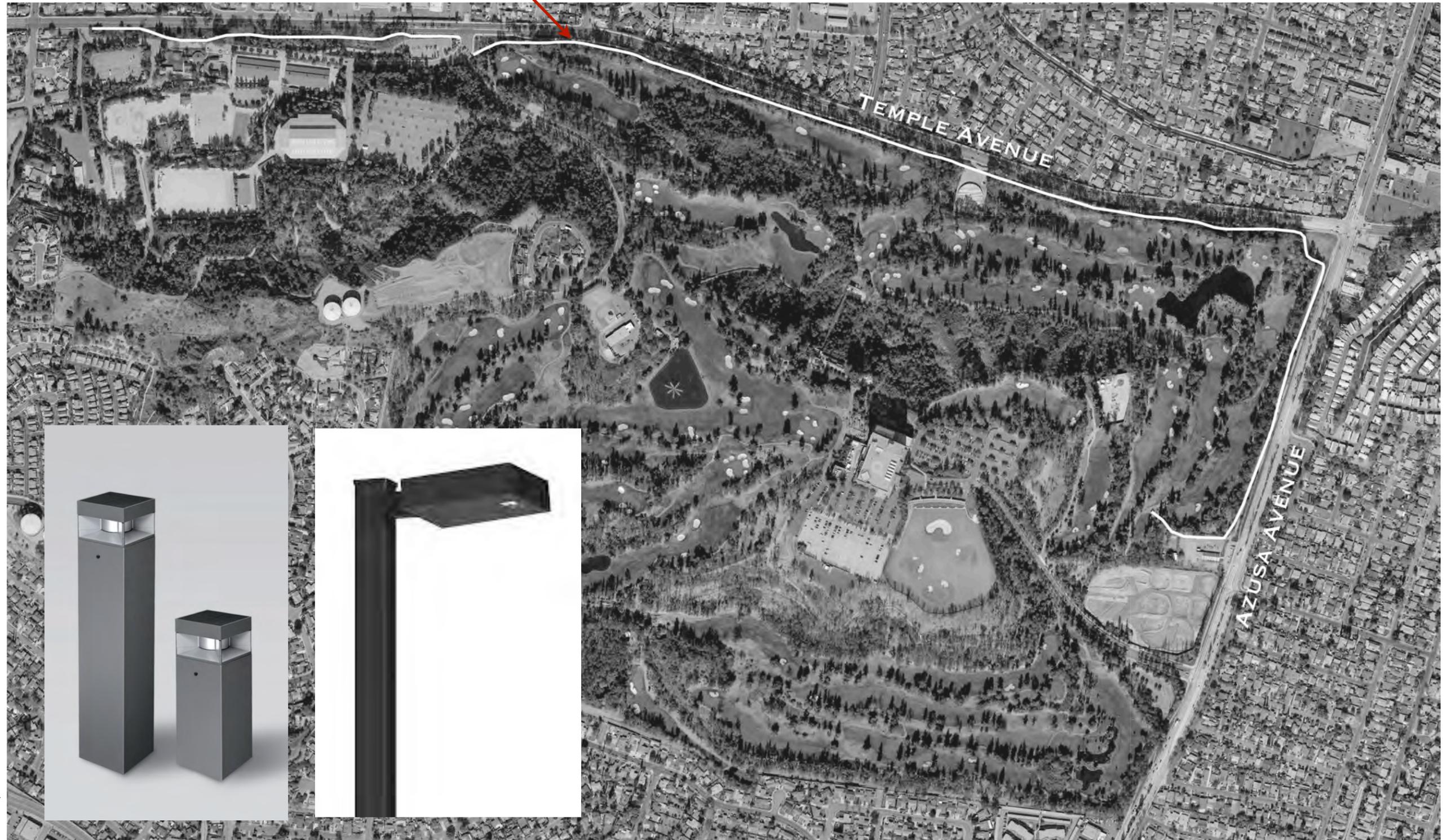
PROJECTED COSTS: \$206,700

PROJECTED COST BASED ON CNC ESTIMATE 5-27-16

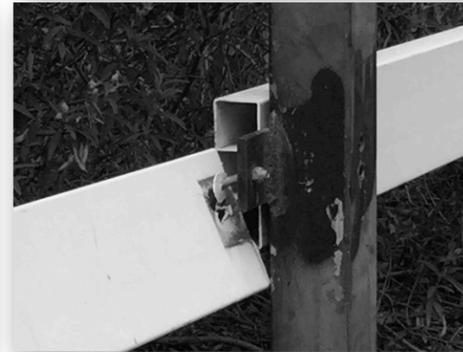
# RECLAIMED WATER LINE

PROPOSED

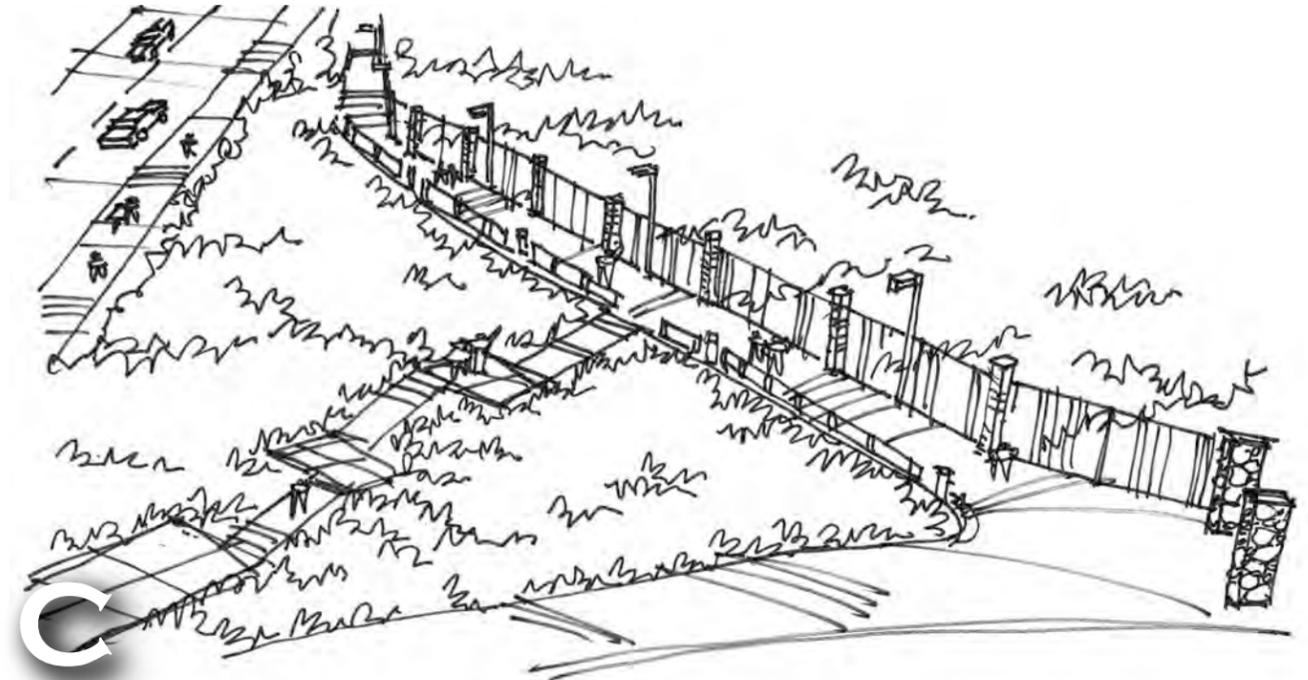
TRAIL LINE



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

PERIMETER FENCING AND TRAIL LIGHTING:

REMOVE AND INSTALL METAL FENCE, BRICK COLUMN, METAL CONNECTION, CONCRETE OUTLET, REMOVE AND REPLACE LANDSCAPING, CONCRETE BASE, AND METAL GATE FOR PERIMETER FENCING. INSTALL BOLLARD LIGHT, POLE LIGHT, WALL MOUNT LIGHT, REMOVE AND REPLACE LANDSCAPING FOR TRAIL LIGHTING. WALKWAY AND ELECTRONIC SIGN AT CORNER OF AZUSA AND TEMPLE AVENUE.

PROJECTED COSTS: \$435,000

PROJECTED COST BASED ON CNC ESTIMATE 5-12-16

# PERIMETER FENCING REPAIRS, TRAIL LIGHTING, STEPS



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

RESURFACING ROADWAYS AND EAST PARKING LOT AT INDUSTRY EXPO CENTER:

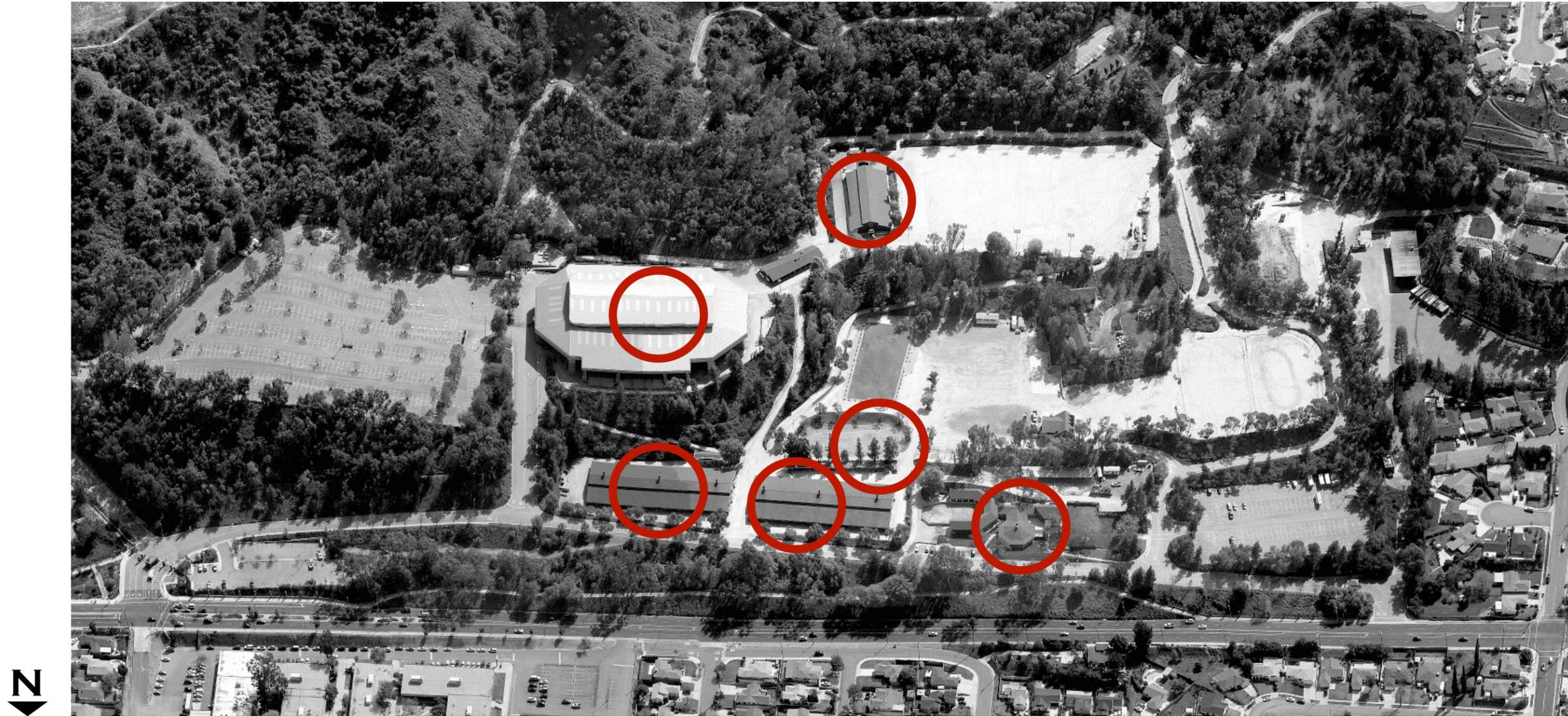
REMOVE AND RECONSTRUCT DETERIORATED PARKING LOTS AND ROADWAY PAVEMENTS TO THE EXPO GRAND ARENA BUILDING WITH IMPROVED STRIPING AND SIGNAGE. INSTALL DROP STATIONS FOR THE RV SPACES WITH SEWER LATERALS, MAIN LINE AND CONNECT TO THE COUNTY MAINTAINED SEWER TRUNK LINE. REPLACE LIGHTING WITH SOLAR PANELED LIGHT, ENABLE REPLACEMENT OF ELECTRICAL PEDESTALS WITH NEW WIRING FROM EXISTING POWER SUPPLY TO BE INSTALLED ON EACH ISLAND.

PROJECTED COSTS: \$1,615,000

PROJECTED COST BASED ON CNC ESTIMATE 5-31-16

RESURFACING ROADWAYS AND PARKING

PROPOSED



EXISTING PHOTOS



AVALON ROOM



OFFICE COMPLEX



RESTROOM AND SNACK BAR



PAVILION

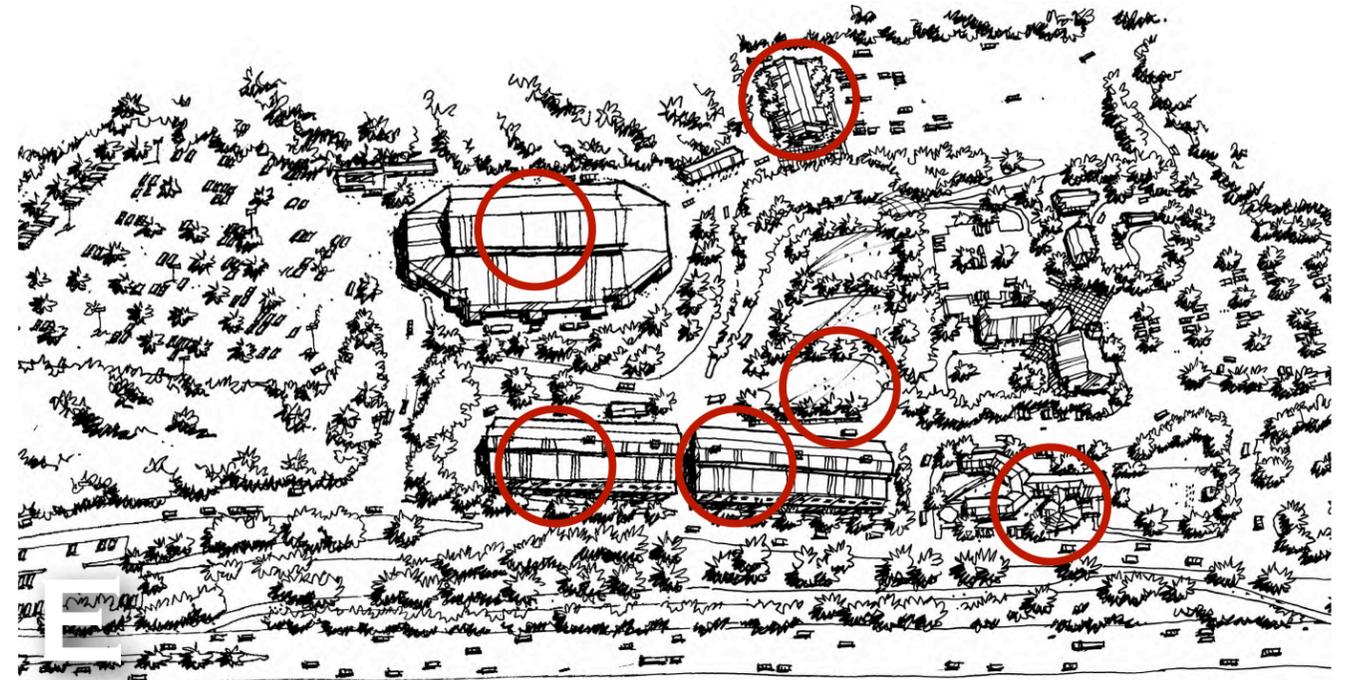


WASH STALLS



BARNS D AND E

SUMMARY



PROJECT NARRATIVE:

ROOFING/INSTALLATION/DEMOLITION/PUBLIC BID - ASPHALT SHINGLE OR BUILT UP ABOUT \$6 /SF FOR THE FOLLOWING:

OFFICE COMPLEX & AVALON ROOM, RESTROOM AND SNACK BAR, THE PAVILION, WASH STALLS, AND BARNS D AND E

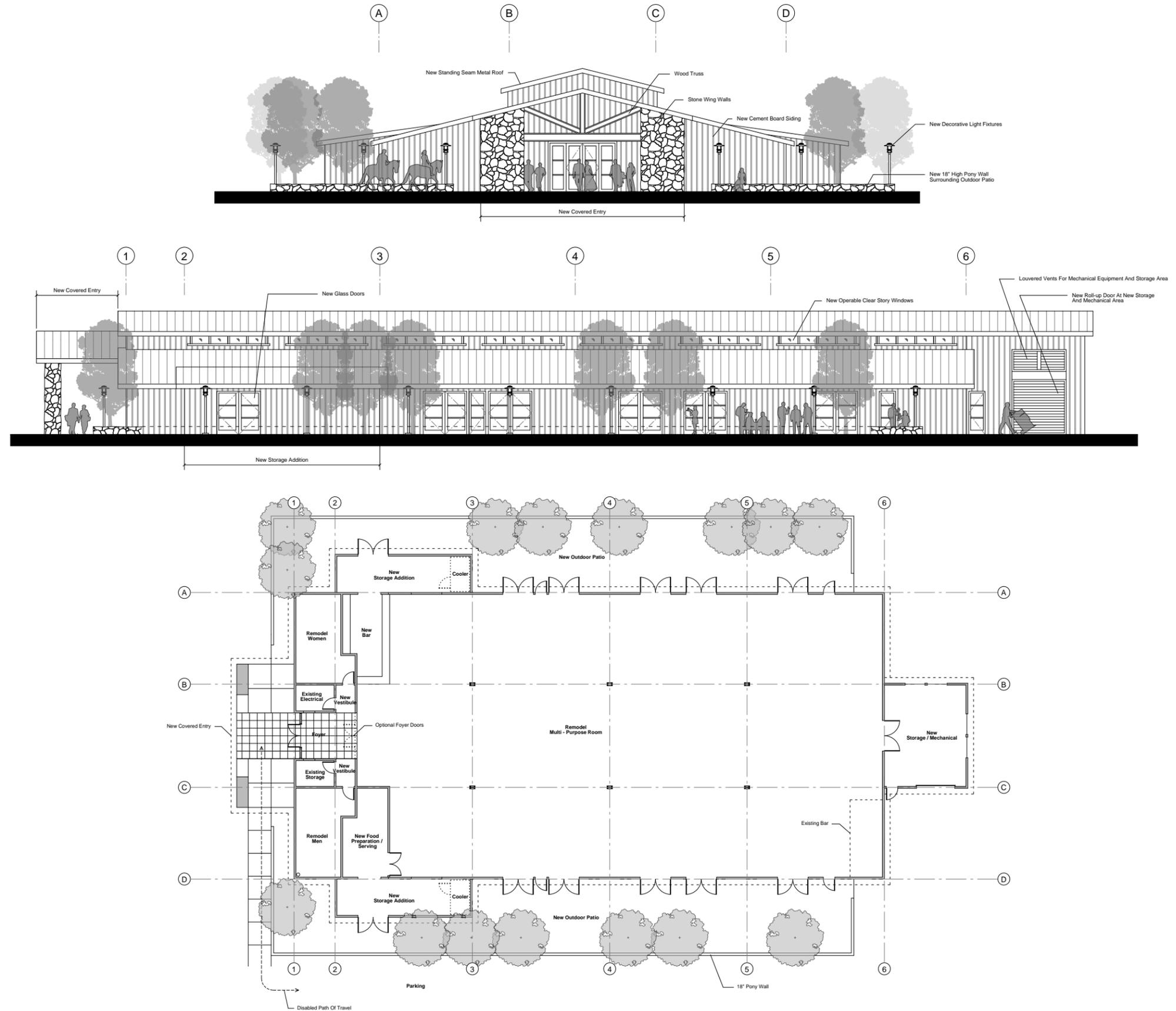
OPTION - UPGRADING TO STANDING SEAM METAL FOR APPEARANCE AND LONG TERM DURABILITY ABOUT X2 COST ABOVE

PROJECTED COSTS: \$1,298,000

PROJECTED COST BASED ON CNC ESTIMATE 6-15-16  
COST FOR RE-ROOFING GRAND ARENA INCLUDED IN ITEM N. GRAND ARENA IMPROVEMENTS

# RE-ROOFING VARIOUS STRUCTURES

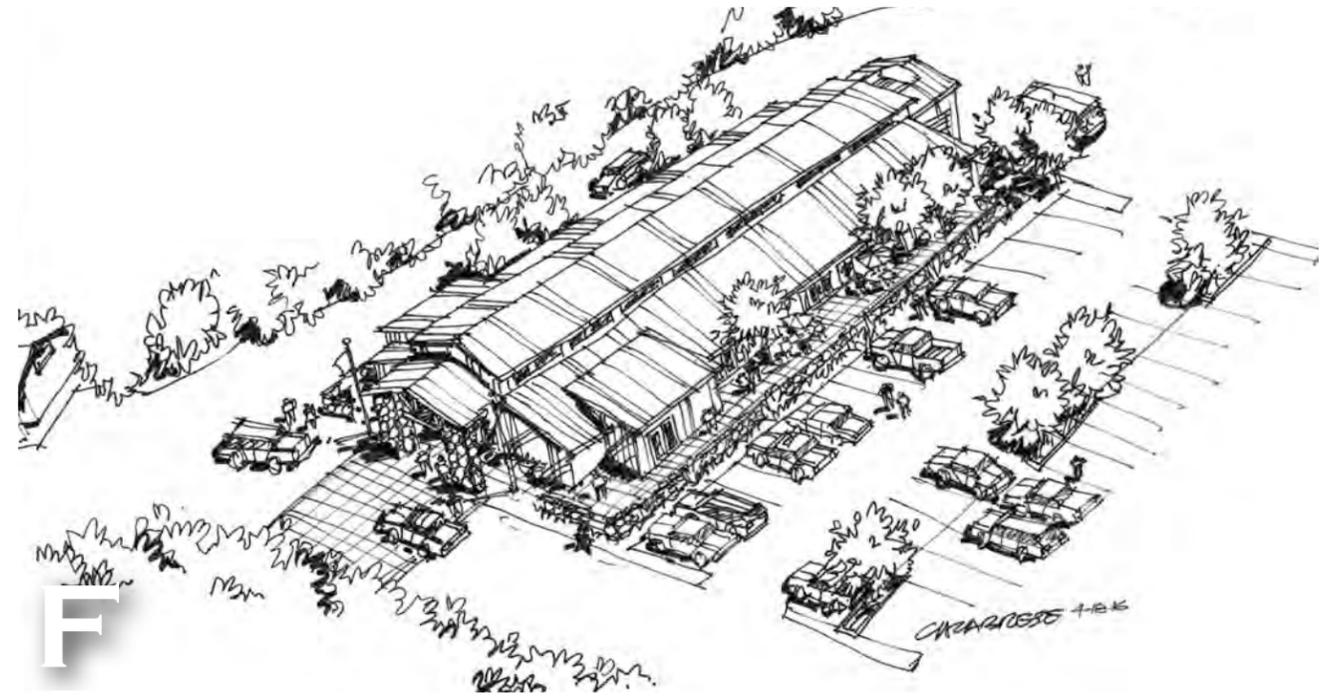
PROPOSED



**EXISTING PHOTOS**



**SUMMARY**



**PROJECT NARRATIVE:**

THE EXISTING 11,500SF PAVILION WAS CONSTRUCTED IN 1994 AS A BARN LIKE ENVIRONMENT WITH NO MECHANICAL HVAC SYSTEM, INSULATION OR PROPERLY SEALED DOORS AND WINDOWS. INCREMENTAL IMPROVEMENTS HAVE BEEN MADE TO THE STRUCTURE AND SURROUNDING SITE WITH MINIMAL LONG TERM PLANNING OR COHESIVENESS. INTERIOR LAYOUT DOES NOT PROVIDE GOOD FLOW OR FUNCTIONALITY FOR EVENTS. REQUIRED STORAGE NEEDS ARE CURRENTLY MET WITH OUTSIDE CONTAINERS. DISABLED ACCESS (ADA) DOES NOT MEET CURRENT REQUIREMENTS.

PROPOSED INTERIOR IMPROVEMENTS: ENERGY EFFICIENT HVAC SYSTEM, MECHANICAL ROOM, COORDINATED ENERGY EFFICIENT LIGHTING, INSULATION, INTERIOR FINISHES, FOYER AREA, REMODEL TOILET ROOMS, BAR AREA, FOOD PREP AREA, STORAGE ROOM ADDITIONS, COORDINATED FURNISHINGS.

PROPOSED EXTERIOR IMPROVEMENTS: COVERED ENTRANCE, METAL ROOFING, LOW MAINTENANCE CEMENT BOARD SIDING, NEW COLOR SCHEME, LIGHTING, AIR TIGHT DUAL GLASS DOORS AND WINDOWS.

PROPOSED SITE IMPROVEMENTS: OUTDOOR PATIO AREAS, LIGHTING, ACCESSIBLE PARKING (ADA), COORDINATED SITE FURNISHINGS.

POSSIBLE IMPROVEMENTS: CLOSE OFF OLD ENTRY AND COMBINE STORE ROOM TO CONVERT TO BRIDAL ROOM, NEW GAZEBO, ENLARGE GRASS AREA, CATERING KITCHEN AT SOUTH SIDE, AND PAVED PARKING LOT.

**PROJECTED COSTS: \$3,460,000**

PROJECTED COST BASED ON CNC BUDGET WORKSHEET 5-24-16  
ANALYSIS WILL BE DONE TO COMPARE NEW BUILDING VS. REMODEL COST

**PAVILION UPGRADES**

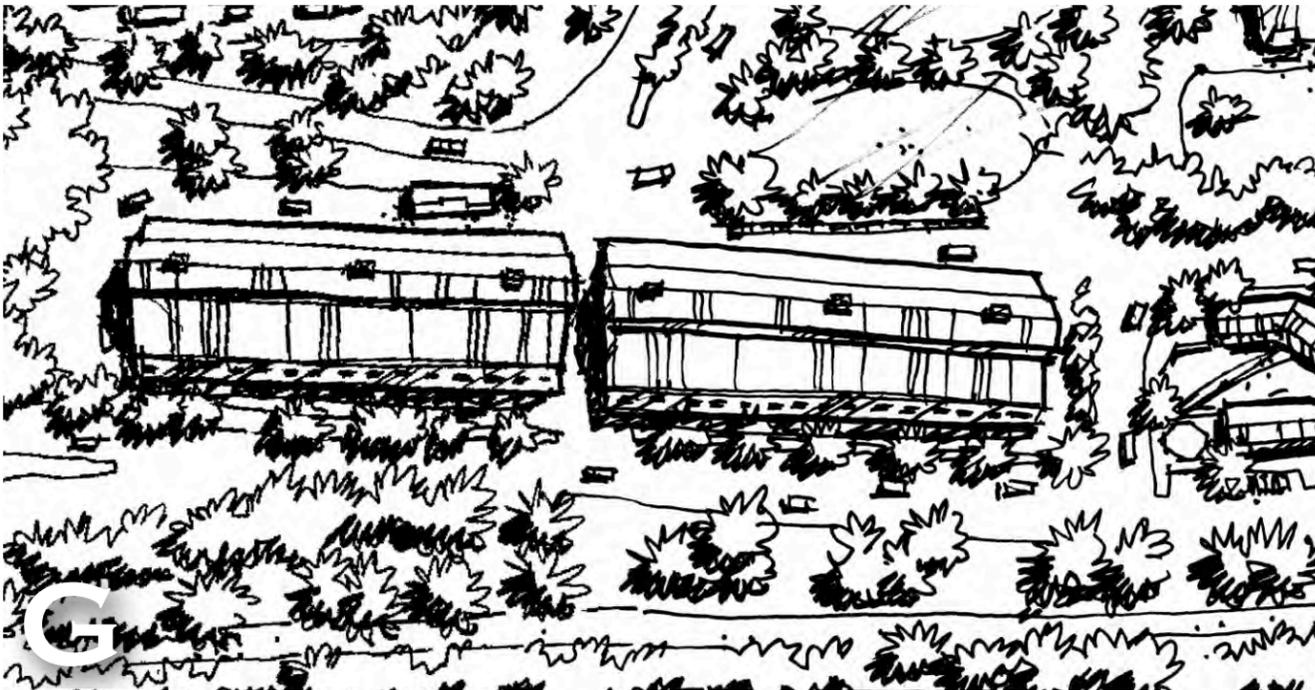
PROPOSED



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

NEW LIGHTING USING EXISTING CONDUIT. 25,000SF X 2 BARN = 50,000SF

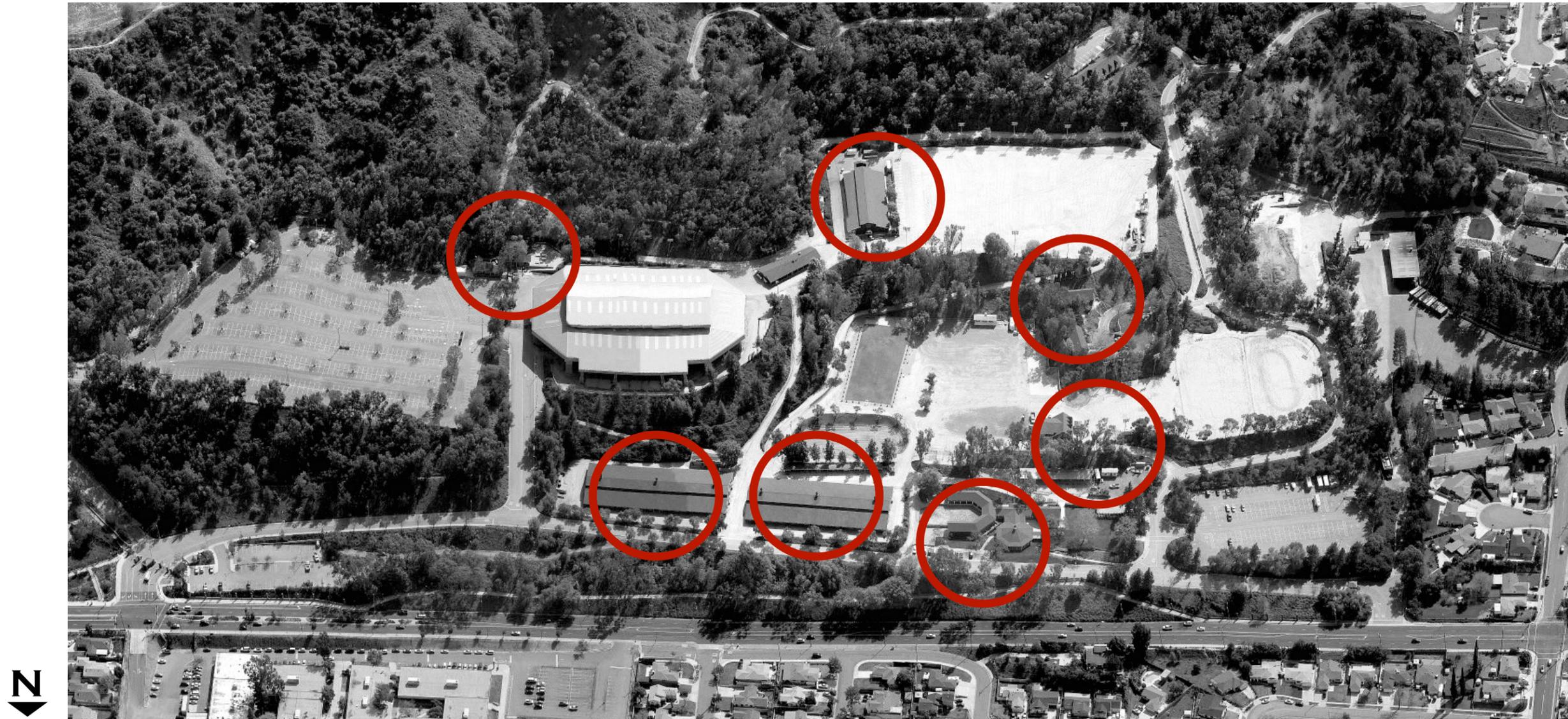
EXACT TYPE OF LIGHT TO BE DETERMINED. CONSIDERATION WILL INCLUDE ENERGY EFFICIENCY, COVERAGE, REQUIRED FOOT CANDLES, AND EQUESTRIAN NEEDS.

PROJECTED COSTS: \$175,000

PER CNC

**BARN LIGHTING**

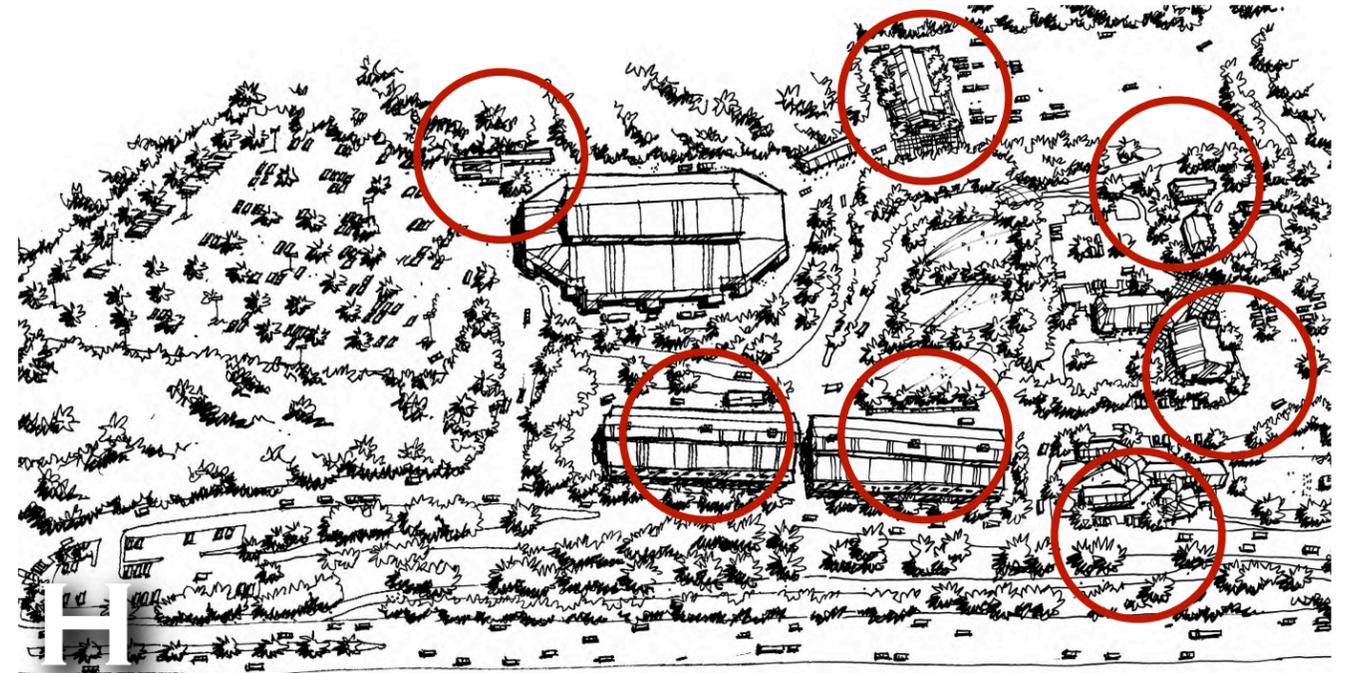
PROPOSED



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

FIBER OPTIC LINES UPGRADES TO:

OFFICE COMPLEX, AVALON ROOM, THE PAVILION, PATIO CAFE, BUNK HOUSE, DUPLEXES, AND BARN D AND E

PROJECTED COSTS: \$125,460

PROJECTED COST BASED ON CNC BUDGET WORKSHEET 5-24-16

# FIBER OPTIC LINE UPGRADES

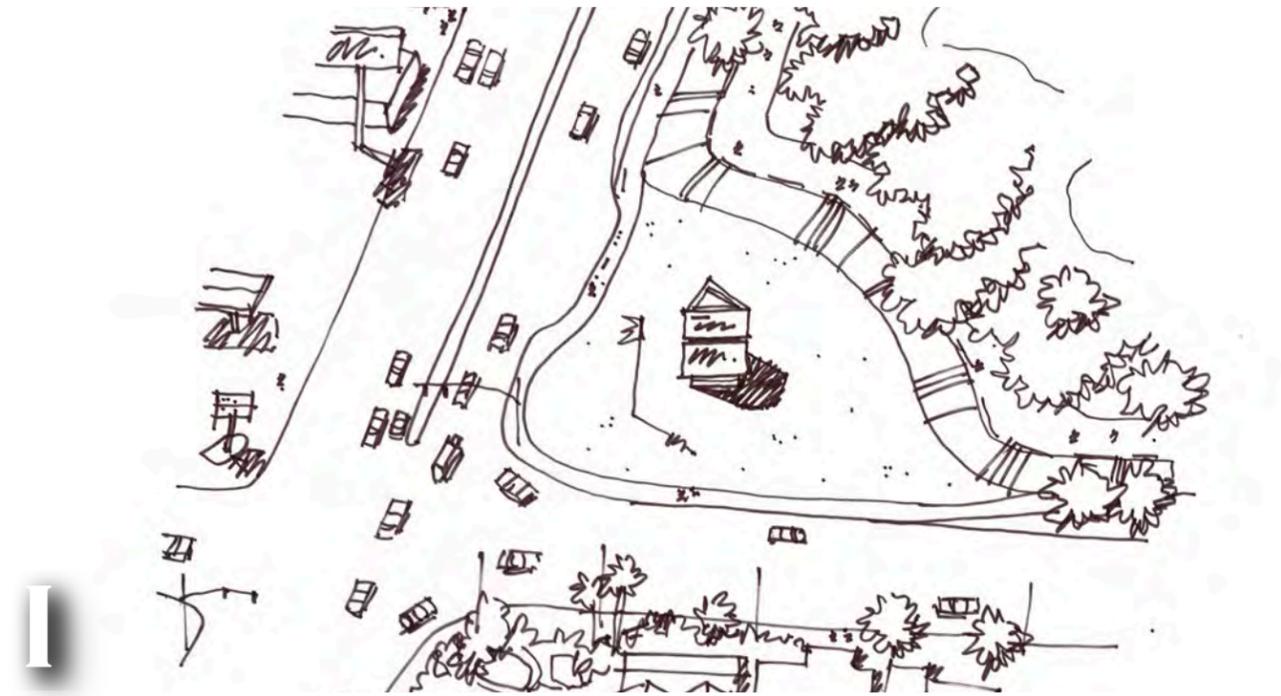
PROPOSED



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

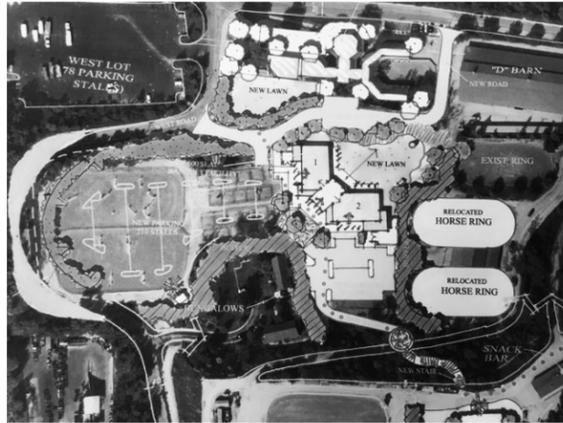
CORNER MONUMENT SIGN TO BE LOCATED AT THE SOUTHWEST CORNER OF TEMPLE AND AZUSA AVENUE. ALUMINUM SIGN WITH SMOOTH BLACK AUTOMOTIVE ENAMEL PAINT FINISH AND INTERNAL FLUORESCENT LAMPS. PEDESTAL POLE COVER WITH FLAGSTONE VENEER TO MATCH THAT USED ON PROJECT ENTRANCE STRUCTURE. EACH SIDE OF SIGN TO HAVE ROUTED LOGO/COPY BACKED WITH WHITE ACRYLIC WITH RBG L.E.D. DISPLAYS BELOW

PROJECTED COSTS: \$100,000

PER CNC

**CORNER MONUMENT SIGN**

PROPOSED

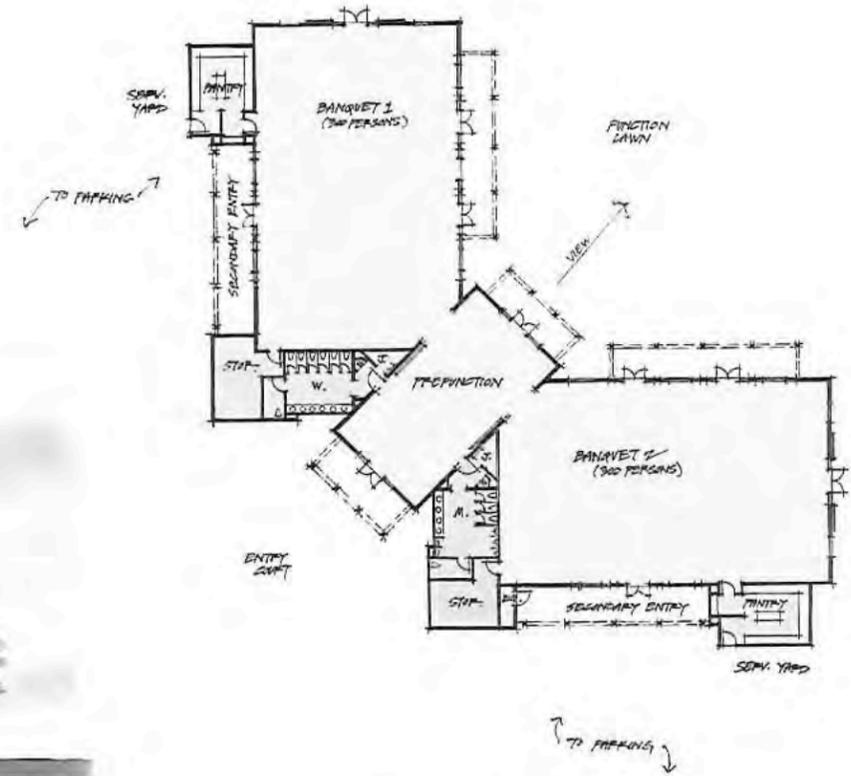


Section A

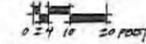


IMAGE PROVIDED BY MELZER DECKERT & RUDER ARCHITECTS

Front Elevation



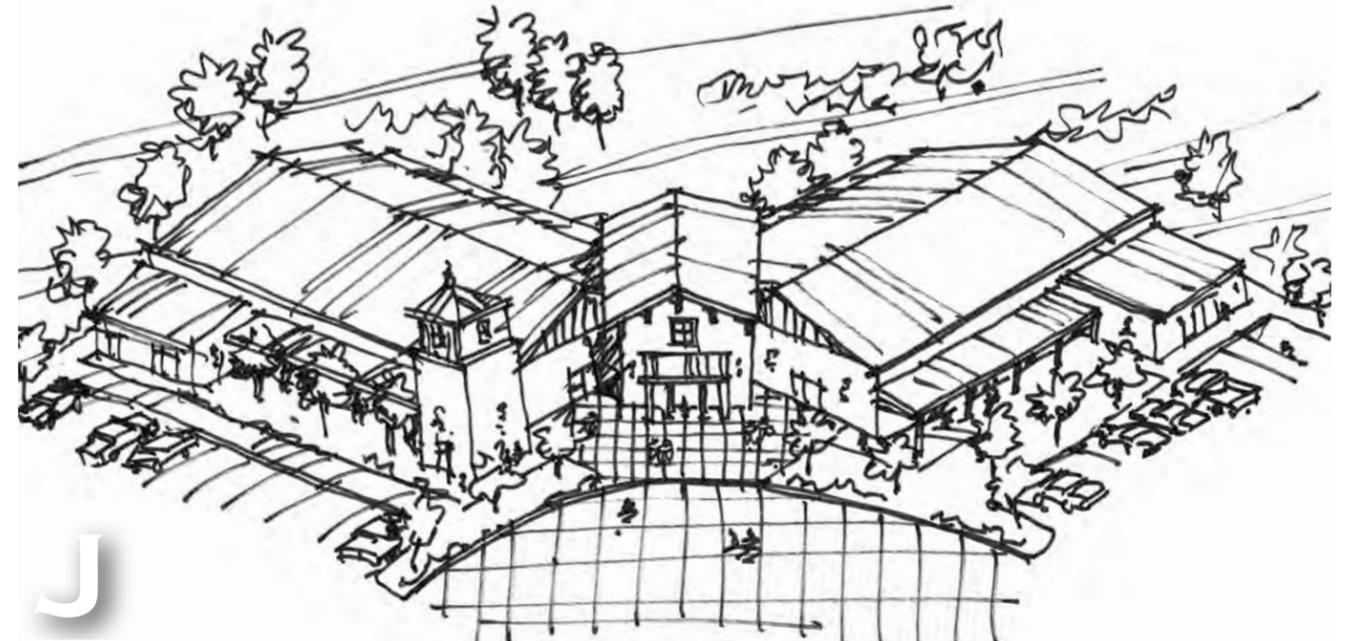
Floor Plan 16,750 S.F. + ADDITIONAL 600 S.F. STORAGE SHED



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

MDR ARCHITECT'S CONCEPT #1, 16,000SF BUILDING AND ADJACENT SITE. NEW BANQUET FACILITY INCLUDING TWO LARGE BANQUET ROOMS, RECEPTION AREA, SUPPORT FACILITIES, PARKING, LAWN, AND GARDEN AREA.

PROJECTED COSTS: \$8,419,000

PROJECTED COST BASED ON CNC BUDGET WORKSHEET 5-24-16

# NEW BANQUET FACILITIES

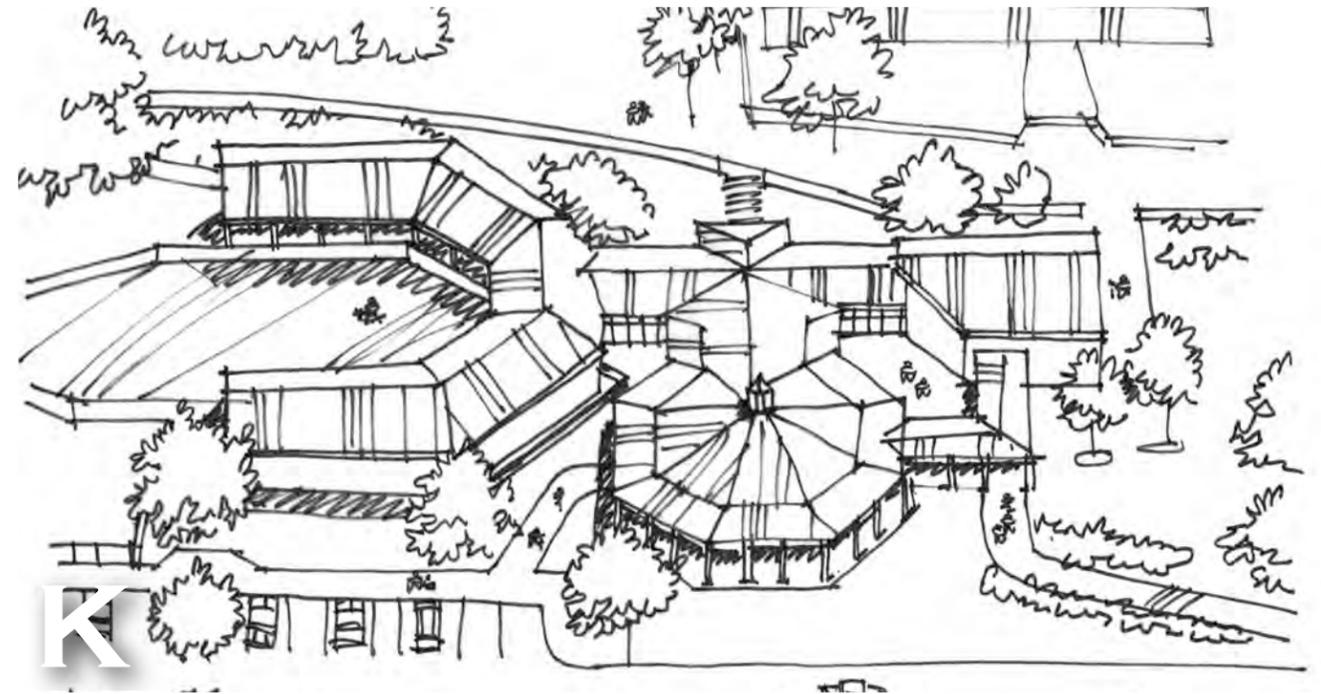
PROPOSED



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

AVALON ROOM UPGRADES:

REMODEL RESTROOM FACILITIES, UPGRADE LIGHTING FOR MEETINGS, CATERING KITCHEN, OUTDOOR CANOPY SHADE STRUCTURE FOR PATIO, BAR REMOVAL- TO USE PORTABLE BAR, RELOCATE AIR - CONDITIONING SYSTEM TO BACK OF OFFICE, INCORPORATE RESTROOM AND UTILIZE SPACE FOR CATERING KITCHEN.

PROJECTED COSTS: \$495,000

PROJECTED COST BASED ON CNC BUDGET WORKSHEET 5-24-16

# AVALON ROOM

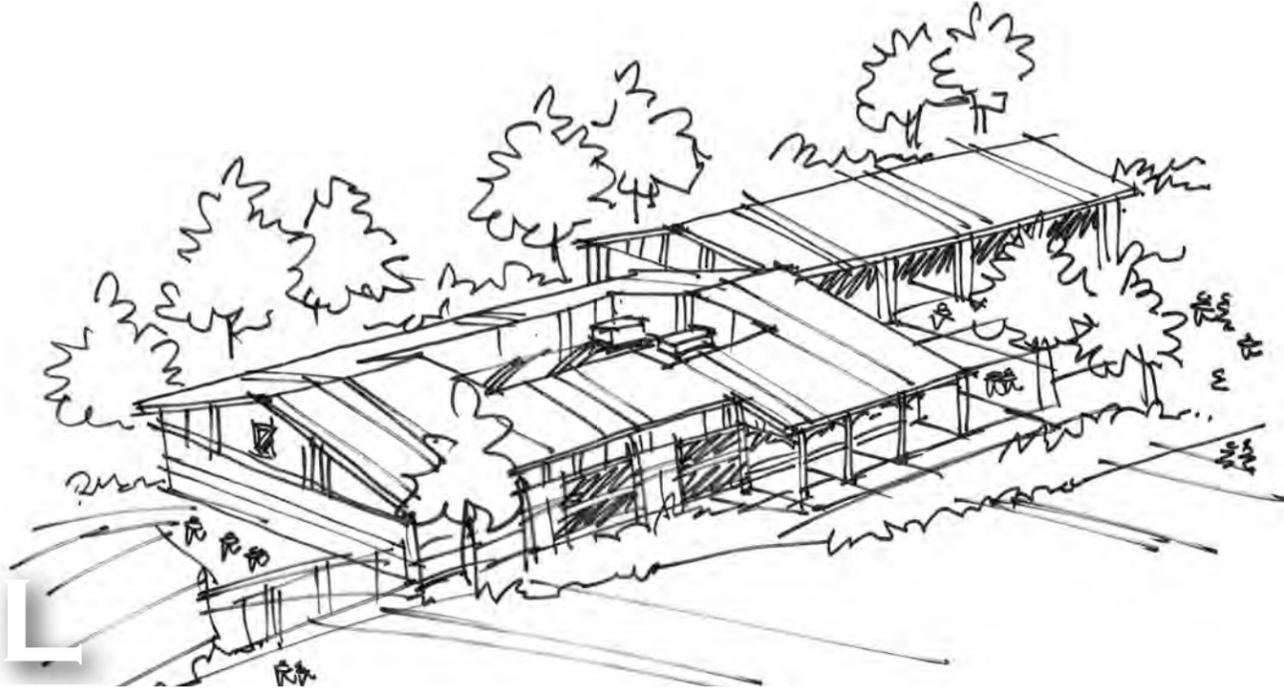
PROPOSED



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

PATIO CAFE UPGRADES:

UPGRADE KITCHEN TO ENERGY EFFICIENT APPLIANCES, REMODEL RESTROOMS, ENLARGE RESTROOM FACILITIES TO ACCOMMODATE LARGE EVENTS, AND MOBILE KITCHEN OR PERMANENT KIOSK.

PROJECTED COSTS: \$306,000

PROJECTED COST BASED ON CNC BUDGET WORKSHEET 5-24-16

PATIO CAFÉ

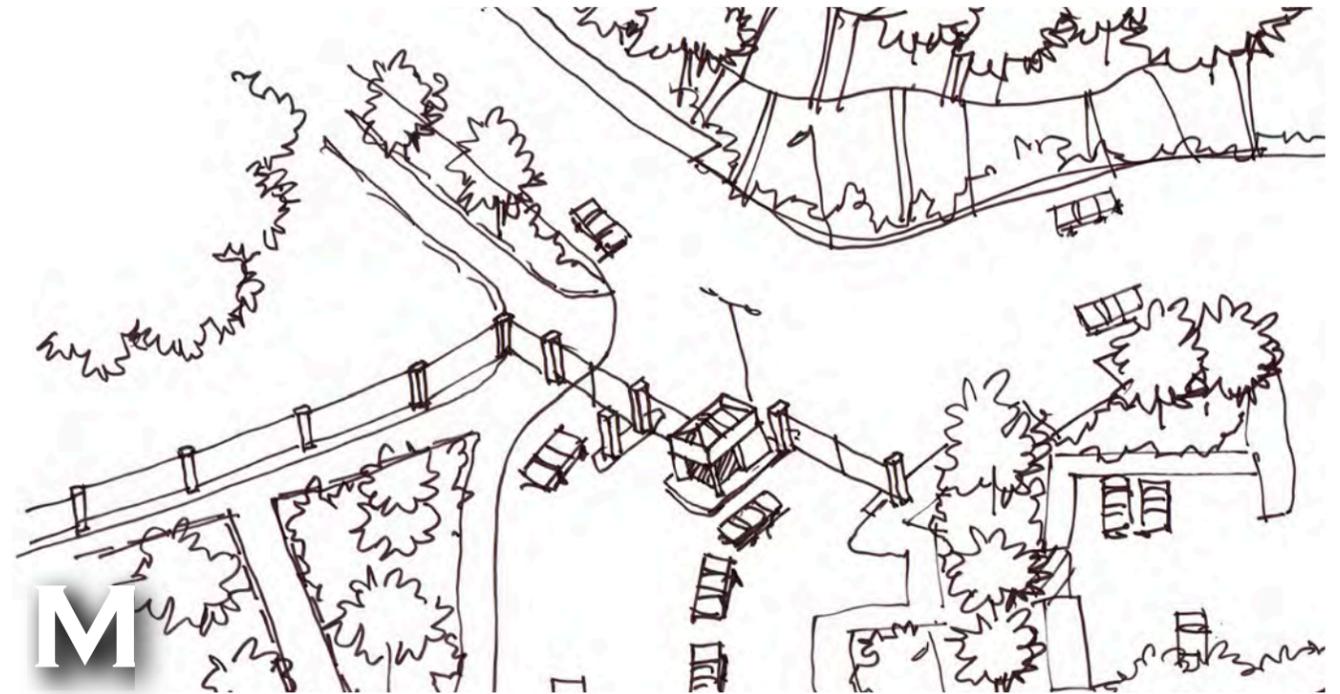
PROPOSED



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

MAIN ENTRY GATE:

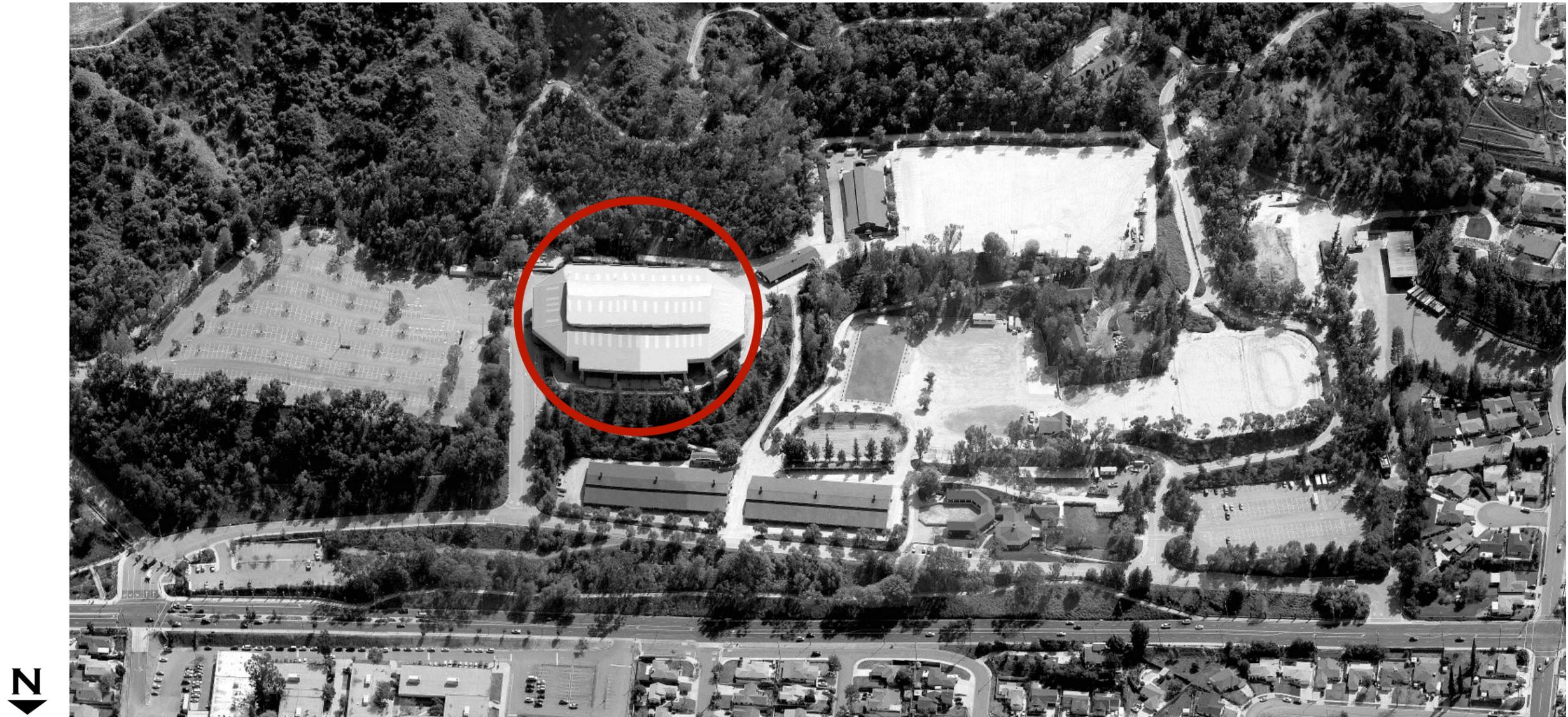
REMOVE EXISTING GATES AND ASSOCIATED IMPROVEMENTS (8,000SF) SUCH AS CURBS AND MASONRY COLUMNS. CONSTRUCT NEW CURBS AND COLUMNS INSTALL NEW AUTOMATIC SLIDING GATES TO BETTER ACCOMMODATE TRUCKS WITH TRAILERS.

PROJECTED COSTS: \$105,000

PROJECTED COST BASED ON CNC ESTIMATE 6-29-16

# MAIN ENTRANCE GATES

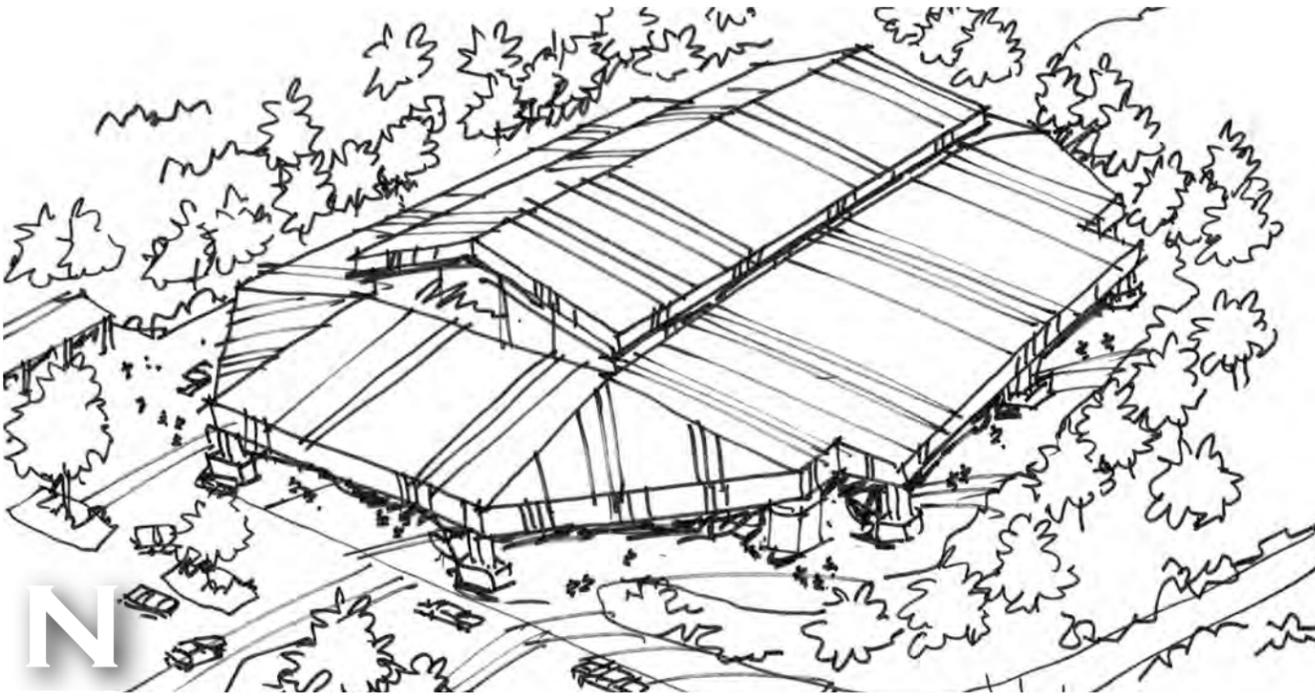
PROPOSED



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

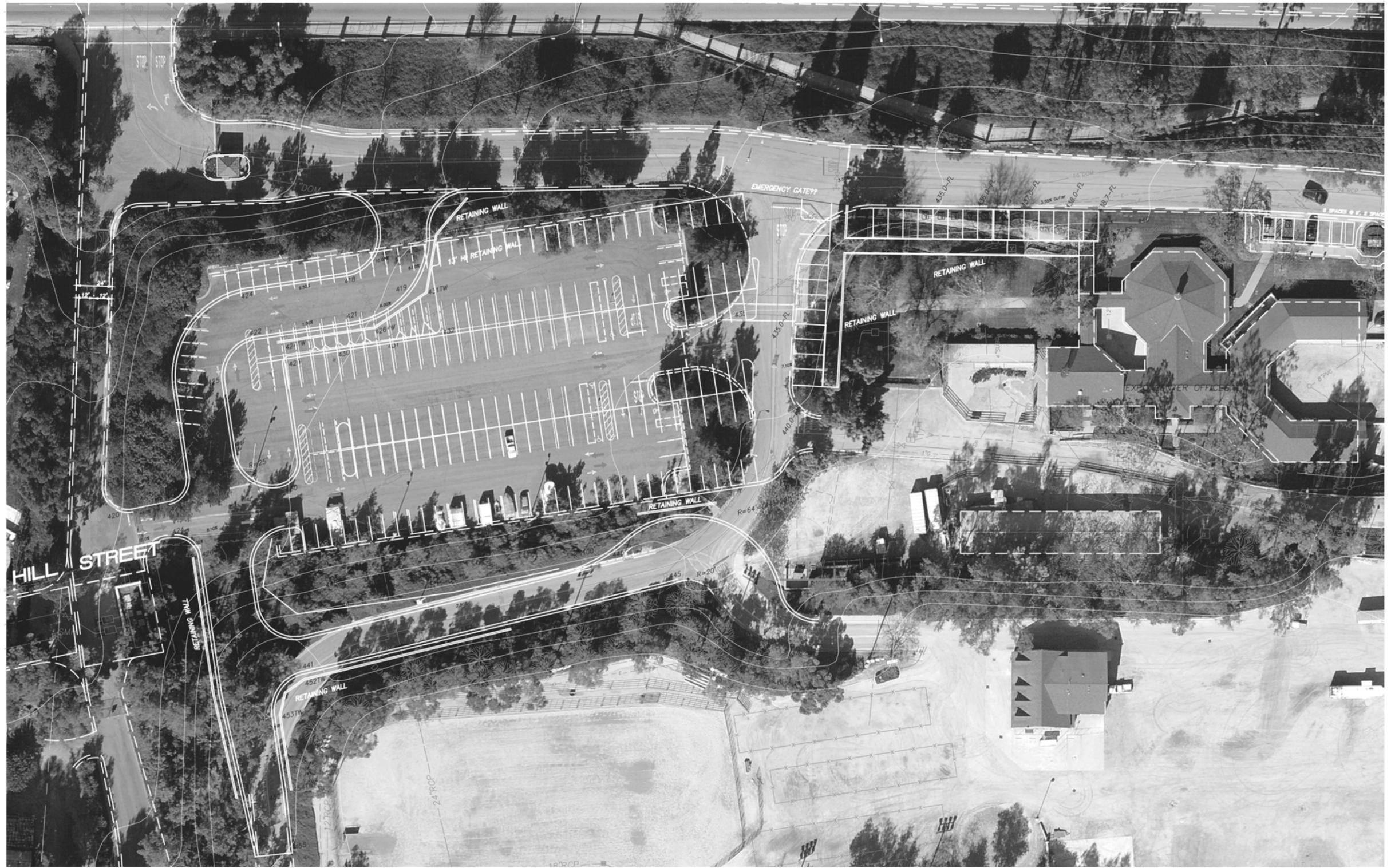
- CONSTRUCT MEN AND WOMEN'S ACCESSIBLE TOILET ROOM
- REPLACE BLEACHERS
- GRAND STAND VIEWING PLATFORM
- SOUND DEADENING SYSTEM
- RE-ROOF AND PAINT (FOR SOLAR PANEL INSTALLATION)
- LEVEL ARENA SURFACE
- PERMANENT ENTRYWAY WITH FENCING AND GATES
- 20' X 16' STAGE LINE SL50 MOBILE STAGE
- UPGRADE SOUND SYSTEM
- TEMPORARY FLOORING
- PAINT INTERIOR ROOF STRUCTURE AND FRAMES
- MISCELLANEOUS PAINT
- INSTALL SOLAR PANELS ON ROOF

PROJECTED COSTS: \$5,081,000

PROJECTED COST BASED ON CNC ESTIMATE 6-17-16

GRAND ARENA IMPROVEMENTS

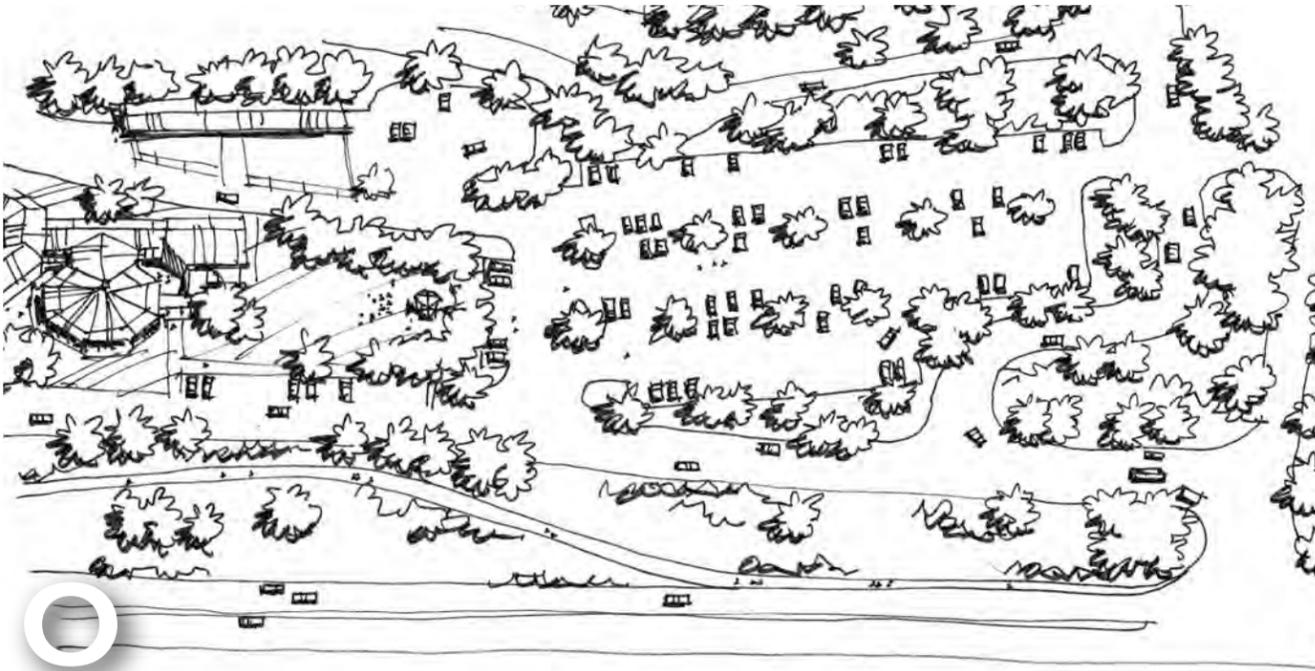
PROPOSED



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

RECONSTRUCT AND REDIRECT ROADWAY INTERSECTING EXPO CENTER DRIVE AT THE AVALON ROOM ENTRANCE, RECONFIGURE AND RE-STRIPE ADJACENT PARKING LOT TO IMPROVE ACCESS AND INCREASE NUMBER OF STALLS. INSTALL RETAINING WALL AND HILLSIDE GRADING TO THE NEW ROADWAYS AND PARKING. REPLACE AND INSTALL NEW LIGHTING, LANDSCAPING, DRAINAGE SYSTEM AND UTILITY LINES AS REQUIRED.

INSTALL THEMED WAY-FINDING, DIRECTIONAL SIGNAGE THROUGHOUT THE EXPO CENTER.

PROJECTED COSTS: \$2,575,000

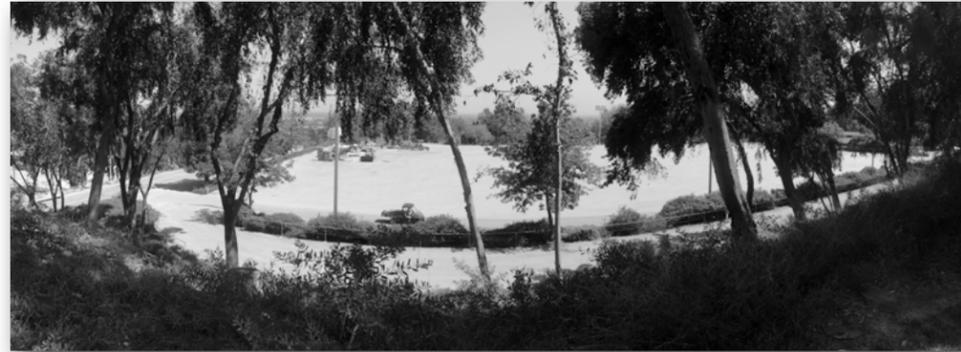
PROJECTED COST BASED ON CNC ESTIMATE 6-21-16

**AVALON ROOM PARKING LOT**

PROPOSED



EXISTING PHOTOS



SUMMARY



PROJECT NARRATIVE:

INSTALL PREFABRICATED BARN PROS WAREHOUSE GARAGE FOR STORAGE, WORKSHOP, LAUNDRY ROOM, AND POTENTIAL LIVING QUARTERS FOR STAFF

PROJECTED COSTS: \$300,000

PROJECTED COST BASED ON BARN PROS 2-LEVEL UNIT WITH MODIFICATIONS

# HEAVY EQUIPMENT GARAGES



CIVIC - RECREATIONAL - INDUSTRIAL AUTHORITY / INDUSTRY HILLS EXPO CENTER IMPROVEMENT PLAN

**INDUSTRY HILLS EXPO CENTER  
PROJECTED INCOME FROM 2 ADDITIONAL BANQUET HALLS  
70% OCCUPANCY**

<b>Name of Business: New Banquet Facility</b>			<b>Occupancy</b>
Available Weeks			52.00
Assumed Occupancy			70.00%
Assumed Weeks Rented			36.40
Retail Rate	4,600.00	2,650.00	
Bar Sales as % of Rentals	88.10%	88.10%	
Gazebo rentals per week	1.00	N/A	
Gazebo Rental rate	250.00	N/A	
CGS % for alcohol sales	25.76%	25.76%	
Bartenders per Event	2.00	2.00	
Hourly Rate	17.00	17.00	
Hours worked	8.00	8.00	
Bar Backs per Event	1.00	1.00	
Hourly Rate	15.00	15.00	
Hours worked	8.00	8.00	
Set Up & Tear Down Hours	8.00	8.00	
Hourly Rate	15.00	15.00	
Booking agent - new hire	40.00	40.00	
Booking agent - hourly rate	18.00	18.00	

	<b>Amounts</b>			
	<b>Saturday</b>	<b>Friday/Sunday</b>	<b>Weekly</b>	<b>Annual</b>
<b>REVENUES</b>				
Banquet Rentals	9,200.00	5,300.00	14,500.00	527,800.00
Bar Sales	4,052.55	4,669.24	8,721.78	317,472.93
Gazebo	250.00	-	250.00	9,100.00
Total Sales:	13,502.55	9,969.24	23,471.78	854,372.93
Less Cost of Goods Sold:	1,043.74	1,202.57	2,246.31	81,765.55
<b>GROSS PROFIT</b>	<b>12,458.81</b>	<b>8,766.67</b>	<b>21,225.48</b>	<b>772,607.38</b>
<b>OPERATING EXPENSES</b>				
Contract Labor - Bartenders	544.00	544.00	1,088.00	39,603.20
Contract Labor - Bar Backs	240.00	240.00	480.00	17,472.00
Contract Labor - Set Up & Tear Down	240.00	240.00	480.00	17,472.00
Booking Agent	720.00	720.00	1,440.00	52,416.00
Leased employee mark up	324.00	324.00	648.00	23,587.20
Office Expense	40.00	40.00	80.00	2,912.00
Postage	15.00	15.00	30.00	1,092.00
Repairs	100.00	100.00	200.00	7,280.00
Supplies	250.00	250.00	500.00	18,200.00
Utilities	365.00	365.00	730.00	26,572.00
Janitorial	750.00	750.00	1,500.00	54,600.00
Other:		-	-	
Other:		-	-	
<b>TOTAL OPERATING EXPENSES</b>	<b>3,588.00</b>	<b>3,588.00</b>	<b>7,176.00</b>	<b>261,206.40</b>
<b>OPERATING INCOME</b>	<b>8,870.81</b>	<b>5,178.67</b>	<b>14,049.48</b>	<b>511,400.98</b>

**TENTATIVE & PRELIMINARY  
SUBJECT TO CHANGE**

*CITY COUNCIL*

ITEM NO. 7.7



# CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

## MEMORANDUM

To: Honorable Mayor and Members of the City Council

From: Paul J. Philips, City Manager *Paul J. Philips*

Staff: Alex Gonzalez, Director of Development Services and Administration *AG*  
Troy Helling, Senior Planner *TH*

Date: July 28, 2016

**SUBJECT: City Council Consideration and Direction on Conceptual Housing Development on Faure Avenue**

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The City Council has asked staff to consider options for new affordable housing at Faure Avenue. Since that time, City staff initiated work to identify the tasks necessary to bring a project to fruition. Initial estimates were completed for the project, and the approved Fiscal Year 2016-2017 capital budget includes \$2,889,500 for new housing at Faure Avenue and Valley Boulevard. An equal amount is included in the City's Capital Improvement Program for Fiscal Year 2017-2018, bringing the total initial estimated cost for this project to \$5,779,000.

It is expected that site preparation plans for grading, utilities, and street improvements will be completed in mid-September. As such, City staff requests direction from the City Council on the following points:

1. The City of Industry Municipal Code Section 3.52.040 requires that all public works projects over \$125,000 receive approval from the City Council prior to the release of a notice inviting bids. In order to complete and release a Request for Proposals for the property, it is requested that the City Council consider staff's request to move forward with the procurement process for a developer of affordable housing as soon as the grading and utility plans are complete.
2. In order to streamline the CEQA process and identify the most economical approach, City staff is requesting that the City Council confirm that the housing development is intended to be used for affordable housing. The procurement will be developed in a manner that developers are asked to provide proposals for up to nine units of three housing types: modular/manufactured (pre-fabricated), multi-family conventional construction, and single family conventional construction.

3. In order to streamline the design and construction process, City staff is requesting that the City Council direct City staff to work with the City Attorney to modify the municipal code to introduce design-build as a method of delivery for project construction.

It is intended that the proposals would provide the City Council with a number of options for construction, and the City Council would be presented with options and a proposal for approval as soon as possible.

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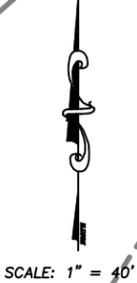
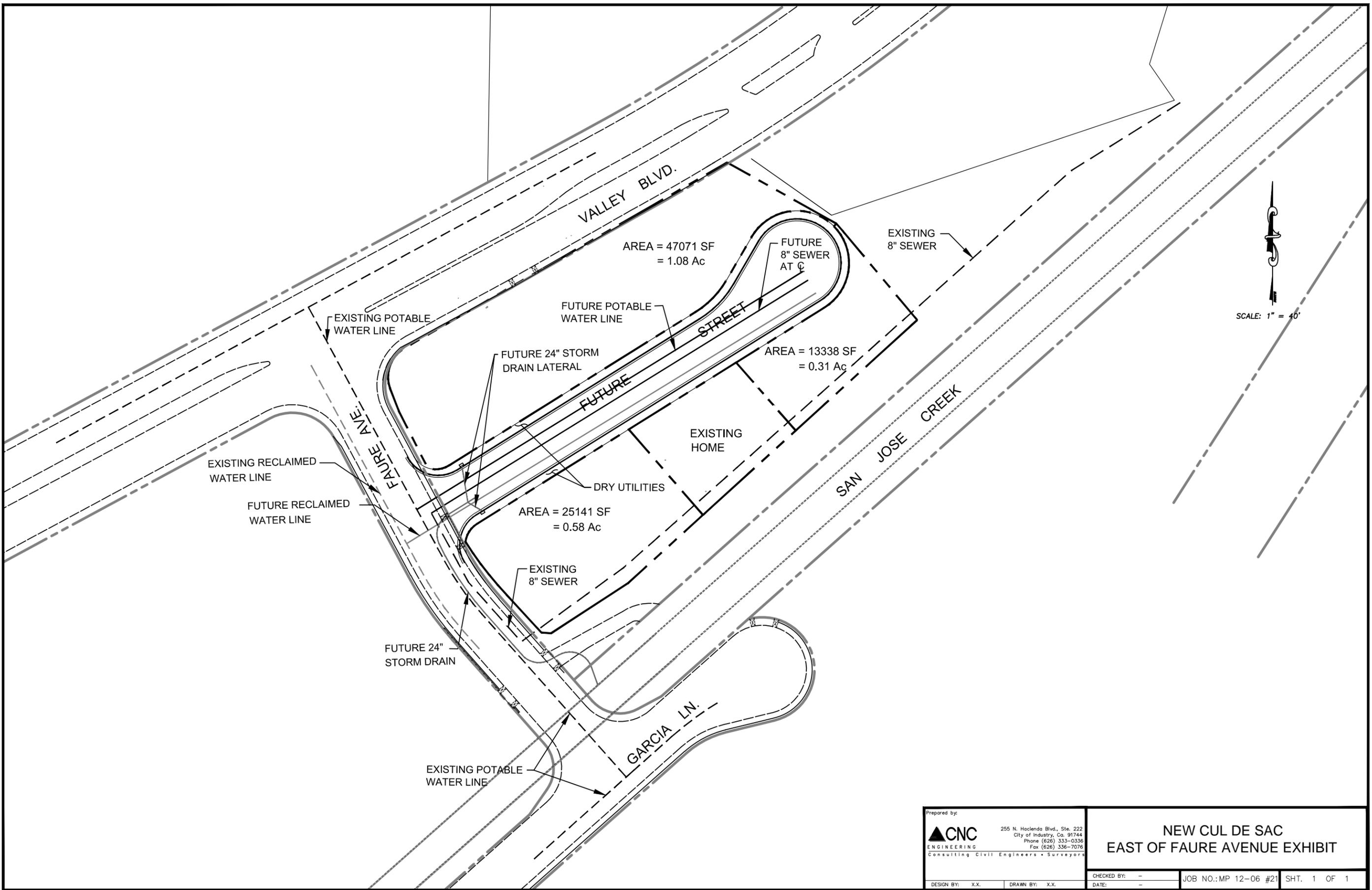
PJP:AG:TH:mk

**EXHIBIT A**

**New Cul de Sac east of Faure Avenue Exhibit**

[Attached]

K:\MISPROJ\1206\21 NEW CUL DE SAC EAST OF FAURE AVE\ENGINEERING\EXHIBITS\SCHEME 2 EXHIBIT\_HOUSING\_LAYOUT WITH UTILITIES.DWG 7/12/2016 9:16:20 AM USER:1 (7.00 X 11.00 INCHES) DWG TO PDF - COLOR.PC3 CNC.CTB



Prepared by:

**CNC**  
ENGINEERING  
Consulting Civil Engineers • Surveyors

255 N. Hacienda Blvd., Ste. 222  
City of Industry, Ca. 91744  
Phone (626) 333-0336  
Fax (626) 336-7076

DESIGN BY: X.X.    DRAWN BY: X.X.

**NEW CUL DE SAC  
EAST OF FAURE AVENUE EXHIBIT**

CHECKED BY: -    DATE: -    JOB NO.: MP 12-06 #21    SHT. 1 OF 1