



# SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

REGULAR MEETING AGENDA  
FEBRUARY 23, 2017 8:30 A.M.

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

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## **Addressing the Agency:**

- ▶ **Agenda Items:** *Members of the public may address the Successor Agency 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 Successor Agency is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the Secretary prior to the Agenda item being called and prior to the individual being heard by the Successor Agency.*
- ▶ **Public Comments (Non-Agenda Items):** *Anyone wishing to address the Successor Agency 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 Successor Agency from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the Successor Agency is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the Secretary prior to the Agenda item being called by the Secretary and prior to the individual being heard by the Successor Agency..*

## **Americans with Disabilities Act:**

- ▶ *In compliance with the ADA, if you need special assistance to participate in any meeting (including assisted listening devices), please contact the Office of the Secretary to the Successor Agency (626) 333-2211. Notification of at least 72 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 Government Code Section 54957.5(b), 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 Secretary of the Successor Agency during regular business hours, Monday through Friday, 9:00 a.m. to 5:00 p.m.*

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1. Call to Order
  2. Flag Salute
  3. Roll Call
  4. Public Comment
-

5. **BOARD MATTERS**

- 5.1 Consideration of the Statement of Investment Policy.

*RECOMMENDED ACTION: Approve as submitted.*

- 5.2 Consideration of Resolution No. SA 2017-06 - A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE INDUSTRY PUBLIC FACILITIES AUTHORITY AND THE INDUSTRY PUBLIC UTILITIES COMMISSION ADOPTING A DEBT MANAGEMENT POLICY.

*RECOMMENDED ACTION: Adopt Resolution No. SA 2017-06.*

- 5.3 Consideration of the Successor Agency's Annual Financial Report for year end June 30, 2016.

*RECOMMENDED ACTION: Approve the Financial Report.*

- 5.4 Consideration of Amendment No. 1 to the Agreement for Consulting Services with Avant-Garde, Inc., for the Lemon Avenue Interchange Project (5-AVANT 12-01 A MP 03-10), in the amount of \$80,000.00 for a total Agreement amount not-to-exceed \$405,000.00, on a time-and-material basis.

*RECOMMENDED ACTION: Approve the Amendment.*

- 5.5 Consideration of Amendment No. 2 to the Agreement for Consulting Services with PBLA Engineering, Inc., for the Industry Business Center Project (14-PBLA 13-01 B MP 99-31 #16), in the amount of \$350,000.00, for a total Agreement amount not-to-exceed \$2,906,835.00 on a time-and-material basis.

*RECOMMENDED ACTION: Approve the Amendment.*

- 5.6 Consideration of the acceptance of the work performed by C.A. Rasmussen, Inc., in the amount of \$21,469,259.17, for Contract No. IBC-0379, Industry Business Center Phase 1 Mass Grading Far West Side.

*RECOMMENDED ACTION: Authorize the Agency Engineer to execute the Notice of Completion, and authorize the Chief Deputy City Clerk to file the Notice of Completion for the project.*

- 5.7 Consideration of Change Order Nos. 35, 36, 37, 38, and 39 in the net credit amount of (\$56,356.02), and accept the work performed by Sukut Construction in the amount of \$27,655,501.26 for Contract No. IBC-0380, Industry Business Center East Side Mass Grading for the project.

*RECOMMENDED ACTION: Approve Change Order Nos. 35, 36, 37, 38, and 39 and authorize the Executive Director to execute the approved Change Orders, authorize the Agency Engineer to execute the Notice of Completion, and authorize the Chief Deputy City Clerk to file the Notice of Completion.*

6. Adjournment. Next regular Successor Agency meeting will be on Thursday, March 23, 2017, at 8:30 a.m.

*SUCCESSOR AGENCY*

ITEM NO. 5.1




*SUCCESSOR AGENCY TO THE*  
**INDUSTRY URBAN - DEVELOPMENT AGENCY**

January 1, 2017

TO: Paul J. Philips, Executive Director  
FROM: Phyllis Tucker, Finance Officer  
SUBJECT: Statement of Investment Policy

Attached is a copy of the Statement of Investment Policy for the Successor Agency to the Industry Urban-Development Agency dated January 1, 2017, for all future investments, pursuant to Section 53601 and Section 53635 of the California Government Code, and Section 53603 of the Health and Safety Code.

My recommendation is that the Agency Board approve the Investment Policy.

  
Phyllis Tucker,  
Finance Officer

c: City Council

Encl.-1



*SUCCESSOR AGENCY TO THE*  
**INDUSTRY URBAN - DEVELOPMENT AGENCY**

January 1, 2017

STATEMENT OF INVESTMENT POLICY

Effective this date, the following is the Investment Policy of the Finance Officer of the Successor Agency to the Industry Urban-Development Agency for all future investments.

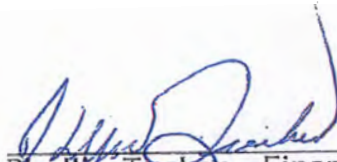
Monies in the treasury not required for the immediate necessities of the Successor Agency to the Industry Urban-Development Agency may be invested in the following investments as authorized and more fully described in Section 53601 and Section 53635 of the California Government Code, and Section 33603 of the Health and Safety Code.

- a. Securities of the U.S. Government, or its agencies
- b. Bonds, notes, warrants, or other evidence of indebtedness of the City of Industry
- c. Inactive public deposits; non-negotiable and/or non-transferable certificated of deposit
- d. Bankers acceptances
- e. Commercial paper
- f. Local Agency Investment Fund (State pool) deposits (Govt. Code Section 16429.1)
- g. Passbook savings account demand deposits
- h. Repurchase agreements
- i. Los Angeles County Investment Pool (Calif. Gov. Code Section 53684)

January 1, 2017

STATEMENT OF INVESTMENT POLICY - cont'd.

- j. It is the Agency's policy not to utilize reverse repurchase agreements or shares of beneficial interest issued by diversified management companies (mutual funds), unless that fund is composed entirely of securities of the U.S. Government, or such funds shall be restricted to sweep accounts. (Reverse repurchase agreements shall be permitted if they are assets of the Local Agency Investment Fund).



Phyllis Tucker, Finance Officer  
Successor Agency to the  
Industry Urban-Development Ag.

c: City Council

*SUCCESSOR AGENCY*

ITEM NO. 5.2



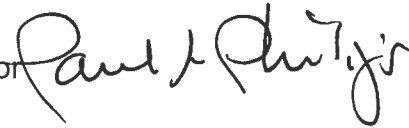



# CITY OF INDUSTRY

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 Council Members/Board Members

**FROM:** Paul J. Philips, City Manager/Executive Director 

**STAFF:** Susan Paragas, Director of Finance 

**DATE:** February 16, 2017

**SUBJECT:** Consideration of a Joint Resolution of the City Council of the City of Industry, the Successor Agency to the Industry Urban-Development Agency, the Public Facilities Authority, and the Industry Public Utilities Commission, Adopting a Debt Management Policy

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### BACKGROUND

Government Code Section 8855(i) requires any issuer of public debt to provide to the California Debt and Investment Advisory Commission (“CDIAC”), no later than 30 days prior to the sale of any debt issue, a report of the proposed issuance. Effective January 1, 2017, issuers must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt, and that the proposed debt issuance is consistent with those policies. The issuer’s local debt management policies must include (A) through (E), below.

- A) The purposes for which the debt proceeds may be used.
- B) The types of debt that may be issued.
- C) The relationship of the debt to, and integration with, the issuer’s capital improvement program or budget, if applicable.
- D) Policy goals related to the issuer’s planning goals and objectives.
- E) The internal control procedures that the issuer has implements, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

In essence, a debt management policy guides the debt issuance practices of state or local governments, including the issuance process, management of a debt portfolio, and adherence to various laws and regulations. A debt management policy helps improve the quality of decisions, articulate policy goals, provide guidelines for the structure of debt issuance, and demonstrate a commitment to long-term capital and financial planning.

Additionally, adherence to a debt management policy indicates to rating agencies and the capital markets, that a government is well managed, and therefore is likely to meet its debt obligations in a timely manner.

## **DISCUSSION**

The proposed Debt Management Policy ("Policy") sets forth debt management objectives for the City of Industry, the Successor Agency to the Industry Urban-Development Agency, the Industry Public Facilities Authority, the Industry Public Utilities Commission, and any other entity for which the City Council acts as legislative body, and the term "City" shall refer to each such entities.

The Policy, referred to as Exhibit A, establishes general parameters for issuing and administering debt. The purpose of the Policy is to assist the City in pursuit of the following important objectives:

- Minimize debt service and issuance costs
- Maintain access to cost effective borrowing
- Achieve the highest practical credit rating
- Ensure full and timely repayment of debt
- Maintain full and complete financial disclosure and reporting and
- Ensure compliance with applicable state and federal laws

The Policy has been written to include all elements required by CDIAC as well as best management practices expected by the pertinent credit markets and municipal bond industry. This Policy will assist the City in pursuing and maintaining quality credit ratings in addition to providing guidance to decision makers.

## **FISCAL IMPACT**

There is no fiscal impact with the approval of Resolution No. SA 2017-06.

## **RECOMMENDED ACTION**

Staff recommends the Successor Agency approve Resolution SA 2017-06, adopting the Debt Management Policy.

### **ATTACHMENT:**

1. Resolution No. SA 2017-06: Public Facilities Authority Adoption of Debt Management Policy
2. Exhibit A: City of Industry Debt Management Policy

**RESOLUTION NO. SA 2017-06**

**A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE INDUSTRY PUBLIC FACILITIES AUTHORITY AND THE INDUSTRY PUBLIC UTILITIES COMMISSION ADOPTING A DEBT MANAGEMENT POLICY**

**WHEREAS**, pursuant to the provisions of Government Code Section 8855(i), 30 days prior to the sale of any debt issue, a public agency must provide to the California Debt and Investment Advisory Commission (“CDIAC”), a report of the proposed issuance (“Report”); and

**WHEREAS**, effective January 1, 2017, issuers must certify on the Report that they have adopted local debt policies concerning the use of debt, and that the proposed debt issuance is consistent with those policies; and

**WHEREAS**, a written debt management policy sets forth debt management objectives that will govern the issuance and management of all debt funded for long term capital financing needs and not for general operating functions; and

**WHEREAS**, adherence to a debt management policy indicates to rating agencies and the capital markets that a government is well managed and therefore is likely to meet its debt obligations in a timely manner.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF INDUSTRY, THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE INDUSTRY PUBLIC FACILITIES AUTHORITY, AND THE INDUSTRY PUBLIC UTILITIES COMMISSION DO HEREBY FIND, DETERMINE AND RESOLVE AS FOLLOWS:**

**SECTION 1. Recitals.** The recitals set forth herein are true and correct and are hereby incorporated by reference.

**SECTION 2. Approval of the Debt Management Policy.** The Debt Management Policy attached hereto as Exhibit A, and incorporated herein by reference, is hereby approved as the Debt Management Policy for the City of Industry, the Successor Agency to the Industry Urban-Development Agency, The Industry Public Facilities Authority, and the Industry Public Utilities Commission.

**SECTION 3. New Debt.** That the issuance of new debt functions is delegated to the Finance Department and the approved Debt Financing Team as set forth in the Debt Management Policy, with final authorization of such new debt by the City Council and Boards of Directors as applicable.

**SECTION 4. Authorization to Manage Debt Issuance Functions.** The Director of Finance, or a designee, is hereby authorized to manage debt issuance functions for the City of Industry in accordance with the Debt Management Policy.

**SECTION 5. Effective Date.** This Resolution shall take effect on the last date approved by any entity set forth herein.

**SECTION 6. Severability.** 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 7. Certification.** The City Clerk/Board Secretary shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

**PASSED, APPROVED and ADOPTED** by the City Council of the City of Industry, the Successor Agency to the Industry Urban-Development Agency and the Industry Public Facilities Authority at a regular meeting held on February 23, 2017 by the following vote:

AYES:	AGENCY BOARD MEMBERS:
NOES:	AGENCY BOARD MEMBERS:
ABSTAIN:	AGENCY BOARD MEMBERS:
ABSENT:	AGENCY BOARD MEMBERS:

\_\_\_\_\_  
Mark D. Radecki, Chairman

**ATTEST:**

\_\_\_\_\_  
Diane M. Schlichting, Assistant Secretary

**EXHIBIT A**

**CITY OF INDUSTRY DEBT MANAGEMENT POLICY**

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# CITY OF INDUSTRY

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## Debt Management Policy

FEBRUARY 23, 2017

CITY OF INDUSTRY, CA

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### **Section 1: Policy**

This Debt Management Policy (“Policy”) sets forth debt management objectives for the City of Industry, the Successor Agency to the Industry Urban-Development (“Agency”), the Industry Public Facilities Authority (“Authority”), and the Industry Public Utilities Commission (“Commission”), and the term “City” shall refer to each of such entities.

This Policy establishes general parameters for issuing and administering debt. Recognizing that cost-effective access to the capital markets depends on prudent management of the Debt Program, the City Council, and Agency, Authority, or Commission Boards have adopted this Policy by resolution.

This Policy is intended to comply with California Government Code Section 8855(i).

### **Section 2: Scope**

The guidelines established by this Policy will govern the issuance and management of all debt funded for long term capital financing needs and not for general operating functions. When used in this Policy, “debt” refers to all forms of indebtedness and financing lease obligations. The Finance Department recognizes that changes in the capital markets and other unforeseen circumstances may require action that deviates from this Policy. In cases that require exceptions to this Policy, approval from the City Council, Agency, Authority, or Commission Boards will be necessary for implementation.

### **Section 3: Objectives**

The purpose of this Policy is to assist the City in pursuit of the following equally important objectives, while providing full and complete financial disclosure and ensuring compliance with applicable state and federal laws:

- Minimize debt service and issuance costs;
- Maintain access to cost effective borrowing
- Achieve the highest practical credit rating
- Ensure full and timely repayment of debt
- Maintain full and complete financial disclosure and reporting
- Ensure compliance with applicable state and federal laws

**Budget Integration** – The decision to incur new indebtedness should be integrated with the policy decisions embedded in the City Council, Agency, Authority and Commission Boards-adopted annual Operating Budget and Capital Improvement Program Budget. The annual debt service payments shall be included in the Operating Budget.

The City will integrate its debt issuances with the goals of its Capital Improvement Program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the City’s public purposes. The City will seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

**Annual Review** – Recognizing that cost-effective access to the capital market depends on prudent management of the City’s debt program, an annual review of the Policy should be performed. Any substantive changes to the Policy shall be brought to the City Council, and Agency, Authority, and Commission Boards for consideration and approval.

### **Section 4: Delegation Authority**

Pursuant to the provisions of Section 37209 and 40805.5 of the Government Code of the State of California, the Finance Director shall be responsible for all of the financial affairs of the City. This Policy grants the Finance

Director the authority to select the Financing Team, coordinate the administration and issuance of debt, communicate with the rating agencies, and fulfill all of the pre-issuance and post-issuance requirements imposed by or related to state law, federal tax law and federal securities law.

**Financing Team Definitions and Roles** -- The Financing Team is the working group of City staff and outside consultants necessary to complete a debt issuance including but not limited to bond counsel, disclosure counsel, underwriter, municipal advisor, trustee, pricing consultant and/or arbitrage analyst.

Typically, the Finance Director, the City Attorney, the City Manager, and appropriate Department Head(s) form the City staff portion of the Financing Team. Other staff members or designees may be appointed to the Financing Team.

**Consultant Selection** -- The City will consider the professional qualifications and experience of consultants as it relates to the specific bond issue or other financing under consideration. In certain instances, the City will conduct a request for proposal/qualification process to select such consultants. Consistent with the provisions of Section 3.04.055 of the City's Code, the City may, however, decide to select such consultants without having to undertake a request for proposal/qualification process on an as-needed basis.

## **Section 5: Methods of Financing**

The Finance Director will investigate all possible financing alternatives including, but not limited to bonds, loans, state bond pools, and grants.

**Cash Funding** -- The City funds a significant portion of capital improvements from reserves accumulated from one-time revenues, which have been set aside for investment in the City's infrastructure.

**Inter-fund Borrowing** -- The City may borrow internally from other funds with surplus cash in lieu of issuing bonded debt. Purposes warranting the use of this type of borrowing could include short term cash flow imbalances, interim financing pending the issuance of bonds, or long term financing in lieu of bonds for principal amounts not to exceed \$50 million. The City funds from which the money is borrowed shall be repaid with interest at a rate based upon the length of term, credit characteristics and other factors as determined by Finance Director. The Finance Director shall also exercise due diligence to ensure that it is financially prudent for the Fund making the loan. Inter-fund loans will be evaluated on a case-by-case basis. Any borrowing between two City funds requires approval by City Council, or Agency, Authority, or Commission Board, by resolution. The purpose of inter-fund borrowing is to finance high priority needs and to reduce costs of interest, debt issuance and/or administration.

**Bank Loans / Lines of Credit** -- Although the City does not typically utilize lines of credit for the financing of capital projects, financial institution credit is an option for municipal issuers and may be evaluated as a financing option.

**Other Loans** -- The City will evaluate other loan programs, including but not limited to State "loans" such as the Water Resources Control Board's revolving fund loans or federal "loans" through the United States Department of Agriculture for the construction of water infrastructure projects.

**Bond Financing** -- The City may issue any bonds which are allowed under federal and state law including, but not limited to, general obligation bonds, certificates of participation, revenue bonds, land-secured (assessment and special tax) bonds, refunding bonds and other obligations (see below for detail).

**General Obligation Bonds** -- General Obligation Bonds (GO Bonds) may only be issued with two-thirds approval of the City's registered voters. The California State Constitution (Article XVI, Section 18) limits the

use of the proceeds from GO Bonds to “the acquisition or improvement of real property”. Parks and Public Safety facilities are examples of the type of facilities that could be financed with GO Bonds.

**Lease Financings** – Lease financings may take a variety of forms, including certificates of participation, lease revenue bonds and direct leases (typically for equipment). When the City finances acquisition or construction of capital improvements or equipment with a lease financing, the City agrees to lease either the financed asset or a different asset and, most commonly, the City’s lease payments are securitized in the form of certificates of participation or lease revenue bonds. This type of financing requires approval of City Council, or Agency, Authority, or Commission Board.

**Revenue Bonds** – Revenue Bonds are generally issued by the City for enterprise funds that are financially self-sustaining without the use of taxes and therefore rely on the revenues collected by the enterprise fund to repay the debt. This type of financing requires approval of City Council, or Agency, Authority, or Commission Board.

**Assessment Bonds** – The Improvement Bond Act of 1915 (Streets and Highways Code Section 8500 *et seq.*) and other state laws, subject to Article XIIIID of the California Constitution, allow the City to issue bonds to finance improvements that provide “specific benefit” to the assessed real property. Installments are collected on the secured property tax roll of the County. The City, as a charter city, may also adopt assessment laws that are applicable within its boundaries. This type of financing is secured by the lien upon and assessments paid by the real property owners and does not obligate the City’s general fund or other funds.

**Special Tax Bonds** – Under the Mello-Roos Community Facilities Act of 1982, the City may issue bonds on behalf of a Community Facilities District (“CFD”) to finance capital facilities, most commonly in connection with new development. These bonds must be approved by a two-thirds vote of the qualified electors in the CFD, which the Mello-Roos Act defines to mean registered voters if there are 12 or more registered voters in the CFD and, if there are fewer than 12 registered voters, the landowners in the CFD. Bonds issued by the City under the Mello-Roos Act are secured by a special tax on the real property within the CFD. The financed facilities do not need to be physically located within the CFD. The City, as a charter city, may also adopt special tax financing laws that are applicable within its boundaries. As this type of financing is secured by the special tax lien upon the real property it does not obligate the City’s general fund or other funds.

**Refunding Obligations** – Pursuant to the Government Code and various other financing statutes applicable in specific situations, the City Council, Agency, Authority, or Commission Boards are authorized to provide for the issuance of bonds for the purpose of refunding any long-term obligation of the City. Absent any significant non-economic factors, a refunding should produce minimum net debt service savings (net of reserve fund earnings and other offsets, and taking transaction costs into account) of at least 3% of the par value of the refunded bonds on a net present value basis, using the refunding issue’s True Interest Cost (TIC) as the discount rate, unless the Finance Director determines that a lower savings percentage is acceptable for issues or maturities with short maturity dates. Additionally, the Finance Director may determine that there are other, compelling “non-economic” reasons (i.e. removal of onerous covenants, terms or conditions).

**Other Obligations** – There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to: bond anticipation notes, grant anticipation notes, tax allocation bonds, lease revenue bonds, pension obligation bonds, etc.

## Section 6: Structure and Term

**Term of Debt** – Debt will be structured for the shortest period possible, consistent with a fair allocation of costs to current and future users. The standard term of long-term debt borrowing is typically 15-30 years.

Consistent with its philosophy of keeping its capital facilities and infrastructure systems in good condition and maximizing a capital asset's useful life, the City will make every effort to set aside sufficient current revenues to finance ongoing maintenance needs and to provide reserves for periodic replacement and renewal. Generally, no debt will be issued for a period exceeding the useful life or average useful lives of projects to be financed.

**Debt Repayment Structure** – In structuring a bond issue, the City will manage the amortization of the debt and, to the extent possible, match its cash flow to the anticipated debt service payments. In addition, the City will seek to structure debt with aggregate level debt service payments over the life of the debt. Structures with unlevel debt service will be considered when one or more of the following exist:

- Natural disasters or extraordinary unanticipated external factors make payments on the debt in the early years prohibitive;
- Such structuring is beneficial to the City's aggregate overall debt payment schedule;
- Such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

**Bond Maturity Options** – For each issuance, the City will select serial bonds or term bonds, or both. On the occasions where circumstances warrant, capital appreciation bonds ("CABs") may be used. The decision to use term, serial or CABs is typically driven by market conditions.

**Interest Rate Structure** – The City currently issues securities on a fixed interest rate basis only. Fixed rate securities ensure budget certainty through the life of the issue and avoid the volatility of variable rates.

**Credit Enhancement** – Credit enhancement may be used to improve or establish a credit rating on a City debt obligation. Types of credit enhancement include letters of credit, bond insurance and surety policies. The Finance Director will recommend the use of a credit enhancement if it reduces the overall cost of the proposed financing or if the use of such credit enhancement furthers the City's overall financial objectives.

**Debt Service Reserve Fund** – Debt service reserve funds are typically held by a Trustee to make principal and interest payments to bondholders in the event the pledged revenues are insufficient to do so. The City will fund debt service reserve funds when it is in the City's overall best financial interest. The City may decide not to utilize a reserve fund if the Finance Director, in consultation with the underwriter and municipal advisor, determines there would be no adverse impact to the City's credit rating or interest rates.

Per Internal Revenue Service rules, the size of the reserve fund on tax-exempt bond issuance is the lesser of

- 10% of the initial principal amount of the debt;
- 125% of average annual debt service; or
- 100% of maximum annual debt service.

In lieu of holding a cash funded reserve, the City may substitute a surety bond or other credit instrument in its place. The decision to cash fund a reserve fund rather than to use a credit facility is dependent upon the cost of the credit instrument and the investment opportunities.

**Call Options / Redemption Provisions** – A call option or optional redemption provision gives the City the right to prepay or retire debt prior to its stated maturity date. This option may permit the City to achieve interest savings in the future through the refunding of the bonds. Often the City will pay a higher interest rate as compensation to the buyer for the risk of having the bond called in the future. In addition, if a bond is called, the holder may be entitled to a premium payment (call premium). Because the cost of call options can vary depending on market conditions, an evaluation of factors will be conducted in connection with each issuance. The Finance Director shall evaluate and recommend the use of a call option on a case by case basis.

**Debt Limits** – California Government Code Section 43605 provides that the City shall not incur bonded indebtedness for public improvements payable from the proceeds of property tax which exceeds 15 percent of the assessed value of all real and personal property of the City.

The cumulative annual debt service of all bond issues supported by the General Fund is restricted to no more than 15 percent of annual General Fund Revenue.

Bond issues supported by Enterprise Funds should maintain a minimum ratio of net operating income to annual debt service (“coverage ratio”) that the Finance Director concludes is financially prudent to the City. Typically, a higher coverage ratio produces a better the credit rating and lower interest rates, yet if too high, potentially may restrict efficient Enterprise operations or unduly induce unneeded user rate increases. Therefore, the City should balance the benefits of higher ratings with the operational impact of high coverage ratios.

### **Section 7: Method of Issuance and Sale; Disclosure**

Debt issues are sold to a single underwriter or to an underwriting syndicate, either through a competitive sale or a negotiated sale. A negotiated sale may involve the sale of securities to investors through an underwriter or the private placement of the securities with a financial institution or other sophisticated investor. The selected method of sale will be that which is most beneficial to the City in terms of lowest net interest rate, most favorable terms in financial structure, and market conditions. The Finance Director will review conditions in conjunction with information and advice presented by the City’s Municipal Advisor.

**Competitive Sales of Bonds** – In a competitive sale, the terms of the debt will be defined by the City and the City’s finance team, and the price of the debt will be established through a bidding process amongst impartial underwriters and/or underwriting syndicates. The issue is awarded to the underwriter judged to have submitted the best bid that offers the lowest true interest cost taking into account underwriting spread, interest rates and any discounts or premiums.

**Negotiated Sale of Bonds** – A method for sale for bonds, notes, or other financing vehicles in which the City selects in advance, based upon proposals received or by other means, one or more underwriters to work with it in structuring, marketing and finally offering an issue to investors. The negotiated sale method is often used when the issue is: a first-time sale by an issuer (a new credit), a complex security structure, such as variable rate transaction, an unusually large issue, or in a highly volatile or congested market where flexibility as to bond sale timing is important.

**Private Placement** – A private placement is a variation of a negotiated sale in which the City, usually with the help of a municipal advisor and placement agent, will attempt to place the entire new issue directly with an investor. The investor will negotiate the specific terms and conditions of the financing before agreeing to purchase the issue. Private placements are generally undertaken because the transaction is complex or unique, requiring direct negotiations with the investor, or because the issue is small or of a shorter duration and a direct offering provides economies of scale, lower interest costs and reduced continuing disclosure.

**Derivative products** - Because of their complexity, unless otherwise amended, Derivative Products such as interest rate swaps, interest floaters, and other hybrid securities are prohibited by this Debt Management Policy.

**Initial Disclosure Requirements** - The City acknowledges its disclosure responsibilities. Under the guidance of Disclosure Counsel, the City will distribute or cause an underwriter to distribute its Preliminary Official Statement and final Official Statement (neither is typically required in a private placement, although in some cases a “private placement memorandum” may be required by the investor).

The Financing Team shall be responsible for soliciting “material” information (as defined in Securities and Exchange Commission Rule 10b-5) from City departments and identifying contributors who may have information necessary to prepare portions of the Official Statement or who should review portions of the Official Statement. In doing so, the City shall confirm to the Financing Team that the Official Statement accurately states all “material” information relating to the decision to buy or sell the subject bonds and that all information in the Official Statement has been critically reviewed by an appropriate person.

In connection with an initial offering of securities, the City and other members of the Financing Team will use best efforts to:

- Identify material information that should be disclosed in the Official Statement;
- Identify other persons that may have material information (contributors);
- Review and approve the Official Statement;
- Ensure the City’s compliance, and that of its related entities, with federal and state security laws, including notification to the California Debt and Investment Advisory Commission (“CDIAC”) of the proposed debt issue no later than 30 days prior to the sale of any debt issue, and submission of a final report of the issuance to the CDIAC by any method approved by the CDIAC.

The Financing Team shall critically evaluate the Official Statement for accuracy and compliance with federal and state securities laws. The approval of an Official Statement shall be placed on the City Council, Agency, Authority, or Commission Board agenda, and shall not be considered as a Consent Calendar item. The staff report will summarize the City Council’s, Agency, Authority, or Commission Boards’ responsibilities with respect to the Official Statement and provide the City Council, Agency, Authority, or Commission Boards the opportunity to review a substantially final Official Statement. The City Council, Agency, Authority, or Commission Boards shall undertake such review as deemed necessary by the City Council Agency, Authority, or Commission Boards to fulfill their respective securities law responsibilities.<sup>1</sup>

For any privately placed debt with no Official Statement, the final staff report describing the issue and such other documents will be provided to the City Council, Agency, Authority, or Commission Boards for approval.

### **Section 8: Creditworthiness Objectives**

Ratings are a reflection of the general fiscal soundness of the City and the capabilities of its management. Typically, the higher the credit ratings are, the lower the interest cost is on the City’s debt issues. To enhance creditworthiness, the City is committed to prudent financial management, systematic capital planning, and long-term financial planning, and to that end has an objective of maintaining a credit rating of at least AA- (Standard and Poor’s); however, the City also recognizes that external economic, natural, or other events may, from time to time, affect the creditworthiness of its debt.

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<sup>1</sup> The Securities and Exchange Commission (the SEC), the agency with regulatory authority over the City’s compliance with the federal securities laws, has issued guidance as to the duties of the City Council, Agency, Authority, or Commission Boards with respect to its approval of the POS. In its “Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors” (Release No. 36761 / January 24, 1996) (the “Release”), the SEC stated that, if a member of the City Council has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the bonds, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such factors are adequately disclosed in the Official Statement. In the Release, the SEC stated that the steps that a member of the City Council would take include becoming familiar with the POS and questioning staff and consultants about the disclosure of such facts.

The most familiar nationally recognized bond rating agencies are Standard and Poor's, Moody's Investors Service, and Fitch Ratings. When issuing a credit rating, rating agencies consider various factors including but not limited to:

- City's fiscal status
- City's general management capabilities;
- Economic conditions that may impact the stability and reliability of debt repayment sources;
- City's general reserve levels;
- City's debt history and current debt structure;
- Project being financed
- Covenants and conditions in the governing legal documents

**Bond Ratings** – The Financing Team will assess whether a credit rating should be obtained for an issuance. The City typically seeks a rating from at least one nationally recognized rating agency on new and refunded issues being sold in the public market. The Finance Director, working with the Financing Team, shall be responsible for determining which of the major rating agencies the City shall request provide a rating. When applying for a rating on an issue, the City and Financing Team shall prepare a presentation for the rating agency when the City determines that a presentation is in the best interests of the City.

**Rating Agency Communications** – The Finance Director is responsible for maintaining relationships with the rating agencies that assign ratings to the City's various debt obligations. This effort shall include providing the rating agencies with the City's financial statements, if applicable, as well as any additional information requested.

## **Section 9: Post Issuance Administration**

**Notification to the CDIAC** – The City shall work with its bond counsel to submit a report of final sale to the CDIAC by any method approved by the CDIAC no later than 21 days after the sale of the debt. The report shall include the information required by CDIAC.

**Investment of Proceeds** – The Finance Director shall invest bond proceeds and reserve funds in accordance with each issue's indenture or trust agreement, utilizing competitive bidding when possible. All investments will be made in compliance with the City's investment policy objectives of safety liquidity and then yield. The investment of bond proceeds and reserve funds shall comply with federal tax law requirements specified in the indenture or trust agreement and the tax certificate.

Unexpended bond proceeds shall be held by the bank trustee. The trustee will be responsible for recording all investments and transactions relating to the proceeds and providing monthly statements regarding the investments and transactions.

**Use of Bond Proceeds** – The Finance Director is responsible for ensuring debt proceeds are spent for the intended purposes identified in the related legal documents and that the proceeds are spent in the time frames identified in the tax certificate prepared by the City's bond counsel. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the City will submit written requisitions for such proceeds. The City will submit a requisition only after obtaining the signature of the City Manager/Executive Director. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the Finance Director shall retain records of all expenditures of proceeds through the final payment date for the debt.

**Continuing Disclosure** – The Finance Director or designee will ensure the annual financial statements of the City, Agency, Authority and Commission and associated reports are posted on the City's web site. The City will also contract with consultant(s) to comply with the Securities and Exchange Commission Rule 15c2 by filing its

annual financial statements, other financial and operating data and notices of enumerated events for the benefit of its bondholders on the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board (MSRB).

The City shall submit an annual report to the CDIAC for any issue of debt for which it has submitted a report of final sale on or after January 21, 2017. The annual report shall comply with the requirements of Government Code Section 8855 and related regulations.

**Arbitrage Rebate Compliance and Reporting** – The use and investment of bond proceeds must be monitored to ensure compliance with arbitrage restrictions. Existing regulations require that issuers calculate rebate liabilities related to any bond issues, with rebates paid to the Federal Government every five years and as otherwise required by applicable provisions of the Internal Revenue Code and regulations. The City shall contract with a specialist to ensure that proceeds and investments are tracked in a manner that facilitates accurate complete calculations, and if necessary timely rebate payments.

**Compliance with Other Bond Covenants** – In addition to financial disclosure and arbitrage, the City is also responsible for verifying compliance with all undertakings, covenants, and agreements of each bond issuance on an ongoing basis. This typically includes ensuring:

- Annual appropriation of revenues to meet debt service payments;
- Taxes/fees are levied and collected where applicable;
- Timely transfer of debt service payments to the trustee
- Compliance with insurance requirements
- Compliance with rate covenants
- Post-issuance procedures established in the tax certificate for any tax-exempt debt

**Retention** – A copy of all relevant documents and records will be maintained by the Finance Department for the term of the bonds (including refunding bonds, if any) plus 10 years. Relevant documents and records will include sufficient documentation to support the requirements relating to the tax-exempt status.

**Investor Relations** – While the City shall post its annual financial report as well as other financial reports on the City's website, this information is intended for the citizens of the City. Information that the City intends to reach the investing public, including bondholders, rating analysts, investment advisors, or any other members of the investment community shall be filed on the EMMA system.

**Additional requirements for financial statements** – It is the City's policy to hire an auditing firm that has the technical skills and resources to properly perform an annual audit of the City's financial statements. More specifically, the firm shall be a recognized expert in the accounting rules applicable to the City and shall have the resources necessary to review the City's financial statements on a timely basis.

## **Section 10: Training**

The Finance Director shall ensure that the members of the City staff involved in the initial or continuing disclosure process and the City Council, Agency, Authority, and Commission Boards are properly trained to understand and perform their responsibilities.

The Finance Director shall arrange for disclosure training sessions conducted by the City's disclosure counsel. Such training sessions shall include education on the Initial Disclosure and Continuing Disclosure sections of this Debt Management Policy, the City's disclosure obligations under applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of the City's staff and members of the City Council,



Agency, Authority, and Commission Boards. Such training sessions may be conducted using a recorded presentation.

**Section 11: Glossary**

**Ad Valorem Tax:** A tax calculated “according to the value” of property. Such a tax is based on the assessed valuation of real property and a valuation of tangible personal property.

**Amortization:** The gradual reduction in principal of an outstanding debt based upon a specific repayment schedule, which details specific dates and repayment amounts on those dates.

**Arbitrage:** The gain that may be obtained by borrowing funds at a lower (often tax-exempt) rate and investing the proceeds at higher (often taxable) rates. The ability to earn arbitrage by issuing tax-exempt securities has been severely curtailed by the Internal Revenue Code of 1986, as amended.

**Assessed Valuation:** The appraised worth of property as set by a taxing authority through assessments for purposes of ad valorem taxation

**Bond:** A security that represents an obligation to pay a specified amount of money on a specific date in the future, typically with periodic interest payments.

**Bond Anticipation Notes:** Short-term notes issued usually for capital projects and paid from the proceeds of the issuance of long-term bonds. Provide interim financing in anticipation of bond issuance.

**Bond Counsel:** A specialized, qualified attorney retained by the issuer to give a legal opinion concerning the validity of securities. The bond counsel’s opinion usually addresses the subject of tax exemption. Bond counsel typically prepares and/or advises the issuer regarding legal structure, authorizing resolutions, trust indentures and the like.

**Bond Insurance:** A type of credit enhancement whereby an insurance company indemnifies an investor against default by the issuer. In the event of failure by the issuer to pay principal and interest in full and on time, investors may call upon the insurance company to do so. Once issued, the municipal bond insurance policy is generally irrevocable. The insurance company receives its premium when the policy is issued and this premium is typically paid out of the bond issue.

**Call Option:** The right to redeem a bond prior to its stated maturity, either on a given date or continuously. The call option is also referred to as the optional redemption provision. Often a call premium is added to the call option as compensation to the holders of the earliest bonds called.

**Capital Appreciation Bond:** A municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment representing both the initial principal amount and the total investment return.

**CDIAC:** California Debt and Advisory Commission (“CDIAC”)

**Certificates of Participation:** A financial instrument representing a proportionate interest in payments such as lease payments by one party (such as a city acting as a lessee) to another party (often a JPA or non-profit).

**Competitive Sale:** A sale of bonds in which an underwriter or syndicate of underwriters submit sealed bids to purchase the bonds. Bids are awarded on a true interest cost basis (TIC), providing that other bidding requirements are satisfied. Competitive sales are recommended for simple financings with a strong underlying credit rating. This type of sale is in contrast to a Negotiated Sale

**Continuing Disclosure:** The requirement by the Securities and Exchange Commission for most issuers of municipal debt to post current financial information and notices of enumerated events on the MSRB's EMMA website for access by the general marketplace.

**Credit Rating Agency:** A company that rates the relative credit quality of a bond issue and assigns a letter rating. These rating agencies include Moody's Investors Service, Standard & Poor's, and Fitch Ratings.

**Debt Limit:** The maximum amount of debt that is legally permitted by applicable charter, constitution, or statutes.

**Debt Service:** The amount necessary to pay principal and interest requirements on outstanding bonds for a given year or series of years.

**Default:** The failure to pay principal or interest in full or on time and, in some cases, the failure to comply with non-payment obligations after notice and the opportunity to cure.

**Derivative:** A financial instrument which derives its own value from the value of another instrument, usually an underlying asset such as a stock, bond, or an underlying reference such as an interest rate index.

**Disclosure Counsel:** A specialized, qualified attorney retained to provide advice on issuer disclosure obligations, to prepare the official statement and to prepare the continuing disclosure undertaking.

**Discount:** The difference between a bond's par value and the price for which it is sold when the latter is less than par. Also known as "underwriter discount," this is the fee paid to the underwriter its banking and bond marketing services.

**Enterprise Activity:** revenue generating project or business. The project often provides funds necessary to pay debt service on securities issued to finance the facility. Common examples include water, wastewater and solid waste enterprises

**Financing Team:** The working group of City staff and outside consultants necessary to complete a debt issuance.

**General Obligation (GO) Bond:** A bond secured by an unlimited property tax pledge. Requires a two-thirds vote by the electorate. GO bonds usually achieve lower rates of interest than other financing instruments since they are considered to be a lower risk.

**Indenture:** A contract between the issuer and the trustee stipulating the characteristics of the financial instrument, the issuer's obligation to pay debt service, and the remedies available to the trustee in the event of default.

**Issuance Costs:** The costs incurred by the bond issuer during the planning and sale of securities. These costs include by are not limited to municipal advisory, bond counsel, disclosure counsel, printing, advertising costs, credit enhancement, rating agencies fees, and other expenses incurred in the marketing of an issue.

**Lease:** An obligation wherein a lessee agrees to make payments to a lessor in exchange for the use of certain property. The term may refer to a capital lease or to an operating lease.

**Lease Revenue Bonds:** Bonds that are secured by an obligation of one party to make annual lease payments to another.

**Maturity Date:** The date upon which a specified amount of debt principal or bonds matures, or becomes due and payable by the issuer of the debt.

**Municipal Advisor:** A consultant who provides the issuer with advice on the structure of the bond issue, timing, terms and related matters for a new bond issue.

***Municipal Securities Rulemaking Board (MSRB):*** A self-regulating organization established on September 5, 1975 upon the appointment of a 15-member board by the Securities and Exchange Agreement. The MSRB, comprised of representatives from investment banking firms, dealer bank representatives, and public representatives, is entrusted with the responsibility of writing rules of conduct for the municipal securities market. The MSRB hosts the EMMA website, which hosts information posted by issuers under their continuing disclosure undertakings.

***Negotiated Sale:*** A sale of securities in which the terms of the sale are determined through negotiation between the issuer and the purchaser, typically an underwriter, without competitive bidding. The negotiated sales process provides control over the financing structure and issuance timing. Negotiated sales are recommended for unusual financing terms, period of market volatility and weaker credit quality. A thorough evaluation, usually with the assistance of the City's Municipal Advisor, of the proposed bond's credit characteristics in conjunction with market conditions will be performed to ensure reasonable final pricing and underwriting spread.

***Official Statement (Prospectus):*** A document published by the issuer in connection with a primary offering of securities that discloses material information on a new security issue including the purposes of the issue, how the securities will be repaid, and the financial, economic and social characteristics of the security for the bonds. Investors may use this information to evaluate the credit quality of the securities.

***Par Value:*** The face value or principal amount of a security.

***Pension Obligation Bonds:*** Financing instruments used to pay some or all of the unfunded pension liability of a pension plan. POBs are issued as taxable instruments over a 10-40 year term or by matching the term with the amortization period of the outstanding unfunded actuarial accrued liability.

***Premium:*** The excess of the price at which a bond is sold over its face value.

***Present Value:*** The value of a future amount or stream of revenues or expenditures.

***Pricing Consultant:*** The Pricing Consultant provides a fairness letter to the City or its agent regarding the pricing of a new issue of municipal securities.

***Private Placement:*** A bond issue that is structured specifically for one purchaser. Private placements are typically carried out when extraneous circumstances preclude public offerings. A private placement is considered to be a negotiated sale.

***Redemption:*** Depending on an issue's call provisions, an issuer may on certain dates and at certain premiums, redeem or call specific outstanding maturities. When a bond or certificate is redeemed, the issuer is required to pay the maturities' par value, the accrued interest to the call date, plus any premium required by the issue's call provisions.

***Refunding:*** A procedure whereby an issuer refinances an outstanding debt issue by issuing a new debt issue.

***Rule 15c2-12:*** Rule adopted by the Securities and Exchange Commission setting forth certain obligations of (i) underwriters to receive, review and disseminate official statements prepared by issuers of most primary offering of municipal securities, (ii) underwriters to obtain continuing disclosure agreements from issuers and other obligated persons to provide ongoing annual financial information on a continuing basis, and (iii) broker-dealers to have access to such continuing disclosure in order to make recommendations of municipal securities in the secondary market.

***Reserve Fund:*** A fund established by the indenture of a bond issue into which money is deposited for payment of debt service in case of a shortfall in current revenues.

**Revenue Bond:** A bond which is payable from a specific source of revenue and to which the full faith and credit of an issuer is not pledged. Revenue bonds are payable from identified sources of revenue, and do not permit the bondholders to compel a jurisdiction to pay debt service from any other source. Pledged revenues often are derived from the operation of an enterprise.

**Secondary Market:** The market in which bonds are sold after their initial sale in the new issue market.

**Serial Bonds:** Bonds of an issue that mature in consecutive years or other intervals and are not subject to mandatory sinking fund provisions.

**Special Tax Bonds:** Bonds issued to fund eligible improvements and paid with special taxes levied in a community facilities district formed under the Mello-Roos Community Facilities Act of 1982, as amended, or other applicable law.

**State Revolving Funds:** The State Revolving Fund (SRF) loan is a low interest loan program for the construction of water infrastructure projects.

**Tax Allocation Bonds:** Historically, tax allocation bonds referred to bonds issued under the Community Redevelopment Law to fund eligible capital facilities located within a redevelopment project area. However, as a result of the passage of AB X1 26, the City of Industry's Industry Urban-Development Agency (redevelopment agency) has been dissolved and the successor agency's obligations are limited to performing certain enforceable obligations. The California Legislature has enacted a number of laws that establish alternative tax increment financing mechanisms, and tax allocation bonds may be issued under these laws in the future.

**Tax and Revenue Anticipation Notes (TRANS):** Short term notes issued in anticipation of receiving tax receipts and revenues within a fiscal year. TRANS allow the municipality to manage the period of cash shortfalls resulting from a mismatch between timing of revenues and timing of expenditures.

**Term Bonds:** Bonds that come due in a single maturity but where the issuer may agree to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity and for payment at maturity.

**True Interest Cost (TIC):** Under this method of computing the interest expense to the issuer of bonds, true interest cost is defined as the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds. Interest is assumed to be compounded semi-annually. TIC computations produce a figure slightly different from the net interest cost (NIC) method because TIC considers the time value of money while NIC does not.

**Trustee:** A bank retained by the issuer as custodian of bond proceeds and official representative of bondholders. The trustee ensures compliance with the indenture. In many cases, the trustee also acts as paying agent and is responsible for transmitting payments of interest and principal to the bondholders.

**Underwriter:** A broker-dealer that purchases a new issue of municipal securities from the issuer for resale in a primary offering. The bonds may be purchased either through a negotiated sale with the issuer or through a competitive sale.

**Yield:** The net rate of return, as a percentage, received by an investor on an investment. Yield calculations on a fixed income investment, such as a bond issue, take purchase price and coupon into account when calculating yield to maturity.

*SUCCESSOR AGENCY*

ITEM NO. 5.3



# SUCCESSOR AGENCY TO THE INDUSTRY URBAN - DEVELOPMENT AGENCY

## MEMORANDUM

**TO:** Honorable Chairman and Board Members

**FROM:** Paul J. Philips, Executive Director *Paul J. Philips*

**STAFF:** Susan Paragas, Director of Finance *SP*  
Dean Yamagata, City Contracted Accounting Services

**DATE:** February 23, 2017

**SUBJECT:** Successor Agency to Industry Urban-Development Agency Year Ended June 30, 2016 Annual Financial Reports (Draft)

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### **BACKGROUND:**

Governmental entities issuing bonds generally have an obligation to meet specific continuing disclosure standards set forth in continuing disclosure agreements. When bonds are issued, the issuer, such as the Successor Agency to the Industry Urban-Development Agency ("Agency"), commits to provide certain annual financial information and material event notices to the public. These reports are filed electronically at the Electronic Municipal Market Access (EMMA) portal.

Continuing bond disclosures ("CBD") is submitted based on the agreements established when bonds are issued and are to be filed annually. CBD consists of important information about bonds that arises after the initial issuance of the bonds. The information generally reflects the financial health or operating condition of the entity over time. CBD includes financial information and operating data as well as the audited financial statements of the entity.

### **DISCUSSION:**

The Agency's independent auditors, The Pun Group, LLP, have completed their annual audit of the financial statements which include the financial activities for the year ended June 30, 2016. The financial statements received an unqualified (or clean) opinion.

The financial reports for the year ended June 30, 2016 are briefly described below:

#### **Annual Financial Report**

The annual financial statement is a comprehensive document reflecting the financial position of the Authority.

## **Continuing Annual Disclosure Report**

This Continuing Annual Disclosure Report ("Report") is filed pursuant to the Continuing Disclosure Certificates adopted by the Authority in connection with certain bonds issued by the Authority in accordance with Securities and Exchange Commission Rule 15c2-12.

The Report is filed in connection with the following bonds:

1. \$33,815,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2)
2. \$239,525,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1)
3. \$7,140,000 City of Industry Public Facilities Authority 2015 Tax-Exempt Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2)
4. \$7,230,000 City of Industry Public Facilities Authority 2015 Tax-Exempt Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3)
5. \$249,770,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2)
6. \$37,425,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3)

### **FISCAL IMPACT:**

There is no fiscal impact as result of this action.

### **RECOMMENDED ACTION:**

Approve, receive and file the annual financial reports of the Successor Agency to Industry Urban-Development Agency:

- 1) Annual Audited Financial Statements For The Year Ended June 30, 2016
- 2) Continuing Annual Disclosure Report

### **ATTACHMENTS:**

- A. Agency Audited Financial Statement, Year Ended June 30, 2016
- B. Continuing Bond Disclosure Report



**Successor Agency to  
Industry Urban-Development Agency  
(A Component Unit of City of Industry)**

City of Industry, California

**Financial Statements and  
Independent Auditors' Report**

*For the Year Ended June 30, 2016*

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**Successor Agency to Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
For the Year Ended June 30, 2016**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of the Successor Agency to Industry Urban-Development Agency  
City of Industry, California

### Report on Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position of the Successor Agency to Industry Urban-Development Agency (the "SA to IUDA"), a component unit of the City of Industry, California (the "City") as of June 30, 2016 and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the SA to IUDA's basic financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SA to IUDA as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
of the Successor Agency to Industry Urban-Development Agency  
City of Industry, California  
Page 2

***Other Matters***

***Required Supplementary Information***

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SA to IUDA's basic financial statements. The Schedules of Long-Term Debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Long-Term Debt are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Long-Term Debt are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated **xxxx, 2017**, on our consideration of the SA to IUDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SA to IUDA's internal control over financial reporting and compliance.

Santa Ana, California  
**xxxx, 2017**

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FINANCIAL STATEMENTS

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**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Statement of Fiduciary Net Position**  
**June 30, 2016**

	<b>Private-purpose Trust Fund</b>
<b>ASSETS</b>	
Cash	\$ 855,931
Investments	28,898,382
Other receivables	1,797,174
Deposits held by bond trustee for debt services	55,906,358
Notes receivable	15,461,992
Property held for sale or disposition	462,479,173
Restricted assets:	
Cash	125,395
Investments	7,652,309
<b>Total assets</b>	<b>573,176,714</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	42,906,955
<b>Total deferred outflows of resources</b>	<b>42,906,955</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,428,582
Interest payable	21,968,386
Due to City of Industry	56,219
Bonds payable, due within one year	47,926,571
<b>Total current liabilities</b>	<b>71,379,758</b>
Noncurrent liabilities:	
Bonds payable, due in more than one year	527,512,070
<b>Total non current liabilities</b>	<b>527,512,070</b>
<b>Total liabilities</b>	<b>598,891,828</b>
<b>NET POSITION</b>	
Held in trust for the benefit of IUDA	<b>\$ 17,191,841</b>

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2016**

		<b>Private-purpose Trust Fund</b>
<b>ADDITIONS:</b>		
Redevelopment agency property tax trust fund	\$ 63,022,467	
Less: Administrative expenses	(1,021,244)	
Pass through payments	(6,094,866)	
Redevelopment agency property tax trust fund, net		55,906,357
Revenues from use of money and property		
Interest income		800,609
Rental and other income		9,653,688
Gain on sale and write down of property		16,083,654
Transfers in from City of Industry		9,463,321
<b>Total additions</b>		<b>91,907,629</b>
<b>DEDUCTIONS</b>		
General administration		3,042,859
Bond interest expenses		36,829,981
Other expenses		306,983
<b>Total deductions</b>		<b>40,179,823</b>
<b>CHANGES IN NET POSITION</b>		<b>51,727,806</b>
<b>NET POSITION:</b>		
Beginning of the year		(34,535,965)
End of the year		<b>\$ 17,191,841</b>

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**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies**

**A. Description of the Reporting Entity**

The Industry-Urban-Development Agency (referred to as the "IUDA") was a component unit and an integral part of the City of Industry (referred to as the "City"). On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (referred to as the "Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to the other units of state and local government. The City has elected to become the Successor Agency to the Industry Urban-Development Agency (referred to as the "SA to IUDA"). The City and the Successor Agency have separate Board of Directors. However, individuals serving on the City Council also serve on the Successor Agency Board. The Successor Agency is a component unit of the City that is fiduciary in nature and is reported in the statements of fiduciary net position and changes in fiduciary net position within the City's fiduciary funds.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are allocated revenue only in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

Under the provisions of AB 1484, SA to IUDA is required to have a Due Diligence Review (DDR) of the unobligated balances in the Low and Moderate Housing Fund and in November 2012 the DDR report was approved with no additional funds required to be remitted to the Auditor-Controller. In April 2013, Department of Finance completed its review of the Due Diligence Review of the Other Funds and Accounts and the SA to IUDA remitted \$17,185,869 to the Auditor-Controller based upon this review.

In May 2013, the SA to IUDA was granted its Finding of Completion notice from the Department of Finance. The SA to IUDA may now do the following:

- 1) Place loan agreements between the former redevelopment agency on the ROPS as an enforceable obligation provided the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes.
- 2) Utilize bond proceeds issued prior to January 1, 2011 in a manner consistent with the original bond covenants.
- 3) In addition the SA to IUDA is required to submit a Long-Range Property Management Plan to the DOF for its review and approval. The Long-Range Property Management Plan was approved by the DOF in February 2014.

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Accounting**

The financial statements of SA to IUDA have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applicable to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial statements include a statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. These statements are presented for using full – accrual basis of accounting.

**C. Cash and Investments**

Cash deposits are reported at their carrying amount, which reasonably estimates fair value. Short-term investments are reported at amortized cost, which approximates fair value. Investments that exceed more than one year in maturity and that are traded on a national exchange are reported at fair value.

**D. Fair Value Measurement**

In accordance with GASB Statement No. 72, Fair Value Measurement and Applications, this statement defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate

**E. Redevelopment Property Tax Revenues**

Pursuant to the Redevelopment Dissolution Law, funds that would have been distributed to the former Agency as tax increment, hereafter referred to as redevelopment property tax revenues, are deposited into the SA to IUDA’s Redevelopment Property Tax Trust Fund (“Trust Fund”) administered by the Los Angeles County’s Auditor-Controller for the benefit of holders of the former IUDA’s enforceable obligations and the taxing entities that receive pass-through payments. Any remaining funds in the Trust Fund, plus any unencumbered redevelopment cash and funds from asset sales are distributed by the County to the local agencies in the project area unless needed to pay enforceable obligations.

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**E. Redevelopment Property Tax Revenues (Continued)**

Distributions are to be made twice each year on the following cycles:

Distribution Dates	Covers Recognized Obligation Payment Schedules to be Paid
January 2	January 1 through June 30
June 1	July 1 through December 31

The amounts distributed for Recognized Obligation Payment Schedules (“ROP”) are forward looking to the next six month period.

**F. Tax Override Monies**

On September 26, 2013 pursuant to resolution no. CC 2013-25, the City has established a segregated fund in the treasury designated the Agency Override Fund and shall deposit all Agency Override Portion received by the City into the Agency Override Fund. Upon notification by the SA to IUDA of the debt service shortfall, the City shall apply the necessary amount (but only to the extent available) from the Agency Override Fund to pay the bond trustee or, to the extent that there is no trustee for any bond issue, the bondholders directly, to cover the debt service shortfall. So long as the IUDA bonds remain outstanding, the City shall make withdrawals from the Agency Override Fund solely for the purpose of covering debt service shortfalls. See note 5 for further discussion.

During the year ended June 30, 2016, the SA to IUDA refunded all of its bonds as further discussed in Note 5. The refunding required the City to deposit with the bond trustee the funds received for the Agency Override Fund on a monthly basis.

**G. Property Held for Sale or Disposition**

Property held for sale or disposition is reported in the financial statements at the lower of cost or net realizable value. The SA to IUDA does not record depreciation expense on its capital assets as these assets are being held for sale or disposition.

**H. Bond Issuance Costs and Premiums/Discounts**

Bond premiums and discounts in the statement of fiduciary net position are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an outflow of resources in the period incurred in the statement of changes in fiduciary net position. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**I. Use of Estimates**

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**J. New Accounting Standard**

*GASB Statement No. 72, Fair Value Measurement and Application* - This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement became effective for periods beginning after June 15, 2015 and did not have any measurement impact on the SA to IUDA's investment portfolio, except for the additional disclosure regarding to the measurement input as discussed in Note 2 of the SA to IUDA's financial statements for the year ended June 30, 2016.

*GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* - This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No.68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68 for pension plans and pensions that are within their respective scopes. This Statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the SA to IUDA's financial statements for the year ended June 30, 2016.

*GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - This Statement establishes standards relating to the hierarchy of generally accepted accounting principles. The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement became effective for periods beginning after June 15, 2015, is applied retroactively, and did not have a significant impact on the SA to IUDA's financial statements for the year ended June 30, 2016.

*GASB Statement No. 79, Certain External Investment Pools and Pool Participants* - This Statement establishes standards relating to accounting and financial reporting for certain external investment pools and pool participants. This Statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. This statement did not have a significant impact on the SA to IUDA's financial statements for the year ended June 30, 2016.

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 2 – Cash and Investments**

Cash and investments as of June 30, 2016, consisted of the following:

	Amount
Cash	\$ 855,931
Cash - Restricted	125,395
Investments	28,813,382
Investments - Restricted	7,652,309
Total cash and investments	\$ 37,532,017
Cash:	
Petty cash	500
Demand deposits	980,826
Investments	36,550,691
Total cash and investments	\$ 37,532,017

The amounts held as “Cash-Restricted” of \$125,395 and “Investments-Restricted” of \$7,652,309 represents amounts specifically restricted to pay for project costs or loan payments to the City of Industry.

**A. Demand Deposits**

The carrying amount of the SA to IUDA's cash deposits were \$980,826 at June 30, 2016. Bank balances before reconciling items were \$1,108,686 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the SA to IUDA's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the SA to IUDA's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the SA to IUDA's name.

The market value of pledged securities must equal at least 110% of the SA to IUDA's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the SA to IUDA's total cash deposits. The SA to IUDA may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”). The SA to IUDA, however, has not waived the collateralization requirements.

As of June 30, 2016, SA to IUDA's deposits exceeded federally insured limits by \$483,291.

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 2 – Cash and Investments (Continued)**

**B. Investments Authorized by SA to IUDA's Investment Policy**

Under provision of SA to IUDA's Investment Policy, and in accordance with Section 53601 and Section 53635 of the California Government Code, and the Section 33603 of the Health and Safety Code, SA to IUDA may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Bonds, notes, warrants, or other evidence of indebtedness of the City of Industry
- Inactive Public Deposits; Non – negotiable and /or non –transferable certificate of deposit.
- Bankers Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool) Deposits ("LAIF")
- Passbook Savings Account Demand Deposits
- Repurchase Agreements
- Los Angeles County Investment Pool

The SA to IUDA's investment policy does not contain any specific provisions intended to limit SA to IUDA's exposure to interest rate risk, credit risk, and concentration risk other than those specified in the California Government Code.

**C. Investments Authorized by Debt Agreements**

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements.

The debt agreement held by SA to IUDA and its bond trustees have investment policies that are the same as SA to IUDA's general investment policy, as listed above.

SA to IUDA has monies held by trustees or fiscal agents pledged for the payment or security of tax allocation bonds. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinances, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions and indentures are generally less restrictive than SA to IUDA's general investment policy. In no instance have additional types of investments, not permitted by SA to IUDA's general investment policy, been authorized.



**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 2 – Cash and Investments (Continued)****D. Fair Value Measurement**

At June 30, 2016, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2016:

Investment Type	Measurement Input				Total
	Level 1	Level 2	Level 3	N/A	
Investments - unrestricted:					
Commercial paper	\$ -	\$ 3,617,755	\$ -	\$ -	\$ 3,617,755
LAIF	-	25,280,627	-	-	25,280,627
Investment - restricted:					
Money market funds	-	-	-	7,652,309	7,652,309
<b>Total</b>	<b>\$ -</b>	<b>\$ 28,898,382</b>	<b>\$ -</b>	<b>\$ 7,652,309</b>	<b>\$ 36,550,691</b>

**E. Risk Disclosure**Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure by the counterparty, SA to IUDA will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Under section 53652 of the California Government Code, it is required that the depository secure active or inactive deposits with eligible securities having a fair market value of at least 10% in excess of the total amount of all deposits. As of June 30, 2016, the financial institutions that hold collateral for SA to IUDA had satisfied this requirement.

Interest Rate Risk

Interest rate risk is the risk for changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that SA to IUDA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. SA to IUDA monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 2 – Cash and Investments (Continued)****E. Risk Disclosure (Continued)**Interest Rate Risk (Continued)

Investment Type	Amount	Weighted Average Maturity (in months)
Investments:		
Commercial paper	\$ 3,617,755	2.50
LAIF	25,280,627	.06
Investments - Restricted:		
Money market funds	7,652,309	N/A
Total investments	<u>\$ 36,550,691</u>	

Credit Risk

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical organization. Presented below is the minimum rating required by Section 53601 and Section 53635 of the California Government Code, Section 33603 of the Health and Safety Code, SA to IUDA's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of June 30, 2016		
			Actual Rating	Rated	Not Rated
Commercial paper	3,617,755	Aaa/P-1	P-1	\$ 3,617,755	\$ -
LAIF	25,280,627	N/A			25,280,627
Investments - Restricted	7,652,309	Aaa/P-1	Aaa	7,652,309	
Total investments	<u>\$ 36,550,691</u>			<u>\$ 11,270,064</u>	<u>\$ 25,280,627</u>

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 2 – Cash and Investments (Continued)****F. State of California Local Agency Investment Fund**

The City is a participant in LAIF which is regulated by California Government Code Section 6429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2016 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

At June 30, 2016, the carrying amount of the investments in LAIF amounted to \$25,280,627.

**Note 3 – Receivables**

As of June 30, 2016, receivables on the statement of net position consisted of the following:

Notes receivable:		
Developer notes receivable - construction loans	\$	11,203,387
Developer notes receivable - Nissan		4,258,605
Total notes receivable	\$	<u>15,461,992</u>
Accrued interest and other receivable:		
Accrued interest receivable	\$	64,699
Accounts receivable		1,732,475
Total other receivable	\$	<u>1,797,174</u>

**A. Developer Notes Receivable - Construction Loan**

In June 2000, the IUDA entered into an agreement with a Developer to redevelop certain real property located within the City of Industry, Redevelopment Plan for Project Area No. 1. As part of the agreement, the Developer purchased the land from IUDA for \$12,900,000. In order to finance construction costs, the IUDA had provided the Developer with construction loans totaling \$14,703,280. The promissory notes for the construction loans and land purchase is secured by a deed of trust and is payable in equal installments over 20 years including principal and interest at a rate of 4% per annum and consisted of the following:

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 3 – Receivables (Continued)****A. Developer Notes Receivable - Construction Loan (Continued)**

	Amount June 30, 2016	Principal Amounts due in one year	Non-current Principal
Due June, 2022, payable in monthly payments of \$78,171 including interest at 4.00% per annum beginning July 2002	\$ 5,235,745	\$ 751,382	\$ 4,483,863
Due June, 2022, payable in monthly payments of \$66,658 including interest at 4.00% per annum beginning July 2002	4,464,517	641,140	3,823,447
Due June, 2022, payable in monthly payments of \$22,441 including interest at 4.00% per annum beginning July 2002	1,503,055	215,847	1,287,208
Totals	<u>\$ 11,203,387</u>	<u>\$ 1,608,869</u>	<u>\$ 9,594,518</u>

Total interest received on these notes during the year ended in June 30, 2016 amounted to \$471,438.

**B. Developer Notes Receivable – Nissan Auto Mall**

In May 2010, IUDA entered into an agreement with a Developer to redevelop certain real property located within the City of Industry, Redevelopment Plan for Project Area No. 1. In order to finance the property acquisition, the IUDA had provided the Developer with a loan of \$4,500,000. Under the agreement, the developer made interest only payments at \$5,000 per month starting on May 1, 2010 through April 1, 2012. On May 1, 2012, the Developer started making monthly principal and interest payments at an annual rate of 4% due monthly on the outstanding note balance.

	Amount June 30, 2016	Principal Amounts due in one year	Non-current Principal
Due May, 2022, payable in monthly payments of \$25,069 including interest at 4.00% per annum beginning July 2002	\$ 4,258,605	\$ 132,906	\$ 4,125,699

Total interest income received on this note during the year ended June 30, 2016, amounted to \$173,128.

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 4 – Property Held for Sale or Disposition**

All property is held for sale or disposition and is carried at the lower of cost or net realizable value. The SA to IUDA is no longer recording depreciation expense on its capital assets.

As of June 30, 2016, the carrying amount of SA to IUDA's property held for sale or disposition amounted to \$462,479,173 and consists of the following:

Property Held for Sale or Disposition	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 174,143,801	\$ -	\$ (17,060,000)	\$ 157,083,801
Construction in progress	100,419,700	27,222,048	-	127,641,748
Total capital assets not being depreciated	<u>274,563,501</u>	<u>27,222,048</u>	<u>(17,060,000)</u>	<u>284,725,549</u>
<b>Capital Assets Being Depreciated</b>				
Infrastructure	187,616,550	-	-	187,616,550
Buildings and improvements	15,221,946	-	-	15,221,946
Furniture and fixtures	676,222	-	-	676,222
Vehicles	33,312	-	-	33,312
Total capital assets being depreciated	<u>203,548,030</u>	<u>-</u>	<u>-</u>	<u>203,548,030</u>
Less: Accumulated depreciation	(25,794,406)	-	-	(25,794,406)
Total capital assets being depreciated, net	<u>177,753,624</u>	<u>-</u>	<u>-</u>	<u>177,753,624</u>
Capital assets, net	<u>\$ 452,317,125</u>	<u>\$ 27,222,048</u>	<u>\$ (17,060,000)</u>	<u>\$ 462,479,173</u>

During the year ended June 30, 2016, the SA to IUDA sold thirteen properties for \$33,143,654 and recognized a gain of \$16,083,654.

**Note 5 – Deposits Held by City of Industry Public Facilities Authority Bond Trustee for Debt Services**

In compliance with the PFA and SA to IUDA's 2015 bond indenture, the City deposited the tax override revenue received with the PFA's bond Trustee for debt service payments due in the year ending June 30, 2017. In addition, the SA to IUDA provided the remaining funds needed to be deposited with the PFA's bond trustee in the amount of \$55,906,358.

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 6 – Bonds Payable**

Summary of changes in the Successor Agency to IUDA's bonds payables for the year ended June 30, 2016 is as following:

	Balance July 1, 2015	Additions	Defeased	Balance June 30, 2016	Due within One Year	Due in more than one year
<b>Project Area 1:</b>						
2002 Tax Allocation Refunding Bonds, Series B	\$ 79,660,000	\$ -	\$ (79,660,000)	\$ -	\$ -	\$ -
2003 Tax Allocation Bonds, Series A	34,725,000	-	(34,725,000)	-	-	-
2003 Tax Allocation Bonds, Series B	16,275,000	-	(16,275,000)	-	-	-
2003 Subordinate Lien Tax Allocation Refunding Bonds	45,630,000	-	(45,630,000)	-	-	-
2005 Subordinate Lien Tax Allocation Refunding Bonds	47,900,000	-	(47,900,000)	-	-	-
2007 Subordinate Lien Tax Allocation Refunding Bonds	11,900,000	-	(11,900,000)	-	-	-
2008 Subordinate Lien Tax Allocation Refunding Bonds	24,727,000	-	(24,727,000)	-	-	-
2015 Tax Allocation Revenue Refunding Bonds, Series A	-	239,525,000	-	239,525,000	32,000,000	207,525,000
Total Project Area 1	<u>260,817,000</u>	<u>239,525,000</u>	<u>(260,817,000)</u>	<u>239,525,000</u>	<u>32,000,000</u>	<u>207,525,000</u>
<b>Project Area 2:</b>						
2002 Tax Allocation Refunding Bonds, Series B	8,980,000	-	(8,980,000)	-	-	-
2003 Tax Allocation Bonds	22,505,000	-	(22,505,000)	-	-	-
2003 Subordinate Lien Tax Allocation Refunding Bonds	58,725,634	-	(58,725,634)	-	-	-
2005 Subordinate Lien Tax Allocation Refunding Bonds	11,860,000	-	(11,860,000)	-	-	-
2008 Subordinate Lien Tax Allocation Refunding Bonds	26,870,000	-	(26,870,000)	-	-	-
2010 Subordinate Lien Tax Allocation Refunding Bonds	33,680,000	-	(33,680,000)	-	-	-
2015 Tax Allocation Revenue Refunding Bonds, Series A	-	7,140,000	-	7,140,000	495,000	6,645,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	-	249,770,000	-	249,770,000	10,245,000	239,525,000
2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A	-	33,815,000	-	33,815,000	1,975,000	31,840,000
Total Project Area 2	<u>162,620,634</u>	<u>290,725,000</u>	<u>(162,620,634)</u>	<u>290,725,000</u>	<u>12,715,000</u>	<u>278,010,000</u>

(Continued)

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 6 – Bond Payable (Continued)**

Summary of changes in the Successor Agency to IUDA's bonds payables for the year ended June 30, 2016 is as following:

	Balance July 1, 2015	Additions	Defeased	Balance June 30, 2016	Due within One Year	Due in more than one year
<b>Project Area 3:</b>						
2002 Tax Allocation Refunding Bonds, Series B	9,055,000	-	(9,055,000)		-	-
2003 Tax Allocation Bonds	25,245,000	-	(25,245,000)		-	-
2003 Subordinate Lien Tax Allocation Refunding Bonds	4,065,000	-	(4,065,000)		-	-
2008 Subordinate Lien Tax Allocation Refunding Bonds	5,120,289	-	(5,120,289)		-	-
2015 Tax Allocation Revenue Refunding Bonds, Series A	-	7,230,000		7,230,000	505,000	6,725,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	-	37,425,000		37,425,000	2,595,000	34,830,000
<b>Total Project Area 3</b>	<b>43,485,289</b>	<b>44,655,000</b>	<b>(43,485,289)</b>	<b>44,655,000</b>	<b>3,100,000</b>	<b>41,555,000</b>
<b>Total tax allocation bonds</b>	<b>466,922,923</b>	<b>574,905,000</b>	<b>(466,922,923)</b>	<b>574,905,000</b>	<b>47,815,000</b>	<b>527,090,000</b>
<b>Deferred amounts:</b>						
Unamortized premium/discounts	392,685	18,350	(577,403)	533,641	111,571	422,070
<b>Total bonds payable</b>	<b>\$ 467,315,608</b>	<b>575,623,350</b>	<b>(467,500,326)</b>	<b>\$ 575,438,641</b>	<b>\$ 47,926,571</b>	<b>\$ 527,512,070</b>

2002 Tax Allocation Refunding Bonds

On April 16, 2002, IUDA issued \$197,000,000 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2002 Tax Allocation Bonds, Series B. IUDA used the proceeds to purchase U.S. government securities to advance refund the 1992 and 1997 Series Bonds. The bonds are payable from and secured by a pledge and a first lien on the tax increment revenues from Project Area No. 1.

On August 15, 2002, IUDA issued \$17,270,000 and \$17,455,000 of Industry-Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 and 3 2002 Tax Allocation Refunding Bonds to advance refund \$17,015,000 and \$19,780,000 of outstanding 1992 Tax Allocation Refunding Bonds, respectively.

In February 2007, IUDA redeemed the 2002 IUDA Tax Allocation Bonds (Project No. 1) and sold the bonds to PFA. The payments made by IUDA for the 2002 IUDA TA Bonds would be used to secure the payments of PFA's \$169,695,000 Tax Allocation Revenue Bond ("2007 PFA TAR Bonds").

Principal and interest payments are made by SA to IUDA to PFA for the payment of the 2002 IUDA TA Bonds (Project No. 1). PFA then uses those monies to make principal and interest payments on the 2007 PFA TA Bonds. Any surplus funds received by PFA are returned to SA to IUDA.

On July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series A for all 3 project areas 2 to advance refund all outstanding 2002 Tax Allocation Refunding Bonds.

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 6 – Bond Payable (Continued)**

2003 Tax Allocation Bonds, Series A (Taxable)

On December 29, 2003, IUDA issued several bond issues to advance refund the 1995 Subordinate Tax Allocation Refunding Bonds for all three project areas, the taxable bonds that were issued were Project No. 1 \$3,720,000 2003 Tax Allocation Bonds Series A, Project No. 2 \$39,730,000 2003 Tax Allocation Bonds, and Project No. 3 \$44,585,000 2003 Tax Allocation Bonds.

As part of the aforementioned bond issuances the IUDA and City entered into a loan agreement in order to enhance the security of the IUDA bonds and thereby reduce the overall borrowing costs. The City agreed to loan IUDA \$14,019,840 to secure the aforementioned IUDA bonds and to provide an additional source of funding for the bonds. IUDA agreed to repay all advances with interest at 8% per annum. In accordance with the loan agreement, the City deposited with U.S. Bank (the "Trustee") \$14,019,840, hereinafter referred to as the "Loan Fund". The monies are held in trust for the benefit of the City and the bond owners. IUDA has assigned all of its rights to these proceeds to the Trustee as security for the bonds and their owners. As of July 1, 2015, the City has advanced all the monies in the Loan Fund to IUDA. These monies are deposited with U.S. Bank as trustee and have been recorded on the accompanying financial statements as "Investments with fiscal agent – restricted" in the amount of \$14,421,307 and a liability due to the City in the fiduciary fund. Upon the payment or discharge of all the outstanding bonds all amounts then held in the Loan fund will be transferred to the City.

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1, 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 and 3) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 3 to advance refund the 2003 Tax Allocation Bonds in the three project areas. The refunding also provided funds needed to repay the City loan to IUDA outstanding at July 1, 2015 in the amount of \$14,421,307.

2003 Tax Allocation Bonds, Series B

On December 30, 2003, IUDA issued \$68,090,000 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds, Series B, with an average interest rate of 3.785%. The bonds were issued to finance the completion, extension and construction of projects contained in the Redevelopment Plan. A portion of the Bond proceeds were used to fund a reserve for the Bonds and to pay costs associated with the Bond issuance.

In November 2009, IUDA partially redeemed the \$68,090,000 2003 Tax Allocation Bonds, Series B. The partial redemption amounted to \$27,170,000 and the remaining principal balance amounted to \$26,470,000.

On July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series A to advance refund the 2003 Tax Allocation Revenue Refunding Bonds, Series B.

2003 Subordinate Lien Tax Allocation Refunding Bonds

On December 30, 2003, IUDA and the City entered into the "Bond Exchange Agreement". IUDA incurred debt to the City in the amount of approximately \$213,200,000 including accrued interest of \$17,654,981 from loans from the City's Redevelopment Revolving Fund. In December 2003, the IUDA issued and exchanged the following bonds for cancellation of the indebtedness to the City: Project No. 1 \$83,785,692 2003 Subordinate Lien Tax Allocation Refunding Bonds, Project No. 2 \$119,719,962 2003 Subordinate Lien



**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 6 – Bond Payable (Continued)**

2003 Subordinate Lien Tax Allocation Refunding Bonds (Continued)

Tax Allocation Refunding Bonds, and Project No. 3 \$9,726,529 2003 Subordinate Lien Tax Allocation Refunding Bonds.

On November 25, 2014 the Successor Agency to the Industry Urban-Development Agency redeemed \$5,516,634 in principal of the Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2003 Subordinate Lien Tax Allocation Refunding Bonds for a total amount of \$5,592,265. Included in this amount was \$29,445,691 of compounded interest redeemed and \$6,629,940 in redemption premium. The \$51,592,265 was paid using funds from the City's Agency Tax Override Fund.

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1, 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B and 2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A for Project Areas No. 2 and 3) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 3 to advance refund the 2003 Subordinate Lien Tax Allocation Refunding Bonds in the three project areas.

2005 Subordinate Lien Tax Allocation Refunding Bonds

On April 20, 2005, the City and IUDA entered into the "2005 Revolving Fund Loan Agreement". The City issued its 2005 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of \$113,420,000 and deposited the net proceeds of approximately \$102,200,000 from this issue into the Redevelopment Revolving Fund which constitutes a loan to IUDA. In April 2005, IUDA issued and exchanged the following bonds for cancellation of the indebtedness to the City: Project No. 1 \$71,868,838 2005 Subordinate Lien Tax Allocation Refunding Bonds, Project No. 2 \$17,788,304 2005 Subordinate Lien Tax Allocation Refunding Bonds and Project No. 3 \$12,574,490 2005 Subordinate Lien Tax Allocation Refunding Bonds.

In March 2009, IUDA redeemed the \$12,574,490 2005 Subordinate Lien Tax Allocation Refunding Bond of Project No. 3.

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1 and 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 to advance refund the 2005 Subordinate Lien Tax Allocation Refunding Bonds in the two project areas.

2007 Subordinate Lien Tax Allocation Refunding Bonds

On February 1, 2007, IUDA issued \$16,038,958 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2007 Subordinate Lien Taxable Tax Allocation Refunding Bonds with an average interest rate of 8.00%. The bonds were sold to the City in exchange for the cancellation of the 2006 Revolving Fund Loan with principal and interest amounts of \$15,000,000 and \$1,038,958, respectively.

On July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series A to advance refund all outstanding 2002 Tax Allocation Bonds, Series B, 2003 Tax Allocation Bonds Series A and B and 2007 Subordinate Lien Tax Allocation Refunding Bonds.

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 6 – Bond Payable (Continued)**

2008 Subordinate Lien Tax Allocation Refunding Bonds

On April 1, 2008, IUDA and City entered into the “2008 Revolving Fund Loan Agreement”. The City issued its 2008 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of \$77,540,000 and deposited the net proceeds of approximately \$69,900,000 from this issue into the Redevelopment Revolving Fund which constitutes a loan to IUDA. In April 2008, IUDA issued and exchanged the following bonds for cancellation of the indebtedness to the City: \$33,673,437 2008 Project No.1 Subordinate Lien Tax Allocation Refunding Bonds with average interest rate of 8.25%; \$31,083,173 2008 Project No. 2 Subordinate Lien Tax Allocation Refunding Bonds with average interest rate of 5.75%; \$5,120,288 2008 Project No. 3 Subordinate Lien Tax Allocation Refunding Bonds with average interest of 10%.

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1, 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 and 3) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 3 to advance refund the 2008 Subordinate Lien Tax Allocation Refunding Bonds in the three project areas.

2010 Subordinate Lien Tax Allocation Refunding Bonds (Taxable)

IUDA and the City, on April 20, 2010, entered into the “2010 Revolving Fund Loan Agreement.” The City issued its 2010 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of \$45,380,000 and deposited the net proceeds of approximately \$40,000,000 from this issue into the Redevelopment Revolving Fund, which constitutes the 2010 Redevelopment Revolving Fund Loan, a loan to IUDA. In April 2010, IUDA issued the 2010 Subordinate Lien Tax Allocation Refunding Bonds (Taxable) to the City in the amount of \$40,000,000 and the City had then agreed to accept the bonds for cancellation of the 2010 Redevelopment Revolving Fund loan.

On July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 to advance refund the 2010 Subordinate Lien Tax Allocation Refunding Bonds.

2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)

On July 1, 2015, the SA to IUDA issued the \$239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational/Industrial Redevelopment Project No. 1) (Taxable) for the purpose to defease all IUDA Project No. 1 outstanding 2002 Tax Allocation Refunding Bonds Series B, 2003 Tax Allocation Bonds, Series A, 2003 Tax Allocation Bonds, Series B, 2003 Subordinate Lien Tax Allocation Refunding Bonds, 2005 Subordinate Lien Tax Allocation Refunding Bonds, 2007 Subordinate Lien Tax Allocation Refunding Bonds, and 2008 Subordinate Lien Tax Allocation Refunding Bonds.

Principal ranges from \$6,835,000 to \$39,090,000 maturing annually through January 1, 2025. The bonds bear interests at rates range from 1.764% to 4.344%, due semiannually on January 1 and July 1.

**Successor Agency to the Industry Urban-Development Agency**  
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**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 6 – Bond Payable (Continued)**2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1) (Continued)

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 32,000,000	\$ 10,848,023	\$ 42,848,023
2018	36,180,000	6,667,535	42,847,535
2019	36,945,000	5,870,490	42,815,490
2020	37,925,000	4,840,094	42,765,094
2021	39,090,000	3,649,628	42,739,628
2022-2025	57,385,000	4,285,278	61,670,278
	<u>\$ 239,525,000</u>	<u>\$ 36,161,048</u>	<u>\$ 275,686,048</u>

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 2)

On July 1, 2015, the SA to IUDA issued the \$7,140,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) for the purpose to defease all IUDA Project No. 2 outstanding 2002 Tax Allocation Refunding Bonds. The SA to IUDA also issued the \$249,770,000 Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) for the purpose to defease a portion of 2003 Subordinate Lien Tax Allocation Refunding Bonds (with outstanding accrued value of \$178,967,753) and all IUDA Project No. 2 outstanding 2003 Tax Allocation Bonds, 2005 Subordinate Lien Tax Allocation Refunding Bonds, 2008 Subordinate Lien Tax Allocation Refunding Bonds, 2010 Subordinate Tax Allocation Refunding Bonds.

For Series A, principal ranges from \$495,000 to \$975,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 495,000	\$ 535,500	\$ 1,030,500
2018	700,000	332,250	1,032,250
2019	735,000	297,250	1,032,250
2020	770,000	260,500	1,030,500
2021	805,000	222,000	1,027,000
2022-2025	3,635,000	465,250	4,100,250
	<u>\$ 7,140,000</u>	<u>\$ 2,112,750</u>	<u>\$ 9,252,750</u>

For Series B, principal ranges from \$6,965,000 to \$48,825,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 1.914% to 5.044%, due semiannually on January 1 and July 1.

**Successor Agency to the Industry Urban-Development Agency**  
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**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 6 – Bond Payable (Continued)**2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 2) (Continued)

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 10,245,000	\$ 15,798,230	\$ 26,043,230
2018	16,040,000	10,336,064	26,376,064
2019	16,420,000	9,942,603	26,362,603
2020	16,905,000	9,443,599	26,348,599
2021	17,490,000	8,870,689	26,360,689
2022-2026	165,600,000	24,033,132	189,633,132
2027	7,070,000	356,611	7,426,611
	<u>\$ 249,770,000</u>	<u>\$ 78,780,928</u>	<u>\$ 328,550,928</u>

2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A

On July 1, 2015, the SA to IUDA issued the \$33,815,000 Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) for the purpose to defease remaining balances of the IUDA's Project No. 2's 2003 Subordinate Lien Tax Allocation Refunding Bonds with outstanding accreted value of \$178,967,753.

Principal ranges from \$1,975,000 to \$6,375,000 maturing annually through January 1, 2024. The bonds bear interests at rates ranges from 2.500% to 5.750%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,975,000	\$ 2,867,794	\$ 4,842,794
2018	3,255,000	1,830,800	5,085,800
2019	3,350,000	1,643,637	4,993,637
2020	3,590,000	1,451,013	5,041,013
2021	3,805,000	1,244,587	5,049,587
2022-2024	17,840,000	2,090,700	19,930,700
	<u>\$ 33,815,000</u>	<u>\$ 11,128,531</u>	<u>\$ 44,943,531</u>

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 3)

On July 1, 2015, the SA to IUDA issued the \$7,230,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) for the purpose to defease IUDA's Project No. 3 outstanding 2002 Tax Allocation Refunding Bonds. The SA to IUDA also issued the \$37,425,000 Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) for the purpose to defease all IUDA's Project No. 3 outstanding 2003 Tax Allocation Bonds, 2003 Subordinate Lien Tax Allocation Refunding Bonds, and 2008 Subordinate Lien Tax Allocation Refunding Bonds.

**Successor Agency to the Industry Urban-Development Agency**  
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**Notes to the Basic Financial Statements (Continued)**  
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**Note 6 – Bond Payable (Continued)**2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 3) (Continued)

For Series A, principal ranges from \$505,000 to \$985,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 505,000	\$ 542,250	\$ 1,047,250
2018	710,000	336,250	1,046,250
2019	740,000	300,750	1,040,750
2020	780,000	263,750	1,043,750
2021	815,000	224,750	1,039,750
2022-2025	3,680,000	470,750	4,150,750
	<u>\$ 7,230,000</u>	<u>\$ 2,138,500</u>	<u>\$ 9,368,500</u>

For Series B, principal ranges from \$2,595,000 to \$3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 1.914% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 2,595,000	\$ 2,360,783	\$ 4,955,783
2018	3,110,000	1,524,187	4,634,187
2019	3,325,000	1,461,987	4,786,987
2020	3,425,000	1,362,237	4,787,237
2021	3,530,000	1,259,487	4,789,487
2022-2026	18,110,000	3,584,519	21,694,519
2027	3,330,000	167,965	3,497,965
	<u>\$ 37,425,000</u>	<u>\$ 11,721,165</u>	<u>\$ 49,146,165</u>

The 2015 Tax Allocation Revenue Refunding Bonds collectively resulted in an economic gain in the amount of \$42,816,814 in principal and total savings in debt service payments in the amount of \$149,432,987

Revenue Pledged

All of the bonds described in this note are secured by a pledge of all future payments from the RPTTF fund until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2016 amounted to \$714,947,920. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2016, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to \$63,022,467, which the SA received \$55,906,357 after deductions.

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 6 – Bond Payable (Continued)**Revenue Pledged (Continued)

Prior to the dissolution of the Industry Urban-Development Agency, the IUDA undertook a program to redevelop each Project Area pursuant to the Community Redevelopment Law. The IUDA issued bonds discussed in the note and secured the bonds by a pledge of tax increment revenues allocated and paid to the IUDA pursuant to HSC Section 33670(b). In 1978, the City's voters authorized the City to levy an *ad valorem* tax (the "Property Tax Override") and the City continues to levy the Property Tax Override on taxable properties in the City, including properties within three Project Areas.

Since the Property Tax Override was authorized in 1978, the tax increment revenues allocated and paid to the IUDA before its dissolution in 2012 included a portion of the Property Tax Override. Pursuant to the IUDA bond indentures, the tax increment revenues pledged to the IUDA bonds included the Property Tax Override. Pursuant to the mandate set forth in HSC Section 34175, the pledge of property tax revenues for the IUDA bonds must not be affected and pledged revenues must continue to include the Agency Override Portion. However the Los Angeles Auditor-Controller in administering the allocation of property taxes pursuant to AB X1 26, is disbursing the Agency Override Portion to the City of Industry, instead of depositing the Agency Override Portion into the Successor Agency's RPTTF fund.

In recognition of the above the SA to IUDA has adopted resolution no. SA 2013-10 on September 25, 2013 authorizing the Executive Director to do as follows: if during each six month ROPS period the moneys received by the SA to IUDA from the Los Angeles Auditor-Controller's RPTTF disbursement is insufficient to pay the principal and interest payments with respect to the IUDA bonds coming due during the ROPS period, the Executive Director shall notify the City of the shortfall.

On September 26, 2013, pursuant to resolution no. CC 2013-25, the City has established a segregated fund in the treasury designated the Agency Override Fund and shall deposit all Agency Override Portion received by the City into the Agency Override Fund. Upon notification by the SA to IUDA of the Debt Service Shortfall, the City shall apply the necessary amount (but only to the extent available) from the Agency Override Fund to pay the bond trustee or, to the extent that there is no trustee for any bond issue, the bondholders directly, to cover the Debt Service Shortfall. Until such time as the SA to IUDA makes any additional or different request, so long as the IUDA bonds remain outstanding, the City shall make withdrawals from the Agency Override Fund solely for the purpose of covering Debt Service Shortfalls. The City subsequently assigns, and covenants and agrees to transfer to the PFA and only to the PFA as and when received by the City, all such override revenues for deposit in the revenue fund, to the extent permitted by law, as consideration to PFA for refunding all SA to IUDA debts by the PFA.

The SA to IUDA received RPTTF Funds for the year ending June 30, as follows:

RPTTF Funds	\$	63,022,467
Less:		
Administrative expenses		(1,021,244)
Pass through payments		(6,094,866)
Net RPTTF Funds	\$	<u>55,906,357</u>

**Successor Agency to the Industry Urban-Development Agency**  
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**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 7 – Rental Property**

The SA to IUDA rents land, buildings and housing to others through non-cancelable rental agreements. Future minimum rental income payments based on terms in effect at June 30, 2016 are as follows:

Year Ending June 30	Amount
2017	\$ 6,831,640
2018	6,591,055
2019	6,596,690
2020	6,602,555
2021	6,608,659
2022-2026	35,812,687
2027-2031	32,263,670
2032-2036	32,263,670
Thereafter	197,792,633

On April 28, 2005, IUDA entered into an agreement with a private company (the “Company”) to lease land owned by IUDA to the Company for the purpose of having the land developed and operated by the Company. SA to IUDA is required to perform substantial public improvements surrounding the project area. The term of the agreement continues for 65 years from the commencement date. The agreement allows for SA to IUDA and the Company to split revenues generated by rents of the buildings after deductions for any loan payments or costs associated with the ownership, operation, financing, maintenance, and leasing of the various buildings.

In the event that rental income on the buildings is insufficient to repay any loans outstanding related to any financing of such building projects, and operation and maintenance of the various buildings, the SA to IUDA is required to contribute fifty percent for any shortfall as a capital contribution if the Company issues a demand for additional capital. Such payments if made by SA to IUDA on the projects would be subject to return by the Company with interest at the prime rate plus three percent provided that future rents generate revenue for SA to IUDA. During the year ended June 30, 2016, SA to IUDA earned and received \$7,488,294 in rental income from the Company.

SA to IUDA also leases land, buildings, and permanently attached equipment to the Industry Convalescent Hospital d.b.a. El Encanto Healthcare and Habilitation Center for \$1 a year, renewed annually, which at the time of renewal, the lease may be terminated or the lease payment renegotiated by SA to IUDA.

**Note 8 – Self-Insurance Plan**

The City has established a Self-Insurance Plan (the “Plan”) to pay for liability claims against the City and SA to IUDA. The Plan is administered by an insurance committee which is responsible for approving all claims of \$25,000 or less and for making provision to have sufficient funds available to pay approved claims and legal and investigative expenses. The insurance committee has vested this authority with the City Manager. Potential liability for claims in excess of \$250,000 up to \$10,000,000 is covered by excess liability insurance policies.

As of June 30, 2016, there are no pending claims outstanding against the SA to IUDA.

**Successor Agency to the Industry Urban-Development Agency**  
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**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 9 – Commitment and Contingencies****A. Low and Moderate Income Housing**

In December of 1992, pursuant to the authority of Government Code 65584.3, IUDA entered into an agreement with the City and the Housing Authority of the County of Los Angeles (“HACoLA”). Under this agreement, IUDA agreed to pay HACoLA each fiscal year an amount equal to 20 percent of tax increment revenues accruing to IUDA for such fiscal year (the “HACoLA Payment”).

The HACoLA Payments for fiscal year 2011-12 and fiscal year 2012-13 are listed on the Successor Agency’s Recognized Obligation Payment Schedule (“ROPS”). However, the DOF has denied these ROPS items, arguing that the HACoLA Payments were no longer enforceable obligations after the dissolution of IUDA pursuant to AB X1 26.

The matter is the subject of a pending lawsuit, *Southern California Association of Non-Profit Housing v. State of California Department of Finance et al.* (Sacramento County Superior Court Case No. 34-2012-80001355; Court of Appeal Case No. C075705). In November 2013, the Superior Court of the State of California for the County of Sacramento entered judgment in favor of DOF, finding that the HACoLA Payments were no longer enforceable obligations. Petitioner, a non-profit housing association, has appealed the judgment. The opening brief on appeal was filed in November 2014. Opposition and reply briefs have yet to be filed but can be expected in the next several months. It is anticipated that a decision from the Court of Appeal will issue within the next year.

No liability has been recorded in the accompanying financial statements due to the uncertainty of the outcome of the pending lawsuit and the amount due to HACoLA cannot be reasonably estimated at this time.

**B. Risk Management**

The SA to IUDA is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, and general liabilities. As further discussed in Note 7, the City has a self-insurance plan to cover such risks. Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**C. Project Commitments**

As of June 30, 2016, the total net position held in trust was \$17,191,841. All of the net assets are fully committed to funding project obligations and the debt service on the bonds payable.

**Note 10 – Transactions with Related Parties**

As of June 30, 2016, SA to IUDA had net amount due to the City in the amount of \$56,219. This is comprised of funds due from the City of \$39,487, which consists of funds to be reimbursed by Cal-Trans through the City for project costs and \$95,706 due to the City, which arose from administrative expenses incurred by the SA to IUDA and paid by the City.

A total of \$574,905,000 SA to IUDA bonds are owned by the Industry Public Facilities Authority, a component unit of the City of Industry.



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SUPPLEMENTARY INFORMATION

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**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt  
\$239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A  
Civic-Recreational-Industrial Redevelopment Project No. 1  
For the Year Ended June 30, 2016**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2016	\$ -	1.764%	\$ 7,232,015	\$ 7,232,015	\$ -
1/1/2017	32,000,000	1.764%	3,616,008	35,616,008	42,848,023
7/1/2017	-	2.203%	3,333,768	3,333,768	-
1/1/2018	36,180,000	2.203%	3,333,768	39,513,768	42,847,535
7/1/2018	-	2.789%	2,935,245	2,935,245	-
1/1/2019	36,945,000	2.789%	2,935,245	39,880,245	42,815,490
7/1/2019	-	3.139%	2,420,047	2,420,047	-
1/1/2020	37,925,000	3.139%	2,420,047	40,345,047	42,765,094
7/1/2020	-	3.471%	1,824,814	1,824,814	-
1/1/2021	39,090,000	3.471%	1,824,814	40,914,814	42,739,628
7/1/2021	-	3.821%	1,146,407	1,146,407	-
1/1/2022	30,740,000	3.821%	1,146,407	31,886,407	33,032,814
7/1/2022	-	4.044%	559,119	559,119	-
1/1/2023	9,705,000	4.044%	559,119	10,264,119	10,823,239
7/1/2023	-	4.244%	362,884	362,884	-
1/1/2024	10,105,000	4.244%	362,884	10,467,884	10,830,769
7/1/2024	6,835,000	4.344%	148,456	6,983,456	6,983,456
Totals	<u>\$ 239,525,000</u>		<u>\$ 36,161,048</u>	<u>\$ 275,686,048</u>	<u>\$ 275,686,048</u>

**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt (Continued)  
\$7,140,000 Tax Allocation Revenue Refunding Bonds Series 2015A  
Transportation-Distribution-Industrial Redevelopment Project No. 2  
For the Year Ended June 30, 2016**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2016	\$ -	5.000%	\$ 357,000	\$ 357,000	\$ -
1/1/2017	495,000	5.000%	178,500	673,500	1,030,500
7/1/2017	-	5.000%	166,125	166,125	-
1/1/2018	700,000	5.000%	166,125	866,125	1,032,250
7/1/2018	-	5.000%	148,625	148,625	-
1/1/2019	735,000	5.000%	148,625	883,625	1,032,250
7/1/2019	-	5.000%	130,250	130,250	-
1/1/2020	770,000	5.000%	130,250	900,250	1,030,500
7/1/2020	-	5.000%	111,000	111,000	-
1/1/2021	805,000	5.000%	111,000	916,000	1,027,000
7/1/2021	-	5.000%	90,875	90,875	-
1/1/2022	845,000	5.000%	90,875	935,875	1,026,750
7/1/2022	-	5.000%	69,750	69,750	-
1/1/2023	885,000	5.000%	69,750	954,750	1,024,500
7/1/2023	-	5.000%	47,625	47,625	-
1/1/2024	930,000	5.000%	47,625	977,625	1,025,250
7/1/2024	-	5.000%	24,375	24,375	-
1/1/2025	975,000	5.000%	24,375	999,375	1,023,750
Totals	<u>\$ 7,140,000</u>		<u>\$ 2,112,750</u>	<u>\$ 9,252,750</u>	<u>\$ 9,252,750</u>

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**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt (Continued)  
\$249,770,000 Tax Allocation Revenue Refunding Bonds Series 2015B  
Transportation-Distribution-Industrial Redevelopment Project No. 2 (Continued)  
For the Year Ended June 30, 2016**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2016	\$ -	1.914%	\$ 10,532,153	\$ 10,532,153	\$ -
1/1/2017	10,245,000	1.914%	5,266,077	15,511,077	26,043,230
7/1/2017	-	2.453%	5,168,032	5,168,032	-
1/1/2018	16,040,000	2.453%	5,168,032	21,208,032	26,376,064
7/1/2018	-	3.039%	4,971,301	4,971,301	-
1/1/2019	16,420,000	3.039%	4,971,301	21,391,301	26,362,603
7/1/2019	-	3.389%	4,721,800	4,721,800	-
1/1/2020	16,905,000	3.389%	4,721,800	22,326,800	26,348,599
7/1/2020	-	4.121%	4,435,344	4,435,344	-
1/1/2021	17,490,000	4.121%	4,435,344	21,925,344	26,360,689
7/1/2021	-	4.121%	4,074,963	4,074,963	-
1/1/2022	22,550,000	4.121%	4,074,963	26,624,963	30,699,926
7/1/2022	-	4.294%	3,610,320	3,610,320	-
1/1/2023	46,855,000	4.294%	3,610,320	50,465,320	54,075,640
7/1/2023	-	5.044%	2,604,343	2,604,343	-
1/1/2024	48,825,000	5.044%	2,604,343	51,429,343	54,033,687
7/1/2024	-	5.044%	1,372,977	1,372,977	-
1/1/2025	40,405,000	5.044%	1,372,977	41,777,977	43,150,954
7/1/2025	-	5.044%	353,963	353,963	-
1/1/2026	6,965,000	5.044%	353,963	7,318,963	7,672,925
7/1/2026	-	5.044%	178,305	178,305	-
1/1/2027	7,070,000	5.044%	178,305	7,248,305	7,426,611
Totals	<u>\$ 249,770,000</u>		<u>\$ 78,780,928</u>	<u>\$ 328,550,928</u>	<u>\$ 328,550,928</u>

**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt (Continued)  
\$33,815,000 Subordinate Tax Allocation Revenue Refunding Bonds Series 2015A  
Transportation-Distribution-Industrial Redevelopment Project No. 2 (Continued)  
For the Year Ended June 30, 2016**

Period Ending	Principle	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	2.500%	\$ 1,911,863	\$ 1,911,863	\$ -
1/1/2017	1,975,000	2.500%	955,931	2,930,931	4,842,794
7/1/2017	-	5.750%	915,400	915,400	-
1/1/2018	3,255,000	5.750%	915,400	4,170,400	5,085,800
7/1/2018	-	5.750%	821,819	821,819	-
1/1/2019	3,350,000	5.750%	821,819	4,171,819	4,993,638
7/1/2019	-	5.750%	725,506	725,506	-
1/1/2020	3,590,000	5.750%	725,506	4,315,506	5,041,013
7/1/2020	-	5.750%	622,294	622,294	-
1/1/2021	3,805,000	5.750%	622,294	4,427,294	5,049,588
7/1/2021	-	5.750%	512,900	512,900	-
1/1/2022	5,695,000	5.750%	512,900	6,207,900	6,720,800
7/1/2022	-	5.750%	349,169	349,169	-
1/1/2023	5,770,000	5.750%	349,169	6,119,169	6,468,338
7/1/2023	-	5.750%	183,281	183,281	-
1/1/2024	6,375,000	5.750%	183,281	6,558,281	6,741,563
Totals	<u>\$ 33,815,000</u>		<u>\$ 11,128,531</u>	<u>\$ 44,943,531</u>	<u>\$ 44,943,531</u>

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**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt (Continued)  
\$7,230,000 Tax Allocation Revenue Refunding Bonds Series 2015A  
Transportation-Distribution-Industrial Redevelopment Project No. 3  
For the Year Ended June 30, 2016**

Period Ending	Principle	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	5.000%	\$ 361,500	\$ 361,500	\$ -
1/1/2017	505,000	5.000%	180,750	685,750	1,047,250
7/1/2017	-	5.000%	168,125	168,125	-
1/1/2018	710,000	5.000%	168,125	878,125	1,046,250
7/1/2018	-	5.000%	150,375	150,375	-
1/1/2019	740,000	5.000%	150,375	890,375	1,040,750
7/1/2019	-	5.000%	131,875	131,875	-
1/1/2020	780,000	5.000%	131,875	911,875	1,043,750
7/1/2020	-	5.000%	112,375	112,375	-
1/1/2021	815,000	5.000%	112,375	927,375	1,039,750
7/1/2021	-	5.000%	92,000	92,000	-
1/1/2022	855,000	5.000%	97,000	947,000	1,039,000
7/1/2022	-	5.000%	70,625	70,625	-
1/1/2023	900,000	5.000%	70,625	970,625	1,041,250
7/1/2023	-	5.000%	48,125	48,125	-
1/1/2024	940,000	5.000%	48,125	988,125	1,036,250
7/1/2024	-	5.000%	24,625	24,625	-
1/1/2025	985,000	5.000%	24,625	1,009,625	1,034,250
Totals	<u>\$ 7,230,000</u>		<u>2,138,500</u>	<u>\$ 9,368,500</u>	<u>\$ 9,368,500</u>

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**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt (Continued)  
\$37,425,000 Tax Allocation Revenue Refunding Bonds Series 2015B  
Transportation-Distribution-Industrial Redevelopment Project No. 3 (Continued)  
For the Year Ended June 30, 2016**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2016	\$ -	1.914%	\$ 1,573,855	\$ 1,573,855	\$ -
1/1/2017	2,595,000	1.914%	786,928	3,381,928	4,955,783
7/1/2017	-	2.000%	762,093	762,093	-
1/1/2018	3,110,000	2.000%	762,093	3,872,093	4,634,187
7/1/2018	-	3.000%	730,993	730,993	-
1/1/2019	3,325,000	3.000%	730,993	4,055,993	4,786,987
7/1/2019	-	3.000%	681,118	681,118	-
1/1/2020	3,425,000	3.000%	681,118	4,106,118	4,787,237
7/1/2020	-	5.044%	629,743	629,743	-
1/1/2021	3,530,000	5.044%	629,743	4,159,743	4,789,487
7/1/2021	-	5.044%	540,717	540,717	-
1/1/2022	3,435,000	5.044%	540,717	3,975,717	4,516,434
7/1/2022	-	5.044%	454,086	454,086	-
1/1/2023	3,605,000	5.044%	454,086	4,059,086	4,513,172
7/1/2023	-	5.044%	363,168	363,168	-
1/1/2024	3,795,000	5.044%	363,168	4,158,168	4,521,336
7/1/2024	-	5.044%	267,458	267,458	-
1/1/2025	3,990,000	5.044%	267,458	4,257,458	4,524,916
7/1/2025	-	5.044%	166,830	166,830	-
1/1/2026	3,285,000	5.044%	166,830	3,451,830	3,618,661
7/1/2026	-	5.044%	83,983	83,983	-
1/1/2027	3,330,000	5.044%	83,983	3,413,983	3,497,965
Totals	<u>\$ 37,425,000</u>		<u>\$ 11,721,164</u>	<u>\$ 49,146,164</u>	<u>\$ 49,146,164</u>



**CONTINUING ANNUAL DISCLOSURE REPORT****RELATING TO:****Successor Agency Bonds**

1. \$33,815,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2).
2. \$239,525,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1).
3. \$7,140,000 City of Industry Public Facilities Authority 2015 Tax-Exempt Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2).
4. \$7,230,000 City of Industry Public Facilities Authority 2015 Tax-Exempt Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3).
5. \$249,770,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2).
6. \$37,425,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3).

**I. INTRODUCTION**

This Supplemental Annual Report is filed pursuant to the Continuing Disclosure Certificates adopted by the Industry Urban-Development Agency (the "Agency") in connection with the above-captioned series of bonds (the "Bonds"), respectively, in accordance with Securities and Exchange Commission Rule 15c2-12.

**II. CONTENT OF CONTINUING ANNUAL DISCLOSURE REPORT****A. Audited Financial Statements**

The Audited Financial Statements of the Agency for the Fiscal Year 2015-2016 have been filed on the Electronic Municipal Market Access ("EMMA") web portal.

**B. Historical Assessed Values and Historical Receipts of Tax Levy in Project Areas Nos. 1, 2, and 3**

The following sets forth the historical assessed values and historical receipts of tax levy in Project Areas Nos. 1, 2, and 3 for the fiscal year ended June 30, 2016.

	<u>2015-16</u>
<b><u>Secured</u></b>	
Land	\$ 2,151,039,960
Improvements	2,800,063,827
Personal Prop	65,667,697
Exemptions	17,353,103
Total Secured	<u>4,999,418,381</u>
<b><u>State Assessed</u></b>	
Land	12,441,900
Improvements	532,329,657
Personal Prop	351,283
Exemptions	-
Total State Assessed	<u>545,122,840</u>
<b><u>Unsecured</u></b>	
Land	-
Improvements	475,602,921
Personal Prop	611,088,303
Exemptions	895,000
Total Unsecured	<u>1,085,796,224</u>
<b><u>Grand Total</u></b>	
Land	2,163,481,860
Improvements	3,807,996,405
Personal Prop	677,107,283
Exemptions	18,248,103
Grand Total	<u>6,630,337,445</u>
<b><u>Base Year Value</u></b>	
Secured	286,903,922
Unsecured	154,720,264
Add HOX	28,000
Base Year Value	<u>441,652,186</u>
Incremental Value	<u>\$ 6,188,685,259</u>

Historical Assessed Values and Historical Receipts of Tax Levy in Project Areas  
Nos. 1, 2, and 3 (continued)

**Historical Assessed Values in Project Area No. 1**

Fiscal Year Ended June 30, 2016

	<b><u>2015-16</u></b>
<b><u>Secured</u></b>	
Land	\$ 1,576,196,562
Improvements	1,770,611,725
Personal Prop	53,577,700
Exemptions	10,800,036
Total Secured	<u>3,389,585,951</u>
<b><u>State Assessed</u></b>	
Land	12,202,320
Improvements	532,329,657
Personal Prop	351,283
Exemptions	-
Total State Assessed	<u>544,883,260</u>
<b><u>Unsecured</u></b>	
Land	-
Improvements	377,626,296
Personal Prop	429,395,273
Exemptions	895,000
Total Unsecured	<u>806,126,569</u>
<b><u>Grand Total</u></b>	
Land	1,588,398,882
Improvements	2,680,567,678
Personal Prop	483,324,256
Exemptions	11,695,036
Grand Total	<u>4,740,595,780</u>
<b><u>Base Year Value</u></b>	
Secured	201,798,667
Unsecured	112,529,124
Add HOX	
Base Year Value	<u>314,327,791</u>
Incremental Value	<u>\$ 4,426,267,989</u>

Historical Assessed Values and Historical Receipts of Tax Levy in Project Areas Nos. 1, 2, and 3 (continued)

**Historical Assessed Values in Project Area No. 2**

Fiscal Year Ended June 30, 2016

	<b><u>2015-16</u></b>
<b><u>Secured</u></b>	
Land	\$ 338,058,615
Improvements	704,612,276
Personal Prop	-
Exemptions	-
Total Secured	<u>1,042,670,891</u>
<b><u>State Assessed</u></b>	
Land	239,580
Improvements	-
Personal Prop	-
Exemptions	-
Total State Assessed	<u>239,580</u>
<b><u>Unsecured</u></b>	
Land	-
Improvements	58,342,634
Personal Prop	82,927,483
Exemptions	-
Total Unsecured	<u>141,270,117</u>
<b><u>Grand Total</u></b>	
Land	338,298,195
Improvements	762,954,910
Personal Prop	82,927,483
Exemptions	-
Grand Total	<u>1,184,180,588</u>
<b><u>Base Year Value</u></b>	
Secured	42,328,261
Unsecured	7,013,840
Add HOX	7,000
Base Year Value	<u>49,349,101</u>
Incremental Value	<u>\$ 1,134,831,487</u>

Historical Assessed Values and Historical Receipts of Tax Levy in Project Areas Nos. 1, 2, and 3 (continued)

**Historical Assessed Values in Project Area No. 3**

Fiscal Year Ended June 30, 2016

	<b><u>2015-16</u></b>
<b><u>Secured</u></b>	
Land	\$ 236,784,783
Improvements	324,839,826
Personal Prop	12,089,997
Exemptions	6,553,067
Total Secured	<u>567,161,539</u>
<b><u>State Assessed</u></b>	
Land	-
Improvements	-
Personal Prop	-
Exemptions	-
Total State Assessed	<u>-</u>
<b><u>Unsecured</u></b>	
Land	-
Improvements	39,633,991
Personal Prop	98,765,547
Exemptions	-
Total Unsecured	<u>138,399,538</u>
<b><u>Grand Total</u></b>	
Land	236,784,783
Improvements	364,473,817
Personal Prop	110,855,544
Exemptions	6,553,067
Grand Total	<u>705,561,077</u>
<b><u>Base Year Value</u></b>	
Secured	42,776,994
Unsecured	35,177,300
Add HOX	21,000
Base Year Value	<u>77,975,294</u>
Incremental Value	<u>\$ 627,585,783</u>

### C. Top Ten Taxable Property Owners in Project Areas Nos. 1, 2, and 3

The following sets forth the top ten taxable property owners in Project Areas Nos. 1, 2, and 3 for the fiscal year ended June 30, 2016.

#### Top Ten Taxable Property Owners in Project Areas Nos. 1, 2 and 3

Fiscal Year Ended June 30, 2016

<u>Assessee Name</u>	<u>Project Area</u>	<u>Secured</u>		
		<u>Value</u>	<u>Parcels</u>	<u>% of Secured Value</u>
1 Majestic Realty Corp. et.al.	1, 2 & 3	\$ 781,689,705	140	14.10%
2 Walnut Creek Energy LLC	1	544,200,000	2	9.82%
3 JCC California Properties LLC	1	112,852,376	13	2.04%
4 Adcor Realty Corp/May Dept. Stores Ct	1	91,791,859	7	1.66%
5 Newage PHM LLC	1	100,000,000	5	1.80%
6 Quinn Group Inc.	1 & 3	71,244,719	5	1.28%
7 White Wave Foods Inc.	1	-	0	0.00%
8 Quemet Co. West LLC	1	81,122,114	4	1.46%
9 Alta Dena Certified Dairy LLC	1	-	0	0.00%
10 New Age Kaleidoscope LLC	1	65,760,319	28	1.19%
Top Ten Property Owner Totals		<u>\$ 1,848,661,092</u>	204	
Project Areas Totals:		\$ 5,544,541,221		33.34%
Project Areas Incremental Value:		\$ 5,257,609,299		35.16%

<u>Assessee Name</u>	<u>Unsecured</u>		
	<u>Value</u>	<u>Parcels</u>	<u>% of Unsecured Value</u>
1 Majestic Realty Corp. et.al.	\$ 988,528	7	0.09%
2 Walnut Creek Energy LLC	-	0	0.00%
3 JCC California Properties LLC	-	0	0.00%
4 Adcor Realty Corp/May Dept. Stores Ct	18,011,695	2	1.66%
5 Newage PHM LLC	-	0	0.00%
6 Quinn Group Inc.	22,252,008	7	2.05%
7 White Wave Foods Inc.	84,559,119	1	7.79%
8 Quemet Co. West LLC	-	0	0.00%
9 Alta Dena Certified Dairy LLC	80,280,970	2	7.39%
10 New Age Kaleidoscope LLC	651,199	1	0.06%
Top Ten Property Owner Totals	<u>\$ 206,743,519</u>	20	
Project Areas Totals:	\$ 1,085,796,224		19.04%
Project Areas Incremental Value:	\$ 931,075,960		22.20%

<u>Assessee Name</u>	<u>Total</u>		
	<u>Value</u>	<u>% of Total Value</u>	<u>% of Incremental Value</u>
1 Majestic Realty Corp. et.al.	\$ 782,678,233	11.80%	12.65%
2 Walnut Creek Energy LLC	544,200,000	8.21%	8.79%
3 JCC California Properties LLC	112,852,376	1.70%	1.82%
4 Adcor Realty Corp/May Dept. Stores Ct	109,803,554	1.66%	1.77%
5 Newage PHM LLC	100,000,000	1.51%	1.62%
6 Quinn Group Inc.	93,496,727	1.41%	1.51%
7 White Wave Foods Inc.	84,559,119	1.28%	1.37%
8 Quemet Co. West LLC	81,122,114	1.22%	1.31%
9 Alta Dena Certified Dairy LLC	80,280,970	1.21%	1.30%
10 New Age Kaleidoscope LLC	66,411,518	1.00%	1.07%
Top Ten Property Owner Totals	<u>\$ 2,055,404,611</u>		
Project Areas Totals:	\$ 6,630,337,445	31.00%	
Project Areas Incremental Value:	\$ 6,188,685,259		33.21%

## Top Ten Taxable Property Owners in Project Areas Nos. 1, 2, and 3 (continued)

**Top Ten Taxable Property Owners in Project Areas No. 1**

Fiscal Year Ended June 30, 2016

<u>Assessee Name</u>	<u>Project Area</u>	<u>Secured</u>		
		<u>Value</u>	<u>Parcels</u>	<u>% of Secured Value</u>
1 Walnut Creek Energy LLC	1	\$ 544,200,000	2	13.83%
2 Majestic Realty Company, et. Al.	1	162,362,254	35	4.13%
3 JCC California Properties LLC	1	112,852,376	13	2.87%
4 Adcor Realty Corp/May Dept. Stores C	1	91,791,859	7	2.33%
5 Newage PHM LLC	1	100,000,000	5	2.54%
6 White Wave Foods Inc.	1	-	0	0.00%
7 Quemet Co. West LLC	1	81,122,114	4	2.06%
8 Alta Dena Certified Dairy LLC	1	-	0	0.00%
9 New Age Kaleidoscope LLC	1	65,760,319	28	1.67%
10 MCP Social Industrial Concourse LLC	1	50,998,998	2	1.30%
Top Ten Property Owner Totals		<u>\$ 1,209,087,920</u>	96	
Project Areas No. 1 Totals:		\$ 3,934,469,211		30.73%
Project Areas No. 1 Incremental Value:		\$ 3,732,670,544		32.39%

<u>Assessee Name</u>	<u>Unsecured</u>		
	<u>Value</u>	<u>Parcels</u>	<u>% of Unsecured Value</u>
1 Walnut Creek Energy LLC	\$ -	0	0.00%
2 Majestic Realty Company, et. Al.	-	0	0.00%
3 JCC California Properties LLC	-	0	0.00%
4 Adcor Realty Corp/May Dept. Stores C	18,011,695	2	2.23%
5 Newage PHM LLC	-	0	0.00%
6 White Wave Foods Inc.	84,559,119	1	10.49%
7 Quemet Co. West LLC	-	0	0.00%
8 Alta Dena Certified Dairy LLC	80,280,970	2	9.96%
9 New Age Kaleidoscope LLC	651,199	1	0.08%
10 MCP Social Industrial Concourse LLC	-	0	0.00%
Top Ten Property Owner Totals	<u>\$ 183,502,983</u>	6	
Project Areas No. 1 Totals:	\$ 806,126,569		22.76%
Project Areas No. 1 Incremental Value:	\$ 693,597,445		26.46%

<u>Assessee Name</u>	<u>Total</u>		
	<u>Value</u>	<u>% of Total Value</u>	<u>% of Incremental Value</u>
1 Walnut Creek Energy LLC	\$ 544,200,000	11.48%	12.29%
2 Majestic Realty Company, et. Al.	162,362,254	3.42%	3.67%
3 JCC California Properties LLC	112,852,376	2.38%	2.55%
4 Adcor Realty Corp/May Dept. Stores C	109,803,554	2.32%	2.48%
5 Newage PHM LLC	100,000,000	2.11%	2.26%
6 White Wave Foods Inc.	84,559,119	1.78%	1.91%
7 Quemet Co. West LLC	81,122,114	1.71%	1.83%
8 Alta Dena Certified Dairy LLC	80,280,970	1.69%	1.81%
9 New Age Kaleidoscope LLC	66,411,518	1.40%	1.50%
10 MCP Social Industrial Concourse LLC	50,998,998	1.08%	1.15%
Top Ten Property Owner Totals	<u>\$ 1,392,590,903</u>		
Project Areas No. 1 Totals:	\$ 4,740,595,780	29.38%	
Project Areas No. 1 Incremental Value:	\$ 4,426,267,989		31.46%

## Top Ten Taxable Property Owners in Project Areas Nos. 1, 2, and 3 (continued)

**Top Ten Taxable Property Owners in Project Area No. 2**

Fiscal Year Ended June 30, 2016

		<b>Secured</b>			
<u>Assessee Name</u>	<u>Project Area</u>	<u>Value</u>	<u>Parcels</u>	<u>% of Secured Value</u>	
1 Majestic Realty Corp. et.al.	2	\$ 464,026,054	66	44.49%	
2 Unical Real Estate LLC	2	36,515,284	2	3.50%	
3 Grand Avenue Venture LLC	2	31,419,831	1	3.01%	
4 Scannell Properties #57 LLC	2	30,101,678	1	2.89%	
5 Catellus Development Corp.	2	29,155,226	5	2.80%	
6 Santa Fe Pacific Realty Corp	2	25,035,012	3	2.40%	
7 Lee Wang LLC	2	21,967,524	1	2.11%	
8 Le Chen LLC	2	20,222,774	1	1.94%	
9 AMB SGP CIF California LLC and AME	2	19,230,638	2	1.84%	
10 218 Machlin LLC	2	17,225,772	1	1.65%	
Top Ten Property Owner Totals		<u>\$ 694,899,793</u>	83		
Project Areas No. 2 Totals:		\$ 1,042,910,471		66.63%	
Project Areas No.2 Incremental Value:		\$ 1,000,575,210		69.45%	

		<b>Unsecured</b>		
<u>Assessee Name</u>	<u>Value</u>	<u>Parcels</u>	<u>% of Unsecured Value</u>	
1 Majestic Realty Corp. et.al.	\$ -	0	0.00%	
2 Unical Real Estate LLC	8,306,896	1	5.88%	
3 Grand Avenue Venture LLC	-	0	0.00%	
4 Scannell Properties #57 LLC	-	0	0.00%	
5 Catellus Development Corp.	-	0	0.00%	
6 Santa Fe Pacific Realty Corp	-	0	0.00%	
7 Lee Wang LLC	-	0	0.00%	
8 Le Chen LLC	-	0	0.00%	
9 AMB SGP CIF California LLC and AME	-	0	0.00%	
10 218 Machlin LLC	-	0	0.00%	
Top Ten Property Owner Totals	<u>\$ 8,306,896</u>	1		
Project Areas No. 2 Totals:		\$ 141,270,117	5.88%	
Project Areas No.2 Incremental Value:		\$ 134,256,277	6.19%	

		<b>Total</b>		
<u>Assessee Name</u>	<u>Value</u>	<u>% of Total Value</u>	<u>% of Incremental Value</u>	
1 Majestic Realty Corp. et.al.	\$ 464,026,054	39.19%	40.89%	
2 Unical Real Estate LLC	44,822,180	3.79%	3.95%	
3 Grand Avenue Venture LLC	31,419,831	2.65%	2.77%	
4 Scannell Properties #57 LLC	30,101,678	2.54%	2.65%	
5 Catellus Development Corp.	29,155,226	2.46%	2.57%	
6 Santa Fe Pacific Realty Corp	25,035,012	2.11%	2.21%	
7 Lee Wang LLC	21,967,524	1.86%	1.94%	
8 Le Chen LLC	20,222,774	1.71%	1.78%	
9 AMB SGP CIF California LLC and AME	19,230,638	1.62%	1.69%	
10 218 Machlin LLC	17,225,772	1.45%	1.52%	
Top Ten Property Owner Totals	<u>\$ 703,206,689</u>			
Project Areas No. 2 Totals:		\$ 1,184,180,588	59.38%	
Project Areas No.2 Incremental Value:		\$ 1,134,831,487	61.97%	



## Top Ten Taxable Property Owners in Project Areas Nos. 1, 2, and 3 (continued)

**Top Ten Taxable Property Owners in Project Area No. 3**

Fiscal Year Ended June 30, 2016

<u>Assessee Name</u>	<u>Project Area</u>	<u>Secured</u>		
		<u>Value</u>	<u>Parcels</u>	<u>% of Secured Value</u>
1 Majestic Realty Co. et.al.	3	\$ 155,301,397	39	27.38%
2 Quinn Group Inc.	3	71,244,719	5	12.56%
3 SDC Towers Industrial Park Inc.	3	37,786,980	9	6.66%
4 Centralize Leasing Corp.	3	-	0	0.00%
5 Goya Foods Inc. et.al	3	23,230,044	1	4.10%
6 Haralambbos Leasing Co.	3	17,619,173	1	3.11%
7 Sun Hing Properties LLC	3	16,598,693	1	2.93%
8 Lee Kum Kee USA Foods Inc.	3	9,053,633	1	1.60%
9 Golden State Foods Corp.	3	-	0	0.00%
10 Brook Property Inc.	3	13,704,144	1	2.42%
Top Ten Property Owner Totals		<u>\$ 344,538,783</u>	58	
Project Areas No. 1 Totals:		\$ 567,161,539		60.75%
Project Areas No. 1 Incremental Value:		\$ 524,363,545		65.71%

<u>Assessee Name</u>	<u>Unsecured</u>		
	<u>Value</u>	<u>Parcels</u>	<u>% of Unsecured Value</u>
1 Majestic Realty Co. et.al.	\$ 988,528	7	0.71%
2 Quinn Group Inc.	22,242,251	7	16.07%
3 SDC Towers Industrial Park Inc.	-	0	0.00%
4 Centralize Leasing Corp.	27,518,505	4	19.88%
5 Goya Foods Inc. et.al	-	0	0.00%
6 Haralambbos Leasing Co.	941,320	1	0.68%
7 Sun Hing Properties LLC	567,207	1	0.41%
8 Lee Kum Kee USA Foods Inc.	7,971,522	1	5.76%
9 Golden State Foods Corp.	14,543,603	1	10.51%
10 Brook Property Inc.	-	0	0.00%
Top Ten Property Owner Totals	<u>\$ 74,772,936</u>	22	
Project Areas No. 1 Totals:	\$ 138,399,538		54.03%
Project Areas No. 1 Incremental Value:	\$ 103,222,238		72.44%

<u>Assessee Name</u>	<u>Total</u>		
	<u>Value</u>	<u>% of Total Value</u>	<u>% of Incremental Value</u>
1 Majestic Realty Co. et.al.	\$ 156,289,925	22.15%	24.90%
2 Quinn Group Inc.	93,486,970	13.25%	14.90%
3 SDC Towers Industrial Park Inc.	37,786,980	5.36%	6.02%
4 Centralize Leasing Corp.	27,518,505	3.90%	4.38%
5 Goya Foods Inc. et.al	23,230,044	3.29%	3.70%
6 Haralambbos Leasing Co.	18,560,493	2.63%	2.96%
7 Sun Hing Properties LLC	17,165,900	2.43%	2.74%
8 Lee Kum Kee USA Foods Inc.	17,025,155	2.41%	2.71%
9 Golden State Foods Corp.	14,543,603	2.06%	2.32%
10 Brook Property Inc.	13,704,144	1.94%	2.18%
Top Ten Property Owner Totals	<u>\$ 419,311,719</u>		
Project Areas No. 1 Totals:	\$ 705,561,077	59.43%	
Project Areas No. 1 Incremental Value:	\$ 627,585,783		66.81%

## D. Summary of Assessment Appeals

The following sets forth the summary of assessment appeals in Project Areas Nos. 1, 2, and 3 for the fiscal year ended June 30, 2016.

### Summary of Assessment Appeals

Fiscal Year Ended June 30, 2016

	<u>Project Area No. 1</u>	<u>Project Area No. 2</u>	<u>Project Area No. 3</u>	<u>Combined</u>
Total No. of Appeals from fiscal years 2011-12 to 2015-16	409	105	100	614
No. of Resolved Appeals	140	14	31	185
No. of Successfully Resolved Appeals	91	13	8	112
% Successful of Resolved Appeals	65.00%	92.86%	25.81%	60.54%
Historic Contested Value	\$ 1,456,321,678	\$ 110,180,107	\$ 74,000,235	\$ 1,640,502,020
Historic Resolved Value	1,236,969,635	96,350,000	57,890,000	1,391,209,635
Variance	<u>\$ (219,352,043)</u>	<u>\$ (13,830,107)</u>	<u>\$ (16,110,235)</u>	<u>\$ (249,292,385)</u>
Average Reduction of Successful Appeals	15.06%	12.55%	21.77%	15.20%
Current Contested Value 2014-15	121,911,237	3,990,446	-	125,901,683
x% Successful of Resolved Appeals	65.00%	92.86%	25.81%	60.54%
x Average Reduction of Successful Appeals	15.06%	12.55%	21.77%	15.20%
<b>Est. Value Reduction for Tax Projection</b>	<u>\$ 11,935,523</u>	<u>\$ 465,114</u>	<u>\$ -</u>	<u>\$ 12,400,637</u>
Current Contested Value 2012-13 to 2015-16	2,801,033,170	303,747,697	326,558,084	3,431,338,951
x% Successful of Resolved Appeals	65.00%	92.86%	25.81%	60.54%
x Average Reduction of Successful Appeals	15.06%	12.55%	21.77%	15.20%
Est. Value Reduction Tax Refund	<u>\$ 274,230,640</u>	<u>\$ 35,403,864</u>	<u>\$ 18,346,681</u>	<u>\$ 327,981,185</u>
<b>Est. Tax Refund at 1%</b>	2,742,306	354,039	183,467	3,279,812

## E. Historic Receipts to Levy Analysis

### Historic Receipts to Levy Analysis in Project Area No. 1

Fiscal Year Ended June 30, 2016

	<u>2015-16</u>
Reported Assessed Value:	
Secured	\$ 3,389,585,951
State Assessed	544,883,260
Unsecured	806,126,569
Total Project Value	4,740,595,780
Less Base Value	314,327,791
Incremental Value	4,426,267,989
Tax Rate to Compute Tax Increment	1.00%
Computed Gross Tax Increment	44,648,587
Unitary Tax Revenue	460,450
Total Computed Levy	45,109,038
Gross Based on Collections Rate:	
Secured Tax Increment	37,235,977
Unsecured Tax Increment	7,237,853
Unitary Tax Revenue	459,885
Total Tax Based on Collections Rate	44,933,715
Variance From Computed Levy	\$ 175,322
% Collected (Current Levy Only)	99.61%
Post-Dissolution Actual Gross Tax Increment Allocated:	
RPTTF Gross Allocation - ROPS 15-16B	20,603,794
RPTTF Gross Allocation - ROPS 16-17A	24,433,308
Post-Dissolution Allocated Levy	\$ 45,037,101

## Historic Receipts to Levy Analysis (continued)

**Historic Receipts to Levy Analysis in Project Area No. 2**

Fiscal Year Ended June 30, 2016

	<b><u>2015-16</u></b>
Reported Assessed Value:	
Secured	\$ 1,042,670,891
State Assessed	239,580
Unsecured	141,270,117
Total Project Value	<u>1,184,180,588</u>
Less Base Value	<u>49,349,101</u>
Incremental Value	<u>1,134,831,487</u>
Tax Rate to Compute Tax Increment	1.00%
Computed Gross Tax Increment	<u>11,781,996</u>
Unitary Tax Revenue	69,450
Total Computed Levy	11,851,447
Gross Based on Collections Rate:	
Secured Tax Increment	9,998,129
Unsecured Tax Increment	1,617,132
Unitary Tax Revenue	69,303
Total Tax Based on Collections Rate	<u>11,684,563</u>
Variance From Computed Levy	<u>\$ 166,883</u>
% Collected (Current Levy Only)	98.59%
Post-Dissolution Actual Gross Tax Increment Allocated:	
RPTTF Gross Allocation - ROPS 15-16B	4,730,851
RPTTF Gross Allocation - ROPS 16-17A	6,492,512
Post-Dissolution Allocated Levy	<u>\$ 11,223,363</u>

## Historic Receipts to Levy Analysis (continued)

**Historic Receipts to Levy Analysis in Project Area No. 3**

Fiscal Year Ended June 30, 2016

	<u>2015-16</u>
Reported Assessed Value:	
Secured	\$ 567,161,539
State Assessed	-
Unsecured	138,399,538
Total Project Value	<u>705,561,077</u>
Less Base Value	<u>77,975,294</u>
Incremental Value	<u>627,585,783</u>
Tax Rate to Compute Tax Increment	1.00%
Computed Gross Tax Increment	<u>6,556,273</u>
Unitary Tax Revenue	65,026
Total Computed Levy	6,621,299
Gross Based on Collections Rate:	
Secured Tax Increment	5,455,588
Unsecured Tax Increment	1,089,426
Unitary Tax Revenue	64,949
Total Tax Based on Collections Rate	<u>6,609,963</u>
Variance From Computed Levy	<u>\$ 11,336</u>
% Collected (Current Levy Only)	99.83%
Post-Dissolution Actual Gross Tax Increment Allocated:	
RPTTF Gross Allocation - ROPS 15-16B	2,999,182
RPTTF Gross Allocation - ROPS 16-17A	3,762,822
Post-Dissolution Allocated Levy	<u>\$ 6,762,003</u>
Fiscal Year Ended June 30, 2016	

**F. The annual report regarding the total amount of Subordinate Pledged Tax Revenues remaining available to be credited to the Redevelopment Obligation Retirement Fund by the Successor Agency under the Redevelopment Plan's cumulative tax increment limitation, as well as future cumulative Annual Debt Service with respect to the Local Obligations.**

Due to the passage of SB 107, the cumulative tax increment limitation referenced in the continuing disclosure has been eliminated with respect to the Bonds.

**G. Significant events**

On August 12, 2016, S&P placed its long-term ratings on the City of Industry Public Facilities Authority's outstanding Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) (the "2015A Project No. 1 Bonds"), its outstanding Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) (the "2015A Project No. 2 Bonds"), its outstanding Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) (the "2015B Project No. 2 Bonds"), its outstanding Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) (the "2015A Project No. 3 Bonds") and its outstanding Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) (the "2015B Project No. 3 Bonds" and, together with the 2015A Project No. 1 Bonds, the 2015A Project No. 2 Bonds, the 2015B Project No. 2 Bonds and the 2015A Project No. 3 Bonds, the "Tax Allocation Revenue Bonds") on Creditwatch with negative implications.

*SUCCESSOR AGENCY*

ITEM NO. 5.4



*SUCCESSOR AGENCY TO THE*  
**INDUSTRY URBAN - DEVELOPMENT AGENCY**

**MEMORANDUM**

**TO:** Honorable Chairman and Members of the Successor Agency to the Industry Urban-Development Agency Board

**FROM:** Paul J. Philips, Executive Director *Paul J. Philips*

**STAFF:** Clement N. Calvillo, Agency Engineer, CNC Engineering *CNC*  
Joshua Nelson, Deputy Agency Engineer, CNC Engineering *JN*  
Eduardo Pereira, Project Engineer, CNC Engineering *EP*

**DATE:** February 23, 2017

**SUBJECT:** Consideration of Amendment No. 1 to the Agreement for Consulting Services with Advanced Avant-Garde, Inc., dba Avant-Garde, Inc. for the Lemon Avenue Interchange Project (5-AVANT 12-01 A MP 03-10), in the amount of \$80,000.00 for a total Agreement amount not-to-exceed \$405,000.00 on a time and material basis (MP 03-10)

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Discussion:

On September 26, 2012, the Successor Agency to the Industry Urban-Development Agency ("Agency") approved an Agreement for Consulting Services with Advanced Avant-Garde, Inc., dba Avant-Garde, Inc. ("Avant-Garde"). Avant-Garde was retained in 2012 to provide funding administration services during the right-of-way and construction phase for the Lemon Avenue Interchange Project.

On December 11, 2014, the Agency approved a budget increase increasing the Agreement compensation by \$175,000.00 for continued funding administration services. Delays in the project schedule occurred due to right-of-way acquisition, additional coordination for utility clearance, and a funding shortfall created by an estimated budget increase. On August 22, 2016 the Cities of Industry and Diamond Bar entered into a Betterment Agreement with the Alameda Corridor-East Construction Authority to allow the Lemon Avenue Interchange project to be constructed in conjunction with the Fairway Drive Grade Separation Project, however with this change, comes additional funding administration services as noted below. Avant-Garde is listed in the Recognized Obligation Payment Schedule under Line Item No. 118.

Avant-Garde has submitted a budget increase request (Exhibit B) for additional services, which include:

1. Service as the Agency liaison on project related activities



2. Assist in the preparation of agreements and miscellaneous project related documents as requested by the Agency
3. Coordinate with Caltrans on project delivery and prepare funding requests
4. Coordinate Metro programming and prepare funding requests
5. Keep track of project expenditures and reimbursement ratios
6. Prepare progress reimbursements
7. Prepare Metro quarterly reports
8. Coordination with the Engineering team to track expenses
9. Prepare miscellaneous reports and assist City staff as needed
10. Attend Project Development Team Meetings and other meetings as requested by the Agency
11. Complete project close out documents and final reimbursement submittal

Fiscal Impact:

Avant-Garde has submitted a request for a total budget increase of \$80,000.00 to perform this additional work for a total Agreement amount not to exceed \$405,000.00. CNC has reviewed the proposal and has found it to be in order.

Recommendation:

It is recommended that the Successor Agency Board approve Amendment No. 1 to the Agreement for Consulting Services with Advanced Avant-Garde, Inc., dba Avant-Garde, Inc.

Exhibits:

- A. Amendment No. 1 to Agreement for Consulting Services with Advanced Avant-Garde, Inc., dba Avant-Garde, Inc. dated February 23, 2017
- B. Budget Increase Request from Advanced Avant-Garde, Inc., dba Avant-Garde, Inc. dated December 20, 2016

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PJP/CC/JN/EP:af

**EXHIBIT A**

Amendment No. 1 to Agreement for Consulting Services with Advanced Avant-Garde,  
Inc., dba Avant-Garde, Inc. dated February 23, 2017

[Attached]

**AMENDMENT NO. 1  
TO AGREEMENT FOR CONSULTANT SERVICES WITH ADVANCED AVANT-  
GARDE, INC., dba AVANT-GARDE, INC.**

This Amendment No. 1 to the Agreement for Consulting Services (“Agreement”), is made and entered into this 23<sup>rd</sup> day of February, 2017 (“Effective Date”), by and between the Successor Agency to the Industry Urban-Development Agency of Industry, a public body, corporate and politic, (“Agency”) and Advanced Avant-Garde Inc., dba Avant-Garde, Inc., (“Consultant”). The Agency and Consultant are hereinafter collectively referred to as the “Parties.”

**RECITALS**

**WHEREAS**, on or about September 26, 2012, the Agreement was entered into and executed between the Agency and Consultant to provide funding administration during the right-of-way and construction phase for the Lemon Avenue Interchange Project; and

**WHEREAS**, on or about December 11, 2014, the Agency approved a budget increase increasing the Agreement compensation by \$175,000.00 for continued funding administration services during the right-of-way and construction phase of the Lemon Avenue Interchange Project; and

**WHEREAS**, Section 5 (“Compensation”) of the Agreement stipulated a total compensation not to exceed \$150,000.00, and through subsequent budget adjustments through October 2014, the current not to exceed amount is \$325,000.00;

**WHEREAS**, pursuant to Section 3 of the Agreement, the Agreement was to terminate on September 26, 2016, however, the project is still in progress and it is anticipated that it will take until December 2018 to complete the work;

**WHEREAS**, given the additional services required, it is necessary to amend Exhibit A to include the following additional services:

1. Service as the Agency liaison on project related activities
2. Assist in the preparation of agreements and miscellaneous project related documents as requested by the Agency
3. Coordination with Caltrans on project delivery and prepare funding requests
4. Coordination with Metro programming and prepare funding requests
5. Keep track of project expenditures and reimbursement ratios
6. Prepare progress reimbursements
7. Prepare Metro quarterly reports
8. Coordination with the Engineering team to track expenses
9. Prepare miscellaneous reports and assist City staff as needed
10. Attend Project Development Team Meetings and other meetings as requested by the Agency
11. Complete project close out documents and final reimbursement submittal

**WHEREAS**, given the additional work, it is necessary to increase the compensation by an additional \$80,000.00; and

**WHEREAS**, since the approval of the original Agreement, Consultant has increased its rates for the Program Coordinator and Program Assistant positions, and it is therefore necessary to amend Exhibit C, Hourly Rate Schedule, accordingly; and

**WHEREAS**, for the reasons set forth herein, the Agency and Consultant desire to enter into this Amendment No. 1, as set forth below.

### **AMENDMENT**

**NOW, THEREFORE**, in consideration of the mutual covenants, promises and agreements set forth herein, it is agreed the aforesaid Agreement, a copy of which is attached hereto as Exhibit A, and incorporated herein by reference, shall remain in full force and effect except as otherwise hereinafter provided:

As of the Effective Date of the Agreement, Avant-Garde, Inc. is no longer a party to this Agreement. All obligations and rights under the Agreement which previously designated Avant-Garde, Inc. as the responsible party, shall be assigned to Advanced Avant-Garde Corporation.

The Agency hereby approves an extension of the Agreement from September 26, 2016, through the Effective Date of this Amendment No. 1.

Section 3 shall be revised to read in its entirety as follows:

#### **3. Term of Agreement.**

This Agreement shall commence on the Effective Date and shall remain in full force and effect until December 31, 2018, unless sooner terminated as provided in Section 4 herein.

The first sentence of Section 5.a. is revised to read in its entirety as follows:

#### **5. Compensation.**

The first sentence of Section 5.a is revised to read in its entirety as follows:  
Agency will compensate Consultant for the services provided pursuant to this Agreement, to the reasonable satisfaction of Agency, in an amount not to exceed Four Hundred Five Thousand Dollars (\$405,000.00), based on the hourly rates set forth in Exhibit C attached hereto and incorporated herein by this reference.

#### **Exhibit A: Scope of Services.**

The Scope of Services is hereby revised to include the following additional services:

1. Service as the Agency liaison on project related activities
2. Assist in the preparation of agreements and miscellaneous project related documents as requested by the Agency
3. Coordinate with Caltrans on project delivery and prepare funding requests
4. Coordinate Metro programming and prepare funding requests

5. Keep track of project expenditures and reimbursement ratios
6. Prepare progress reimbursements
7. Prepare Metro quarterly reports
8. Coordination with the Engineering team to track expenses
9. Prepare miscellaneous reports and assist City staff as needed
10. Attend Project Development Team Meetings and other meetings as requested by the Agency
11. Complete project close out documents and final reimbursement submittal

**Exhibit C: Hourly Rates and Authorized Reimbursements.**

The hourly rates for the Program Coordinator and Program Assistant shall be revised to read as follows:

**PROGRAM MANAGEMENT**

Program Coordinator	\$90
Program Assistant	\$70

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 1 to the Agreement as of the Effective Date.

**“AGENCY”**  
**SUCCESSOR AGENCY TO THE INDUSTRY**  
**URBAN-DEVELOPMENT AGENCY**

**“CONSULTANT”**  
**ADVANCED AVANT-GARDE, INC., dba**  
**AVANT-GARDE, INC.**

By: \_\_\_\_\_  
Mark D. Radecki, Chairman

By: \_\_\_\_\_  
Lissette Calleros, Vice President

**Attest:**

By: \_\_\_\_\_  
Diane M. Schlichting, Assistant Secretary

**APPROVED AS TO FORM**

By: \_\_\_\_\_  
James M. Casso, Agency General Counsel

**EXHIBIT A TO AMENDMENT NO. 1:**

**AGREEMENT FOR CONSULTING SERVICES WITH ADVANCED AVANT-GARDE,  
INC., dba AVANT-GARDE, INC. (SEPTEMBER 26, 2012)**

## AGREEMENT FOR CONSULTING SERVICES

**THIS AGREEMENT FOR CONSULTING SERVICES** is entered into this 26 day of September 2012 (the "Effective Date") by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, (the "Agency") and **AVANT-GARDE, INC.**, a California Corporation ("Consultant").

### RECITALS

A. Agency has determined that it requires the following professional services from a consultant to perform fund management services for the Lemon Avenue Interchange Project

B. Consultant represents that it is fully qualified to perform such professional services by virtue of its experience and the training, education and expertise of its principals and employees. Consultant further represents that it is willing to accept responsibility for performing such services in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, Agency and Consultant agree, as follows:

1. Consultant's Services.

a. Scope of Services. Subject to the terms and conditions set forth in this Agreement, Consultant shall perform the services set forth in the Scope of Work attached hereto and incorporated herein as Exhibit "A" ("Scope of Work").

b. Project Manager. Consultant's Project Manager on this project will be Lissette Calleros, who will have the overall responsibility and will supervise the work performed by Consultant on this project.

c. Personnel. Consultant represents that it has, or will secure at its own expense, all personnel required to perform the services under this Agreement. All of the services required under this Agreement will be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant reserves the right to determine the assignment of its own employees to the performance of Consultant's services under this Agreement, but Agency reserves the right, for good cause, to require Consultant to exclude any employee from performing services on Agency's premises.

d. Licenses. Consultant will obtain all necessary licenses, permits and other approvals to perform the work specified in this Agreement and will pay all fees or taxes required for the issuance of the same.

e. Changes to Scope and Cost of Work. Consultant may, from time to time, request changes in the scope of services and costs in this Agreement to be performed hereunder. Before any work is performed beyond the scope of services in this Agreement, such changes



must be mutually agreed upon between Consultant and Agency and incorporated in written amendments to this Agreement.

f. Time for Performance. Consultant shall commence the services on the Effective Date and perform all services in conformance with the project timeline established by the Executive Director, set forth as Exhibit "B."

2. City Representative.

The Executive Director or his designee shall represent the Agency in the implementation of this Agreement.

3. Term of Agreement.

This Agreement shall commence on the Effective Date and shall remain in full force and effect until September 26, 2016, unless sooner terminated as provided in Section 4 herein.

4. Termination.

The Agency may terminate this Agreement for any reason on ten (10) calendar days written notice to Consultant. Consultant shall have the right to terminate this Agreement for any reason on sixty (60) calendar days written notice to Agency. The effective date of termination shall be upon the date specified in the notice of termination, or, in the event no date is specified, upon the thirtieth (30th) day following delivery of the notice. Consultant agrees to cease all work under this Agreement on or before the effective date of such notice. In the event of termination by Agency, due to no fault or failure of performance by Consultant, Consultant shall be paid based on the percentage of work satisfactorily performed at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement. Consultant shall have no other claim against Agency by reason of such termination.

5. Compensation.

a. Compensation [check applicable provision]

Agency will compensate Consultant for the services provided pursuant to this Agreement, to the reasonable satisfaction of Agency, in an amount not to exceed one hundred fifty thousand dollars and no cents (\$150,000.00), based on the hourly rates set forth in Exhibit C attached hereto and incorporated herein by this reference. Such amount will only be exceeded by an express, supplemental, written authorization by the Agency.

Agency will compensate Consultant for the services provided pursuant to this Agreement, to the reasonable satisfaction of Agency, in an amount not to exceed \_\_\_\_\_ . Such amount will only be exceeded by an express, supplemental, written authorization by the Agency.

b. Expenses [check applicable provision]

The amount set forth in paragraph a shall include Consultant's fees for the services as well as the actual cost of any equipment, materials, and supplies incurred by consultant in performing the work contemplated by this Agreement (including, but not limited to, all labor, materials, delivery, tax, assembly, and installation, as applicable).

Consultant shall be entitled to reimbursement only for those expenses expressly set forth in Exhibit C. Any expenses incurred by Consultant which are not expressly authorized by this Agreement will not be reimbursed by City. In no event shall expenses exceed the sum of \_\_\_\_\_.

c. Additional Services. Agency shall make payments for any services requested by Agency not included in the Scope of Services to Consultant on a time and materials basis using Consultant's standard fee schedule.

6. Method of Payment

Consultant shall submit to Agency an invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall describe in detail the services rendered during the period and shall show the days worked, number of hours worked and reimbursable expenses, if any, for each day in the period. Each invoice submitted shall include the appropriate documentation for any reimbursable expenses claim by Consultant. Within ten business days of receipt each invoice, Agency shall notify Consultant in writing of any disputed amounts included on the invoice. Within thirty calendar days of receipt of each invoice, Agency shall pay all undisputed amounts included on the invoice. Agency shall not withhold applicable taxes or other authorized deductions from payments made to Consultant. At any time during regular working hours, all records, invoices, time cards, cost control sheets and other records maintained by Consultant shall be available for review and audit by Agency.

7. Ownership of Work Product.

All reports, documents or other written material developed by Consultant in the performance of this Agreement shall be and remain the property of the Agency without restriction or limitation upon its use or dissemination by Agency. Such material shall not be the subject of a copyright application by Consultant. Any re-use by Agency of any such materials on any project other than the project for which they were prepared shall be at the sole risk of the Agency unless Agency compensates Consultant for such use.

8. Records Retention and Access to Records.

a. Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of 3 years. Agency shall have access, without charge, during normal business hours to such records, and the right to examine and audit the same and to make transcripts therefrom, and to inspect all program data, documents, proceedings and activities. If applicable under this Agreement, all files, documents, samples, test results, chain of custody logs, and other records and other relevant data developed by Consultant in the course of performing this Agreement shall be maintained for a period of two (2) years after completion of all work and after final payments have been made and shall be made available to Agency upon request.

9. Confidential Status; Disclosure of Information.

All data, reports, documents, materials or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by Agency. Agency shall grant such consent if disclosure is legally required. All Agency data shall be returned to Agency upon the termination of this Agreement. Consultant's covenant under this section shall survive the termination of this Agreement.

10. Qualifications; Standard of Performance.

a. Consultant's Qualifications. Consultant has represented to the Agency that the Consultant, its employees and its subcontractors are knowledgeable, skilled and experienced and fully qualified to provide the services described in this Agreement and to perform such assessment, investigation, and analysis contemplated by the Agreement in accordance with good industry practices of Consultant's profession performing similar services under similar circumstances at the time the services are performed.

b. Standard of Performance. Consultant, its employees and its subcontractors shall perform all work to the highest professional standards and in a manner reasonably satisfactory to Agency, and as described in the Scope of Work. All work performed by Consultant and its employees pursuant to this Agreement will be performed diligently and in a manner consistent with the standards of care, diligence and skill exercised by recognized consulting firms for similar services, and in accordance with all regulatory and good management standards, and in a good, safe and workmanlike manner. Consultant will be responsible to ensure that all work performed by its employees or any contractors is performed to the standards set forth in this Agreement and that such work complies with requirements of any governmental agency or entity and applicable law.

11. Independent Contractor.

a. Consultant is an independent contractor and shall have no power to incur any debt, obligation or liability on behalf of Agency. Consultant shall not, at any time or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of Agency.

b. Consultant shall pay all required taxes on amounts paid to Consultant under this Agreement, and to indemnify and hold the Agency harmless from any and all taxes, assessments, penalties, and interest asserted against the Agency by reason of the independent contractor relationship created by this Agreement. In the event that Agency is audited by any Federal or State agency regarding the independent contractor status of Consultant and the audit in any way fails to sustain the validity of a wholly independent contractor relationship between Agency and Consultant, then Consultant agrees to reimburse Agency for all costs, including accounting and attorney's fees, arising out of such audit and any appeals relating thereto.

c. Consultant shall fully comply with the workers' compensation laws regarding Consultant and Consultant's employees. Consultant further agrees to indemnify and hold the Agency harmless from any failure of Consultant to comply with applicable worker's compensation laws.

d. The Agency shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to the Agency from Consultant as a result of Consultant's failure to promptly pay to the Agency any reimbursement or indemnification arising under this Section.

12. Indemnification.

a. To the fullest extent permitted by law, Consultant hereby shall, at its sole cost and expense, to defend, protect, indemnify, and hold harmless the Agency, its respective officers, attorneys, agents, employees, designated volunteers, successors, and assigns (collectively, "Indemnitees") from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, expert witnesses, consultants, or other professionals and all costs associated therewith (collectively, "Claims"), resulting from any negligent act, error, omission or failure to act of Consultant or any of its subcontractors and their respective officers, agents, servants, employees, subcontractors, material men, suppliers or their respective officers, agents, servants or employees in connection with, resulting from, or related to this Agreement or for failure to perform or negligent performance of any term, provision, covenant, or condition of the Agreement, including this indemnity provision. This indemnity provision is effective regardless of any prior, concurrent, or subsequent passive negligence by Indemnitees and shall operate to fully indemnify Indemnitees against any such negligence. This indemnity provision shall survive the termination of the Agreement and is in addition to any other rights or remedies which Indemnitees may have under the law. Payment is not required as a condition precedent to an Indemnitee's right to recover under this indemnity provision, and an entry of judgment against the Consultant shall be conclusive in favor of the

Indemnitee's right to recover under this indemnity provision. Consultant shall pay Indemnitees for any attorneys fees and costs incurred in enforcing this indemnification provision. Notwithstanding the foregoing, nothing in this instrument shall be construed to encompass (a) Indemnitees' active negligence or willful misconduct to the limited extent that this Agreement is subject to Civil Code § 2782(a), or (b) the contracting public agency's active negligence to the limited extent that this Agreement is subject to Civil Code § 2782(b). This indemnity is effective without reference to the existence or applicability of any insurance coverages which may have been required under this Agreement or any additional insured endorsements which may extend to Indemnitees. This indemnity provision shall survive the termination of this Agreement and is in addition to any other rights or remedies which Indemnitees may have under the law.

b. Consultant, on behalf of itself and all parties claiming under or through it, hereby waives all rights of subrogation and contribution against any Indemnitee with respect to those Claims.

c. Consultant agrees to obtain executed indemnity agreements with provisions identical to those in this Section from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations, Consultant agrees to be fully responsible and shall indemnify, hold harmless and defend the Indemnitees from and against any and all Claims resulting from any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Consultant's subcontractors or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement as set forth in this Section.

13. Insurance.

a. Consultant shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

(1) A policy or policies of commercial general liability insurance written on an occurrence basis with limits no less than \$2,000,000 per occurrence and for all covered losses and \$2,000,000 general aggregate against any injury, death, loss or damage as a result of wrongful or negligent acts by Consultant, its officers, employees, agents, and independent contractors in performance of services under this Agreement;

(2) Automotive liability insurance, with minimum combined single limits coverage of \$1,000,000 covering any vehicle utilized in the performance of services under this Agreement;

(3) Professional liability or Errors and Omissions Insurance as appropriate written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy limit shall be no less than \$1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the

insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this Agreement.

(4) Worker's compensation and employer's liability insurance on a state-approved policy form providing benefits as required by law with employer's liability limits no less than \$1,000,000 per accident or disease.

(5) Pollution Liability Insurance. [check if applicable]

Pollution Liability Insurance written on a Contractor's Pollution Liability form or other form acceptable to Agency providing coverage for liability arising out of sudden, accidental and gradual pollution and remediation. The policy limit shall be not less than \$1,000,000 per claim and \$3,000,000 aggregate.

b. The policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least A:VII in the latest edition of Best's Insurance Guide.

c. Consultant agrees that if it does not keep the insurance in full force and effect, the Agency may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, the Agency may take out the necessary insurance and pay the premium thereon, and the repayment thereof shall be deemed an obligation of Consultant and the cost of such insurance may be deducted, at the option of Agency, from payments due Consultant, along with a reasonable administrative handling charge.

d. Consultant shall submit to the Agency proof of compliance with these insurance requirements, consisting of a certificate or certificates of insurance and/or endorsements, not less than one (1) day prior to beginning of performance under this Agreement.

e. Consultant shall provide proof that policies of insurance expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks prior to the expiration of the coverages.

f. The general liability, property damage and automobile policies of insurance shall contain an endorsement naming the Agency, its officers, employees, attorneys, agents and volunteers as additional insureds. All of the policies shall contain an endorsement providing that the policies cannot be modified, canceled or reduced except on thirty (30) days' prior written notice to the Agency. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.

g. The insurance provided by Consultant shall be primary to any other coverage available to the Agency. Any insurance or self-insurance maintained by the Agency,

its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

h. All insurance coverage provided pursuant to this Agreement should not prohibit Consultant, and Consultant's officers, employees, agents or subcontractors, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the Agency, its officers, employees, agents and representatives.

i. Any deductibles or self-insured retentions must be approved by the Agency. At the option of the Agency, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to the Agency, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

j. If Consultant is a Limited Liability Company, the general liability coverage must be amended so that the Limited Liability Company and its managers, affiliates, employees, agents, and other persons necessary or incidental to its operation are insureds.

k. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this Agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to the Agency, its employees, officials and agents.

l. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

m. Consultant agrees to be responsible for ensuring that no contact used by any party involved in any way with the project reserves the right to charge Agency or Consultant for the cost of additional insurance coverage required by this Agreement. Any such provisions are to be deleted with reference to the Agency. It is not the intent of Agency to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against Agency for payment of premiums or other amounts with respect thereto.

n. Consultant agrees to provide immediate notice to Agency of any claim or loss against Consultant arising out of the work performed under this Agreement. Agency assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve the Agency.

o. Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duties to indemnify, hold harmless and defend under Section 12 of this Agreement.

p. Consultant shall require each of its subcontractors to maintain insurance coverage that meets all of the requirements of this Agreement.

14. Mutual Cooperation.

a. The Agency shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for the proper performance of Consultant's services.

b. In the event any claim or action is brought against the Agency relating to Consultant's performance in connection with this Agreement, Consultant shall render any reasonable assistance that Agency may require.

15. Notices.

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (a) the day of delivery if delivered by hand or overnight courier service during Agency's and Consultant's regular business hours; or (b) on the third business day following deposit in the United States mail, postage prepaid, to the addresses heretofore below, or to such other addresses as the parties may, from time to time, designate in writing.

If to Agency:

Successor Agency to the Industry Urban-Development Agency  
15625 East Stafford Street  
City of Industry, California 91744  
Attn: Jeff Parriott, Chairman

With a copy to:

Richards, Watson & Gershon  
333 South Hope Street - 38<sup>th</sup> Floor  
Los Angeles, CA 90071  
Attn: William L. Strausz, Esq.  
(213) 626-8484  
Fax: (213) 626-0078

If to Consultant:

Avant-Garde, Inc  
3670 W. Temple Avenue #278  
Pomona, CA 91768  
Attn: Lissette Calleros



16. Representations and Warranties.

Consultant represents, warrants and covenants to the Agency:

a. Organization. Consultant is duly organized, validly existing and in good standing under the laws of the State of California and in each other state in which it conducts business.

b. Agency. Consultant has all requisite licenses, permits, certifications, power and authority to carry on its business as presently conducted, to enter into this Agreement, and to perform its obligations under this Agreement.

c. Approval. The execution, delivery and performance of this Agreement by Consultant and the consummation of the transactions contemplated by this Agreement have been duly and validly authorized by the Board of Directors and are not subject to ratification by the Shareholders of Consultant at a special meeting therefore.

d. Binding Obligation. This Agreement has been duly executed and delivered on behalf of Consultant, and all documents and instruments required hereunder to be executed and delivered by Consultant have likewise been duly executed and delivered. This Agreement does, and such documents and instruments will, constitute legal, valid and binding obligations of Consultant in accordance with their terms. The consummation of the transactions contemplated by this Agreement will not violate, nor be in conflict with, any provision of the partnership agreement, charter, bylaws or governing documents of Consultant (or any of corporations comprising Consultant), or any agreement or instrument to which Consultant is a party or by which Consultant is bound, or any judgment, decree, order statute, rule or regulation applicable to Consultant.

17. Conflicts of Interest

Consultant and its officers, employees, associates and subcontractors, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including, but not limited to, the Political Reform Act (Government Code Section 81000, *et. seq.*) and Government Code Section 1090. During the term of this Agreement, Consultant and its officers, employees, associates and subcontractors shall not, without the prior written approval of the Executive Director, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant agrees that a clause substantially similar to this section shall be incorporated into any sub-agreement, which Consultant executes in connection with the performance of this Agreement.

18. Accounting Requirements.

Consultant shall maintain an accounting system and records that properly accumulate and segregate incurred costs by line item for the project under the Scope of Work. The accounting system shall conform to the Generally Accepted Accounting Principles, enable

the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices.

19. Governing Law.

This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of California.

20. Compliance with Laws.

a. Consultant shall comply with all applicable federal, state and local laws, ordinances, codes and regulations.

b. Compliance with Environmental Laws. [check if applicable]

Consultant shall comply with § 306 of the Federal Clean Air Act (42 U.S.C. §1857(h)), § 508 of the Federal Water Pollution Prevention Act (33 U.S.C. § 368), and the laws implementing those acts, including Executive Order 11,738 and 40 C.F.R. pt. 15. Consultant shall comply with the provisions of the "Barry Keane Underground Storage Tank Cleanup Trust Fund Act of 1989 (Health & safety Code §§ 25299.10 et. seq. and the applicable regulations promulgated thereunder (California Code of Regulations, Title 23, § 2810 et. seq. Consultant shall also comply with mandatory standards and policies relating to energy efficiency, according the state energy conservation plan issued in compliance with the Federal Energy Policy and Conservation Act.

21. Reliance on Reports [check if applicable]

Consultant understands that Agency will rely upon its reports, analysis and related data. Consultant understands and agrees that the reports prepared by Consultant, and the information, data, test results and the conclusions and analyses contained therein regarding the geologic and environmental condition of a site, and/or the soils and groundwater beneath a site, may be relied upon by the Agency, its program managers, consultants, attorneys and appraisers of a site, any purchaser and developer of a site, (provided that the limitations and restrictions set forth herein shall apply to such purchaser and developer) and may be submitted and relied upon by any local, state or federal agencies and entities, as a part of the evaluation of the risk associated with the development or use of the site and the soils and groundwater beneath a site, and for the purpose of assessing the geotechnical, hydro- geological and/or environmental condition of a site and the ground and surface water on, under and in the area of a site, issuing closure letters, permits, licenses or authorizations to develop a site, and to determine whether further environmental investigation, assessment, review or study is necessary, and so that the Agency and any designated purchaser and developer of any site can conduct construction activities on and develop the site.

22. Discrimination and Equal Employment Opportunity.

In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, creed, religion,

sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation. Consultant will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

23. No Assignment.

Consultant shall not assign or transfer any interest in this Agreement nor the performance of any of Consultant's obligations hereunder, nor shall it subcontract any of the work described in this Agreement or the Scope of Work without the prior written consent of Agency, and any attempt by Consultant to so assign this Agreement or any rights, duties or obligations arising hereunder shall be void and of no effect.

24. Non-Waiver of Terms, Rights and Remedies.

Waiver by either party of any one or more of the conditions of performance under this Agreement shall not be a waiver of any other condition of performance under this Agreement. In no event shall the making by Agency of any payment to Consultant constitute or be construed as a waiver by Agency of any breach of covenant, or any default which may then exist on the part of Consultant, and the making of any such payment by Agency shall in no way impair or prejudice any right or remedy available to Agency with regard to such breach or default.

25. Attorneys' Fees.

If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, or arising out of the services provided by Consultant under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and all related costs in addition to any other relief to which it may be entitled.

26. Time Is Of The Essence.

Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision hereof; and each and every provision hereof is hereby declared to be and made a material, essential and necessary part of this Agreement.

27. Exhibits; Precedence.

All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail.

28. Entire Agreement and Amendments.

This Agreement, and any other documents incorporated herein by specific reference, represent the entire and integrated agreement between Consultant and the Agency. This Agreement supercedes all prior oral or written negotiations, representations or agreements. This Agreement may not be amended, nor any provision or breach hereof waived, except in a writing signed by the parties which expressly refers to this Agreement.

29. Severability.

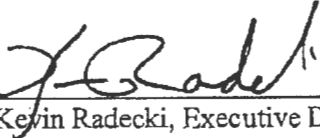
Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable law. If any provision of this Agreement, is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect.

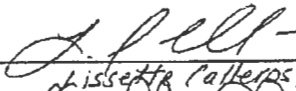
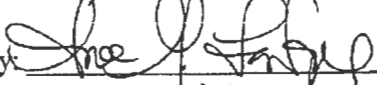
30. Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

**WHEREFORE**, the parties hereto have executed this Agreement as of the date first above written.

**SUCCESSOR AGENCY TO INDUSTRY  
URBAN-DEVELOPMENT AGENCY**

**CONSULTANT**

By:   
Kevin Radecki, Executive Director

By:   
Lissette Calleros, Vice-President  
By:   
ANA M. LENOIRE, PRESIDENT

# EXHIBIT A

## Scope of Services



AVANT  
GARDE

EXHIBIT "A"

September 5, 2012

John Ballas, City Engineer  
City of Industry  
15625 East Stafford Street #100  
City of Industry, CA 91744

Subject: **Fee Proposal for Funding Administration Services for Lemon Avenue Interchange Project – Right of Way and Construction Phase**

Dear Mr. Ballas:

It is with great pleasure that I provide you this proposal to perform Funding Administration services for your federally funded project. We have prepared this fee proposal, which will address the following: (A) our proposed scope of work, (B) the project schedule, and (C) our consulting fees.

**A. Scope of Work**

Our services will include the following:

**Funding Administration during the Right-of-Way and Construction Phase**

- Prepare Request for Authorization to Proceed with the Right-of-Way Phase. This includes completion of all documents required by Caltrans local assistance to grant authorization.
- Prepare Request for Authorization to Proceed with the Construction Phase. This includes completion of all documents required by Caltrans local assistance to grant authorization.
- Keep track of project expenditures and reimbursement ratios.
- Coordination with the Engineering team to track expenses.
- Prepare progress reimbursements on behalf of the City of Industry to Diamond Bar
- Prepare progress reimbursements on behalf of the City of Diamond Bar to Industry to secure reimbursement from Caltrans
- Attend Project Development Team Meetings and other meetings as requested by the City
- Serve as the City liaison for funding related items.
- Assist in preparation of agreements and miscellaneous project related documents as requested by the City



AVANT  
GARDE

EXHIBIT "A"

- Complete project close out documents and final reimbursement submittal

**B. Project Schedule**

We are committed to abiding by your project schedule until completion of the project.

**C. Compensation**

Our fee will be billed on a time and material basis. The estimated total is \$150,000. If you have any questions, or if I can be of further assistance, please feel free to contact me at 909-979-6587.

Sincerely,

*Lisette Calleros*

Lisette Calleros  
Vice President

Acceptance of Proposal:

\_\_\_\_\_  
City of Industry

**EXHIBIT B**  
**Project Timeline**



**EXHIBIT B**  
**Project Timeline**

Avant-Garde, Inc.

July 2012 to June 2015 - 36 months

# EXHIBIT C

## Professional Fee Schedule Hourly Rates

Small, faint vertical text or a barcode-like artifact along the right edge of the page.



AVANT  
GARDE

EXHIBIT "C"

HOURLY RATE SCHEDULE

The City can exercise the option of receiving a specific proposal for a not-to-exceed amount from Avant-Garde for each individual project. Avant-Garde will use the below listed hourly rates to determine the specific proposals for all services proposed.

PROGRAM MANAGEMENT

Program Director .....	\$130
Program Manager .....	\$110
Program Coordinator.....	\$85
Program Assistant .....	\$60

**EXHIBIT B**

Budget Increase Request from Advanced Avant-Garde, Inc., dba Avant-Garde, Inc.  
dated December 20, 2016

[Attached]



December 20, 2016

Paul Philips, Executive Director  
Successor Agency to the Industry Urban-Development Agency  
15625 East Stafford Street #100  
Industry, CA 91744

Subject: **Additional Budget Request for Funding Administration Services for Lemon Avenue Interchange Project – Construction Phase**

Dear Mr. Philips:

On December 11, 2014, the Successor Agency approved a fee of \$175,000 for the project management and funding administration efforts related to the project.

Delays in the project schedule have occurred due to right of way acquisition, additional coordination for utility clearance, and a funding shortfall created by an estimated budget increase. On August 22, 2016 the Cities of Industry and Diamond Bar entered into a Better Agreement with the Alameda Corridor-East Construction Authority (ACE) to allow the Lemon Avenue Interchange project to be constructed in conjunction with the Fairway Drive Grade Separation Project. In order to move ahead with the project without delay, the project has been divided into two phases. We are currently working with ACE and Caltrans to ensure the project is administered properly and stays on track with the updated schedule which has both phases of construction complete by January 2018. In addition, we are processing the on-going required Metro reporting.

At this time, we would like to request your consideration for an additional budget request for the Lemon Avenue Interchange project. We have prepared this request which addresses the following: (A) our proposed scope of work, and (B) our consulting fees, to allow us to continue our project management and funding administration services on the project.

**A. Scope of Work**

Our services will include the following:

- Serve as the Agency liaison on project related activities
- Assist in the preparation of agreements and miscellaneous project related documents as requested by the Agency
- Coordinate with Caltrans on project delivery and prepare funding requests
- Coordinate with Metro for programming and prepare funding requests
- Keep track of project expenditures and reimbursement ratios

# AVANT GARDE

- Prepare progress reimbursements
- Prepare Metro quarterly reports
- Coordination with the Engineering team to track expenses
- Prepare agenda reports for Agency Council meetings as needed
- Prepare miscellaneous reports and assist City staff as needed
- Attend Project Development Team Meetings and other meetings as requested by the Agency
- Complete project close out documents and final reimbursement submittal

## **B. Compensation**

Our fee will be billed on a time and material basis based on the following hourly rates: Program Director \$130; Program Manager \$110; Program Coordinator \$90; and Program Assistant \$70. We are requesting a budget of \$80,000. If you have any questions, or if I can be of further assistance, please feel free to contact me at 909-979-6587.

Sincerely,

*Lisette Calleros*

Lisette Calleros  
Vice President

Acceptance of Proposal:

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Successor Agency to the Industry Urban-Development Agency

*SUCCESSOR AGENCY*

ITEM NO. 5.5 -



*SUCCESSOR AGENCY TO THE*  
**INDUSTRY URBAN - DEVELOPMENT AGENCY**

**MEMORANDUM**

**TO:** Honorable Chairman and Members of the Successor Agency to the Industry Urban-Development Agency Board

**FROM:** Paul J. Philips, Executive Director *Paul J. Philips*

**STAFF:** Clement N. Calvillo, Agency Engineer, CNC Engineering *CNC*  
Joshua Nelson, Deputy Agency Engineer, CNC Engineering *JN*

**Date:** February 23, 2014

**SUBJECT:** Consideration of Amendment No. 2 to the Agreement for Consulting Services with PBLA Engineering, Inc., for the Industry Business Center Project (14-PBLA 13-01 B MP 99-31 #16) in the amount of \$350,000.00, for a total Agreement amount not-to-exceed \$2,906,835.00, on a time and material basis (MP 99-31 #16)

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Discussion:

On July 18, 2013, the Successor Agency to the Industry Urban-Development Agency ("Agency") approved an Agreement for Consulting Services with PBLA Engineering, Inc. ("PBLA"). PBLA was retained in 2013 to provide grading and drainage design and construction support services for the Industry Business Center Project.

On January 25, 2016, the Agency approved a budget increase increasing the Agreement compensation by \$700,000.00 for continued grading and drainage design and construction support services for additional services added to the scope. PBLA is listed in the Recognized Obligation Payment Schedule under Line Item No. 193.

PBLA has submitted a budget increase request (Exhibit B) for additional services, which include:

1. Grading and improvement designed has been phased into multiple contracts
2. Multiple re-designs were required for the following issues:
  - a. Sewer crossing on Ferrero Parkway and Benton Court
  - b. West Side Storm Drain in two separate phases
  - c. Diamond Bar Creek Storm Drain due to SCE underground design and other grading design changes
  - d. Detention outfall and inlet designs



Fiscal Impact:

PBLA has submitted a request for a total budget increase of \$350,000.00 to perform this additional work for a total Agreement amount not to exceed \$2,906,835.00. CNC has reviewed the proposal and has found it to be in order.

Recommendation:

It is recommended that the Successor Agency Board approve Amendment No. 2 to the Agreement for Consulting Services with PBLA Engineering, Inc.

Exhibits:

- A. Amendment No. 2 to Agreement for Consulting Services with PBLA Engineering Inc., dated February 23, 2017
  - B. Budget Increase Request from PBLA Engineering, Inc., dated January 26, 2017
- 

PJP/CC/JN:af

**EXHIBIT A**

Amendment No. 2 to Agreement for Consulting Services with PBLA Engineering, Inc.,  
dated February 23, 2017

[Attached]

**AMENDMENT NO. 2  
TO AGREEMENT FOR CONSULTING SERVICES WITH  
PBLA ENGINEERING, INC.**

This Amendment No. 2 to the Agreement for Consulting Services (“Agreement”), is made and entered into this 23<sup>rd</sup> day of February, 2017, (“Effective Date”) by and between the Successor Agency to the Industry Urban-Development Agency, a public body, corporate and politic (“Agency”) and PBLA Engineering, Inc. (“Consultant”). The Agency and Consultant are hereinafter collectively referred to as the “Parties.”

**RECITALS**

**WHEREAS**, on or about July 18, 2013, the Agreement was entered into and executed between the Agency and Consultant to provide grading and drainage design and construction support for the Industry Business Center; and

**WHEREAS**, on or about January 25, 2016, the Parties amended the Agreement to allow for additional services, and to increase the total compensation set forth in the Agreement; and

**WHEREAS**, additional services are required to complete the project, and it is therefore necessary to amend Section 5 “Compensation” with a budget increase in the amount of \$350,000.00. The additional services include:

1. Grading and improvement design has been phased into multiple contracts
2. Multiple re-designs were required for the following issues:
  - a. Sewer crossing on Ferrero Parkway and Benton Court
  - b. West Side Storm Drain in two separate phases
  - c. Diamond Bar Creek Storm Drain due to SCE underground design and other grading design changes
  - d. Detention outfall and inlet designs

**WHEREAS**, for the reasons set forth herein, the Agency and Consultant desire to enter into this Amendment No. 2, as set forth below.

**AMENDMENT**

**NOW, THEREFORE**, in consideration of the mutual covenants, promises and agreements set forth herein, it is agreed the aforesaid Agreement, a copy of which is attached hereto as Exhibit A, and incorporated herein by reference, shall remain in full force and effect except as otherwise hereinafter provided:

Section 5.a. of the Agreement shall be amended in its entirety to read as follows:

**5. Compensation.**

a. Agency will compensate Consultant for the services provided to the reasonable satisfaction of the Agency pursuant to this Agreement. The project will have multiple phases and the exact details of those phases are yet to be determined. At this time and based on the

estimated total cost, the total budget for the Consultant has been set at \$2,906,835.00. However pursuant to California Assembly Bill No. 1484, the Agency is required to prepare Recognized Obligation Payment Schedules or "ROPs" on a 6 month basis. The ROPs are reviewed for approval by the Oversight Board of the Agency and the State of California Department of Finance. This Agreement and Consultant will be listed in each ROPs for the estimated amount of the services to be provided by Consultant and the compensation projected to be required under this Agreement for each appropriate ROPs period. If the applicable line item in the ROPs is approved by the Agency, Oversight Board and Department of Finance, the Consultant will be notified of the approved amount. The Consultant shall not, during the 6 month period which is the subject of the approved ROPS, provided any services that requires compensation under this Agreement in an amount which exceeds the amount approved under the applicable line item, based on the hourly rates set forth in Exhibit C attached hereto and incorporated herein by this reference. At the end of each 6 month period, the amount that was approved for that period will be reduced to zero and the amount approved in the next ROPs will become the new amount which shall not be exceeded during the next applicable 6 month period. Actual payments made to the Consultant will be continuously deducted from the total budgeted amount of \$2,906,835.00 until that amount has been fully exhausted or the project which is the subject to this Agreement has been completed. No amounts described above shall be exceeded except upon and pursuant to the prior written authorization by the Agency.

**Exhibit A, Scope of Services:**

Exhibit A, Scope of Services shall be amended as follows:

**Revise Section I.A.3. to read as follows:**

**STORM DRAIN PLANS**

Prepare on-site storm drain plans for the interim, remedial grading condition as well as the ultimate developed condition in accordance with City of Industry and County of Los Angeles standards. Plans will include plan and profile of proposed mainlines, all existing proposed crossings, locations of other underground facilities, laterals and catch basins, manholes and required details. This work shall occur in two major phases. One for the far west side and one for the balance of the west side. This shall also include calculations and design for the detention outfall and inlet designs. In addition the storm drains shall be adjusted in the vicinity of the Diamond Bar Creek due to the Southern California Edison underground design.

**Add Section I.B.13.:**

**13. SEWER PLANS**

Prepare sewer plans including plans for crossing the Union Pacific Railroad and connecting to the existing sewer in Ferrero Parkway and Benton Court.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 2 to the Agreement as of the Effective Date.

**“AGENCY”**  
**SUCCESSOR AGENCY TO THE INDUSTRY**  
**URBAN-DEVELOPMENT AGENCY**

**“CONSULTANT”**  
**PBLA ENGINEERING, INC.**

By: \_\_\_\_\_  
Mark D. Radecki, Chairman

By: \_\_\_\_\_  
Steve Levissee, President

**Attest:**

By: \_\_\_\_\_  
Diane M. Schlichting, Assistant Secretary

**APPROVED AS TO FORM**

By: \_\_\_\_\_  
James M. Casso, Agency General Counsel

**EXHIBIT A TO AMENDMENT NO. 2:**

**AGREEMENT FOR CONSULTING SERVICES WITH PBLA ENGINEERING, INC.  
(DATED JULY 18, 2013)**

## AGREEMENT FOR CONSULTING SERVICES

**THIS AGREEMENT FOR CONSULTING SERVICES** is entered into this 18<sup>th</sup> day of July, 2013 (the "Effective Date") by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, (the "Agency") and **PBLA ENGINEERING, INC**, a California Corporation ("Consultant").

### RECITALS

A. Agency has determined that it requires grading and drainage design and construction support from a consultant to provide civil engineering services for the Industry Business Center.

B. Consultant represents that it is fully qualified to perform such professional services by virtue of its experience and the training, education and expertise of its principals and employees. Consultant further represents that it is willing to accept responsibility for performing such services in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, Agency and Consultant agree, as follows:

1. Consultant's Services.

a. Scope of Services. Subject to the terms and conditions set forth in this Agreement, Consultant shall perform the services set forth in the Scope of Work attached hereto and incorporated herein as Exhibit "A" ("Scope of Work").

b. Project Manager. Consultant's Project Manager on this project will be Steve Levissee, who will have the overall responsibility and will supervise the work performed by Consultant on this project.

c. Personnel. Consultant represents that it has, or will secure at its own expense, all personnel required to perform the services under this Agreement. All of the services required under this Agreement will be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant reserves the right to determine the assignment of its own employees to the performance of Consultant's services under this Agreement, but Agency reserves the right, for good cause, to require Consultant to exclude any employee from performing services on Agency's premises.

d. Licenses. Consultant will obtain all necessary licenses, permits and other approvals to perform the work specified in this Agreement and will pay all fees or taxes required for the issuance of the same.

e. Changes to Scope and Cost of Work. Agency or Consultant may, from time to time, request changes in the scope of services and costs in this Agreement to be performed hereunder. Before any work is performed beyond the scope of services in this

Agreement, such changes must be mutually agreed upon between Consultant and Agency and incorporated in written amendments to this Agreement.

f. Time for Performance. Consultant shall commence the services on the Effective Date and perform all services in conformance with the project timeline established by the Executive Director, set forth as Exhibit "B."

2. City Representative.

The Executive Director or his designee shall represent the Agency in the implementation of this Agreement.

3. Term of Agreement.

This Agreement shall commence on the Effective Date and shall remain in full force and effect until December 31, 2020, unless sooner terminated as provided in Section 4 herein.

4. Termination.

The Agency may terminate this Agreement for any reason on ten (10) calendar days written notice to Consultant. Consultant shall have the right to terminate this Agreement for any reason on sixty (60) calendar days written notice to Agency. The effective date of termination shall be upon the date specified in the notice of termination, or, in the event no date is specified, upon the thirtieth (30th) day following delivery of the notice. Consultant agrees to cease all work under this Agreement on or before the effective date of such notice. In the event of termination by Agency, due to no fault or failure of performance by Consultant, Consultant shall be paid based on the percentage of work satisfactorily performed at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement. Consultant shall have no other claim against Agency by reason of such termination.

5. Compensation.

a. Compensation [check applicable provision]

Agency will compensate Consultant for the services provided to the reasonable satisfaction of the Agency pursuant to this Agreement. The project will have multiple phases and the exact details of those phases are yet to be determined. At this time and based on the estimated total cost, the total budget for the Consultant has been set at \$1,856,835. However pursuant to California Assembly Bill No. 1484, the Agency is required to prepare Recognized Obligation Payment Schedules or "ROPs" on a 6 month basis. The ROPs are reviewed for approval by the Oversight Board of the Agency and the State of California Department of Finance. This Agreement and Consultant will be listed in each ROPs for the estimated amount of the services to be provided by Consultant and the compensation projected to be required under this Agreement for each appropriate ROPs period. If the applicable line item in the ROPs is approved by the Agency, Oversight Board and Department of Finance, the Consultant will be notified of the approved amount. The Consultant shall not, during the 6 month period which is



the subject of the approved ROPS, provide any services that requires compensation under this Agreement in an amount which exceeds the amount approved under the applicable line item, based on the hourly rates set forth in Exhibit C attached hereto and incorporated herein by this reference. The initial amount for the ROPs 13-14A period (July 1, 2013 through December 31, 2013) has been approved for \$435,000. At the end of each 6 month period, the amount that was approved for that period will be reduced to zero and the amount approved in the next ROPs will become the new amount which shall not be exceeded during the next applicable 6 month period. Actual payments made to the Consultant will be continuously deducted from the total budgeted amount of \$1,856,835 until that amount has been fully exhausted or the project which is the subject to this Agreement has been completed. No amounts described above shall be exceeded except upon and pursuant to the prior written authorization by the Agency.

Agency will compensate Consultant for the services provided to the reasonable satisfaction of the Agency pursuant to this Agreement in an aggregate amount not to exceed \$ \_\_\_\_\_. Such amount may only be exceeded upon and pursuant to the prior written authorization by the Agency.

b. Expenses [check applicable provision]

The amount set forth in paragraph a shall include Consultant's fees for the services as well as the actual cost of any equipment, materials, and supplies incurred by consultant in performing the work contemplated by this Agreement (including, but not limited to, all labor, materials, delivery, tax, assembly, and installation, as applicable).

Consultant shall be entitled to reimbursement only for those expenses expressly set forth in Exhibit C. Any expenses incurred by Consultant which are not expressly authorized by this Agreement will not be reimbursed by City. In no event shall expenses exceed the sum of \_\_\_\_\_.

c. Additional Services. Agency shall make payments for any services requested by Agency not included in the Scope of Services to Consultant on a time and materials basis using Consultant's standard fee schedule.

6. Method of Payment

Consultant shall submit to Agency an invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall describe in detail the services rendered during the period and shall show the days worked, number of hours worked and reimbursable expenses, if any, for each day in the period. Each invoice submitted shall include the appropriate documentation for any reimbursable expenses claim by Consultant. Within ten business days of receipt each invoice, Agency shall notify Consultant in writing of any disputed amounts included on the invoice. Within thirty calendar days of receipt of each invoice, Agency shall pay all undisputed amounts included on the invoice. Agency shall not withhold applicable taxes or other authorized deductions from payments made to Consultant. At any time during regular working hours, all records, invoices, time cards, cost control sheets and other records maintained by Consultant shall be available for review and audit by Agency.

7. Ownership of Work Product.

All reports, documents or other written material developed by Consultant in the performance of this Agreement shall be and remain the property of the Agency without restriction or limitation upon its use or dissemination by Agency. Such material shall not be the subject of a copyright application by Consultant. Any re-use by Agency of any such materials on any project other than the project for which they were prepared shall be at the sole risk of the Agency unless Agency compensates Consultant for such use.

8. Records Retention and Access to Records.

a. Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of 2 years. Agency shall have access, without charge, during normal business hours to such records, and the right to examine and audit the same and to make transcripts therefrom, and to inspect all program data, documents, proceedings and activities. If applicable under this Agreement, all files, documents, samples, test results, chain of custody logs, and other records and other relevant data developed by Consultant in the course of performing this Agreement shall be maintained for a period of two (2) years after completion of all work and after final payments have been made and shall be made available to Agency upon request.

9. Confidential Status; Disclosure of Information.

All data, reports, documents, materials or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by Agency. Agency shall grant such consent if disclosure is legally required. All Agency data shall be returned to Agency upon the termination of this Agreement. Consultant's covenant under this section shall survive the termination of this Agreement.

10. Qualifications; Standard of Performance.

a. Consultant's Qualifications. Consultant has represented to the Agency that the Consultant, its employees and its subcontractors are knowledgeable, skilled and experienced and fully qualified to provide the services described in this Agreement and to perform such assessment, investigation, and analysis contemplated by the Agreement in accordance with good industry practices of Consultant's profession performing similar services under similar circumstances at the time the services are performed.

b. Standard of Performance. Consultant, its employees and its subcontractors shall perform all work to the highest professional standards and in a manner reasonably satisfactory to Agency, and as described in the Scope of Work. All work performed by Consultant and its employees pursuant to this Agreement will be performed diligently and in a manner consistent with the standards of care, diligence and skill exercised by recognized consulting firms for similar services, and in accordance with all regulatory and good management standards, and in a good, safe and workmanlike manner. Consultant will be responsible to ensure that all work performed by its employees or any contractors is performed to the standards set forth in this Agreement and that such work complies with requirements of any governmental agency or entity and applicable law.

11. Independent Contractor.

a. Consultant is an independent contractor and shall have no power to incur any debt, obligation or liability on behalf of Agency. Consultant shall not, at any time or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of Agency.

b. Consultant shall pay all required taxes on amounts paid to Consultant under this Agreement, and to indemnify and hold the Agency harmless from any and all taxes, assessments, penalties, and interest asserted against the Agency by reason of the independent contractor relationship created by this Agreement. In the event that Agency is audited by any Federal or State agency regarding the independent contractor status of Consultant and the audit in any way fails to sustain the validity of a wholly independent contractor relationship between Agency and Consultant, then Consultant agrees to reimburse Agency for all costs, including accounting and attorney's fees, arising out of such audit and any appeals relating thereto.

c. Consultant shall fully comply with the workers' compensation laws regarding Consultant and Consultant's employees. Consultant further agrees to indemnify and hold the Agency harmless from any failure of Consultant to comply with applicable worker's compensation laws.

d. The Agency shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to the Agency from Consultant as a result of Consultant's failure to promptly pay to the Agency any reimbursement or indemnification arising under this Section.

12. Indemnification.

a. To the fullest extent permitted by law, Consultant hereby shall, at its sole cost and expense, to defend, protect, indemnify, and hold harmless the Agency, its respective officers, attorneys, agents, employees, designated volunteers, successors, and assigns (collectively, "Indemnitees") from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, expert witnesses, consultants, or other professionals and all costs associated therewith (collectively, "Claims"), resulting from any negligent act, error, omission or failure to act of Consultant or any of its subcontractors and their respective officers, agents, servants, employees, subcontractors, material men, suppliers or their respective officers, agents, servants or employees in connection with, resulting from, or related to this Agreement or for failure to perform or negligent performance of any term, provision, covenant, or condition of the Agreement, including this indemnity provision. This indemnity provision is effective regardless of any prior, concurrent, or subsequent passive negligence by Indemnitees and shall operate to fully indemnify Indemnitees against any such negligence. This indemnity provision shall survive the termination of the Agreement and is in addition to any other rights or remedies which Indemnitees may have under the law. Payment is not required as a condition precedent to an Indemnitee's right to recover under this indemnity provision, and an entry of judgment against the Consultant shall be conclusive in favor of the Indemnitee's right to recover under this indemnity provision. Consultant shall pay Indemnitees

for any attorneys fees and costs incurred in enforcing this indemnification provision. Notwithstanding the foregoing, nothing in this instrument shall be construed to encompass (a) Indemnitees' active negligence or willful misconduct to the limited extent that this Agreement is subject to Civil Code § 2782(a), or (b) the contracting public agency's active negligence to the limited extent that this Agreement is subject to Civil Code § 2782(b). This indemnity is effective without reference to the existence or applicability of any insurance coverages which may have been required under this Agreement or any additional insured endorsements which may extend to Indemnitees. This indemnity provision shall survive the termination of this Agreement and is in addition to any other rights or remedies which Indemnitees may have under the law.

b. Consultant, on behalf of itself and all parties claiming under or through it, hereby waives all rights of subrogation and contribution against any Indemnitee with respect to those Claims.

c. Consultant agrees to obtain executed indemnity agreements with provisions identical to those in this Section from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations, Consultant agrees to be fully responsible and shall indemnify, hold harmless and defend the Indemnitees from and against any and all Claims resulting from any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Consultant's subcontractors or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement as set forth in this Section.

### 13. Insurance.

a. Consultant shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

(1) A policy or policies of commercial general liability insurance written on an occurrence basis with limits no less than \$2,000,000 per occurrence and for all covered losses and \$2,000,000 general aggregate against any injury, death, loss or damage as a result of wrongful or negligent acts by Consultant, its officers, employees, agents, and independent contractors in performance of services under this Agreement;

(2) Automotive liability insurance, with minimum combined single limits coverage of \$1,000,000 covering any vehicle utilized in the performance of services under this Agreement;

(3) Professional liability or Errors and Omissions Insurance as appropriate written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy limit shall be no less than \$1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this Agreement.

(4) Worker's compensation and employer's liability insurance on a state-approved policy form providing benefits as required by law with employer's liability limits no less than \$1,000,000 per accident or disease.

(5) Pollution Liability Insurance. [check if applicable]

Pollution Liability Insurance written on a Contractor's Pollution Liability form or other form acceptable to Agency providing coverage for liability arising out of sudden, accidental and gradual pollution and remediation. The policy limit shall be not less than \$1,000,000 per claim and \$3,000,000 aggregate.

b. The policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least A:VII in the latest edition of Best's Insurance Guide.

c. Consultant agrees that if it does not keep the insurance in full force and effect, the Agency may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, the Agency may take out the necessary insurance and pay the premium thereon, and the repayment thereof shall be deemed an obligation of Consultant and the cost of such insurance may be deducted, at the option of Agency, from payments due Consultant, along with a reasonable administrative handling charge.

d. Consultant shall submit to the Agency proof of compliance with these insurance requirements, consisting of a certificate or certificates of insurance and/or endorsements, not less than one (1) day prior to beginning of performance under this Agreement.

e. Consultant shall provide proof that policies of insurance expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks prior to the expiration of the coverages.

f. The general liability, property damage and automobile policies of insurance shall contain an endorsement naming the Agency, its officers, employees, attorneys, agents and volunteers as additional insureds. All of the policies shall contain an endorsement providing that the policies cannot be modified, canceled or reduced except on thirty (30) days' prior written notice to the Agency. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.

g. The insurance provided by Consultant shall be primary to any other coverage available to the Agency. Any insurance or self-insurance maintained by the Agency, its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

h. All insurance coverage provided pursuant to this Agreement should not prohibit Consultant, and Consultant's officers, employees, agents or subcontractors, from

waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the Agency, its officers, employees, agents and representatives.

i. Any deductibles or self-insured retentions must be approved by the Agency. At the option of the Agency, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to the Agency or Consultant shall procure a bond guaranteeing payment of losses and expenses.

j. If Consultant is a Limited Liability Company, the general liability coverage must be amended so that the Limited Liability Company and its managers, affiliates, employees, agents, and other persons necessary or incidental to its operation are insureds.

k. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this Agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to the Agency, its employees, officials and agents.

l. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

m. Consultant agrees to be responsible for ensuring that no contact used by any party involved in any way with the project reserves the right to charge Agency or Consultant for the cost of additional insurance coverage required by this Agreement. Any such provisions are to be deleted with reference to the Agency. It is not the intent of Agency to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against Agency for payment of premiums or other amounts with respect thereto.

n. Consultant agrees to provide immediate notice to Agency of any claim or loss against Consultant arising out of the work performed under this Agreement. Agency assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve the Agency.

o. Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duties to indemnify, hold harmless and defend under Section 12 of this Agreement.

p. Consultant shall require each of its subcontractors to maintain insurance coverage that meets all of the requirements of this Agreement.

#### 14. Mutual Cooperation.

a. The Agency shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for the proper performance of Consultant's services.

b. In the event any claim or action is brought against the Agency relating to Consultant's performance in connection with this Agreement, Consultant shall render any reasonable assistance that Agency may require.

15. Notices.

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (a) the day of delivery if delivered by hand or overnight courier service during Agency's and Consultant's regular business hours; or (b) on the third business day following deposit in the United States mail, postage prepaid, to the addresses heretofore below, or to such other addresses as the parties may, from time to time, designate in writing.

If to Agency:

Successor Agency to the Industry Urban-Development Agency  
15625 East Stafford Street  
City of Industry, California 91744  
Attn: Executive Director

With a copy to:

Richards, Watson & Gershon  
355 South Grand Avenue - 40<sup>th</sup> Floor  
Los Angeles, CA 90071  
Attn: William L. Strausz, Esq.  
(213) 626-8484  
Fax: (213) 626-0078

If to Consultant:

PBLA Engineering  
4790 Irvine Blvd., Suite 105-262  
Irvine, CA 92620  
Attn: Steve Levissee, P.E.

16. Representations and Warranties.

Consultant represents, warrants and covenants to the Agency:

a. Organization. Consultant is duly organized, validly existing and in good standing under the laws of the State of California and in each other state in which it conducts business.

b. Agency. Consultant has all requisite licenses, permits, certifications, power and authority to carry on its business as presently conducted, to enter into this Agreement, and to perform its obligations under this Agreement.

c. Approval. The execution, delivery and performance of this Agreement by Consultant and the consummation of the transactions contemplated by this Agreement have been duly and validly authorized by the Board of Directors and are not subject to ratification by the Shareholders of Consultant at a special meeting therefore.

d. Binding Obligation. This Agreement has been duly executed and delivered on behalf of Consultant, and all documents and instruments required hereunder to be executed and delivered by Consultant have likewise been duly executed and delivered. This Agreement does, and such documents and instruments will, constitute legal, valid and binding obligations of Consultant in accordance with their terms. The consummation of the transactions contemplated by this Agreement will not violate, nor be in conflict with, any provision of the partnership agreement, charter, bylaws or governing documents of Consultant (or any of corporations comprising Consultant), or any agreement or instrument to which Consultant is a party or by which Consultant is bound, or any judgment, decree, order statute, rule or regulation applicable to Consultant.

17. Conflicts of Interest

Consultant and its officers, employees, associates and subcontractors, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including, but not limited to, the Political Reform Act (Government Code Section 81000, et. seq.) and Government Code Section 1090. During the term of this Agreement, Consultant and its officers, employees, associates and subcontractors shall not, without the prior written approval of the Executive Director, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant agrees that a clause substantially similar to this section shall be incorporated into any sub-agreement, which Consultant executes in connection with the performance of this Agreement.

18. Accounting Requirements.

Consultant shall maintain an accounting system and records that properly accumulate and segregate incurred costs by line item for the project under the Scope of Work. The accounting system shall conform to the Generally Accepted Accounting Principles, enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices.

19. Governing Law.

This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of California.

20. Compliance with Laws.

a. Consultant shall comply with all applicable federal, state and local laws, ordinances, codes and regulations.

b. Compliance with Environmental Laws. [check if applicable]

Consultant shall comply with § 306 of the Federal Clean Air Act (42 U.S.C. §1857(h)), § 508 of the Federal Water Pollution Prevention Act (33 U.S.C. § 368), and the laws implementing those acts, including Executive Order 11,738 and 40 C.F.R. pt. 15.



Consultant shall comply with the provisions of the "Barry Keane Underground Storage Tank Cleanup Trust Fund Act of 1989 (Health & safety Code §§ 25299.10 et. seq. and the applicable regulations promulgated thereunder (California Code of Regulations, Title 23, § 2810 et. seq. Consultant shall also comply with mandatory standards and policies relating to energy efficiency, according the state energy conservation plan issued in compliance with the Federal Energy Policy and Conservation Act.

21. Reliance on Reports [check if applicable]

Consultant understands that Agency will rely upon its reports, analysis and related data. Consultant understands and agrees that the reports prepared by Consultant, and the information, data, test results and the conclusions and analyses contained therein regarding the geologic and environmental condition of a site, and/or the soils and groundwater beneath a site, may be relied upon by the Agency, its program managers, consultants, attorneys and appraisers of a site, any purchaser and developer of a site, (provided that the limitations and restrictions set forth herein shall apply to such purchaser and developer) and may be submitted and relied upon by any local, state or federal agencies and entities, as a part of the evaluation of the risk associated with the development or use of the site and the soils and groundwater beneath a site, and for the purpose of assessing the geotechnical, hydro- geological and/or environmental condition of a site and the ground and surface water on, under and in the area of a site, issuing closure letters, permits, licenses or authorizations to develop a site, and to determine whether further environmental investigation, assessment, review or study is necessary, and so that the Agency and any designated purchaser and developer of any site can conduct construction activities on and develop the site.

22. Discrimination and Equal Employment Opportunity.

In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation. Consultant will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

23. No Assignment.

Consultant shall not assign or transfer any interest in this Agreement nor the performance of any of Consultant's obligations hereunder, nor shall it subcontract any of the work described in this Agreement or the Scope of Work without the prior written consent of Agency, and any attempt by Consultant to so assign this Agreement or any rights, duties or obligations arising hereunder shall be void and of no effect.

24. Non-Waiver of Terms, Rights and Remedies.

Waiver by either party of any one or more of the conditions of performance under this Agreement shall not be a waiver of any other condition of performance under this Agreement. In no event shall the making by Agency of any payment to Consultant constitute or be construed as a waiver by Agency of any breach of covenant, or any default which may then

exist on the part of Consultant, and the making of any such payment by Agency shall in no way impair or prejudice any right or remedy available to Agency with regard to such breach or default.

25. Attorneys' Fees.

If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, or arising out of the services provided by Consultant under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and all related costs in addition to any other relief to which it may be entitled.

26. Time Is Of The Essence.

Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision hereof; and each and every provision hereof is hereby declared to be and made a material, essential and necessary part of this Agreement.

27. Exhibits; Precedence.

All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail.

28. Entire Agreement and Amendments.

This Agreement, and any other documents incorporated herein by specific reference, represent the entire and integrated agreement between Consultant and the Agency. This Agreement supercedes all prior oral or written negotiations, representations or agreements. This Agreement may not be amended, nor any provision or breach hereof waived, except in a writing signed by the parties which expressly refers to this Agreement.

29. Severability.

Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable law. If any provision of this Agreement, is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect.

30. Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

WHEREFORE, the parties hereto have executed this Agreement as of the date first above written.

SUCCESSOR AGENCY TO THE  
INDUSTRY URBAN-DEVELOPMENT  
AGENCY

By: *K. Radecki*  
Kevin Radecki, Executive Director

PBLA ENGINEERING, INC.

By: *[Signature]*  
By: *[Signature]* C-E-U

EXHIBIT A

Scope of Services

EXHIBIT "A"

TO ACCOMPANY CONSULTANT AGREEMENT DATED \_\_\_\_\_  
BETWEEN: SUCCESSOR AGENCY TO THE  
INDUSTRY-URBAN DEVELOPMENT AGENCY  
and  
PBLA ENGINEERING, Inc.

I. SCOPE OF SERVICES

A. FINAL ENGINEERING-WEST OF GRAND AVE.

1. ROUGH GRADING PLAN SUPPORT

Prepare concept grading studies in support of the rough grading design in conjunction with Agency needs and Majestic Realty requirements.

2. PRELIMINARY EARTHWORK QUANTITIES

Prepare earthwork quantity estimate based on concept plans produced in support of the rough grading.

3. STORM DRAIN PLANS

Prepare on-site storm drain plans for the interim, remedial grading condition as well as the ultimate developed condition in accordance with City of Industry and County of Los Angeles standards. Plans will include plan and profile of proposed mainlines, all existing and proposed crossings, locations of other underground facilities, laterals and catch basins, manholes and required details.

4. HYDROLOGY / HYDRAULICS STUDY

Prepare overall on-site hydrology study for both the interim, remedial grading case as well as the finished site. The study will establish design storm runoff as a basis of design of drainage conveyance systems. Study will be coordinated with the overall regional hydrology study for master planned systems.

Prepare hydraulic calculations based on hydrology study results and proposed drainage systems for adequate capacity.

Prepare flood routing, drawdown, and capacity calculations for detention basin / water quality basin application. Calculations will include outlet calculations and retention time to comply with Water Quality requirements and well as Q attenuation. This will be coordinated with the overall regional hydrology study for master planned systems.

5. TENTATIVE PARCEL MAP

Prepare Tentative Parcel Map in accordance with City and County standards and methods outlined in the Subdivision Map Act. The map will be processed for recordation.

## Exhibit "A"

6. **FINAL PARCEL MAP**  
Prepare Final Parcel Map in accordance with City and County standards and methods outlined in the Subdivision Map Act. The map will be processed for recordation. This service will include obtaining bond and fee amounts, governmental agency clearances, and map approval by the City of Industry.
7. **STANDARD URBAN STORM WATER MITIGATION PLAN (SUSMP)**  
Prepare Standard Urban Storm Water Mitigation Plan (SUSMP) to identify best management practices for the intended uses of the project in accordance with state, county and local requirements.
8. **SWPPP - REMEDIAL GRADING**  
Prepare Storm Water Pollution Prevention Plan (SWPPP) for remedial grading Phase I to identify and implement best management practices for the mitigating storm water pollution during the course of construction of the project in accordance with state, county and local requirements.
9. **SWPPP - ROUGH GRADING**  
Prepare Storm Water Pollution Prevention Plan (SWPPP) for mass grading Phase I to identify and implement best management practices for the mitigating storm water pollution during the course of construction of the project in accordance with state, county and local requirements.
10. **AS-BUILT PLANS**  
Provide as-built drawings as required by City.
11. **EASEMENT LEGAL & SKETCH PREPARATION**  
Prepare legal descriptions and sketches for easements to WWD, Southern California Edison, The City of Industry, and others as required. The preparation of the Easement Deeds are the responsibility of the easement holder. The easements will be processed through the applicable agency for recordation.

### B. FINAL ENGINEERING-EAST OF GRAND AVE.

1. **REMEDIAL GRADING PLAN**  
Prepare remedial grading plan in accordance with the City of Industry and County of Los Angeles standards commensurate with the approved Geotechnical Report recommendations. Plan will show removal limits, stability keys, slopes, contours, drainage, and other required details to affect the required soil remediation.
2. **ROUGH GRADING PLAN**  
Prepare grading plan in accordance with the City of Industry and County of Los Angeles standards. Plan will be based on the approved site plan. Plan will show

## Exhibit "A"

pad elevations; finish surface elevations, slopes, surface drainage facilities with rates of grade, and all necessary details. This item also includes coordination with the WWD for future reservoir site plan requirements.

3. **EARTHWORK QUANTITIES**

Prepare earthwork quantity estimate based on the rough grading plans.

4. **STORM DRAIN PLANS**

Prepare on-site storm drain plans for the interim, remedial grading condition as well as the ultimate developed condition in accordance with City of Industry and County of Los Angeles standards. Plans will include plan and profile of proposed mainlines, all existing and proposed crossings, locations of other underground facilities, laterals and catch basins, manholes and required details.

5. **HYDROLOGY / HYDRAULICS STUDY**

Prepare overall on-site hydrology study for both the interim, remedial grading case as well as the finished site. The study will establish design storm runoff as a basis of design of drainage conveyance systems. Study will be coordinated with the overall regional hydrology study for master planned systems.

Prepare hydraulic calculations based on hydrology study results and proposed drainage systems for adequate capacity.

Prepare flood routing, drawdown, and capacity calculations for detention basin / water quality basin application. Calculations will include outlet calculations and retention time to comply with Water Quality requirements and well as Q attenuation. This will be coordinated with the overall regional hydrology study for master planned systems.

6. **TENTATIVE PARCEL MAP**

Prepare Tentative Parcel Map in accordance with City and County standards and methods outlined in the Subdivision Map Act. The map will be processed for recordation.

7. **FINAL PARCEL MAP**

Prepare Final Parcel Map in accordance with City and County standards and methods outlined in the Subdivision Map Act. The map will be processed for recordation. This service will include obtaining bond and fee amounts, governmental agency clearances, and map approval by the City of Industry.

8. **STANDARD URBAN STORM WATER MITIGATION PLAN (SUSMP)**

Prepare Standard Urban Storm Water Mitigation Plan (SUSMP) to identify best management practices for the intended uses of the project in accordance with state, county and local requirements.

9. **SWPPP – REMEDIAL GRADING**

Prepare Storm Water Pollution Prevention Plan (SWPPP) for remedial grading Phase I to identify and implement best management practices for the mitigating

## Exhibit "A"

storm water pollution during the course of construction of the project in accordance with state, county and local requirements.

10. **SWPPP – ROUGH GRADING**

Prepare Storm Water Pollution Prevention Plan (SWPPP) for mass grading Phase I to identify and implement best management practices for the mitigating storm water pollution during the course of construction of the project in accordance with state, county and local requirements.

11. **AS-BUILT PLANS**

Provide as-built drawings as required by City.

12. **EASEMENT LEGAL & SKETCH PREPARATION**

Prepare legal descriptions and sketches for easements to WWD, Southern California Edison, The City of Industry, and others as required. The preparation of the Easement Deeds are the responsibility of the easement holder. The easements will be processed through the applicable agency for recordation.

C. **PROCESSING**

1. **PROCESSING**

Attend meetings with client, other consultants, and governmental agencies as required to accomplish services included herein.

2. **CAL-TRANS PROCESSING**

Attend meetings and coordinate plans as needed to obtain encroachment permit to grade and construct within Caltrans Right of Way.

3. **DEPARTMENT OF FISH & GAME PROCESSING**

Attend meetings and coordinate plans as needed to obtain 401/404 permit to drain to the Diamond Bar Creek as needed.

D. **STATUS REPORTS AND MEETINGS**

1. **STATUS, CONSULTATION AND MEETINGS**

PBLA Engineering will provide a bi-weekly e-mailed status report to the City and attend a monthly status/design development meeting during the design phase.

E. **COORDINATION**

1. **DRY UTILITY COORDINATION**

Coordinate civil improvement plans with dry utility consultants, provide exhibits as needed, and provide crossing / interference data as required.



## Exhibit "A"

2. **WALNUT VALLEY WATER DISTRICT COORDINATION**  
Coordinate civil improvement plans with the Walnut Valley Water District, provide exhibits as needed, and provide crossing / interference data as required.
3. **LANDFILL MITIGATION COORDINATION**  
Coordinate grading and improvement plans with landfill engineer (SCS Engineers) for the proper design implementation for methane mitigation and settlement issues associated with the existing landfill.
4. **GRAND AVENUE WIDENING AND BRIDGE DESIGN COORDINATION**  
Coordinate grading and improvement plans with the City for the widening of Grand Avenue adjacent to the Project, as well as coordinating the design with the Agency's bridge consultants and Caltrans for the future bridge construction and freeway access improvements at Grand Avenue and the 60 Freeway.
5. **FUTURE LIGHT RAIL ALIGNMENT FEASIBILITY**  
Coordinate with Agency and their consultants to incorporate and study feasibility of the future light rail system adjacent to the proposed project.

### II. SPECIAL PROVISIONS - ENGINEERING

#### A. ASSUMPTIONS / EXCLUSIONS

1. This proposal is based on the latest Concept Grading Plan and meetings with Majestic Realty and Commerce Construction, and the the City of Industry.
2. Existing and proposed developments adjacent to the site will be coordinated with this project.
3. Pricing for SUSMP & SWPPP are based on current General Permit requirements. In the event that the General Permit is revised or other legislation is enacted that affects this project, the costs for these items of work are subject to change.
4. Preparation of site or building fire protection systems are not included in the proposal. It is recommended that a separate fire protection consultant be retained for this item of work.
5. Preparation of traffic signal plans is not included.
6. Preparation of sewer lift station improvements is not included.
7. Preparation of Fire Water pump station improvements is not included.
8. Improvement plans for Grand Avenue and Diamond Bar Creek are by others.
9. Water and Reclaimed Water system design and construction will be by WVWD.

# Exhibit "A"

## III. DUTIES OF CLIENT

Without attempting to be all inclusive, the following items will be supplied by client.

1. Title report and title services to be provided by your designated Title Company.
2. A soils and geology report will be furnished and the recommendations within the report will be incorporated in the grading plan.
3. Permit fees, processing fees and other such fees are to be paid by client.

## IV. COMPENSATION

Client agrees to compensate for the above named services as follows:

1. All work performed at the direction of the Agency and in accordance with the attached Exhibits will be billed at our published hourly rates.
2. Invoicing will be monthly based on time and materials.
3. Blueprints, reproductions, CADD plotting, outside messenger services and Other out of pocket expenses will be charged at a direct cost.

EXHIBIT B

Project Timeline

## EXHIBIT B

### Project Timeline

Start date: July 18, 2013

Estimated end of construction: December 31, 2020

Upon the start of construction a more detailed project schedule will be established.

EXHIBIT C

Professional Fee Schedule  
Hourly Rates

INDUSTRY BUSINESS CENTER - EXHIBIT "B"  
 ESTIMATED CIVIL ENGINEERING COST BREAK DOWN  
 23-MAY-13

Exhibit "C"

	ESTIMATED HRS		ESTIMATED COST AT CURRENT RATES									ESTIMATED
	OFFICE	FIELD	ENGINEERING				SURVEY / MAPPING					
	HRS	HRS	PRINCIPAL \$175/HR	PROJ MAN \$120/HR	ENG \$85/HR	DRAFTSMAN \$75/HR	LS \$160/HR	CALC \$120/HR	MAPPING \$85/HR	2-MAN \$190/HR	3-MAN \$215/HR	
<b>FINAL ENGINEERING - WEST OF GRAND AVE</b>												
ROUGH GRADING PLAN SUPPORT	400		\$35,000	\$9,600	\$10,200	\$0						\$54,800
INTERIM HYDROLOGY/HYDRAULICS	400		\$7,000	\$9,600	\$10,200	\$12,000						\$38,800
INTERIM STORM DRAIN PLANS	900		\$15,750	\$21,600	\$22,950	\$27,000						\$87,300
FINAL HYDROLOGY / HYDRAULICS	1000		\$17,500	\$24,000	\$25,500	\$30,000						\$97,000
FINAL STORM DRAIN PLANS	2400		\$42,000	\$57,600	\$61,200	\$72,000						\$232,800
TENTATIVE PARCEL MAP	200		\$3,500	\$4,800	\$5,100	\$6,000						\$19,400
FINAL PARCEL MAP	450		\$7,875	\$10,800	\$11,475	\$13,500	\$7,200		\$26,775			\$77,625
SUSMP	650		\$11,375	\$15,600	\$16,575	\$19,500						\$63,050
SWPPP-REMEDIAL	400		\$7,000	\$9,600	\$10,200	\$12,000						\$38,800
SWPPP-ROUGH	400		\$7,000	\$9,600	\$10,200	\$12,000						\$38,800
AS-BUILTS PLANS	400		\$7,000	\$9,600	\$10,200	\$12,000						\$38,800
EASEMENT LEGALS & SKETCHES	200				\$1,700		\$3,200		\$11,900			\$16,800
											SUB TOTAL =	\$803,975
<b>FINAL ENGINEERING - EAST OF GRAND AVE</b>												
REMEDIAL GRADING PLAN	400		\$7,000	\$9,600	\$10,200	\$12,000						\$38,800
ROUGH GRADING PLAN	1200		\$21,000	\$28,800	\$30,600	\$36,000						\$116,400
INTERIM HYDROLOGY/HYDRAULICS	400		\$7,000	\$9,600	\$10,200	\$12,000						\$38,800
INTERIM STORM DRAIN PLANS	900		\$15,750	\$21,600	\$22,950	\$27,000						\$87,300
FINAL HYDROLOGY / HYDRAULICS	1000		\$17,500	\$24,000	\$25,500	\$30,000						\$97,000
FINAL STORM DRAIN PLANS	2000		\$35,000	\$48,000	\$51,000	\$60,000						\$194,000
TENTATIVE PARCEL MAP	200		\$3,500	\$4,800	\$5,100	\$6,000						\$19,400
FINAL PARCEL MAP	450		\$7,875	\$10,800	\$11,475	\$13,500	\$7,200		\$26,775			\$77,625
SUSMP	650		\$11,375	\$15,600	\$16,575	\$19,500						\$63,050
SWPPP-REMEDIAL	400		\$7,000	\$9,600	\$10,200	\$12,000						\$38,800
SWPPP-ROUGH	400		\$7,000	\$9,600	\$10,200	\$12,000						\$38,800
AS-BUILTS PLANS	400		\$7,000	\$9,600	\$10,200	\$12,000						\$38,800
EASEMENT LEGALS & SKETCHES	200				\$1,700		\$3,200		\$11,900			\$16,800
											SUB TOTAL =	\$865,575
<b>STATUS / MEETINGS</b>												
BI-WEEKLY MEETINGS & STATUS	400		\$70,000									\$70,000
											SUB TOTAL =	\$70,000
DRY UTILITY COORDINATION	200			\$24,000								\$24,000
W.V.W.D. COORDINATION	200			\$24,000								\$24,000
LANDFILL MITIGATION	300			\$36,000								\$36,000
GRAND AVENUE WIDEN / BRIDGE	100			\$12,000								\$12,000
LIGHT RAIL ALIGNMENT	175			\$21,000								\$21,000
											SUB TOTAL =	\$117,000
											GRAND TOTAL =	\$1,856,550

**EXHIBIT B**

Budget Increase Request from PBLA Engineering, Inc., dated January 26, 2017

[Attached]

P. B. L. A. ENGINEERING, inc

Planning • Engineering • Surveying

January 26, 2017

**SUCCESSOR AGENCY TO THE  
INDUSTRY-URBAN DEVELOPMENT AGENCY**

15625 Stafford Street  
Suite 100  
City of Industry, CA 91744

Attn.: Mr. Josh Nelson

Re: **INDUSTRY BUSINESS CENTER-DESIGN SERVICES  
INDUSTRY, CA  
Request For Addendum**

Gentlemen:

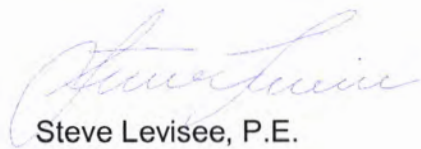
PBLA Engineering, Inc. is pleased to continue to furnish civil engineering services for completion of the above referenced project in the City of Industry.

We have nearly exhausted the originally budgeted amount of the original contract and the addendum approved in January of last year, but the project is yet to be complete. We are requesting an additional \$350,000 in design fees be added to our budget to continue the work uninterrupted. A summary of the services performed outside of the original budget, and a breakdown of costs and hours to complete original scope are attached.

Please feel free to call and discuss any aspect of this proposal. This opportunity to be of continued service is appreciated. We look forward to a successful project.

Best Regards,

**PBLA Engineering, Inc.**



Steve Levissee, P.E.  
Principal

SL:kl



**A. Summary of Design Services Outside of Original Budget**

**1. MULTIPLE PHASES**

Grading and Improvement design has been Phased into multiple contracts.

**2. RE-DESIGN**

Multiple re-designs were required for the following issues:

- 1) Sewer Crossing on Ferrero Parkway & Benton Court
- 2) West side Storm Drain in 2 separate phases
- 3) Diamond Bar Creek Storm Drain due to SCE underground design and other grading design changes.
- 4) Detention Outfall and Inlet designs

*SUCCESSOR AGENCY*

ITEM NO. 5.6



*SUCCESSOR AGENCY TO THE*  
**INDUSTRY URBAN - DEVELOPMENT AGENCY**

**MEMORANDUM**

**TO:** Honorable Chairman and Members of the Successor Agency to the Industry Urban-Development Agency Board

**FROM:** Paul J. Philips, Executive Director *Paul J. Philips*

**STAFF:** Clement N. Calvillo, Agency Engineer, CNC Engineering *CNC*  
Joshua Nelson, Deputy Agency Engineer, CNC Engineering *JN*  
Gerardo Perez, CNC Engineering *GP*

**DATE:** February 23, 2017

**SUBJECT:** Consideration of the acceptance of the work performed by C.A. Rasmussen, Inc. in the amount of \$21,469,259.17, for Contract No. IBC-0379, Industry Business Center Phase 1 Mass Grading Far West Side

---

On February 25, 2014, the Successor Agency to the Industry Urban-Development Agency ("Agency") awarded Contract No. IBC-0379, Industry Business Center Phase I Mass Grading Far West Side to C.A. Rasmussen, Inc. ("Contractor") (Line Item No. 270, a component of Line Item No. 270, on the Recognized Obligation Payment Schedule), in the amount of \$20,329,606.95. This project consists of grading a portion of a 400 acre hillside area, west of Grand Avenue and north of the Pomona Freeway, and involved approximately 4.6 million cubic yards of unclassified excavation and engineered fill. The project also includes storm drains, bench drains, down drains, curb & gutter, paving and irrigation and landscaping.

On February 24, 2015, the Agency Board approved the following Change Order No. 1 in the amount of \$500,983.79.

- **Change Order No. 1:** This change order included RFCs Nos 1R1, 2R1, 2R1A, 3R1, 4R1, 5, 6, and 7 which were grouped as one change order. Change Order No. 1 included various items of extra work including removal of existing stockpile, additional remedial excavation and installation of canyon drains.

On May 5, 2015, the Agency Board approved the following Change Order No. 2 in the amount of \$174,489.22.

- **Change Order No. 2:** This change order included RFCs Nos 2R1B, 8R1, 9, 11, 15, 17 and 19 which were grouped together as one change order. Change Order No.2 included additional costs for storm drain revisions and electrical conduit and vault revisions.

On June 25, 2015, the Agency Board approved the following Change Order No. 3 in the amount of \$322,397.80.

- **Change Order No. 3:** This change order included RFC No. 10 and 18R. Change Order No. 3 included extra costs associated with the slide repair.

On May 26, 2016, the Agency Board approved the following Change Order Nos. 12, 23-28, 30-57, and 59 in the amount of \$371,932.81.

- **Change Order No. 12:** Contractor excavated and graded for a new Southern California Edison (SCE) access road, adjusted a manhole, excavating a roadway on the south side of the trapezoidal channel, added seven energy dissipaters, added curb, CMP (corrugated metal pipe) and other miscellaneous items at a cost of \$97,991.00.
- **Change Order No. 23:** Contractor removed and replaced an 18-inch corrugated metal pipe in an area that had not been previously over-excavated for a cost of \$2,972.77.
- **Change Order No. 24:** Contractor furnished and installed approximately 86 lineal feet of 6-inch diameter HDPE (high density polyethylene) pipe at a cost of \$6,378.85.
- **Change Order No. 25:** The Contractor installed a 24-inch CMP bypass line because the 48-inch RCP (reinforced concrete pipe) could not be installed due to the existing SCE poles located along the trapezoidal channel interfering with the construction of the line at a cost of \$12,385.46.
- **Change Order No. 26:** Contractor upgraded the booster pumps and added a reducer valve per Plan Revision No. 10, at a cost of \$12,551.66.
- **Change Order No. 27:** Contractor encountered oversized rock, larger than three feet in diameter in the borrow site and had to use a dozer and push these rocks to the side at a cost of \$26,997.60.
- **Change Order No. 28:** Contractor regraded the new Grand Crossing Parkway road per revisions to the plans at a cost of \$10,034.71.
- **Change Order No. 30:** Contractor installed silt fence and fiber rolls along the new property line fence on the west end of the site along the property line road and installed two pedestrian gates for future access to public roads in Diamond Bar at a cost of \$17,274.14.
- **Change Order No. 31:** Contractor relocated an 8-inch conduit sleeve including transformer, booster pump, irrigation pump and street light conduits which interfered with the new driveway to the sediment basin at a cost of \$7,498.12.

- **Change Order No. 32:** Contractor installed 450 lineal feet of concrete trapezoidal gutter In order to mitigate the potential for mudflows crossing the property line in to Diamond Bar, regraded this area and relocated irrigations lines at a cost of \$49,047.26.
- **Change Order No. 33:** Contractor regraded the parkway around the westerly sediment basin to match the new curb elevations which were revised due to super-elevating the roadway at a cost of \$1,013.84.
- **Change Order No. 34:** Contractor had to work around the existing SCE poles along the trapezoidal channel which were not relocated in a timely manner at a cost of \$17,839.00.
- **Change Order No. 35:** Contractor installed additional fiber rolls on the easterly side of the property line road and additional gravel bags at the new rip rap padsat a cost of \$6,146.70.
- **Change Order No. 36:** Contractor installed a 24-inch RCP at the new SCE power pole location prior to energizing it at a cost of \$12,070.24.
- **Change Order No. 37:** Contractor graded and leveled the property line access road since it could not be paved due to the close proximity of the existing SCE poles at a cost of \$18,213.72.
- **Change Order No. 38:** Contractor constructed an earth berm at the top of the 720 pad to control water from eroding the slopes at a cost of \$3,276.06.
- **Change Order No. 39:** Contractor regraded around the riser inlets to obtain positive flow and drilled additional holes in the riser at the sediment basins at a cost of \$11,357.31.
- **Change Order No. 40:** Contractor regraded the access driveway to the northwest sediment basin, removed 30 lineal feet of v-gutter, regraded and installed a new cross gutter to maintain access to the basin following a storm event at a cost of \$1,563.45.
- **Change Order No. 41:** Contractor raised seven existing manholes along the perimeter road including installation of grade rings, galvanized steel steps and placed concrete around the manholes at a cost of \$15,880.93.
- **Change Order No. 42:** Contractor installed a 24-inch CMP down a slope and drain to a terrace drain to mitigate erosion at Grand Crossing Parkway for a cost of \$8,510.30.
- **Change Order No. 43:** Contractor installed additional fiber rolls to protect the exposed surface area as part of the slide repair for a cost of \$13,870.04.

- **Change Order No. 44:** Contractor installed fiber rolls on the terrace slopes that had previously been wood mulched per CASC Engineering, the NPDES consultant, at a cost of \$28,523.43.
- **Change Order No. 45:** Contractor submitted a fuel adjustment credit in the amount of \$126,684.43 based on its participation in the Diesel Fuel adjustment program.
- **Change Order No. 46:** Contractor incurred mobilization costs in the amount of \$2,750.00 to complete the terrace drain along the trapezoidal channel due to performing the work out of sequence caused by the untimely relocation of the SCE poles.
- **Change Order No. 47:** Contractor incurred additional costs in the amount of \$4,195.96 were due to the existing power poles being in the way at the east end of the access road along the trapezoidal channel. The road had to be field graded to work around the SCE guy wire and meet existing elevations in the field.
- **Change Order No. 48:** Contractor was required to grind the existing pavement and create positive flow to the channel at a cost of \$7,730.81.
- **Change Order No. 49:** The Contractor placed a 6-inch asphalt berm along the top of the existing trapezoidal channel to prevent sediment/silt from going in to the channel at a cost of \$6,924.91.
- **Change Order No. 50:** Contractor removed the riprap pads, cleaned the basin, removed and replaced the sandbags around the 60-inch diameter CMP riser and installed additional sandbags around the inlet of the northwesterly basin at a cost of \$10,226.82.
- **Change Order No. 51:** Contractor returned and removed the existing earth knobs where the SCE poles were located, regraded this area and complete the grading per plan at a cost of \$52,482.79.
- **Change Order No. 52:** Contractor regraded the slope and installed a V-gutter from the mouth of the pipe outlet to prevent any future erosion along the access road at a cost of \$3,779.86.
- **Change Order No. 53:** Contractor installed a V-gutter from the end of the outlet structure and removed and replaced the gravel bag berm and increased the height of the berm around the riser at the northwesterly basin at a cost of \$8,401.95.
- **Change Order No. 54:** Contractor for spoils removal after excavation for additional V-ditch construction which was constructed out of sequence at a cost of \$10,192.28.

- **Change Order No. 55:** Contractor installed the 48-inch RCP after the SCE poles were relocated which was out of sequence at a cost of \$563.33.
- **Change Order No. 56:** The Contractor patched all asphalt damaged or previously trenched after removal and replacement of poles by SCE at a cost of \$3,308.84.
- **Change Order No. 57:** The Contractor installed eight additional barrier posts around the recently installed SCE poles and vaults per SCE's request at a cost of \$5,644.11.
- **Change Order No. 59:** Contractor cleaned out the northerly sediment basin after a storm event at a cost of \$1,018.99.

On September 8, 2016, the Agency Board approved the following Change Order No. 60 in the credit amount of (\$230,151.40).

- **Change Order No. 60** Final field measurements included a credit (\$726,292.90) for bid quantity underruns and an additional cost of \$506,141.50 for bid quantity over-runs. Total net additional credit is \$230,151.40.

As of January 15, 2017, the Agency Engineer has determined that all work has been completed and the landscape maintenance period has terminated. CNC Engineering, Environs (landscape architect) and Leighton Consulting (geotechnical engineers) have inspected the site and find all work complete and in accordance with the contract documents.

Fiscal Impact:

On February 25, 2014, the Agency Board appropriated \$20,329,606.95 in Successor Agency Funds to the 2013-14 fiscal year budget (account no. 222-300-5200) for the Industry Business Center Phase I Mass Grading Far West Side. The Successor Agency Board carried over the funds to fiscal year 2014-15 and 2015-16 fiscal year budgets.

Table 1 – The following table presents a summary of the sources of funds that were used:

Successor Agency Funds – Property Sales	
Total Sources	\$24,668,438.12

Table 2 – The following table represents a project summary:

Contract (C.A. Rasmussen, Inc.)	\$20,329,606.95
Change Order No. 1 – Approved 2/24/2015	\$500,983.79

Change Order No. 2 – Approved 5/5/2015	\$174,489.22
Change Order No. 3 – Approved 6/25/2015	\$322,397.80
Change Order No. 12, 23-28, 30-57, and 59 – Approved 5/26/2016	\$371,932.81
Change Order No. 60 - Approved 9/8/2016	(\$230,151.40)
Professional Services for Design (CNC Engineering)	\$962,954.92
Professional Services for Design (PBLA)	\$549,332.58
Geotechnical Testing/Inspection Services (Leighton Consulting)	\$525,670.91
Professional Services for Landscape and Irrigation Design (Environs)	\$150,216.09
Professional Services for Construction Management/ Inspection/Construction Staking (CNC Engineering)	\$1,011,004.45
<b>Total Project Cost:</b>	<b>\$24,668,438.12</b>

The final contract amount including all change orders totals \$21,469,259.17. An additional cost of \$1,139,652.22, or a 5.61% increase from the original project contract amount. This project is listed on the Recognized Obligation Payment Schedule (ROPS), Line Item No. 270 and no additional cost appropriations are necessary.

Recommendation:

- 1.) Accept the work performed by C.A. Rasmussen, Inc., in the amount of \$21,469,259.17.
- 2.) Authorize the Agency Engineer or his designee to execute the Notice of Completion.
- 3.) Authorize the Chief Deputy City Clerk to file a Notice of Completion for Project No. IBC-0379, Industry Business Center Phase I Mass Grading Far West Side.

Exhibit:

- A. Notice of Completion dated February 23, 2017

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CNC/JN/GP:rg



**EXHIBIT A**

Notice of Completion dated February 23, 2017

(Attached)



# CITY OF INDUSTRY

- Civic Recreational-Industrial Authority
- City of Industry Waterworks System
- Industry Urban-Development Agency
- Parking Authority

15625 East Stafford Street, City of Industry, CA 91744

## Notification of Construction Completion

**Industry Business Center Phase 1**  
**Project Mass Grading Far West Side** **Date February 23, 2017**  
**Contract No. IBC-0379**  
**MP 99-31#16**

**Contractor C.A. Rasmussen, Inc.**

As a result of an inspection conducted on 1/20/2017, the contractor's construction work has been completed in accordance with the contract documents, with the exception of the items noted below:

Acceptance of completed construction work shall not relieve the contractor from other requirements of the contract documents.

Accepted by Contractor **Doug Misley** *Doug Misley* **EXEC VP** **2-7-17**  
 Printed Name Signature Title Date

Recommended by Project Engineer **Joshua Nelson** *JN* **Project Engineer** **2/13/17**  
 Printed Name Signature Title Date

Recommended by Project Inspector **Shaun Malganji** *SM* **Project Inspector** **2/8/17**  
 Printed Name Signature Title Date

Recommended by Project Manager **Gerardo Perez** *GP* **Project Manager** **2-13-17**  
 Printed Name Signature Title Date

Recommend by Public Agency **Clement N. Calvillo** *CNC* **Agency Engineer** **2.13.17**  
 Printed Name Signature Title Date

**RECORDING REQUEST**

and **WHEN RECORDED, MAIL TO:**

Agency **CITY OF INDUSTRY**

**Mailing Address** 15625 East Stafford Street  
**City** Attention: Clement N. Calvillo  
**State, Zip** City of Industry  
California 91744

**THIS SPACE FOR RECORDER'S USE**

**NOTICE OF COMPLETION**

Notice is given that work was completed on that certain work known as Project No. **IBC-0379, Industry Business Center Phase 1 Mass Grading, Far West Side, City of Industry, CA 91744, County of Los Angeles**, for the undersigned agency and said work was accepted as complete on **February 23, 2017**. The contractor on said job was **C.A. Rasmussen, Inc. 28548 Livingston Avenue Valencia, CA 91355**.

This Notice of Completion is being recorded on behalf of the **Owner, CITY OF INDUSTRY**, a Public Agency.

**Successor Agency to the Industry Urban Development Agency**

By \_\_\_\_\_  
**Clement N. Calvillo, Agency Engineer**

State of California            )  
  )ss.  
County of Los Angeles        )

The undersigned, being duly sworn, says: That he is the Agency Engineer and that he makes this verification on behalf of said entity; that he has read the foregoing and declares that the contents thereof, and that the facts stated herein, are true and correct.

\_\_\_\_\_  
**Clement N. Calvillo, Agency Engineer**

Subscribed and sworn to (or affirmed) before me on this 23rd day of February 2017, by Clement N. Calvillo, Agency Engineer, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

(Date)

\_\_\_\_\_  
(Notary Signature)

(Seal)

*SUCCESSOR AGENCY*

ITEM NO. 5.7



*SUCCESSOR AGENCY TO THE*  
**INDUSTRY URBAN - DEVELOPMENT AGENCY**

**MEMORANDUM**

**TO:** Honorable Chairman and Members of the Successor Agency to the Industry Urban-Development Agency Board

**FROM:** Paul J. Philips, Executive Director *Paul J. Philips*

**STAFF:** Clement N. Calvillo, Agency Engineer, CNC Engineering *CNC*  
Joshua Nelson, Deputy Agency Engineer, CNC Engineering *JN*  
Gerardo Perez, CNC Engineering *GP*

**DATE:** February 23, 2017

**SUBJECT:** Consideration of Change Orders Nos. 35, 36, 37, 38, and 39 in the net credit amount of (\$56,356.02), and accept the work performed by Sukut Construction in the amount of \$27,655,501.26, for Contract No. IBC-0380, Industry Business Center East Side Mass Grading, for the project

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On February 24, 2014, the Successor Agency awarded Contract No. IBC-0380, Industry Business Center East Side Mass Grading, to Sukut Construction, LLC, (Line Item No. 271, a component of Line Item No. 217, on the Recognized Obligation Payment Schedule), in the amount of \$22,693,112.00. This project consists of grading a 200 acre hillside area, east of Grand Avenue and north of the Pomona Freeway, and involved approximately 10 million cubic yards of unclassified excavation and engineered fill including storm drains, bench drains, down drains, detention basins and outlet concrete structures. The project also included excavation and relocation of landfill waste, installation of leachate collection trench, monitoring wells and extraction wells and construction of a landfill gas collection and control system.

On October 22, 2014 the Agency Board, approved Change Order No. 1 in the amount of \$1,116,750.00.

- **Change Order No. 1:** Included additional remedial and unclassified excavation, leachate water removal and stockpiling of material for the future Caltrans off-ramp at a cost of \$1,116,750.00. (COR No. 1).

On June 25, 2015 the Agency Board, approved Change Order No. 2 in the amount of \$264,073.21.

- **Change Order No. 2:** Included additional costs for loss in production caused by oversized rock, costs to provide rock trucks and breaker in order to break some of this oversized rock and additional water trucks used for extra dry material at a cost of \$264,073.21. (COR Nos.7, 9, 10).

On October 22, 2015 the Agency Board, approved Change Order No. 3 in the amount of \$2,032,287.43.

- **Change Order No. 3:** Included additional costs for time and material costs to mitigate the slide, additional grading for the new water tank location and long haul premium costs associated with the slide mitigation at a cost of \$2,032,287.43. (COR Nos. 13, 20, 21).

On October 22, 2015 the Agency Board, also approved Change Order No. 4 in the amount of \$656,740.16.

- **Change Order No. 4:** Included revisions to the rough grading plans, long haul premium costs to place a surcharge stockpile at the northerly end of the project, installation of additional subdrains as requested by the geotechnical consultant, and construction of a pond and installation of pumps to handle groundwater encountered on the southside of the project at a cost of \$656,740.16. (COR Nos. 11, 14, 15, 18,).

On March 24, 2016 the Agency Board approved Change Order No. 5 in the amount of \$948,894.48.

- **Change Order No. 5:** Included costs for changed conditions during installation of the 72-inch storm drain, grading and storm drain design revisions, additional canyon drain installation per geotechnical recommendations, installation of additional storm erosion control devices, miscellaneous bid quantity adjustments, credit for fuel adjustments and other miscellaneous credits for a net cost of \$948,894.48. (COR Nos. 19.1, 22, 23.1, 24, 25.3, 26, 27, 28, 29, 30, 31, 32, 33, and 34.1).

The following Change Orders Requests ("COR") were either superseded, rescinded or work was not performed or were paid under certain change orders:

COR No. 2 - Not Submitted

COR No. 3 - Not Approved (additional sound blanket was not necessary)

COR No. 4 - Not Approved (hard excavation premium)

COR No. 5 - Not Submitted

COR No. 6 - Paid under Bid Quantities

COR No. 8 - Not Approved (Booster Pump not required)

COR No. 12 - Rescinded

COR No. 16 - Superseded by COR

COR No. 17 - Not Approved (deep excavation for horizontal collectors was not required)

During the course of construction, the following additional work was necessary due to revisions to the grading plans which required additional erosion control, revisions to the landfill equipment, fencing additions and credit for wood mulch which was not placed.

As of February 8, 2017, the Agency Engineer has reviewed the following change orders for completeness and accuracy as to the materials and labor included:

**Change Order No. 35:** Added erosion control was necessary after the slide was mitigated and a large area of disturbed soil was exposed. Additional fiber rolls, approximately 59,775 lineal feet, were added throughout this area including areas where on-site drainage was directed towards the neighboring city. The cost for the fiber rolls is \$124,793.91. In order to satisfy the Regional Water Quality Control Board, CASC Engineering, the NPDES consultant, requested additional erosion controls devices such as additional gravel bags around the new CMP risers and hydro-mulch on other disturbed areas of the site. This cost is \$37,407.86. The Contractor was also asked to clear brush behind a resident's home, who complained about coyote sightings and was concerned that coyotes were hiding in the brush and was concerned about the safety of his children. This work was approved by the previous City Engineer. Cost is \$11,143.84. Total cost for Change Order No. 35 is **\$173,345.61**.

**Change Order No. 36:** As part of the revisions to the landfill plans, an additional double gate was added including razor wire, visual barrier slats and the fencing lineal footage increased. Cost is \$15,924.39. The Contractor was directed to install a permanent double swing gate in lieu of temporary gate and additional fencing was added. Cost is \$10,705.85. A headwall fence was also added to the outlet structure at the detention basin for safety reasons. Cost is \$2,999.70. Total cost for Change Order No. 36 is **\$29,629.94**.

**Change Order No. 37:** The original contract did not require the Contractor to obtain a Building and Safety Permit from the LA County Department of Public Works, however it was decided to obtain a permit and any permit fees would be reimbursed to the contractor. Cost is \$4,141.00. Revisions to the landfill plans were issued to the Contractor which resulted in additional costs. Additional costs were necessary for added items as follows; absorption unit, additional fittings for the storage tank, added condensate drains for the blower/carbon system, addition of the 4"X2" dual contained HDPE \$27,996.30. The Contractor also incurred lost production costs since their original bid was to complete the landfill excavation while they were performing the storm drain work. Because a building and safety permit was required and was not obtained in a timely manner, all storm drain work was complete requiring the Contractor to re-mobilize. Cost is \$8,895.00. Total cost for Change Order No. 37 is **\$41,032.44**.

**Change Order No. 38:** Under Change Order No. 1 additional wood mulch was approved to cover the additional disturbed areas created by the slide. Prior to completing the placement of the wood mulch and after a few rain events, weeds began covering the disturbed areas. These weeds act as erosion control and satisfy the Regional Water Quality Control Board requirement of 70% coverage. Therefore, the Contractor was asked to discontinue the placement of wood mulch. The total cubic yards of mulch saved equates to a credit of **(\$331,272.00)**.

**Change Order No. 39:** Final bid quantities as follows:

Schedule A

Bid Item No. 11 – Install Chain Link Fence; a section of chain link fence, approximately 351 lineal feet, were deleted at the northwest corner of the site. Credit of (\$12,636.00).

Bid Item No. 16B – Finish site grading; Due to changes to the grading plan the finish site grading increased by 17.8 acres. Additional cost is \$33,820.00.

Bid Item No. 29 – Construct splash walls; an additional 286 lineal feet of splash walls were added where none were shown on the plans. Additional cost is \$9,724.00.

Total for Change Order No. 39 is **\$30,908.00**.

**Total Final Credit for Change Orders Nos. 35, 36, 37, 38, and 39 is a credit of \$56,356.02.**

The total net credit of all above-noted extra work including credits is \$56,356.02. Staff has reviewed the additional work and the contractor's total costs and find them reasonable and acceptable. Therefore, Staff hereby recommends approval of Change Order Nos. 35, 36, 37, 38 and 39 in the credit amount of \$56,356.02.

Fiscal Impact:

On February 25, 2014, the Agency Board appropriated \$22,693,113.00 in Successor Agency Funds to the 2013-14 fiscal year budget (account no. 222-300-5200) for the Industry Business Center East Side Mass Grading. The Successor Agency Board carried over the funds to fiscal year 2014-15 and 2015-16 fiscal year budgets.

Table 1 – The following table presents a summary of the sources of funds that were used:

Successor Agency Funds – Property Sales	
Total Sources	\$32,794,410.42

Table 2 – Summary of Project Costs:

Contract	\$22,693,112.00
Change Order No. 1 – 5	\$ 5,018,745.28
Change Order No. 35-39	(\$ 56,356.02)
Professional Services for Design (CNC Engineering)	\$169,318.15
Professional Services for Design (PBLA)	\$1,927,654.17



Geotechnical Testing/Inspection Services (Leighton Consulting)	\$1,229,513.85
Professional Services for Landfill Design and Permit and Construction Coordination (SCS)	\$746,597.72
Professional Services for Construction Management/Inspection/Construction Staking (CNC Engineering)	\$1,065,825.27
<b>Revised Project Cost:</b>	<b>\$32,794,410.42</b>

The revised contract amount including Change Orders 1-39 is \$27,655,501.26. An additional cost of \$4,962,389.26 or a 21.87% increase from the original project contract amount.

Recommendation:

- 1.) Staff recommends Successor Agency Board approve Change Order Nos. 35, 36, 37, 38, and 39, in a credit amount of \$56,356.02.
- 2.) Authorize the Executive Director or his designee to execute the approved change orders.
- 3.) Accept the work performed by Sukut for the amount of \$27,655,501.26.
- 4.) Authorize the Agency Engineer to execute the Notice of Completion.
- 5.) Authorize the Chief Deputy City Clerk to file the Notice of Completion.

Exhibits:

- A. Change Order Nos. 35, 36, 37, 38, and 39 dated February 23, 2017
- B. Notice of Completion dated February 23, 2017

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CNC/JN/GP:rg

**EXHIBIT A**

Change Order Nos. 35, 36, 37, 38 and 39 dated February 23, 2017

(Attached)

**CITY OF INDUSTRY**

**CHANGE ORDER**

15625 E. Stafford St.  
 City of Industry, CA 91744  
 (818)333-2211

Change Order No. 35

Industry Business Center Eastside  
**Project** Mass Grading **Contract No.** IBC-0380 **Date** 2/23/2017

**Type**  
**Project** Grading **Contractor** Sukut Construction, LLC

**Location** City of Industry

**Explanation:**

Additional erosion control devices required to protect disturbed areas created by the slide

Extra Work by: Contract Items X T & M  
 Contract Items Negotiated T & M

The contractor is hereby directed to perform all labor and to provide all materials necessary to carry out the work described below:

ITEM NO.	ITEM	QUANTITY	UNIT PRICE	TOTALS (\$)	
				+	-
1	Additional Fiber Rolls	Lump Sum	\$124,793.91	\$124,793.91	
2	Additional Gravel Bags	Lump Sum	\$7,927.47	\$7,927.47	
3	Hydromulch	Lump Sum	\$29,480.39	\$29,480.39	
4	Brush Clearing	Lump Sum	\$11,143.84	\$11,143.84	
<b>TOTAL COST</b>				<b>\$173,345.61</b>	

**T & M SUMMARY**

*Labor Cost	+ 20%	Total Labor	
*Equipment Cost	+ 15%	Total Equipment	
*Material Cost	+ 15%	Total Materials	
(*Attach breakdown of labor, equipment and materials)		Sub-Total	
<b>CHANGE ORDER SUMMARY</b>		Other Additive	
Original Contract Amount	\$22,693,112.00	Total T & M	
Total Previous Change Orders	\$5,018,745.20 22.12%	Pay This	
Total Change Orders	\$ 5,192,090.81 22.88%	<b>CHANGE ORDER</b>	<b>\$ 173,345.61 0.76%</b>

Authorized by \_\_\_\_\_

Additional Working Days 20

I hereby certify that the quantities shown and/or amounts shown for equipment, material and labor costs (if any) are correct to the best of my knowledge and the total cost shown above shall be considered final payment for the work specified by this change order. The total cost includes compensation for any delay in the preparation of this change order and the time to complete the specified work.

[Signature] 2/13/17  
 Contractor Representative Date  
[Signature] 2-13-17  
 Clement Calvillo, Agency Engineer Date

Paul J. Philips, Executive Director Date  
[Signature] 2-13-17  
 Gerardo Perez, Project Manager Date

C.O. # 35



SC COR Number 35.1  
 SC Job Number: 1158

Date: 1/19/2017  
 Owner: Successor Agency to the Industry Urban-Development Agency  
 15625 East Stafford Street  
 City of Industry, CA 91744  
 Attn: Agency Engineer  
 Project: IBC East - 0380  
 Subject: **COR 35.1 - Added Erosion Control**

Please see the following breakdown of change order request number 35.1.

Item:	Description:	Qty:	Unit:	Price:	Total:
1.0	Fiber Rolls	1	LS	\$ 124,793.91	\$ 124,793.91
2.0	Gravel Bags	1	LS	\$ 7,927.47	\$ 7,927.47
3.0	BFM	1	LS	\$ 29,480.39	\$ 29,480.39
4.0	Coyote Clearing	1	LS	\$ 11,143.84	\$ 11,143.84
<b>Total Amount this Request:</b>					<b>\$ 173,345.60</b>

This change order request includes all added labor, equipment, subcontractor, and material costs associated with the added erosion control implemented on the project. Item 1.0 includes the additional fiber rolls that were installed with a total additional quantity of 59,775 lf. Additional fiber rolls were installed at the project entrance, along the v-gutter near the railroad tracks, the added slopes in C16, the revised landslide area in C15, and from other various Plan Revisions. There was also a quantity of 16,800 lf of fiber rolls that were installed where there was limited drivable access. These areas include portions of the landslide area in C15 near the property line and the upper portion, as well as, the backside of C16. Item 2.0 included the added gravel bags with an additional quantity of 4,112 bags installed. Additional bags were installed along the revised tank pad access road, along the v-gutter near the railroad tracks, along the fence at Grand Ave and the railroad tracks, and at the Line "C" outlet. Item 3.0 includes the added BFM that was sprayed at the entrance, the backside of C16, and the revised tank location with a total area of approximately 325,000 sf. Item 4.0 includes the added brush clearing in C13 to control the coyote nuisance.

Thank you,

*Bryan Nesthus*

**Sukut Construction**

**Change Order Request**  
**Industry Business Center East Side Mass Grading**

<b>CHANGE ORDER REQUEST NUMBER:</b>	35.1
<b>DATE WORK COMPLETED</b>	

<b>SUKUT COR WORKSHEET NUMBER</b>	1.0
<b>SUKUT JOB NUMBER</b>	1158

<b>DESCRIPTION OF WORK</b>	ADDED FIBER ROLLS. PLEASE SEE THE ATTACHED "BID SET FIBER ROLLS EXHIBIT" FOR THE ESTIMATED FIBER ROLL QUANTITY BASED ON THE BID SET DRAWINGS. THE FIBER ROLL DELTA IS FOR THE TOTAL FIBER ROLLS INSTALLED VS THE BID SET QUANTITY.
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SUKUT SUBCONTRACTOR COSTS					
DESCRIPTION	INVOICE NO.	VENDOR	UNITS	UNIT COST	TOTAL
FIBER ROLLS	N/A	GREEN VISTA LANDSCAPE	42,975	\$ 1.90	\$ 81,652.50
FIBER ROLLS (NO DRIVEABLE ACCESS)	7797 & 7843	GREEN VISTA LANDSCAPE	16,800	\$ 2.13	\$ 35,784.00
FIBER ROLLS 12"	7861	GREEN VISTA LANDSCAPE	300	\$ 3.50	\$ 1,050.00
<b>TOTAL COSTS</b>					<b>\$ 117,436.50</b>

TOTAL COST SUMMARY, STANDARD MARK-UPS AND SUBCONTRACTOR MARK-UP				
DESCRIPTION	TOTAL COST	% MARK UP	AMOUNT MARK UP	TOTAL
TOTAL COST FOR EQUIPMENT	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR LABORERS AND OPERATORS	\$ -	20.00%	\$ -	\$ -
TOTAL TAX ON MATERIALS	\$ -	9.00%	\$ -	\$ -
TOTAL COST FOR MATERIALS	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR SUBCONTRACTOR (FIRST \$5,000)	\$ 5,000.00	10.00%	\$ 500.00	\$ 5,500.00
TOTAL COST FOR SUBCONTRACTOR (IN EXCESS OF \$5,000)	\$ 112,436.50	5.00%	\$ 5,621.83	\$ 118,058.33
<b>TOTAL FOR THIS CHANGE ORDER</b>				<b>\$ 123,558.33</b>
<b>BOND COST ADD (1% OF Total)</b>				<b>\$ 1,235.58</b>
<b>GRAND TOTAL OF THIS CHANGE ORDER REQUEST</b>				<b>\$ 124,793.91</b>

**Change Order Request**  
Industry Business Center East Side Mass Grading

<b>CHANGE ORDER REQUEST NUMBER:</b>	35.1
<b>DATE WORK COMPLETED</b>	

<b>SUKUT COR WORKSHEET NUMBER</b>	2.0
<b>SUKUT JOB NUMBER</b>	1158

<b>DESCRIPTION OF WORK</b>	ADDED GRAVEL BAGS. THE UNIT PRICE PER GRAVEL BAG IS DERIVED FROM THE COST PER BAG AND THE DELIVERY PER INVOICE #7843.
----------------------------	---

SUKUT SUBCONTRACTOR COSTS						
DESCRIPTION	INVOICE NO.	DATE	VENDOR	UNITS	UNIT COST	TOTAL
GRAVEL BAGS	7843	2/26/2016	GREEN VISTA LANDSCAPE	4,112	\$ 1.76	\$ 7,237.12
						\$ -
<b>TOTAL COSTS</b>						\$ 7,237.12

TOTAL COST SUMMARY, STANDARD MARK-UPS AND SUBCONTRACTOR MARK-UP				
DESCRIPTION	TOTAL COST	% MARK UP	AMOUNT MARK UP	TOTAL
TOTAL COST FOR EQUIPMENT	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR LABORERS AND OPERATORS	\$ -	20.00%	\$ -	\$ -
TOTAL TAX ON MATERIALS	\$ -	9.00%	\$ -	\$ -
TOTAL COST FOR MATERIALS	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR SUBCONTRACTOR (FIRST \$5,000)	\$ 5,000.00	10.00%	\$ 500.00	\$ 5,500.00
TOTAL COST FOR SUBCONTRACTOR (IN EXCESS OF \$5,000)	\$ 2,237.12	5.00%	\$ 111.86	\$ 2,348.98
<b>TOTAL FOR THIS CHANGE ORDER</b>				\$ 7,848.98
<b>BOND COST ADD (1% OF Total)</b>				\$ 78.49
<b>GRAND TOTAL OF THIS CHANGE ORDER REQUEST</b>				\$ 7,927.47

**Change Order Request**  
**Industry Business Center East Side Mass Grading**

<b>CHANGE ORDER REQUEST NUMBER:</b>	35.1
<b>DATE WORK COMPLETED</b>	

<b>SUKUT COR WORKSHEET NUMBER</b>	3.0
<b>SUKUT JOB NUMBER</b>	1158

<b>DESCRIPTION OF WORK</b>	ADDED BFM. PLEASE SEE THE ATTACHED " BFM AREA EXHIBIT" FOR THE AREA OF BFM APPLIED.
----------------------------	---

SUKUT SUBCONTRACTOR COSTS						
DESCRIPTION	INVOICE NO.	DATE	VENDOR	UNITS	UNIT COST	TOTAL
BFM			GREEN VISTA LANDSCAPE	324,241	\$ 0.085	\$ 27,560.49
						\$ -
<b>TOTAL COSTS</b>						<b>\$ 27,560.49</b>

TOTAL COST SUMMARY, STANDARD MARK-UPS AND SUBCONTRACTOR MARK-UP				
DESCRIPTION	TOTAL COST	% MARK UP	AMOUNT MARK UP	TOTAL
TOTAL COST FOR EQUIPMENT	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR LABORERS AND OPERATORS	\$ -	20.00%	\$ -	\$ -
TOTAL TAX ON MATERIALS	\$ -	9.00%	\$ -	\$ -
TOTAL COST FOR MATERIALS	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR SUBCONTRACTOR (FIRST \$5,000)	\$ 5,000.00	10.00%	\$ 500.00	\$ 5,500.00
TOTAL COST FOR SUBCONTRACTOR (IN EXCESS OF \$5,000)	\$ 22,560.49	5.00%	\$ 1,128.02	\$ 23,688.51
TOTAL FOR THIS CHANGE ORDER				<b>\$ 29,188.51</b>
BOND COST ADD (1% OF Total)				<b>\$ 291.89</b>
GRAND TOTAL OF THIS CHANGE ORDER REQUEST				<b>\$ 29,480.39</b>

**Change Order Request**  
Industry Business Center East Side Mass Grading

CHANGE ORDER REQUEST NUMBER:	35.1
DATE WORK COMPLETED	

SUKUT COR WORKSHEET NUMBER	4.0
SUKUT JOB NUMBER	1158

DESCRIPTION OF WORK	WEED EATERS
---------------------	-------------

SUKUT SUBCONTRACTOR COSTS						
DESCRIPTION	INVOICE NO.	DATE	VENDOR	UNITS	UNIT COST	TOTAL
WEED EATERS	7638	6/3/2015	GREEN VISTA LANDSCAPE	1	\$ 6,896.00	\$ 6,896.00
WEED EATERS	7664	7/15/2015	GREEN VISTA LANDSCAPE	1	\$ 3,374.00	\$ 3,374.00
<b>TOTAL COSTS</b>						\$ 10,270.00

TOTAL COST SUMMARY, STANDARD MARK-UPS AND SUBCONTRACTOR MARK-UP				
DESCRIPTION	TOTAL COST	% MARK UP	AMOUNT MARK UP	TOTAL
TOTAL COST FOR EQUIPMENT	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR LABORERS AND OPERATORS	\$ -	20.00%	\$ -	\$ -
TOTAL TAX ON MATERIALS	\$ -	9.00%	\$ -	\$ -
TOTAL COST FOR MATERIALS	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR SUBCONTRACTOR (FIRST \$5,000)	\$ 5,000.00	10.00%	\$ 500.00	\$ 5,500.00
TOTAL COST FOR SUBCONTRACTOR (IN EXCESS OF \$5,000)	\$ 5,270.00	5.00%	\$ 263.50	\$ 5,533.50
<b>TOTAL FOR THIS CHANGE ORDER</b>				\$ 11,033.50
BOND COST ADD (1% OF Total)				\$ 110.34
<b>GRAND TOTAL OF THIS CHANGE ORDER REQUEST</b>				\$ 11,143.84





Industry Business Center - East

IBC-0380

**COR 35.1 - Added Erosion Control**

Invoice Backup

Legend:



Item 1.0 - Added Fiber Rolls



Item 2.0 - Added Gravel Bags



Item 3.0 - Added BFM



Item 4.0 - Coyote Clearing



4050 Alvis Court  
Rocklin, CA 95677

# Invoice

Date	Invoice #
6/3/2015	7638

<b>Bill To</b>
Sukut Construction 4010 Chandler Avenue Santa Ana, CA 92704

*paid*

P.O. No.	Terms	Project
	Net 15	Industry Business Center Ph...

Quantity	Description	Rate	Amount
32	Jesus/Felipe/Manny/Esteban	59.00	1,888.00
8	Brush Hog/Line Trimmers	18.00	144.00
16	Felipe/Manny	59.00	944.00
24	Jesus/Esteban/Jose	59.00	1,416.00
24	Jesus/Esteban/Jose	59.00	1,416.00
16	Jesus/Jose	59.00	944.00
8	Brush Hog/Line Trimmer	18.00	144.00

Thank you for your business.

**Total**

\$6,896.00



4050 Alvis Court  
Rocklin, CA 95677

# Invoice

Date	Invoice #
7/15/2015	7664

*paid*

Bill To
Sukut Construction 4010 Chandler Avenue Santa Ana, CA 92704

P.O. No.	Terms	Project
	Net 15	Industry Business Center Ph...

Quantity	Description	Rate	Amount
16	Laborers - Weed Abatement	59.00	944.00
16	Laborers - Weed Abatement	59.00	944.00
16	Laborers - Weed Abatement	59.00	944.00
8	Laborers - Weed Abatement	59.00	472.00
		0.00	0.00
2	Weed Eaters	35.00	70.00
		0.00	0.00
350	Install Fiber Rolls	1.90	665.00
40	Install Silt Fence	1.75	70.00

Thank you for your business.

**Total**

\$4,109.00



4050 Alvis Court  
Rocklin, CA 95677

# Invoice

Date	Invoice #
7/16/2015	7667

*paid*

Bill To
Sukut Construction 4010 Chandler Avenue Santa Ana, CA 92704

P.O. No.	Terms	Project
	Net 15	Industry Business Center Ph...

Quantity	Description	Rate	Amount
1	Install Fiber Rolls 33600 qty and the rate of \$1.90 per	60,648.00	60,648.00
1	Mobilization 1 time of \$1000.00	950.00	950.00
1	5% Retention of \$63,840.00	3,192.00	3,192.00
1	5% Retention of \$1000.00	50.00	50.00

Thank you for your business.

**Total** \$64,840.00



4050 Alvis Court  
Rocklin, CA 95677

# Invoice

Date	Invoice #
8/14/2015	7679

*PAID*

Bill To
4010 Chandler Avenue Santa Ana, CA 92704

P.O. No.	Terms	Project
	Net 15	Industry Business Center Ph...

Quantity	Description	Rate	Amount
1	Install Fiber Rolls QTY 35,800 X \$1.90 = \$68,020.00	64,619.00	64,619.00
1	Mobilization 1 X \$1,000.00	950.00	950.00
1	Retention on line item #1 5%	3,401.00	3,401.00
1	Retention on line #2 5%	50.00	50.00
<b>Total</b>			\$69,020.00



4050 Alvis Court  
Rocklin, CA 95677

# Invoice

Date	Invoice #
9/15/2015	7714

*Final*

<b>Bill To</b>
4010 Chandler Avenue Santa Ana, CA 92704

P.O. No.	Terms	Project
	Net 30	Industry Business Center Ph...

Quantity	Description	Rate	Amount
1	Install Fiber Rolls QTY 14350 X \$1.90 = \$27,265.00	25,901.75	25,901.75
1	Mobilization QTY 1 X 500.00	475.00	475.00
1	Retention on Line item #1 =	1,363.25	1,363.25
1	Retention on Line item #2 =	25.00	25.00
Industry Phase 3		<b>Total</b>	\$27,765.00



4050 Alvis Court  
Rocklin, CA 95677

# Invoice

Date	Invoice #
10/1/2015	7776

<b>Bill To</b>
4010 Chandler Avenue Santa Ana, CA 92704

**PAID**  
01/21/2016

P.O. No.	Terms	Project
	Net 15	Industry Business Center Ph...

Quantity	Description	Rate	Amount
13.650	Installed Fiber Rolls (13.650LF)	1.90	25.935.00
1	Mobilization	500.00	500.00
Industry Business Center Phase 3		<b>Total</b>	\$26.435.00



Lic. #878017

4050 Alvis Court  
Rocklin, CA 95677

# Invoice

## RECEIVED

DEC 21 2015

Date	Invoice #
12/16/2015	7797

SUKUT CONSTRUCTION, INC.

Bill To
Sukut Construction 4010 Chandler Avenue Santa Ana, CA 92704

P.O. No.	Terms	Project
WO #6264	Net 15	Industry Business Center Ph...

Quantity	Description	Rate	Amount
200	Gravel Bag Check Dams	3.00	600.00
8,400	Install Straw Wattles (No Driveable Access)	2.13	17,892.00
25,200	Install Straw Wattles	1.90	47,880.00
1	Mobilization For Wattles	1,000.00	1,000.00
1	Mobilization For BFM	1,000.00	1,000.00
424,000	Hydromulch BFM	0.085	36,040.00

PROJECT NO. 10000000			VENDOR 23861
W/S. UNIT	CT	CC	AMOUNT
1158			104,412.

Thank you for your business.	<b>Total</b>	\$104,412.00
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4050 Alvis Court  
Rocklin, CA 95677

# Invoice

Date	Invoice #
2/26/2016	7843

Bill To
Sukut Construction 4010 Chandler Avenue Santa Ana, CA 92704

**RECEIVED**  
FEB 29 2016  
SUKUT CONSTRUCTION, INC.

P.O. No.	Terms	Project
	Net 30	Industry Business Center Ph...

Quantity	Description	Rate	Amount
400	Install Gravel Bag Berms	3.00	1,200.00
2	Mobilization For Bags	200.00	400.00
498,000	Spray BFM Mulch	0.085	42,330.00
8,400	Install Fiber Rolls	2.13	17,892.00
32,400	Install Fiber Rolls	1.90	61,560.00
13	Riser Protection	150.00	1,950.00
1	Mobilization For BFM	1,000.00	1,000.00
1	Mobilization For Fiber Rolls	1,000.00	1,000.00
4,600	Install Gravel Bags (Additional Work)	1.50	6,900.00
3	Truck/Transfer For Bags	400.00	1,200.00
		23861	
		1158	135,432.

Thank you for your business.

**Total**

\$135,432.00



4050 Alvis Court  
Rocklin, CA 95677

# Invoice

Date	Invoice #
3/31/2016	7861

<b>Bill To</b>
Sukut Construction 4010 Chandler Avenue Santa Ana, CA 92704

P.O. No.	Terms	Project
WO #6297	Net 15	Industry Business Center Ph...

Quantity	Description	Rate	Amount
3,550	Install New Fiber Rolls	1.90	6,745.00
250	Install Gravel Bags	1.50	375.00
217,800	Spray Hydromulch BFM	0.085	18,513.00
300	Install 12" Fiber Rolls	3.50	1,050.00

Thank you for your business.

**Total**

\$26,683.00

**CITY OF INDUSTRY**

**CHANGE ORDER**

15625 E. Stafford St.  
 City of Industry, CA 91744  
 (818)333-2211

Change Order No. 36

Industry Business Center Eastside  
**Project** Mass Grading

Contract No. IBC-0380

Date 2/23/2017

Type \_\_\_\_\_  
**Project** Grading

**Contractor** Sukut Construction, LLC

**Location** City of Industry

**Explanation:**

Part of the revisions to the landfill equipment area added an additional double gate, razor wire and barrier slats.

A headwall fence was added on top of the outlet structure and a permanent double swing gate was added.

Extra Work by: \_\_\_\_\_ X \_\_\_\_\_ T & M  
 Contract Items Negotiated

The contractor is hereby directed to perform all labor and to provide all materials necessary to carry out the work described below:

ITEM NO.	ITEM	QUANTITY	UNIT PRICE	TOTALS (\$)	
				+	-
1	Landfill Fence Add-Ons	Lump Sum	\$15,924.39	\$15,924.39	
2	Permanent Driveway Double Swing Gate	Lump Sum	\$10,705.85	\$10,705.85	
3	Headwall Fence @ Outlet Structure	Lump Sum	\$2,999.70	\$2,999.70	
<b>TOTAL COST</b>				<b>\$29,629.94</b>	

**T & M SUMMARY**

*Labor Cost	+ 20%	Total Labor	
*Equipment Cost	+ 15%	Total Equipment	
*Material Cost	+ 15%	Total Materials	
(*Attach breakdown of labor, equipment and materials)		Sub-Total	
<b>CHANGE ORDER SUMMARY</b>		Other Additive	
Original Contract Amount	\$22,693,112.00	Total T & M	
Total Previous Change Orders	\$5,192,090.89 22.88%		
Total Change Orders	\$ 5,221,720.83 23.01%	<b>Pay This CHANGE ORDER</b>	<b>\$ 29,629.94 0.13%</b>

Authorized by \_\_\_\_\_

Additional Working Days 20

I hereby certify that the quantities shown and/or amounts shown for equipment, material and labor costs (if any) are correct to the best of my knowledge and the total cost shown above shall be considered final payment for the work specified by this change order. The total cost includes compensation for any delay in the preparation of this change order and the time to complete the specified work.

[Signature] 2/13/17  
 Contractor Representative Date  
[Signature] 2.13.17  
 Clement Calvillo, Agency Engineer Date

Paul J. Philips, Executive Director Date  
[Signature] 2.13.17  
 Gerardo Perez, Project Manager Date

C.O. # 36



SC COR Number 36.1  
SC Job Number: 1158

Date: 11/10/2016  
Owner: Successor Agency to the Industry Urban-Development Agency  
15625 East Stafford Street  
City of Industry, CA 91744  
Attn: Agency Engineer  
Project: IBC East - 0380  
Subject: **COR 36.1 - Added Fencing**

Please see the following breakdown of change order request number 36.1.

Item:	Description:	Qty:	Unit:	Price:	Total:
1.0	Landfill Fence Revision	1	LS	\$ 15,924.39	\$ 15,924.39
2.0	Driveway Double Swing Gate & Fencing	1	LS	\$ 10,705.85	\$ 10,705.85
3.0	Headwall Fence	1	LS	\$ 2,999.70	\$ 2,999.70
<b>Total Amount this Request: \$</b>					<b>29,629.94</b>

This change order request includes all added labor, equipment, subcontractor, and material costs associated with the added fencing implemented on the project. Item 1.0 includes the revision made to the landfill fencing. The revisions to the landfill fencing included the addition of a double swing gate, razor wire, visual barrier slats, and an increase in fence quantity of 133LF. Also, included in item 1.0 is the purchase of the 8' H chain link fence material that was requested but was not part of the permit process so the 6'H chain link fence had to be reordered and refabricated. Item 2.0 includes the permanent double swing gate, 15' of fencing on either side, and the guard rail end caps for the new driveway entrance on Grand Avenue. Item 3.0 includes the 4' H chain link fence that was installed on the storm drain outlet headwall.

Thank you,  
*Bryan Nesthus*  
**Sukut Construction**

**Change Order Request**  
Industry Business Center East Side Mass Grading

<b>CHANGE ORDER REQUEST NUMBER:</b>	36.1
<b>DATE WORK COMPLETED</b>	

<b>UKUT COR WORKSHEET NUMBER</b>	1.0
<b>SUKUT JOB NUMBER</b>	1158

<b>DESCRIPTION OF WORK</b>	INSTALLATION OF THE REVISED 6'H LANDFILL FENCING AND THE MODIFICATION TO SWITCH BACK FROM 8'H FENCE TO 6' H FENCE. MATERIAL PURCHASE FOR THE 8'H FENCING.
----------------------------	---

MATERIAL LUMP SUM OR UNIT PRICE PAYMENTS				
DESCRIPTION	QTY	UNITS	UNIT COST	TOTAL
8'H CHAIN LINK FENCE (MATERIAL PURCHASE)	1.0	LS	\$ 4,093.58	\$ 4,093.58
				\$ -
<b>TOTAL MATERIAL COSTS</b>				\$ 4,093.58

SUKUT SUBCONTRACTOR COSTS						
DESCRIPTION	INVOICE NO.	DATE	VENDOR	UNITS	UNIT COST	TOTAL
6' H CHAIN LINK FENCE INSTALL				1	\$ 12,083.00	\$ 12,083.00
REVISED FENCE (8'H BACK TO 6'H)				1	\$ 2,957.00	\$ 2,957.00
CREDIT TO BID ITEM C-11				(1)	\$ 5,500.00	\$ (5,500.00)
<b>TOTAL COSTS</b>						\$ 9,540.00

TOTAL COST SUMMARY, STANDARD MARK-UPS AND SUBCONTRACTOR MARK-UP				
DESCRIPTION	TOTAL COST	% MARK UP	AMOUNT MARK UP	TOTAL
TOTAL COST FOR EQUIPMENT	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR LABORERS AND OPERATORS	\$ -	20.00%	\$ -	\$ -
TOTAL TAX ON MATERIALS	\$ 4,093.58	9.00%	\$ 368.42	\$ 368.42
TOTAL COST FOR MATERIALS	\$ 4,462.00	15.00%	\$ 669.30	\$ 5,131.30
TOTAL COST FOR SUBCONTRACTOR (FIRST \$5,000)	\$ 5,000.00	10.00%	\$ 500.00	\$ 5,500.00
TOTAL COST FOR SUBCONTRACTOR (IN EXCESS OF \$5,000)	\$ 4,540.00	5.00%	\$ 227.00	\$ 4,767.00
<b>TOTAL FOR THIS CHANGE ORDER</b>				\$ 15,766.72
<b>BOND COST ADD (1% OF Total)</b>				\$ 157.67
<b>GRAND TOTAL OF THIS CHANGE ORDER REQUEST</b>				\$ 15,924.39

**Change Order Request**  
**Industry Business Center East Side Mass Grading**

CHANGE ORDER REQUEST NUMBER:	36.1
DATE WORK COMPLETED	

UKUT COR WORKSHEET NUMBER	2.0
SUKUT JOB NUMBER	1158

DESCRIPTION OF WORK	INSTALLATION OF THE 30' WIDE DOUBLE SWING GATE WITH 15' OF FENCING ON EITHER SIDE AND GUARD RAIL END CAPS FOR THE ENTRANCE ALONG GRAND AVE.
---------------------	---

SUKUT SUBCONTRACTOR COSTS						
DESCRIPTION	INVOICE NO.	DATE	VENDOR	UNITS	UNIT COST	TOTAL
6' H DOUBLE SWING GATE & FENCING				1	\$ 9,496.00	\$ 9,496.00
GUARD RAIL END CAPS				1	\$ 361.00	\$ 361.00
						\$ -
<b>TOTAL COSTS</b>						\$ 9,857.00

TOTAL COST SUMMARY, STANDARD MARK-UPS AND SUBCONTRACTOR MARK-UP				
DESCRIPTION	TOTAL COST	% MARK UP	AMOUNT MARK UP	TOTAL
TOTAL COST FOR EQUIPMENT	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR LABORERS AND OPERATORS	\$ -	20.00%	\$ -	\$ -
TOTAL TAX ON MATERIALS	\$ -	9.00%	\$ -	\$ -
TOTAL COST FOR MATERIALS	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR SUBCONTRACTOR (FIRST \$5,000)	\$ 5,000.00	10.00%	\$ 500.00	\$ 5,500.00
TOTAL COST FOR SUBCONTRACTOR (IN EXCESS OF \$5,000)	\$ 4,857.00	5.00%	\$ 242.85	\$ 5,099.85
<b>TOTAL FOR THIS CHANGE ORDER</b>				\$ <b>10,599.85</b>
BOND COST ADD (1% OF Total)				\$ 106.00
<b>GRAND TOTAL OF THIS CHANGE ORDER REQUEST</b>				\$ <b>10,705.85</b>

**Change Order Request**  
**Industry Business Center East Side Mass Grading**

CHANGE ORDER REQUEST NUMBER:	36.1
DATE WORK COMPLETED	

UKUT COR WORKSHEET NUMBER	3.0
SUKUT JOB NUMBER	1158

DESCRIPTION OF WORK	INSTALLATION OF THE 4'H CHAIN LINK FENCE FOR THE TOP OF THE BASIN HEADWALL.
---------------------	---

SUKUT SUBCONTRACTOR COSTS						
DESCRIPTION	INVOICE NO.	DATE	VENDOR	UNITS	UNIT COST	TOTAL
4' H CHAIN LINK FENCE				1	\$ 2,700.00	\$ 2,700.00
						\$ -
						\$ -
<b>TOTAL COSTS</b>						\$ 2,700.00

TOTAL COST SUMMARY, STANDARD MARK-UPS AND SUBCONTRACTOR MARK-UP				
DESCRIPTION	TOTAL COST	% MARK UP	AMOUNT MARK UP	TOTAL
TOTAL COST FOR EQUIPMENT	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR LABORERS AND OPERATORS	\$ -	20.00%	\$ -	\$ -
TOTAL TAX ON MATERIALS	\$ -	9.00%	\$ -	\$ -
TOTAL COST FOR MATERIALS	\$ -	15.00%	\$ -	\$ -
TOTAL COST FOR SUBCONTRACTOR	\$ 2,700.00	10.00%	\$ 270.00	\$ 2,970.00
TOTAL FOR THIS CHANGE ORDER				\$ 2,970.00
BOND COST ADD (1% OF Total)				\$ 29.70
<b>GRAND TOTAL OF THIS CHANGE ORDER REQUEST</b>				\$ 2,999.70



# ALCORN FENCE COMPANY

P.O. Box 1249, Sun Valley, CA 91353  
 9901 Glenoaks Boulevard, Sun Valley, CA 91352  
 T. (323) 875-1342 / F. (818) 768-9719

## FINAL INVOICE

Cust No. 186

**SUKUT CONSTRUCTION**  
 4010 W. Chandler Avenue  
 Santa Ana, CA 92704

Period Ending:

3/5/2016 to: 5/3/2016

Date: 05/03/16

Contract Job No.: 1158

Our Job No.: L3575

Invoice No.: 35759A

Salesman: E. HARDEMAN

Terms: Net 30

**Industry Bus Center Mass  
 Grading**

Job Description:

Item#	Description	Contract			Current Estimate			Totals to Date			
		Qty	UM	U/P	Amount	Qty	UM	Amount	Qty	UM	Amount
1	Landfill Equipment Fence	1	LS	\$12,083.00	\$12,083.00	1	LS	\$12,083.00	1	LS	\$12,083.00
2	Double Swing Gate & Fence	1	LS	\$9,496.00	\$9,496.00	1	LS	\$9,496.00	1	LS	\$9,496.00
3	Furnish & Install Chain Link Fence, Gate and Guard Rail	1	LS	\$6,018.00	\$6,018.00	1	LS	\$6,018.00	1	LS	\$6,018.00
<b>ORIGINAL CONTRACT:</b>					<b>\$27,597.00</b>	<b>SUBTOTAL:</b>			<b>\$27,597.00</b>	<b>\$27,597.00</b>	

SUKUT FAMILY OF CO'S			VENUE #
			10081
BUS UNIT	CT	CC	AMOUNT
1158			27,597.
Retn 10% (2759.70)			
BATCH #	VOUCHER	APPROVAL	DATE
	✓		

Total Earned To Date:	\$27,597.00	\$27,597.00
Less 10% Retention:	(\$2,759.70)	(\$2,759.70)
Less Previous Billings:	//////////	//////////
Current Billing:	<u>\$24,837.30</u>	<u>\$24,837.30</u>

- Cart Payroll
- Insurance
- Pd by Owner

AR





# ALCORN FENCE COMPANY

P.O. Box 1249, Sun Valley, CA 91353  
 9901 Glenoaks Boulevard, Sun Valley, CA 91352  
 T. (323) 875-1342 / F. (818) 768-9719

## FINAL INVOICE

Cust No. 186

**SUKUT CONSTRUCTION**  
 4010 W. Chandler Avenue  
 Santa Ana, CA 92704

Period Ending:

3/5/2016 to: 5/3/2016

Date: 05/03/16

Purchase Order No.: 1158017

Our Job No.: L3575

Invoice No.: 35759B

Salesman: E. HARDEMAN

Terms: Net 30

**Industry Bus Center Mass  
 Grading**

Job Description: \_\_\_\_\_

		Contract			Current Estimate			Totals to Date			
Item#	Description	Qty	UM	U/P	Amount	Qty	UM	Amount	Qty	UM	Amount
<b>CHANGE ORDERS:</b>											
401	PO#1158017 - Chain Link Fence & Gates	1	LS		\$4,093.58	1	LS	\$4,093.58	1	LS	\$4,093.58
<b>CHANGE ORDER TOTAL:</b>					<u>\$4,093.68</u>				<u>\$4,093.58</u>		
<b>REVISED CONTRACT TOTAL:</b>					<u>\$4,093.58</u>						

Total Earned To Date:	<u>\$4,093.58</u>	<u>\$4,093.58</u>
9% Sales Tax:	<u>\$368.42</u>	<u>\$368.42</u>
Current Billing:	<u>\$4,462.00</u>	<u>\$4,462.00</u>

SUKUT FAMILY OF CO'S		VENDOR	
		10081	
BUS. UNIT	CT	CC	
1158			4462.00
<i>Materials</i>			
BATCH #	VOUCHER	APPROVAL	DATE

<input type="checkbox"/>	Cent Payroll
<input type="checkbox"/>	Insurance
<input type="checkbox"/>	Pd by Owner

**CITY OF INDUSTRY**

**CHANGE ORDER**

15625 E. Stafford St.  
 City of Industry, CA 91744  
 (818)333-2211

Change Order No. 37

Industry Business Center Eastside  
**Project** Mass Grading **Contract No.** IBC-0380 **Date** 2/23/2017

**Type**  
**Project** Grading **Contractor** Sukut Construction, LLC

**Location** City of Industry

**Explanation:**

Reimbursement for a Building & Safety permit required which was not part of the original contract, landfill equipment revisions and loss in production

Extra Work by: \_\_\_\_\_ X \_\_\_\_\_  
 Contract Items Negotiated T & M

The contractor is hereby directed to perform all labor and to provide all materials necessary to carry out the work described below:

ITEM NO.	ITEM	QUANTITY	UNIT PRICE	TOTALS (\$)	
				+	-
1	Building & Safety Permit Reimbursed	Lump Sum	\$4,141.10	\$4,141.10	
2	Landfill Plan Revised	Lump Sum	\$27,996.30	\$27,996.30	
3	Loss in Production	Lump Sum	\$8,895.05	\$8,895.05	
<b>TOTAL COST</b>				<b>\$41,032.45</b>	

**T & M SUMMARY**

*Labor Cost	+ 20%	Total Labor
*Equipment Cost	+ 15%	Total Equipment
*Material Cost	+ 15%	Total Materials
(*Attach breakdown of labor, equipment and materials)		Sub-Total
<b>CHANGE ORDER SUMMARY</b>		Other Additive
Original Contract Amount	\$22,693,112.00	Total T & M
Total Previous Change Orders	\$5,221,720.83 23.01%	
Total Change Orders	\$ 5,262,753.28 23.19%	<b>Pay This CHANGE ORDER: \$ 41,032.45 0.18%</b>

Authorized by \_\_\_\_\_ Additional Working Days 20

I hereby certify that the quantities shown and/or amounts shown for equipment, material and labor costs (if any) are correct to the best of my knowledge and the total cost shown above shall be considered final payment for the work specified by this change order. The total cost includes compensation for any delay in the preparation of this change order and the time to complete the specified work.

[Signature] 2/13/17  
 Contractor Representative Date  
[Signature] 2.13.17  
 Clement Calvillo, Agency Engineer Date

Paul J. Phillips, Executive Director Date  
[Signature] 2.13.17  
 Gerardo Perez, Project Manager Date

C.O. # 37



SC COR Number 37.1  
SC Job Number: 1158

Date: 9/22/2016  
Owner: Successor Agency to the Industry Urban-Development Agency  
C/o CNC Engineering  
255 N. Hacienda Blvd. Suite 201  
City of Industry, CA 91744  
Attn: Gerardo Perez  
Project: IBC East - 0380  
Subject: COR 37.1 - Landfill Extra Work

Mr. Perez,

Please see the following breakdown of change order request number 37.1.

Item:	Description:	Qty:	Unit:	Price:	Total:
1.0	Permit Reimbursement	1	LS	\$ 4,141.10	\$ 4,141.10
2.0	Added Scope of Work	1	LS	\$ 27,996.30	\$ 27,996.30
3.0	Lost Production	1	LS	\$ 8,895.05	\$ 8,895.05

**Total Amount this Request: \$ 41,032.44**

This change order request includes all added labor, equipment, and material costs associated with the landfill work. Item 1.0 includes the reimbursement for the permit obtained from Los Angeles County Department of Public Works. Item 2.0 includes the added scope or work that is broken down on the following page. Item 3.0 includes the loss in production due to the unanticipated delay in obtaining the building permit which caused us to remobilize after the storm drain activities were completed.

Thank you,

*Bryan Nesthus*

**Sukut Construction**



SC COR Number 37.1  
SC Job Number: 1158

Date: 9/22/2016  
Owner: Successor Agency to the Industry Urban-Development Agency  
C/o CNC Engineering  
255 N. Hacienda Blvd. Suite 201  
City of Industry, CA 91744  
Attn: Gerardo Perez  
Project: IBC East - 0380  
Subject: **COR 37.1 - Landfill Extra Work**

Mr. Perez,

Please see the following breakdown of change order request number 37.1.

The following breakdown is associated with the landfill added scope of work (Item 2.0):

- The addition of the storage tank fittings and carbon adsorption unit shown on sheet 12 of 22 of the current plan set that was not shown on sheet 12 of 22 of the bid set.
- The addition of two header isolation valves shown on sheet 8A of 22 of the current plan set when the bid set had a total of three valves shown on sheet 8 of 22 of the bid set. One header isolation valve was deleted in the field by SCS, pricing for material purchase only since the valve was a custom order.
- The revision of the monitoring ports made in the field by SCS. The monitoring ports that were anticipated to be installed were per detail 2 on sheet 11 of 22. The monitoring ports were changed to 6" HDPE tee with a 1" HDPE stem.
- The addition of 4" x 2" dual contained HDPE for the gas collection system and storage tank that is shown on sheets 8A and 12 of 22 of the current plan set that was not shown on the bid set. Pricing includes the difference in cost between single wall HDPE and dual contained HDPE.
- The added blower decking material that was discussed in the meeting with SCS, Sukut, and Baker Corp. on June 23, 2016.
- The addition of the 2" HDPE condensate drains that is shown on sheet 13 of 22 of the current plan set that was not shown on sheet 13 of 22 of the bid set.

Thank you,

*Bryan Nesthus*

**Sukut Construction**

LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS  
DEVELOPMENT AND PERMITS TRACKING SYSTEM

DATE: 03/01/16  
TIME: 10:49:11  
ROUTE TO: BS0203

DPR4051  
PAGE 1

REQUESTED BY: XXXXXXX

FEE RECEIPT

RECEIPT NUMBER: BS02030029866

THIS IS A RECEIPT FOR THE AMOUNT OF FEES COLLECTED AS LISTED BELOW. THE RECEIPT NUMBER, DATE AND AMOUNT VALIDATED HEREON HAS ALSO BEEN VALIDATED ON YOUR APPLICATION OR OTHER DOCUMENT AND HAS BECOME A PART OF THE RECORD OF THE COUNTY OF LOS ANGELES, FROM WHICH THIS RECEIPT MAY BE IDENTIFIED. PLEASE RETAIN THIS RECEIPT AS PROOF OF PAYMENT. ANY REQUEST FOR REFUND MUST REFERENCE THIS RECEIPT NUMBER.

DATE PAYMENT RECEIVED: 03/01/16 10:49:08  
PROJ/APPL/IMPRV NBR: BL 1509300043  
PROPERTY ADDRESS: 370 GRAND AV S WALN 91789  
RELATED PROJECT:  
PAYOR NAME: SUKUT CONSTRUCTION LLC  
ADDRESS: 4010 W CHANDLER AVENUE

SANTA ANA CA 92704-5302  
PHONE: (714) 975-1371 EXTN:

PAYOR NOTES:

WORK DESCRIPTION: OPERATING BLOWER/CARBON TREATMENT SYSTEM FOR THE COLLECTION

FEE ITEM	FEE DESCRIPTION	STATISTICAL CODE	CALCULATION FACTOR	UNIT OF MEASURE	EXTENDED AMOUNT
AA	BLDG PERMIT ISSUANCE	A018303			\$28.70
AB	STATE GREEN BLDG FEE	A018303	342500.00	VALUATN	\$14.00
AE	STRONG MOTION OTHER	A018303	342500.00	VALUATN	\$95.90
A6	PLAN MAINTENANCE FEE	A018303	342500.00	VALUATN	\$58.80
D2	PERMIT W/O EN-HC	A018303	342500.00	VALUATN	\$3,012.80

TOTAL FEES PAID: \$3,210.20

PAYMENT TYPE	REFERENCE	AMT TENDERED	CHANGE GIVEN	AMOUNT APPLIED
CHECK	210964	\$3,210.20	\$0.00	\$3,210.20

OFFICE: BS 0203 DRAWER: BD  
CASHIER: BD

NOTE: APPLICATIONS FOR A PERMIT EXPIRE ONE YEAR FROM THE DATE OF THE APPLICATION IF NO PERMIT IS ISSUED.

ITEMS WITH AN ASTERISK (\*) WILL REQUIRE FURTHER DEPOSITS  
WHENEVER ACTUAL COSTS EXCEED THE DEPOSIT AMOUNT

\*\*\*\*\* END OF REPORT \*\*\*\*\*

LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS  
DEVELOPMENT AND PERMITS TRACKING SYSTEM

DATE: 03/01/16  
TIME: 10:50:42  
ROUTE TO: BS0203

DPR4051  
PAGE 1  
REQUESTED BY: XXXXXXXX

FEE RECEIPT

RECEIPT NUMBER: BS02030029867

THIS IS A RECEIPT FOR THE AMOUNT OF FEES COLLECTED AS LISTED BELOW. THE RECEIPT NUMBER, DATE AND AMOUNT VALIDATED HEREON HAS ALSO BEEN VALIDATED ON YOUR APPLICATION OR OTHER DOCUMENT AND HAS BECOME A PART OF THE RECORD OF THE COUNTY OF LOS ANGELES, FROM WHICH THIS RECEIPT MAY BE IDENTIFIED. PLEASE RETAIN THIS RECEIPT AS PROOF OF PAYMENT. ANY REQUEST FOR REFUND MUST REFERENCE THIS RECEIPT NUMBER.

DATE PAYMENT RECEIVED: 03/01/16 10:50:40  
PROJ/APPL/IMPRV NBR: EL 1510210040  
PROPERTY ADDRESS: 370 GRAND AV S WALN 91789  
RELATED PROJECT:  
PAYOR NAME: SUKUT CONSTRUCTION LLC  
ADDRESS: 4010 W CHANDLER AVENUE  
SANTA ANA CA 92704-5302  
PHONE: (714) 975-1371 EXTN:

PAYOR NOTES:

WORK DESCRIPTION: INSTALL LANDFILL GAS COLLECTION & TREATMENT SYSTEM

FEE ITEM	FEE DESCRIPTION	STATISTICAL CODE	CALCULATION FACTOR	UNIT OF MEASURE	EXTENDED AMOUNT
AW	PLANCHECK FEE COUNTY	A019225	0.00	N.	\$371.50
A1	PERMIT ISSUANCE FEE	A018305			\$28.70
F1	120V, 15/20A BR CKTS	A018305	3.00	BR CKTS	\$54.00
G3	POLE MOUNTED LIGHTS	A018305	2.00	POLE FX	\$5.20
JN	TRANSFORMERS, 15 KVA	A018305	1.00	XFRMS	\$47.80
JO	TRANSFORMERS, 25 KVA	A018305	2.00	XFMRS	\$95.60
J6	OTHR PWR APP +3-10HP	A018305	1.00	PWR APP	\$20.70
LB	200 AMP PANELS, MCC	A018305	1.00	PANELS	\$40.30
LN	OTHER PNL 0-399 AMPS	A018305	1.00	PANELS	\$40.30
P1	HAZARDOUS LOCATIONS	A018305	1.00	HAZ LOC	\$226.80

TOTAL FEES PAID: \$930.90

(CONTINUED ON NEXT PAGE)

LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS  
DEVELOPMENT AND PERMITS TRACKING SYSTEM

DATE: 03/01/16  
TIME: 10:50:42  
ROUTE TO: BS0203

DPR4051  
PAGE 2  
REQUESTED BY: XXXXXXXX

FEE RECEIPT

RECEIPT NUMBER: BS02030029867

THIS IS A RECEIPT FOR THE AMOUNT OF FEES COLLECTED AS LISTED BELOW. THE RECEIPT NUMBER, DATE AND AMOUNT VALIDATED HEREON HAS ALSO BEEN VALIDATED ON YOUR APPLICATION OR OTHER DOCUMENT AND HAS BECOME A PART OF THE RECORD OF THE COUNTY OF LOS ANGELES, FROM WHICH THIS RECEIPT MAY BE IDENTIFIED. PLEASE RETAIN THIS RECEIPT AS PROOF OF PAYMENT. ANY REQUEST FOR REFUND MUST REFERENCE THIS RECEIPT NUMBER.

(CONTINUED FROM PREVIOUS PAGE)

DATE PAYMENT RECEIVED: 03/01/16 10:50:40  
PROJ/APPL/IMPRV NBR: EL 1510210040  
PROPERTY ADDRESS: 370 GRAND AV S WALN 91789  
RELATED PROJECT:  
PAYOR NAME: SUKUT CONSTRUCTION LLC  
ADDRESS: 4010 W CHANDLER AVENUE  
  
SANTA ANA CA 92704-5302  
PHONE: (714) 975-1371 EXTN:

PAYOR NOTES:

WORK DESCRIPTION: INSTALL LANDFILL GAS COLLECTION & TREATMENT SYSTEM

PAYMENT TYPE	REFERENCE	AMT TENDERED	CHANGE GIVEN	AMOUNT APPLIED
CHECK	210964	\$930.90	\$0.00	\$930.90

OFFICE: BS 0203 DRAWER: BD

CASHIER: BD

NOTE: APPLICATIONS FOR A PERMIT EXPIRE ONE YEAR FROM THE DATE OF THE APPLICATION IF NO PERMIT IS ISSUED.

ITEMS WITH AN ASTERISK (\*) WILL REQUIRE FURTHER DEPOSITS  
WHENEVER ACTUAL COSTS EXCEED THE DEPOSIT AMOUNT

\*\*\*\*\* END OF REPORT \*\*\*\*\*

**Change Order Request**  
**Industry Business Center East Side Mass Grading**

<b>CHANGE ORDER REQUEST NUMBER:</b>	37.0
<b>DATE WORK COMPLETED</b>	

<b>SUKUT COR WORKSHEET NUMBER</b>	2.0
<b>SUKUT JOB NUMBER</b>	1158

<b>DESCRIPTION OF WORK</b>	Added scope of work includes the condensate drain lines, fittings and material for the storage tank and the added labor for the increase in pad sizes from the landfill bid set drawings to the latest landfill plan revision.
----------------------------	--

EQUIPMENT								
MODEL	QTY	HRS ST	RATE	AMOUNT ST	HRS OT	RATE	AMOUNT OT	TOTAL AMOUNT
FORKLIFT	1.00	8.00	\$ 64.11	\$ 512.88	0.0	\$ 57.06	\$ -	\$ 512.88
<b>TOTAL EQUIPMENT COSTS</b>								\$ 512.88

LABOR								
JOB CLASSIFICATION	QTY	HRS ST	RATE	AMOUNT ST	HRS OT	OT RATE	AMOUNT OT	TOTAL AMOUNT
FOREMAN W/ TRUCK	1.00	16.0	\$ 110.00	\$ 1,760.00	0.0		\$ -	\$ 1,760.00
PIPE LAYER	2.00	16.0	\$ 72.00	\$ 2,304.00	0.0		\$ -	\$ 2,304.00
CEMENT MASON	1.00	8.0	\$ 72.00	\$ 576.00	0.0		\$ -	\$ 576.00
<b>TOTAL LABOR COSTS</b>								\$ 4,640.00

MATERIAL LUMP SUM OR UNIT PRICE PAYMENTS						
DESCRIPTION	VENDOR	QTY	UNITS	UNIT COST	TOTAL	
ADDED TRANSITION FITTINGS	CORE-EROSION	1.0	LS	\$ 1,019.15	\$	1,019.15
ADDED CARBON ADSORPTION UNIT (8.700 GAL. TANK)	BAKER CORP.	1.0	LS	\$ 500.00	\$	500.00
ADDED HEADER ISOLATION VALVES	ISCO	1.0	EA	\$ 1,675.00	\$	1,675.00
REVISED MONITORING PORTS (IN-FIELD BY SCS)	ISCO	10.0	EA	\$ 170.00	\$	1,700.00
DUAL CONTAINED PIPE & FITTINGS	ISCO	1.0	LS	\$ 3,034.00	\$	3,034.00
ADDED FITTINGS FOR TANK & CONDENSATE DRAIN	ISCO	1.0	LS	\$ 1,500.00	\$	1,500.00
FENCE RENTAL - FEBRUARY, MARCH, & APRIL	UNITED SITE SERVICES	3.0	MO	\$ 1,015.65	\$	3,046.95
<b>TOTAL MATERIAL COSTS</b>						\$ 12,475.10

TOTAL COST SUMMARY, STANDARD MARK-UPS AND SUBCONTRACTOR MARK-UP				
DESCRIPTION	TOTAL COST	% MARK UP	AMOUNT MARK UP	TOTAL
TOTAL COST FOR EQUIPMENT	\$ 512.88	15.00%	\$ 76.93	\$ 589.81
TOTAL COST FOR LABORERS AND OPERATORS	\$ 4,640.00	20.00%	\$ 928.00	\$ 5,568.00
TOTAL TAX ON MATERIALS	\$ 12,475.10	9.00%	\$ 1,122.76	\$ 1,122.76
TOTAL COST FOR MATERIALS	\$ 13,597.86	15.00%	\$ 2,039.68	\$ 15,637.54
TOTAL COST FOR SUBCONTRACTOR	\$ -	10.00%	\$ -	\$ -
<b>TOTAL FOR THIS CHANGE ORDER</b>				\$ 22,918.11
BOND COST ADD (1% OF Total)				\$ 229.18
<b>GRAND TOTAL OF THIS CHANGE ORDER REQUEST</b>				\$ 23,147.29



**Change Order Request**  
Industry Business Center East Side Mass Grading

<b>CHANGE ORDER REQUEST NUMBER:</b>	37.0
<b>DATE WORK COMPLETED</b>	

<b>SUKUT COR WORKSHEET NUMBER</b>	3.0
<b>SUKUT JOB NUMBER</b>	1158

<b>DESCRIPTION OF WORK</b>	Lost production due to the unanticipated building permit which caused us to remobilize after all the storm drain activities was completed.
----------------------------	--

EQUIPMENT								
MODEL	QTY	HRS ST	RATE	AMOUNT ST	HRS OT	RATE	AMOUNT OT	TOTAL AMOUNT
BACKHOE	1.00	8.00	\$ 53.91	\$ 431.28	0.0	\$ 47.98	\$ -	\$ 431.28
FORKLIFT	1.00	8.00	\$ 64.11	\$ 512.88		\$ 57.06	\$ -	\$ 512.88
BACKHOE	2.00	8.00	\$ 53.91	\$ 862.56		\$ 47.98	\$ -	\$ 862.56
<b>TOTAL EQUIPMENT COSTS</b>								\$ 1,806.72

LABOR								
JOB CLASSIFICATION	QTY	HRS ST	RATE	AMOUNT ST	HRS OT	OT RATE	AMOUNT OT	TOTAL AMOUNT
FOREMAN W/ TRUCK	1.00	8.0	\$ 110.00	\$ 880.00	0.0		\$ -	\$ 880.00
OPERATOR - BACKHOE	1.00	8.0	\$ 91.00	\$ 728.00	0.0		\$ -	\$ 728.00
				\$ -			\$ -	\$ -
FOREMAN W/ TRUCK	1.00	8.0	\$ 110.00	\$ 880.00			\$ -	\$ 880.00
OPERATOR - FORKLIFT	1.00	8.0	\$ 91.00	\$ 728.00			\$ -	\$ 728.00
				\$ -			\$ -	\$ -
FOREMAN W/ TRUCK	1.00	8.0	\$ 110.00	\$ 880.00			\$ -	\$ 880.00
OPERATOR - BACKHOE	1.00	8.0	\$ 91.00	\$ 728.00	0.0		\$ -	\$ 728.00
<b>TOTAL LABOR COSTS</b>								\$ 4,824.00

MATERIAL LUMP SUM OR UNIT PRICE PAYMENTS						
DESCRIPTION	VENDOR	QTY	UNITS	UNIT COST	TOTAL	
BACKHOE PICKUP / DELIVERY		1.0	LS	\$ 200.00	\$ 200.00	\$ 200.00
					\$ -	\$ -
FORKLIFT PICKUP / DELIVERY		1.0	LS	\$ 300.00	\$ 300.00	\$ 300.00
					\$ -	\$ -
BACKHOE PICKUP / DELIVERY		1.0	LS	\$ 200.00	\$ 200.00	\$ 200.00
<b>TOTAL MATERIAL COSTS</b>						\$ 700.00

TOTAL COST SUMMARY, STANDARD MARK-UPS AND SUBCONTRACTOR MARK-UP				
DESCRIPTION	TOTAL COST	% MARK UP	AMOUNT MARK UP	TOTAL
TOTAL COST FOR EQUIPMENT	\$ 1,806.72	15.00%	\$ 271.01	\$ 2,077.73
TOTAL COST FOR LABORERS AND OPERATORS	\$ 4,824.00	20.00%	\$ 964.80	\$ 5,788.80
TOTAL TAX ON MATERIALS	\$ 700.00	9.00%	\$ 63.00	\$ 63.00
TOTAL COST FOR MATERIALS	\$ 763.00	15.00%	\$ 114.45	\$ 877.45
TOTAL COST FOR SUBCONTRACTOR	\$ -	10.00%	\$ -	\$ -
<b>TOTAL FOR THIS CHANGE ORDER</b>				\$ 8,806.98
BOND COST ADD (1% OF Total)				\$ 88.07
<b>GRAND TOTAL OF THIS CHANGE ORDER REQUEST</b>				\$ 8,895.05

**ISCO Industries, Inc.**  
 100 Witherspoon Street 2West  
 Louisville, KY 40202  
 Tel: 800-345-4726  
 Fax: 800-831-4726

**REMITTANCE ADDRESS:**

ISCO Industries, Inc.  
 1974 Solutions Center  
 Chicago, IL 60677-1009



WWW.ISCO-PIPE.COM • 800-345-4726

**Invoice**

INVOICE #	35017719
INVOICE DATE	08/18/16
PAYMENT TERMS	NET 45
PAGE	1 OF 2

**RECEIVED**

AUG 22 2016

**BILL TO**

106178  
 SUKUT CONSTRUCTION, INC.  
 4010 W. CHANDLER AVENUE  
 SANTA ANA, CA 92704

**SHIP TO**

SUKUT CONSTRUCTION, INC. GRAND CROSSING & BAKER PKWY  
 ERIC GRUENWALD 657-245-6746  
 CITY OF INDUSTRY, CA 91789

ORDER NUMBER 35014369	ORDER DATE 05/20/16	SHIP VIA ISCO Truck	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 08/17/16	TRACKING # ERIC	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS FXD FRT CHARGE	ORDERED BY	

PRODUCT/DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
63049999 4" FLANGE THD PVC SCH 80 PN# 852-040	1	1	0	40.00	EA	40.00
67049999 4" GATE VALVE FLG 10RW	1	1	0	325.00	EA	325.00
65049999 4" FLANGE THD GALV	1	1	0	95.00	EA	95.00
53041011 BOLTPACK FOR 4" MFA & BUR (8) 5/8" X 5-1/4" BOLT W/NUT & WAS	2	2	0	20.00	EA	40.00
53041018 4" NEOPRENE GASKET 1/8" THICK	2	2	0	3.00	EA	6.00
65049999 4" X 6" NIPPLE TBD GALV	1	1	0	30.00	EA	30.00
65049999 4" TYPE A CAMLOCK FIT X MALE CAM SS	1	1	0	100.00	EA	100.00
65049999 4" TYPE DC CAMLOCK DUST CAP SS	1	1	0	135.00	EA	135.00

VENDOR 15550		
BUS. UNIT	CT	CC
1158	5	1336.39
BATCH #	VOUCHER	APPROVAL
		DATE

Continued

**ISCO Industries, Inc.**  
 100 Witherspoon Street 2West  
 Louisville, KY 40202  
 Tel: 800-345-4726  
 Fax: 800-831-4726

**REMITTANCE ADDRESS:**

ISCO Industries, Inc.  
 1974 Solutions Center  
 Chicago, IL 60677-1009



WWW.ISCO-PIPE.COM • 800-345-4726

**Invoice**

INVOICE #	35017719
INVOICE DATE	08/18/16
PAYMENT TERMS	NET 45
PAGE	2 OF 2

**BILL TO**

106178  
 SUKUT CONSTRUCTION, INC.  
 4010 W. CHANDLER AVENUE  
 SANTA ANA, CA 92704

**SHIP TO**

GRAND CROSSING & BAKER PKWY  
 ERIC GRUENWALD 657-245-6746  
 CITY OF INDUSTRY, CA 91789

ORDER NUMBER 35014369	ORDER DATE 05/20/16	SHIP VIA ISCO Truck	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 08/17/16	TRACKING # ERIC	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS FXD FRT CHARGE		ORDERED BY

PRODUCT/DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
65029999 2" X 18" SNOOK LFG44 HOSE W/SS CLAMPS	1	1	0	205.00	EA	205.00

SALES TOTAL	MISC. CHARGE	SHIPPING/HANDLING	SALES TAX	DEPOSIT APPLIED	CUR	INVOICE TOTAL
976.00	0.00	250.00	110.39	0.00	USD	1,336.39

PAYMENT TERMS ARE BASED UPON INVOICE DATE  
 A LATE CHARGE OF 1.5% PER MONTH (18% PER YEAR) WILL BE ADDED TO ALL PAST DUE BALANCES.

ISCO Standard Terms and Conditions apply. Please visit <http://www.isco-pipe.com/terms-and-conditions.aspx>

**ISCO Industries, Inc.**  
 100 Witherspoon Street 2West  
 Louisville, KY 40202  
 Tel: 800-345-4726  
 Fax: 800-831-4726

**REMITTANCE ADDRESS:**

ISCO Industries, Inc.  
 1974 Solutions Center  
 Chicago, IL 60677-1009



WWW.ISCO-PIPE.COM • 800-345-4726

**Invoice**

INVOICE #	35017799
INVOICE DATE	08/22/16
PAYMENT TERMS	NET 45
PAGE	1 OF 4

**BILL TO**

106178  
 SUKUT CONSTRUCTION, INC.  
 4010 W. CHANDLER AVENUE  
 SANTA ANA, CA 92704

**RECEIVED**  
 AUG 25 2016  
 SUKUT CONSTRUCTION, INC.

**SHIP TO**

GRAND CROSSING & BAKER PKWY  
 ERIC  
 CITY OF INDUSTRY, CA 91789

ORDER NUMBER 35015530	ORDER DATE 08/15/16	SHIP VIA ISCO Truck	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 08/19/16	TRACKING # ERIC	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS FXD.FRT CHARGE		ORDERED BY

PRODUCT/DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
65029999 2" X CLOSE NIPPLE TBE GALV	2	2	0	3.00	EA	6.00
65029999 2" UNION THD GALV	4	4	0	20.00	EA	80.00
65029999 2" ST 90 MIPT X FIPT GALV	2	2	0	12.00	EA	24.00
67029999 2" GATE VALVE THD BRONZE	1	1	0	205.00	EA	205.00
53021123 2" DR 11 IPS MPT TRANS FIT STAINLESS STEEL 304, CAT 3	8	8	0	25.00	EA	200.00
65019999 1" X CLOSE NIPPLE TBE GALV	2	2	0	1.25	EA	2.50
65029999 2" X 1" BUSHING MIPT X FIPT GALV	2	2	0	6.00	EA	12.00
50021117 2" DR 11 IPS 90 DEG ELBOW -MOLDED HDPE	13	13	0	7.00	EA	91.00

1158	6	2319.14	
BATCH #	VOUCHER	APPROVAL	DATE

Continued

**ISCO Industries, Inc.**  
 100 Witherspoon Street 2West  
 Louisville, KY 40202  
 Tel: 800-345-4726  
 Fax: 800-831-4726

**REMITTANCE ADDRESS:**

ISCO Industries, Inc.  
 1974 Solutions Center  
 Chicago, IL 60677-1009



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**Invoice**

INVOICE #	35017799
INVOICE DATE	08/22/16
PAYMENT TERMS	NET 45
PAGE	2 OF 4

**BILL TO**

106178  
 SUKUT CONSTRUCTION, INC.  
 4010 W. CHANDLER AVENUE  
 SANTA ANA, CA 92704

**SHIP TO**

GRAND CROSSING & BAKER PKWY  
 ERIC  
 CITY OF INDUSTRY, CA 91789

ORDER NUMBER 35015530	ORDER DATE 08/15/16	SHIP VIA ISCO Truck	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 08/19/16	TRACKING # ERIC	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS FXD FRT CHARGE	ORDERED BY	

PRODUCT/DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
50021119 2" DR 11 IPS TEE MOLDED HDPE	3	3	0	9.00	EA	27.00
40061123 6" X 2" DR 11 IPS REDUCING TEE FABBED HDPE	1	1	0	75.00	EA	75.00
63029999 2" 90 THD PVC SCH 80 PN# 808-020	2	2	0	6.00	EA	12.00
38020020 2" DR 11 X 4" DR 17 90 DEG ELBOW, DUAL CONTAINMENT	2	2	0	125.00	EA	250.00
65029999 2" X 3/4" BUSHING MIPT X FIPT GALV	1	1	0	6.00	EA	6.00
50061712 6" DR 17 IPS 90 DEG ELBOW MOLDED HDPE	2	2	0	35.00	EA	70.00
50061716 6" X 4" DR 17 IPS CONCENTRIC REDUCER	1	1	0	25.00	EA	25.00

Continued

**ISCO Industries, Inc.**  
 100 Witherspoon Street 2West  
 Louisville, KY 40202  
 Tel: 800-345-4726  
 Fax: 800-831-4726

**REMITTANCE ADDRESS:**

ISCO Industries, Inc.  
 1974 Solutions Center  
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**BILL TO**

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**SHIP TO**

GRAND CROSSING & BAKER PKWY  
 ERIC  
 CITY OF INDUSTRY, CA 91789

ORDER NUMBER 35015530	ORDER DATE 08/15/16	SHIP VIA ISCO Truck	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 08/19/16	TRACKING # ERIC	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS FXD FRT. CHARGE	ORDERED BY	

PRODUCT/DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
50041712 4" DR 17 IPS 90 DEG ELBOW MOLDED HDPE	1	1	0	15.00	EA	15.00
50041129 4" X 2" DR 11 IPS CONCENTRIC REDUCER	1	1	0	10.00	EA	10.00
65029999 2" COUPLING THD GALV	1	1	0	7.00	EA	7.00
53041126 4" DR 11 IPS MPT TRANS FIT STAINLESS STEEL 304, CAT 3	1	1	0	90.00	EA	90.00
10040913 4" DR 9 IPS PIPE HDPE AWWA	80	80	0	2.75	FT	220.00
65029999 2" X CLS NIPPLE TBE GALV	1	1	0	3.00	EA	3.00
67029999 2" GATE VALE THD BRONZE	1	1	0	205.00	EA	205.00
65029999 2" X 12" NIPPLE TBE GALV	1	1	0	25.00	EA	25.00

Continued

**ISCO Industries, Inc.**  
 100 Witherspoon Street 2West  
 Louisville, KY 40202  
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 Fax: 800-831-4726

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 SUKUT CONSTRUCTION, INC.  
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**SHIP TO**

GRAND CROSSING & BAKER PKWY  
 ERIC  
 CITY OF INDUSTRY, CA 91789

ORDER NUMBER 35015530	ORDER DATE 08/15/16	SHIP VIA ISCO Truck	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 08/19/16	TRACKING # ERIC	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS FXD FRT. CHARGE		ORDERED BY

PRODUCT/DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
50041713 4" DR 17 IPS TEE MOLDED HDPE	1	1	0	15.00	EA	15.00
65029999 2" UNION THD GALV	4	4	0	35.00	EA	140.00
65029999 2" X CLS NIPPLE TBE GALV	4	4	0	3.00	EA	12.00
50041119 4" DR 11 IPS FLANGE ADAPTER HDPE	1	1	0	15.00	EA	15.00
53040024 4" DR 11 IPS BACKUP RING DUCTILE IRON	1	1	0	12.00	EA	12.00
53041011 BOLTPACK FOR 4" MFA & BUR (8) 5/8" X 5-1/4" BOLT W/NUT & WAS	1	1	0	20.00	EA	20.00
53041018 4" NEOPRENE GASKET 1/8" THICK	1	1	0	3.00	EA	3.00

SALES TOTAL	MISC. CHARGE	SHIPPING/HANDLING	SALES TAX	DEPOSIT APPLIED	CUR	INVOICE TOTAL
1,877.50	0.00	250.00	191.64	0.00	USD	2,319.14

PAYMENT TERMS ARE BASED UPON INVOICE DATE  
 A LATE CHARGE OF 1.5% PER MONTH (18% PER YEAR) WILL BE ADDED TO ALL PAST DUE BALANCES.

ISCO Standard Terms and Conditions apply. Please visit <http://www.isco-pipe.com/terms-and-conditions.aspx>

**ISCO Industries, Inc.**  
 926 Baxter Avenue  
 Louisville, KY 40204  
 Tel: 800-345-4726  
 Fax: 800-831-4726

**REMITTANCE ADDRESS:**  
 ISCO Industries, Inc.  
 1974 Solutions Center  
 Chicago, IL 60677-1009



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INVOICE #	35012799
INVOICE DATE	09/21/15
PAYMENT TERMS	NET 45
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BILL TO

106178  
 SUKUT CONSTRUCTION, INC.  
 4010 W. CHANDLER AVENUE  
 SANTA ANA, CA 92704

SHIP TO

GRAND CROSSING & BAKER PKWY  
 ERIC GRUENWALD 657-245-6746  
 CITY OF INDUSTRY, CA 91789

SEP 25 2015  
 SUKUT CONSTRUCTION, INC.

ORDER NUMBER 35011016	ORDER DATE 09/04/15	SHIP VIA Best Way	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 09/18/15	TRACKING # 12509620	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS PREPAID AND ADD		ORDERED BY

PRODUCT DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
10061716 6" DR 17 IPS PIPE HDPE AWWA F714	2960	2960	0	3.95	FT	11,692.00
10041714 4" DR 17 IPS PIPE HDPE AWWA F714	600	600	0	1.60	FT	960.00
10020912 2" DR 9 IPS 500' COILS PIPE HDPE AWWA	2500	2500	0	0.98	FT	2,450.00
10021123 2" DR 11 IPS 500' COILS PIPE HDPE AWWA	2000	2000	0	0.85	FT	1,700.00
38020013 2" DR 11 X 4" DR 17 PIPE DUAL CONTAINMENT	520	520	0	4.95	FT	2,574.00

50061713 6" DR 17 IPS TEE MOLDED HDPE	15	15	0	38.00	EA	570.00
50061716 6" X 4" DR 17 IPS CONCENTRIC REDUCER	12	12	0	24.00	EA	288.00

15 SUKUT 15 MRLY OF CO. 0		VENUE	
BUS UNIT	CT	CC	15550 AMOUNT
1158	5		25386.20
BATCH #	VOUCHER	APPROVAL	DATE

Continued



**ISCO Industries, Inc.**  
 926 Baxter Avenue  
 Louisville, KY 40204  
 Tel: 800-345-4726  
 Fax: 800-831-4726

**REMITTANCE ADDRESS:**  
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**Invoice**

INVOICE #	35012799
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**BILL TO**

106178  
 SUKUT CONSTRUCTION, INC.  
 4010 W. CHANDLER AVENUE  
 SANTA ANA, CA 92704

**SHIP TO**

GRAND CROSSING & BAKER PKWY  
 ERIC GRUENWALD 657-245-6746  
 CITY OF INDUSTRY, CA 91789

ORDER NUMBER 35011016	ORDER DATE 09/04/15	SHIP VIA Best Way	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 09/18/15	TRACKING # 12509620	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS PREPAID AND ADD		ORDERED BY

PRODUCT/DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
50061136 6" X 4" DR 11 IPS CONCENTRIC REDUCER	12	12	0	24.00	EA	288.00
50041121 4" DR 11 IPS 90 DEG ELBOW MOLDED HDPE	10	10	0	15.00	EA	150.00
50041712 4" DR 17 IPS 90 DEG ELBOW MOLDED HDPE	4	4	0	15.00	EA	60.00
40061161 6" DR 11 IPS 11-1/4 DEG ELBOW FABBED HDPE	5	5	0	45.00	EA	225.00
40061118 6" DR 11 IPS 22.5 DEG ELBOW FABBED HDPE 2-PIECE	6	6	0	45.00	EA	270.00
50061711 6" DR 17 IPS 45 DEG ELBOW MOLDED HDPE	5	5	0	32.00	EA	160.00
50061712 6" DR 17 IPS 90 DEG ELBOW MOLDED HDPE	3	3	0	32.00	EA	96.00

Continued

**ISCO Industries, Inc.**  
 926 Baxter Avenue  
 Louisville, KY 40204  
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 CITY OF INDUSTRY, CA 91789

ORDER NUMBER 35011016	ORDER DATE 09/04/15	SHIP VIA Best Way	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 09/18/15	TRACKING # 12509620	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS PREPAID AND ADD	ORDERED BY	

PRODUCT/DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
38029999 2" DR-11 X 4" DR-17 11.25 DEG ELL HDPE	1	1	0	115.00	EA	115.00
38020019 2" DR 11 X 4" DR 17 45 DEG ELBOW, DUAL CONTAINMENT	2	2	0	115.00	EA	230.00
38020053 2" DR 11 X 4" DR 17 IPS 22.5 DEG ELBOW, DUAL CONTAINMENT	1	1	0	115.00	EA	115.00
80020715 2" DR 7 IPS TEE MOLDED HDPE	3	3	0	10.00	EA	30.00
40029999 2" 11-1/4 DEG ELBOW HDPE DR-9	5	5	0	5.00	EA	25.00
40029999 2" 22-1/2 DEG ELBOW HDPE DR 9	5	5	0	5.00	EA	25.00
80020915 2" DR 9 IPS 45 DEG ELBOW MOLDED HDPE	5	5	0	9.00	EA	45.00
80020918 2" DR 9 IPS 90 DEG ELBOW MOLDED HDPE	3	3	0	9.00	EA	27.00

Continued

**ISCO Industries, Inc.**  
 926 Baxter Avenue  
 Louisville, KY 40204  
 Tel: 800-345-4726  
 Fax: 800-831-4726

**REMITTANCE ADDRESS:**  
 ISCO Industries, Inc.  
 1974 Solutions Center  
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INVOICE #	35012799
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**BILL TO**

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**SHIP TO**

GRAND CROSSING & BAKER PKWY  
 ERIC GRUENWALD 657-245-6746  
 CITY OF INDUSTRY, CA 91789

ORDER NUMBER 35011016	ORDER DATE 09/04/15	SHIP VIA Best Way	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 09/18/15	TRACKING # 12509620	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS PREPAID AND ADD	ORDERED BY	

PRODUCT/DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
50021119 2" DR 11 IPS TEE MOLDED HDPE	3	3	0	9.00	EA	27.00
40029999 2" DR 11 11-1/4 DEG ELBOW HDPE	4	4	0	15.00	EA	60.00
40021141 2" DR 11 IPS 22.5 DEG ELBOW FABBED HDPE 2-PIECE	5	5	0	15.00	EA	75.00
50021116 2" DR 11 IPS 45 DEG ELBOW MOLDED HDPE	3	3	0	8.00	EA	24.00
50021117 2" DR 11 IPS 90 DEG ELBOW MOLDED HDPE	3	3	0	8.00	EA	24.00

SALES TOTAL	MISC. CHARGE	SHIPPING/HANDLING	SALES TAX	DEPOSIT APPLIED	CUR	INVOICE TOTAL
22,305.00	0.00	986.00	2,096.20	0.00	USD	25,386.20

PAYMENT TERMS ARE BASED UPON INVOICE DATE  
 A LATE CHARGE OF 1.5% PER MONTH (18% PER YEAR) WILL BE ADDED TO ALL PAST DUE BALANCES.

ISCO Standard Terms and Conditions apply. Please visit <http://www.isco-pipe.com/terms-and-conditions.aspx>

**ISCO Industries, Inc.**  
 926 Baxter Avenue  
 Louisville, KY 40204  
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 Fax: 800-831-4726

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 1974 Solutions Center  
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**Invoice**

INVOICE #	35012908
INVOICE DATE	09/29/15
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**BILL TO**

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 SUKUT CONSTRUCTION, INC.  
 4010 W. CHANDLER AVENUE  
 SANTA ANA, CA 92704

OCT 07 2015  
 SUKUT CONSTRUCTION, INC.

**SHIP TO**

GRAND CROSSING & BAKER PKWY  
 ERIC GRUENWALD 657-245-6746  
 CITY OF INDUSTRY, CA 91789

ORDER NUMBER 35011053	ORDER DATE 09/09/15	SHIP VIA ISCO Truck	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 09/28/15	TRACKING # JOSH	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS PREPAID AND ADD	ORDERED BY	

PRODUCT/DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
59060052 6" DI LUG BUTTERFLY VLV, GEAR OP,SS DISC&STEM,VITON SEAT	5	5	0	475.00	EA	2,375.00
65069999 6" X 6' BF VALVE STEM EXT	5	5	0	950.00	EA	4,750.00
49061112 6" VALVE SPACER FABBED 2" THICK	10	10	0	45.00	EA	450.00
50061122 6" DR 11 IPS FLANGE ADAPTER HDPE	10	10	0	20.00	EA	200.00
53060031 6" DR 11 IPS BACKUP RING DUCTILE IRON	10	10	0	15.00	EA	150.00
53061012 BOLTPACK FOR 6" MFA & BUR (8)3/4"X 5-7/8" BOLT W/NUT WSH	10	10	0	40.00	EA	400.00
53061016 6" NEOPRENE GASKET 1/8" THICK	10	10	0	5.00	EA	50.00

Continued

**ISCO Industries, Inc.**  
 926 Baxter Avenue  
 Louisville, KY 40204  
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 Fax: 800-831-4726

**REMITTANCE ADDRESS:**  
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**Invoice**

INVOICE #	35012908
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PAYMENT TERMS	NET 45
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 SANTA ANA, CA 92704

**SHIP TO**  
 GRAND CROSSING & BAKER PKWY  
 ERIC GRUENWALD 657-245-6746  
 CITY OF INDUSTRY, CA 91789

ORDER NUMBER 35011053	ORDER DATE 09/09/15	SHIP VIA ISCO Truck	CUSTOMER P/O NUMBER JOB# 1158
WRITTEN BY MEYER VINCZE	SHIP DATE 09/28/15	TRACKING # JOSH	JOB NUMBER
SALES REP SOUTHERN CALIFORNIA	FREIGHT TERMS PREPAID AND ADD		ORDERED BY

PRODUCT/DESCRIPTION	QUANTITY OPEN	QUANTITY SHIPPED	QUANTITY BACKORDERED	PRICE	U/M	EXTENSION
40019999 MONITORING PORT ASSEMBLY	10	10	0	450.00	EA	4,500.00
53019999 SS CLAMP	10	10	0	15.00	EA	150.00
50061716 6" X 4" DR 17 IPS CONCENTRIC REDUCER	3	3	0	25.00	EA	75.00
50041121 4" DR 11 IPS 90 DEG ELBOW MOLDED HDPE	3	3	0	15.00	EA	45.00

SUKUT FAMILY OF CO'S			VENDOR 15550
BUS. UNIT	CT	CC	AMOUNT
1158	5		14,328.08
BATCH #	VOUCHER	APPROVAL	DATE

SALES TOTAL	MISC. CHARGE	SHIPPING/HANDLING	SALES TAX	DEPOSIT APPLIED	CUR	INVOICE TOTAL
13,145.00	0.00	0.00	1,183.08	0.00	USD	14,328.08

PAYMENT TERMS ARE BASED UPON INVOICE DATE  
 A LATE CHARGE OF 1.5% PER MONTH (18% PER YEAR) WILL BE ADDED TO ALL PAST DUE BALANCES.

ISCO Standard Terms and Conditions apply. Please visit <http://www.isco-pipe.com/terms-and-conditions.aspx>



**CITY OF INDUSTRY**

**CHANGE ORDER**

15625 E. Stafford St.  
 City of Industry, CA 91744  
 (818)333-2211

Change Order No. 38

Industry Business Center Eastside  
**Project** Mass Grading

Contract No. IBC-0380

Date 2/23/2017

**Type**  
**Project** Grading

**Contractor** Sukut Construction, LLC

**Location** City of Industry

**Explanation:**

Under Change Order No. 1 additional mulch was approved for placement on additional areas that were disturbed.

The site had 70% coverage with weeds covering the slopes so it was decided to forego placement of mulch

Extra Work by: Contract Items X Negotiated T & M

The contractor is hereby directed to perform all labor and to provide all materials necessary to carry out the work described below:

ITEM NO.	ITEM	QUANTITY	UNIT PRICE	TOTALS (\$)	
				+	-
1	Credit for Wood Mulch Placement	9202 CY	\$36.00		(\$331,272.00)
	Unit price was base on existing unit prices				
<b>TOTAL COST</b>					<b>(\$331,272.00)</b>

**T & M SUMMARY**

*Labor Cost	+ 20%	Total Labor	
*Equipment Cost	+ 15%	Total Equipment	
*Material Cost	+ 15%	Total Materials	
(*Attach breakdown of labor, equipment and materials)		Sub-Total	
<b>CHANGE ORDER SUMMARY</b>		Other Additive	
Original Contract Amount	\$22,693,112.00	Total T & M	
Total Previous Change Orders	\$5,262,753.28 23.19%	Pay This	
Total Change Orders	\$ 4,931,481.28 21.73%	<b>CHANGE ORDER</b>	<b>\$ (331,272.00) -1.46%</b>

Authorized by \_\_\_\_\_

Additional Working Days 20

I hereby certify that the quantities shown and/or amounts shown for equipment, material and labor costs (if any) are correct to the best of my knowledge and the total cost shown above shall be considered final payment for the work specified by this change order. The total cost includes compensation for any delay in the preparation of this change order and the time to complete the specified work.

[Signature] 2/13/17  
 Contractor Representative Date  
[Signature] 2.13.17  
 Clement Calvillo, Agency Engineer Date

Paul J. Philips, Executive Director Date  
[Signature] 2.13.17  
 Gerardo Perez, Project Manager Date

C.O. # 38



SC COR Number 38.0  
SC Job Number: 1158

Date: 12/20/2016  
Owner: Successor Agency to the Industry Urban-Development Agency  
15625 East Stafford Street  
City of Industry, CA 91744  
Attn: Agency Engineer  
Project: IBC East - 0380  
Subject: COR 38.0 - Credit to 3" Mulch Placement

Please see the following breakdown of change order request number 38.0.

Item:	Description:	Qty:	Unit:	Price:	Total:
1.0	Credit to 3" Mulch Placement	(9,202)	CY	\$ 36.00	\$ (331,272.00)
<b>Total Amount this Request:</b>					<b>\$ (331,272.00)</b>

This credit change order request includes the reduction in quantity of 3" mulch placement based off of actual quantity of mulch installed.

Thank you,  
*Bryan Nesthus*  
Sukut Construction



**CITY OF INDUSTRY**

**CHANGE ORDER**

15625 E. Stafford St.  
 City of Industry, CA 91744  
 (818)333-2211

Change Order No. 39

Industry Business Center Eastside  
**Project** Mass Grading Contract No. IBC-0380 Date 2/23/2017

**Type**  
**Project** Grading **Contractor** Sukut Construction, LLC

**Location** City of Industry

**Explanation:**

Final Bid Quantities for chain link fencing, grading site finish and splash wall

Extra Work by: x  
 Contract Items Negotiated T & M

The contractor is hereby directed to perform all labor and to provide all materials necessary to carry out the work described below:

ITEM NO.	ITEM	QUANTITY	UNIT PRICE	TOTALS (\$)	
				+	-
11	Chain Link Fence	-351	\$36.00	(\$12,636.00)	
16B	Grading Site Finish	17.8	\$1,900.00	\$33,820.00	
29	Splash Walls	286	\$34.00	\$9,724.00	
<b>TOTAL COST</b>				<b>\$30,908.00</b>	

**T & M SUMMARY**

*Labor Cost	+ 20%	Total Labor
*Equipment Cost	+ 15%	Total Equipment
*Material Cost	+ 15%	Total Materials
(*Attach breakdown of labor, equipment and materials)		Sub-Total
		Other Additive
		Total T & M
		Pay This
		<b>CHANGE ORDER \$ 30,908.00 0.14%</b>

**CHANGE ORDER SUMMARY**

		% of Contract Amount
Original Contract Amount	\$22,693,112.00	
Total Previous Change Orders	\$4,931,481.28	21.73%
Total Change Orders	\$ 4,962,389.28	21.87%

Authorized by \_\_\_\_\_ Additional Working Days 20

I hereby certify that the quantities shown and/or amounts shown for equipment, material and labor costs (if any) are correct to the best of my knowledge and the total cost shown above shall be considered final payment for the work specified by this change order. The total cost includes compensation for any delay in the preparation of this change order and the time to complete the specified work.

[Signature] 2/13/17  
 Contractor Representative Date  
[Signature] 2.13.17  
 Clement Calvillo, Agency Engineer Date

Paul J. Phillips, Executive Director Date  
[Signature] 2.13.17  
 Gerardo Perez, Project Manager Date

C.O. # 39



SC COR Number 39.1  
SC Job Number: 1158

Date: 1/17/2017  
Owner: Successor Agency to the Industry Urban-Development Agency  
15625 East Stafford Street  
City of Industry, CA 91744  
Attn: Agency Engineer  
Project: IBC East - 0380  
Subject: **COR 39.1 - A-11, A-16B, & A-29 Contract Item Adjustments**

Please see the following breakdown of change order request number 39.1.

Item:	Description:	Qty:	Unit:	Price:	Total:
1.0	Credit to Chain Link Fence Install	(351)	LF	\$ 36.00	\$ (12,636.00)
2.0	Added Site Finish	17.8	AC	\$ 1,900.00	\$ 33,820.00
3.0	Added Splash Walls	286	LF	\$ 34.00	\$ 9,724.00
<b>Total Amount this Request:</b>					<b>\$ 30,908.00</b>

Item 1.0 of this change order request includes the credit for chain link fence that was not installed per contract item A-11. Item 2.0 includes the quantity increase in site finish, contract item A-16B, with the bid quantity of 156.2AC and a final quantity of 174.0AC. Item 3.0 includes the quantity increase for the added splash walls, contract items A-29, with a bid quantity at 81LF and the final installed quantity of 367LF.

Thank you,  
*Bryan Nesthus*  
**Sukut Construction**

**EXHIBIT B**

Notice of Completion dated February 23, 2017

(Attached)



# CITY OF INDUSTRY

- Civic Recreational-Industrial Authority
- City of Industry Waterworks System
- Industry Urban-Development Agency
- Parking Authority

15625 East Stafford Street, City of Industry, CA 91744

## Notification of Construction Completion

**Project** Industry Business Center East Side  
Mass Grading **Date** February 23, 2017  
**Contract No.** IBC-0380  
**Contract** MP 99-31#16

**Contractor** Sukut Construction, LLC.

As a result of an inspection conducted on 1/20/2017, the contractor's construction work has been completed in accordance with the contract documents, with the exception of the items noted below:

Acceptance of completed construction work shall not relieve the contractor from other requirements of the contract documents.

Accepted by Contractor BRYAN NESTHUS [Signature] PROJECT MANAGER 2/13/17  
 Printed Name Signature Title Date

Recommended by Project Engineer Joshua Nelson [Signature] Project Engineer 2/13/17  
 Printed Name Signature Title Date

Recommended by Project Inspector Shaun Malganji [Signature] Project Inspector 2/13/17  
 Printed Name Signature Title Date

Recommended by Project Manager Gerardo Perez [Signature] Project Manager 2.13.17  
 Printed Name Signature Title Date

Recommend by Public Agency Clement N. Calvillo [Signature] Agency Engineer 2.13.17  
 Printed Name Signature Title Date

RECORDING REQUEST

and WHEN RECORDED, MAIL TO:

Agency CITY OF INDUSTRY

Mailing 15625 East Stafford Street
Address Attention: Clement N. Calvillo
City City of Industry
State, Zip California 91744

THIS SPACE FOR RECORDER'S USE

NOTICE OF COMPLETION

Notice is given that work was completed on that certain work known as Project No. IBC-0380, Industry Business Center East Side Mass Grading, City of Industry, CA 91744, County of Los Angeles, for the undersigned agency and said work was accepted as complete on February 23, 2017. The contractor on said job was Sukut Construction, LLC. 4010 W. Chandler, Santa Ana, CA 92704.

This Notice of Completion is being recorded on behalf of the Owner, CITY OF INDUSTRY, a Public Agency.

Successor Agency to the Industry Urban Development Agency

By Clement N. Calvillo, Agency Engineer

State of California )
)ss.
County of Los Angeles )

The undersigned, being duly sworn, says: That he is the Agency Engineer and that he makes this verification on behalf of said entity; that he has read the foregoing and declares that the contents thereof, and that the facts stated herein, are true and correct.

Clement N. Calvillo, Agency Engineer

Subscribed and sworn to (or affirmed) before me on this 23rd day of February 2017, by Clement N. Calvillo, Agency Engineer, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

(Date)

(Notary Signature)

(Seal)